

# AUSTRALIAN SECURITY INTELLIGENCE ORGANISATION

## Section 1: Overview

Under the provisions of the *Australian Security Intelligence Organisation Act 1979* (ASIO Act), the Australian Security Intelligence Organisation (ASIO) assesses threats to national security. ASIO provides assessments, reports and briefings for Government decision makers and client agencies to help them manage risks and take appropriate steps to protect Australia, Australians and Australian interests from threats to security both here and abroad.

Security as defined in the ASIO Act is the protection of Australia and Australians from politically motivated violence (terrorism), communal violence, espionage, foreign interference, sabotage and attacks on Australia's defence system.

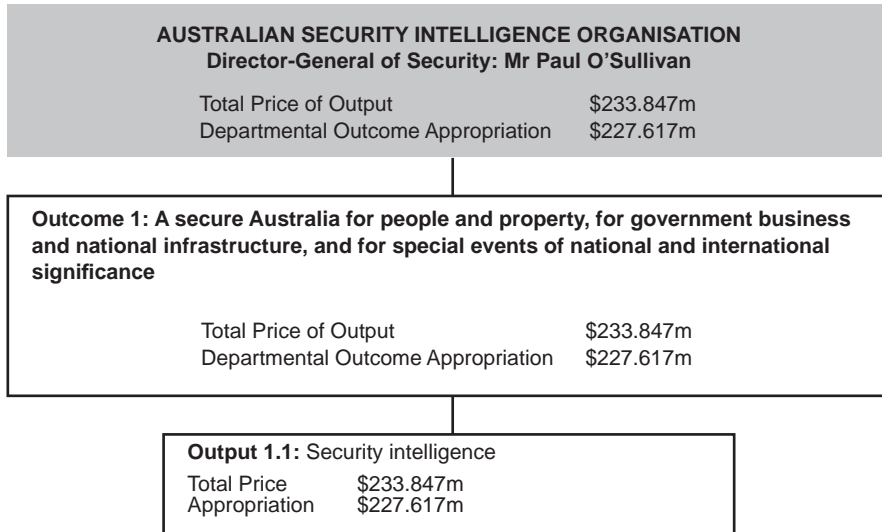
ASIO has special powers involving intrusive means to collect information relevant to security under the provisions of the ASIO Act and the Telecommunications (Interception) Act. It is not a function of ASIO to carry out or enforce measures for security. ASIO contributes to Australia's national counter-terrorism response working with other Australian Government and State Government bodies such as the police. It also contributes to foreign intelligence collection in Australia at the request of the Minister for Foreign Affairs or Minister for Defence.

ASIO's outcome, which supports the Government's policy aim of 'A secure Australia in a secure region' is: A secure Australia for people and property, for government business and national infrastructure, and for special events of national and international significance.

The information provided in the ASIO PBS has necessarily been limited by the need to observe the requirements of national security. This is consistent with current practice observed by ASIO in presenting its Annual Report, where all sensitive information is excluded in accordance with s94 of the ASIO Act.

ASIO's PBS contains broad information on appropriations and performance. Additional national security classified information is provided to the Attorney-General and the National Security Committee of Cabinet. This enables scrutiny of the detail of ASIO's appropriations and performance information related to outcomes and outputs.

**Table 1.1: Agency outcomes and output groups**



## Section 2: Resources for 2006-07

### 2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2006-07, including appropriations. The table summarises how resources will be applied by outcome and departmental classification. ASIO does not receive special appropriations or appropriations for administered items.

The total appropriation for ASIO in the 2006-07 Budget is \$340.603m, comprising \$227.617m in departmental appropriations (Appropriation Bill No.1) and one-off capital funding through departmental equity injections (Appropriation Bill No. 2) of \$112.986m. Departmental equity injections comprise \$98.536m arising from the 2006-07 Budget measures and \$14.450m from measures announced in previous budgets.

**Table 2.1: Appropriations and other resources 2006-07**

Outcome/ Non-operating	Departmental			Administered				Total	
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2			Receipts (a) \$'000
						SPP \$'000	Other \$'000		
Outcome 1 - A secure Australia for people and property, for government business and national infrastructure, and for special events of national and international significance	227,617	-	-	6,230	-	-	-	-	-
Equity injections	-	112,986	-	-	-	-	-	-	233,847
<b>TOTAL</b>	<b>227,617</b>	<b>112,986</b>	<b>-</b>	<b>6,230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>346,833</b>

(a) Departmental and administered receipts from other sources (that is, other than appropriation amounts) that are available to be used.

## 2.2 2006-07 BUDGET MEASURES

Budget measures relating to ASIO as explained in Budget Paper No. 2 are summarised in Table 2.2. The table also identifies the relevant outcomes and outputs associated with each measure.

**Table 2.2: Agency measures**

MEASURE	Output Groups Affected	Appropriations Budget 2006-07 \$'000			Appropriations Forward Estimate 2007-08 \$'000			Appropriations Forward Estimate 2008-09 \$'000			Appropriations Forward Estimate 2009-10 \$'000		
		ADM IN ITEMS	DEPT OUPUTS	TOTAL	ADM IN ITEMS	DEPT OUPUTS	TOTAL	ADM IN ITEMS	DEPT OUPUTS	TOTAL	ADM IN ITEMS	DEPT OUPUTS	TOTAL
<b>EXPENSE MEASURES</b>													
National Security - increasing staff levels	1	-	13,372	13,372	-	43,932	43,932	-	76,673	76,673	-	110,771	110,771
National Security - enhancing technical capability	1	-	663	663	-	677	677	-	690	690	-	704	704
National Security - expanding information infrastructure capability	1	-	-	-	-	-	-	-	4,741	4,741	-	19,397	19,397
National Security - enhancing international effectiveness	1	-	1,326	1,326	-	1,036	1,036	-	1,057	1,057	-	1,079	1,079
National Security - improving accommodation in state offices	1	-	2,682	2,682	-	3,142	3,142	-	3,405	3,405	-	3,539	3,539
National Security - establishing business continuity arrangements	1	-	952	952	-	761	761	-	935	935	-	791	791

Table 2.2: Agency measures (continued)

MEASURE	Output Groups Affected	Appropriations Budget 2006-07 (\$'000)			Appropriations Forward Estimate 2007-08 (\$'000)			Appropriations Forward Estimate 2008-09 (\$'000)			Appropriations Forward Estimate 2009-10 (\$'000)		
		ADM IN ITEMS	DEPT OUTP UTS	TOTAL	ADM IN ITEMS	DEPT OUTP UTS	TOTAL	ADM IN ITEMS	DEPT OUTP UTS	TOTAL	ADM IN ITEMS	DEPT OUTP UTS	TOTAL
National Security - maintaining telecommunications interception capability	1	-	5,290	5,290	-	7,728	7,728	-	7,709	7,709	-	7,854	7,854
Identity security - establishing a document verification service	1	-	268	268	-	298	298	-	322	322	-	367	367
National Security - implementing of the <i>Anti-Terrorism Act (No 2) 2005</i>	1	-	400	400	-	-	-	-	-	-	-	-	-
<b>Total Expense Measures</b>		-	<b>24,953</b>	<b>24,953</b>	-	<b>57,574</b>	<b>57,574</b>	-	<b>95,532</b>	<b>95,532</b>	-	<b>144,502</b>	<b>144,502</b>
<b>Capital Measures</b>													
National Security - increasing staff levels	1	-	6,590	6,590	-	5,590	5,590	-	5,371	5,371	-	4,646	4,646
National Security - enhancing technical capability	1	-	5,689	5,689	-	4,543	4,543	-	6,397	6,397	-	5,497	5,497
National Security - expanding information infrastructure capability	1	-	35,820	35,820	-	48,920	48,920	-	28,290	28,290	-	4,490	4,490
National Security - enhancing international effectiveness	1	-	4,671	4,671	-	-	-	-	-	-	-	-	-
National Security - improving accommodation for state offices	1	-	22,138	22,138	-	7,809	7,809	-	466	466	-	15	15

Table 2.2: Agency measures (continued)

MEASURE TITLE	Output Groups Affected	Appropriations Budget 2006-07 (\$'000)			Appropriations Forward Estimate 2007-08 (\$'000)			Appropriations Forward Estimate 2008-09 (\$'000)			Appropriations Forward Estimate 2009-10 (\$'000)		
		ADM IN ITEMS	DEPT OUTPUTS	TOTAL	ADM IN ITEMS	DEPT OUTPUTS	TOTAL	ADM IN ITEMS	DEPT OUTPUTS	TOTAL	ADM IN ITEMS	DEPT OUTPUTS	TOTAL
National Security - establishing business continuity arrangements	1	-	11,380	11,380	-	-	-	-	-	-	-	-	-
National Security - maintaining telecommunications interception capability	1	-	2,453	2,453	-	1,878	1,878	-	1,774	1,774	-	1,809	1,809
Identity security - establishing a document verification service	1	-	307	307	-	-	-	-	-	-	-	-	-
National Security - restoring working capital	1	-	9,488	9,488	-	-	-	-	-	-	-	-	-
<b>Total Capital Measures</b>		-	<b>98,536</b>	<b>98,536</b>	-	<b>68,740</b>	<b>68,740</b>	-	<b>42,298</b>	<b>42,298</b>	-	<b>16,457</b>	<b>16,457</b>
<b>Total All Measures</b>		-	<b>123,489</b>	<b>123,489</b>	-	<b>126,314</b>	<b>126,314</b>	-	<b>137,830</b>	<b>137,830</b>	-	<b>160,959</b>	<b>160,959</b>

The Australian Government announced, following MYEFO, a new expense and capital measure: National Security – new accommodation for the Australian Security Intelligence Organisation and the Office of National Assessments. The Australian Government also announced, following MYEFO, a new expense measure National Security – extending funding for the Australian Security Intelligence Organisation.

## 2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by ASIO for the provision of goods or services. These resources are approved for use by ASIO and are included in Table 2.1.

**Table 2.3: Other resources available to be used<sup>1</sup>**

	ESTIMATED RESOURCES 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000
<b>DEPARTMENTAL RESOURCES</b>		
Sales of goods and services	2,694	2,783
Proceeds from the sale of assets	645	788
Other revenue	1,707	1,772
Resources received free of charge	870	887
<b>Total departmental other resources available to be used</b>	<b>5,916</b>	<b>6,230</b>

1. This table replaces the former table 'Receipts from Other sources'. It represents own source receipts available for spending on departmental purposes.

## 2.6 SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* (FMA Act). These Determinations may be disallowed by the Parliament. Table 2.6 shows that there are no expected additions (credits) and reductions (debits) for each account used by ASIO.

**Table 2.6: Estimates of special account flows and balances**

	Opening Balance 2006-07 2005-06 \$'000	Credits 2006-07 2005-06 \$'000	Debits 2006-07 2005-06 \$'000	Adjustments 2006-07 2005-06 \$'000	Closing Balance 2006-07 2005-06 \$'000
Other Trust Moneys Account s20 FMA Act (D)	-	-	-	-	-
Services for other Government and Non-Agency Bodies Account s20 FMA Act (D)	-	-	-	-	-
<b>Total Special Accounts 2006-07 Budget Estimate</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Total Special Accounts 2005-06 Estimated Actual</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

(D) = Departmental

## **2.7 DEPARTMENTAL EQUITY INJECTIONS**

ASIO will receive equity injections of \$112.986m in 2006-07 of which \$98.536m are new measures (Table 2.2).

The new measures, predominantly arising from the independent external review of ASIO resourcing (the Taylor Review) provide ASIO with additional funding to purchase equipment to support growth in the technical operations/surveillance area, for necessary enhancements to its information technology infrastructure and for expansion of its international liaison program. The Taylor Review acknowledged there were necessary additional consequential accommodation requirements to support growth in ASIO's state/territory offices.

The Taylor Review also recognised the need for ASIO to increase its ongoing working capital position in order to maintain a sound long term asset replacement strategy and meet accrued leave entitlements. An equity injection of \$9.488m in 2006-07 will be provided to ASIO to address this need.

## **Section 3: Outcomes**

This section explains how the resources identified in Section 2 will be used to deliver outputs contributing to ASIO's outcome.

### **3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES**

The relationship between the activities of ASIO and the outcomes is summarised in Table 1.1.

#### **Outcome**

ASIO's outcome, which supports the Government's policy aim of 'A secure Australia in a secure region' is: A secure Australia for people and property, for government business and national infrastructure, and for special events of national and international significance.

## Outputs

In support of ASIO's outcome and its output group security intelligence are four related outputs, each providing a key contribution to the outcome:

### **Security intelligence analysis and advice**

ASIO provides security intelligence analysis and advice through the provision of security intelligence analysis and reporting, threat assessments, visa security checking advice and deterrence action.

### **Protective security advice**

Protective security advice is provided in the form of advice on personnel security (security clearances), physical security, including protective security reporting and risk management, advice on security equipment standards and electronic and audio surveillance counter measures.

### **Security intelligence investigation and capability**

ASIO conducts security intelligence investigations and maintains capabilities to undertake surveillance and collect information from human sources, open sources and by technical means to provide security intelligence to government. These activities include the use of special powers to collect information, and ASIO's contribution to Australia's national counter-terrorism response capability.

### **Foreign intelligence**

ASIO collects foreign intelligence in Australia under warrant at the request of the Minister for Foreign Affairs or Minister for Defence.

## **3.2 OUTCOMES — DEPARTMENTAL**

### **Departmental appropriations by outcome**

Departmental appropriations for ASIO are \$227.617m in 2006-07 compared to \$174.845m in 2005-06. The majority of the increase relates to measures arising from the independent review of ASIO's resources conducted in early 2005-06 (Taylor Review). Commencing in 2006-07, the combined measures provide a five year strategic program for ASIO to strengthen its capability to better handle the range of challenges faced.

In addition to the measures arising from the Taylor Review, ASIO has also been provided with additional ongoing funding to strengthen its communications

network and infrastructure in the event that any ASIO office in Australia becomes inoperable.

With the exception of measures announced in previous Budgets, such as APEC, the last significant component of ASIO's increasing appropriations over the forward estimates is the renewal of supplementary funding to Australian Government security and law enforcement agencies to ensure a continued capability to intercept new technology telecommunications services beyond financial year 2006-07.

Other revenue from user charging brings the total price of the Outcome for 2006-07 to \$233.059m.

### 3.3 OUTCOMES AND PERFORMANCE

#### Outcome 1 resourcing

Table 3.1 shows how the 2006-07 Budget appropriations translate to total resourcing for Outcome 1, comprising revenue from government (appropriation) and revenue from other sources and the total price of outputs. ASIO has only a single output and does not receive special appropriations or appropriations for administered items.

**Table 3.1: Total resources for Outcome 1**

	ESTIMATED ACTUAL 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000
<b>DEPARTMENTAL APPROPRIATIONS</b>		
Output Group 1.1 - Security Intelligence	174,845	227,617
<b>Total revenue from Government (appropriations) contributing to price of departmental outputs</b>	<b>174,845</b>	<b>227,617</b>
<b>REVENUE FROM OTHER SOURCES</b>		
Output Group 1.1 - Security Intelligence	5,916	6,230
<b>Total revenue from other sources</b>	<b>5,916</b>	<b>6,230</b>
<b>Total resources (Total revenue from Government and from other sources)</b>	<b>180,761</b>	<b>233,847</b>
<b>Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)</b>	<b>180,761</b>	<b>233,847</b>
<b>Average staffing level (number)</b>	<b>1,003</b>	<b>1,088</b>

## Measures affecting Outcome 1

A summary of measures in the 2006-07 Budget is at Table 2.2.

## Performance information for Outcome 1

Performance information for individual outputs and output groups relating to ASIO are summarised in Table 3.2.

**Table 3.2: Performance information for Outcome 1**

<b>Effectiveness — Overall Achievement of the Outcome</b>	
<i>Effectiveness Indicators</i>	<i>Measures</i>
The contribution of ASIO's action and advice to the management and the reduction of risk to: <ul style="list-style-type: none"> <li>• People and property</li> <li>• Government business and national infrastructure</li> <li>• Special events of national and international significance</li> </ul> The security of ASIO's activities	Level of Government satisfaction to be monitored by client feedback       Maintenance of ASIO's security integrity
<b>Efficiency — Performance Indicators for Output Group 1.1</b>	
<i>Output Description</i>	<i>Performance Measure</i>
Output Group 1.1: Security intelligence	Relevant client feedback on agency outputs in regard to quality and timeliness   Resource use against priorities and cost effectiveness  ASIO's security performance

## Evaluations for Outcome 1

Consistent with previous years, ASIO will report on its evaluation program in ASIO's 2006-07 Annual Report.

## Section 4: Other reporting requirements

### 4.1 PURCHASER-PROVIDER ARRANGEMENTS

ASIO does not participate in purchaser-provider arrangements.

## 4.2 COST RECOVERY ARRANGEMENTS

ASIO provides:

a) Protective security policy advice to government and specific advice to departments and agencies on protective security measures including:

- risk management advice and some specialist protective security training
- security equipment assessment and testing, and
- technical surveillance counter-measures advice and testing (electronic sweeps).

Protective security advice and services are provided on a full cost recovery basis with over 70 per cent of its revenue relating to Government departments and agencies;

b) Advice to the Department of Immigration and Multicultural Affairs (DIMA) on the entry to Australia of unauthorised arrivals. This work is charged on a cost recovery basis under a Memorandum of Understanding;

c) Rental accommodation and business support facilities to the Office of National Assessment; and

d) Security advice to the Australian Federal Police (AFP), such as security checking advice for holders of Aviation Security Identification Cards and Maritime Security Identification Cards.

### Summary of cost recovery impact statement

ASIO's cost recovery arrangements as defined in the Australian Government Cost Recovery Guidelines are not significant and the preparation of a cost recovery impact statement is not required.

## Section 5: Budgeted financial statements

### ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

ASIO's departmental funding for 2006-07 is \$227.617m compared to \$174.845m in 2005-06. Revenue from other sources in 2006-07 is estimated at \$6.230m

compared to \$5.916m in 2005-06 (estimates include proceeds from sale of assets). In addition, equity funding for 2006-07 is \$112.986m against \$25.609m in 2005-06.

The majority of the increase relates to measures arising from the independent review of ASIO's resources conducted in early 2005-06 (Taylor Review). Commencing in 2006-07, the combined measures provide a five year strategic program for ASIO to strengthen its capability to better handle the range of challenges faced.

### **Statement of financial performance**

#### *Revenue Appropriations*

The increase in revenue funding is predominantly the result of new measures agreed in the 2006-07 Budget with minor movements arising from additional funding for measures agreed in previous budgets and parameter adjustments.

#### *Revenue from other sources*

Revenue from other sources relates to other revenue received under s31 of the FMA Act. This includes revenue for the provision of security assessments and protective security advice, proceeds on sale of assets and rental charge. All services are charged on a cost recovery basis.

#### *Employee expenses*

Employee expenses are projected to increase from \$89.317m in 2005-06 to \$117.526m in 2006-07. This increase reflects the impact of the new measures arising from the Taylor Review which forecasts staff growth to 1,860 by 2010-11.

#### *Supplier expenses*

Supplier expenses represent payments to third parties, other than to staff, that are necessary to conduct investigations, information management and analysis and other recurrent business support costs. Supplier expenses include amounts payable for new measures funded by government.

Supplier expenses will continue to increase in 2006-07 and the forward estimates reflecting increases in operational expenditure and other fixed costs to meet increased accommodation, communications and information management requirements.

#### *Depreciation*

Depreciation charges are expected to rise significantly over the next four years as investments in technology and operational capabilities are being implemented.

Depreciation charges are included in the statement of financial performance so

that the original purchase cost of the assets can be progressively recognised over their estimated useful lives and treated as an expense from ordinary activities under accruals accounting principles. Depreciation represents a notional capacity for ASIO to meet the cost of asset re-investment in future years as those assets reach the end of their useful lives.

*Operating surplus from ordinary activities*

An operating surplus of \$3.523m is projected for 2006-07. Additional efficiency dividends and wage cost increases will result in a reduced operating surplus in the forward years.

**Statement of financial position**

*Non-current assets*

Non-financial assets comprise land and buildings, infrastructure plant and equipment and computer software. The increase in non-financial assets from \$92.407m in 2005-06 to \$206.191m in 2006-07 reflects ASIO's strategic growth in its increased technical capabilities and additional accommodation. These increases are offset by the write down of assets through depreciation and retirements as they come to the end of their useful lives.

During 2006-07 ASIO is planning to invest a total of \$153.040m (excluding GST) on capital items, continuing to build on capabilities funded in previous years. This is supplemented by equity injections from government totalling \$112.986m in the 2006-07 Budget.

*Equity injection*

The increase in contributed equity from \$82.323m in 2005-06 to \$195.309m in 2006-07 reflects equity injections of \$112.986m for capital items.

**Statement of cash flows**

The statement of cash flows sets out the net cash received from operating activities, investment in assets and other technical capabilities (as reflected in the acquisition of property, plant and equipment) and financing activities in the form of equity injections from government for capability investments.

Projected cashflows take into account the need to maintain staffing capabilities, wage cost increases and the capacity to cover surge activities and asset replacements.

**Capital budget statement**

The capital budget statement shows the total equity injections of \$112.986m, relating to agreed budget measures.

## Non-financial assets — summary of movement

The non-financial assets – summary of movement table shows the capital expenditure in 2006 by asset categories.

## BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement for the period ended 30 June**

	ESTIMATED ACTUAL 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000	FORWARD ESTIMATE 2007-08 \$'000	FORWARD ESTIMATE 2008-09 \$'000	FORWARD ESTIMATE 2009-10 \$'000
<b>INCOME</b>					
<b>REVENUE</b>					
Revenues from Government	174,845	227,617	286,206	338,971	392,705
Goods and services	2,694	2,783	2,863	2,882	2,968
Resources received free of charge	870	887	905	923	940
Other	1,707	1,772	1,838	1,903	1,971
<b>Total revenue</b>	<b>180,116</b>	<b>233,059</b>	<b>291,812</b>	<b>344,679</b>	<b>398,584</b>
<b>Gains</b>					
Net gains from sale of assets	645	788	827	868	894
<b>Total gains</b>	<b>645</b>	<b>788</b>	<b>827</b>	<b>868</b>	<b>894</b>
<b>Total income</b>	<b>180,761</b>	<b>233,847</b>	<b>292,639</b>	<b>345,547</b>	<b>399,478</b>
<b>EXPENSE</b>					
Employees	89,317	117,526	157,408	187,167	214,818
Suppliers	67,749	73,542	76,853	88,045	108,514
Depreciation and amortisation	14,140	38,311	57,135	71,443	75,061
Net losses from sale of assets	774	945	992	1,042	1,065
<b>Total expenses</b>	<b>171,980</b>	<b>230,324</b>	<b>292,388</b>	<b>347,697</b>	<b>399,458</b>
<b>Operating result from continuing operations</b>	<b>8,781</b>	<b>3,523</b>	<b>251</b>	<b>(2,150)</b>	<b>20</b>
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>8,781</b>	<b>3,523</b>	<b>251</b>	<b>(2,150)</b>	<b>20</b>

Table 5.2: Budgeted departmental balance sheet as at 30 June

	ESTIMATED ACTUAL 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000	FORWARD ESTIMATE 2007-08 \$'000	FORWARD ESTIMATE 2008-09 \$'000	FORWARD ESTIMATE 2009-10 \$'000
<b>ASSETS</b>					
<b>FINANCIAL ASSETS</b>					
Cash	30,472	34,882	18,560	14,935	10,935
Receivables	2,575	3,120	53,259	93,368	73,512
<b>Total financial assets</b>	<b>33,047</b>	<b>38,002</b>	<b>71,819</b>	<b>108,303</b>	<b>84,447</b>
<b>Non-financial assets</b>					
Land and buildings	38,739	55,478	87,600	109,917	145,628
Infrastructure, plant and equipment	45,216	135,710	163,560	169,776	172,083
Intangibles	7,153	12,904	15,448	21,647	24,780
Other	1,299	2,099	2,519	3,022	3,626
<b>Total non-financial assets</b>	<b>92,407</b>	<b>206,191</b>	<b>269,127</b>	<b>304,362</b>	<b>346,117</b>
<b>Total assets</b>	<b>125,454</b>	<b>244,193</b>	<b>340,946</b>	<b>412,665</b>	<b>430,564</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	19,605	22,338	25,271	28,269	29,400
Other	3,374	3,374	3,374	3,374	3,374
<b>Total provisions</b>	<b>22,979</b>	<b>25,712</b>	<b>28,645</b>	<b>31,643</b>	<b>32,774</b>
<b>Payables</b>					
Suppliers	7,438	6,935	7,235	7,296	7,587
<b>Total payables</b>	<b>7,438</b>	<b>6,935</b>	<b>7,235</b>	<b>7,296</b>	<b>7,587</b>
<b>Total liabilities</b>	<b>30,417</b>	<b>32,647</b>	<b>35,880</b>	<b>38,939</b>	<b>40,361</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	82,323	195,309	288,578	359,388	375,845
Reserves	8,734	8,734	8,734	8,734	8,734
Retained surpluses or accumulated deficits	3,980	7,503	7,754	5,604	5,624
<b>Total parent entity interest</b>	<b>95,037</b>	<b>211,546</b>	<b>305,066</b>	<b>373,726</b>	<b>390,203</b>
<b>Total equity</b>	<b>95,037</b>	<b>211,546</b>	<b>305,066</b>	<b>373,726</b>	<b>390,203</b>
<b>Current assets</b>	<b>33,047</b>	<b>38,002</b>	<b>71,819</b>	<b>108,303</b>	<b>84,447</b>
<b>Non-current assets</b>	<b>92,407</b>	<b>206,191</b>	<b>269,127</b>	<b>304,362</b>	<b>346,117</b>
<b>Current liabilities</b>	<b>20,811</b>	<b>21,701</b>	<b>23,497</b>	<b>25,087</b>	<b>25,955</b>
<b>Non-current liabilities</b>	<b>9,606</b>	<b>10,946</b>	<b>12,383</b>	<b>13,852</b>	<b>14,406</b>

\*Note: 'equity' is the residual interest in assets after deduction of liabilities.

**Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June**

	ESTIMATED ACTUAL 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000	FORWARD ESTIMATE 2007-08 \$'000	FORWARD ESTIMATE 2008-09 \$'000	FORWARD ESTIMATE 2009-10 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>CASH RECEIVED</b>					
Goods and services	6,413	4,897	5,467	5,599	5,735
Appropriations	174,845	227,617	286,206	338,971	392,705
Other	6,682	7,405	7,655	8,798	10,822
<b>Total cash received</b>	<b>187,940</b>	<b>239,919</b>	<b>299,328</b>	<b>353,368</b>	<b>409,262</b>
<b>Cash used</b>					
Employees	86,986	114,793	154,475	184,169	213,687
Suppliers	73,498	81,450	84,208	96,782	119,045
<b>Total cash used</b>	<b>160,484</b>	<b>196,243</b>	<b>238,683</b>	<b>280,951</b>	<b>332,732</b>
<b>Net cash from or (used by) operating activities</b>	<b>27,456</b>	<b>43,676</b>	<b>60,645</b>	<b>72,417</b>	<b>76,530</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	645	788	827	868	894
<b>Total cash received</b>	<b>645</b>	<b>788</b>	<b>827</b>	<b>868</b>	<b>894</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	41,537	153,040	171,063	147,720	97,881
<b>Total cash used</b>	<b>41,537</b>	<b>153,040</b>	<b>171,063</b>	<b>147,720</b>	<b>97,881</b>
<b>Net cash from or (used by) investing activities</b>	<b>(40,892)</b>	<b>(152,252)</b>	<b>(170,236)</b>	<b>(146,852)</b>	<b>(96,987)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	25,609	112,986	93,269	70,810	16,457
<b>Total cash received</b>	<b>25,609</b>	<b>112,986</b>	<b>93,269</b>	<b>70,810</b>	<b>16,457</b>
<b>Net cash from or (used by) financing activities</b>	<b>25,609</b>	<b>112,986</b>	<b>93,269</b>	<b>70,810</b>	<b>16,457</b>
<b>Net increase or (decrease) in cash held</b>	<b>12,173</b>	<b>4,410</b>	<b>(16,322)</b>	<b>(3,625)</b>	<b>(4,000)</b>
Cash at the beginning of the reporting period	18,299	30,472	34,882	18,560	14,935
<b>Cash at the end of the reporting period</b>	<b>30,472</b>	<b>34,882</b>	<b>18,560</b>	<b>14,935</b>	<b>10,935</b>

**Table 5.4: Departmental statement of changes in equity — summary of movement Budget 2006-07**

	ACCUMULATED RESULTS \$'000	ASSET REVALUATION RESERVE \$'000	CONTRIBUTED EQUITY/ CAPITAL \$'000	TOTAL EQUITY \$'000
<b>OPENING BALANCE AS AT 1 JULY 2006</b>				
Balance carried forward from previous period	3,980	8,734	82,323	95,037
<b>Adjusted opening balance</b>	<b>3,980</b>	<b>8,734</b>	<b>82,323</b>	<b>95,037</b>
<b>Income and expense</b>				
Net operating result	3,523	-	-	3,523
<b>Total income and expenses recognised directly in equity</b>	<b>3,523</b>	<b>-</b>	<b>-</b>	<b>3,523</b>
<b>Transactions with owners</b>				
Appropriation (equity injection)	-	-	112,986	112,986
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>112,986</b>	<b>112,986</b>
<b>Estimated closing balance as at 30 June 2007</b>	<b>7,503</b>	<b>8,734</b>	<b>195,309</b>	<b>211,546</b>

**Table 5.5: Departmental capital budget statement**

	ESTIMATED ACTUAL 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000	FORWARD ESTIMATE 2007-08 \$'000	FORWARD ESTIMATE 2008-09 \$'000	FORWARD ESTIMATE 2009-10 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	25,609	112,986	93,269	70,810	16,457
<b>Total capital appropriations</b>	<b>25,609</b>	<b>112,986</b>	<b>93,269</b>	<b>70,810</b>	<b>16,457</b>
<b>Represented by:</b>					
Purchase of non-financial assets	25,609	112,986	93,269	70,810	16,457
<b>Total represented by</b>	<b>25,609</b>	<b>112,986</b>	<b>93,269</b>	<b>70,810</b>	<b>16,457</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	25,609	112,986	93,269	70,810	16,457
Funded internally by departmental resources	15,928	40,054	77,794	76,910	81,424
<b>Total</b>	<b>41,537</b>	<b>153,040</b>	<b>171,063</b>	<b>147,720</b>	<b>97,881</b>

**Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement Budget year 2006-07**

	LAND	BUILDINGS	OTHER INFRASTRUCTURE PLANT AND EQUIPMENT	COMPUTER SOFTWARE	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2006</b>					
Gross book value	1,500	40,894	53,334	15,721	111,449
Accumulated depreciation	-	3,655	8,118	8,568	20,341
<b>Opening net book value</b>	<b>1,500</b>	<b>37,239</b>	<b>45,216</b>	<b>7,153</b>	<b>91,108</b>
Additions:					
by purchase	-	26,809	112,188	14,043	153,040
Depreciation/amortisation expense	-	10,070	19,949	8,292	38,311
Disposals:					
other disposals	-	-	1,745	-	1,745
<b>As at 30 June 2007</b>					
Gross book value	1,500	67,703	163,777	29,764	262,744
Accumulated depreciation	-	13,725	28,067	16,860	58,652
<b>Estimated closing net book value</b>	<b>1,500</b>	<b>53,978</b>	<b>135,710</b>	<b>12,904</b>	<b>204,092</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Basis of accounting

The budgeted financial statements for ASIO have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Accounting Standards, other authoritative pronouncements of the Accounting Standards Board (Accounting Guidance Releases), the consensus view of the Urgent Issues Group and having regard to Statements of Accounting Concepts.

### Revenue from government

Amounts appropriated for departmental appropriations for the year are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is only recognised when it is earned.

### Employee expenses

Employee expenses consist of salaries, leave entitlements and superannuation.

## **Suppliers**

Supplier expenses consist of consultants and contract costs, travel expenses and administrative costs. GST has been included in the cashflow statements but excluded in the Statement of Financial Performance, consistent with standard accounting practices.

## **Cash**

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

## **Assets and liabilities**

Property, plant and equipment assets have been revalued at 30 June 2005 to fair value. Revaluations will be performed when the fair value of an asset class differs materially from its carrying amount. ASIO's intangibles comprise purchased software and are carried at cost.