

AUSTRALIAN SECURITY INTELLIGENCE ORGANISATION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The strategic direction statement for the Australian Security Intelligence Organisation (ASIO) can be found in the 2017-18 Portfolio Budget Statements. There has been no change to ASIO's strategic direction as a result of Additional Estimates.

1.2 ENTITY RESOURCE STATEMENT

The Entity Resource Statement details the resourcing for ASIO at Additional Estimates. Table 1.1 outlines the total resourcing available from all sources for the 2017-18 budget year, including variations through Appropriation Bills No. 3 and No. 4.

Table 1.1: Entity resource statement—additional estimates for 2017–18 as at Additional Estimates February 2018

	Actual available appropriation 2016–17 \$'000	Estimate as at Budget 2017–18 \$'000	Proposed Additional Estimates 2017–18 \$'000	Total estimate at Additional Estimates 2017–18 \$'000
DEPARTMENTAL				
Annual appropriations—ordinary annual services (a)				
Prior year appropriations available (b)	76,781	35,157	–	35,157
Departmental appropriation (c)	402,998	417,815	3,952	421,767
s74 retained revenue receipts (d)	26,493	22,414	–	22,414
Departmental capital budget (e)	28,092	68,575	–	68,575
Annual appropriations—other services—non-operating (f)				
Prior year appropriations available (a)	3,838	412	–	412
Equity injection	14,103	13,541	1,398	14,939
Total departmental annual appropriations	552,305	557,914	5,350	563,264
Total departmental resourcing	552,305	557,914	5,350	563,264
			Actual 2016–17	2017–18
Average staffing level (number)			1,770	1,775

Prepared on a resourcing (i.e. appropriations available) basis.

Note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

- (a) *Appropriation Act (No. 1) 2017–18* and *Appropriation Bill (No. 3) 2017–18*.
- (b) Estimated adjusted balance carried forward from previous year for annual appropriations.
- (c) Excludes \$0.22m withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
- (d) Estimated retained revenue receipts under section 74 of the PGPA Act.
- (e) Departmental capital budgets are not separately identified in *Appropriation Act (No.1)* and form part of ordinary annual services items. Please refer to Table 3.6 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.
- (f) *Appropriation Act (No. 2)* and *Appropriation Bill (No. 4) 2017–18*.

1.3 ENTITY MEASURES

Table 1.2 summarises new government measures taken since the 2017–18 Budget. The table is split into expense and capital measures, and identifies the affected program.

Table 1.2: Entity 2017–18 measures since Budget

	Program	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000
Expense measures					
National Security—2017 Independent Intelligence Review—implementation	1.1				
Departmental expenses (a)		1,800	3,600	2,200	2,200
National Security—enhancing Australia's regional counter terrorism assistance	1.1				
Departmental expenses (b)		nfp	–	–	–
Total expense measures		1,800	3,600	2,200	2,200
Capital measures					
National Security—2017 Independent Intelligence Review—implementation	1.1				
Departmental capital (a)		800	–	–	–
Total capital measures		800	–	–	–
Decisions taken but not yet announced		2,250	18,331	29,105	38,259

Prepared on a Government Financial Statistics (fiscal) basis.

- (a) The lead entity for this measure is the Department of the Prime Minister and Cabinet. The full measure description and package details appear in the 2017–18 Mid-Year Economic and Fiscal Outlook under the Prime Minister and Cabinet portfolio.
- (b) The lead entity for this measure is the Department of Foreign Affairs and Trade. The full measure description and package details appear in the 2017–18 Mid-Year Economic and Fiscal Outlook under the Foreign Affairs and Trade portfolio. Details are not for publication due to national security reasons.

1.4 ADDITIONAL ESTIMATES, RESOURCING AND VARIATIONS TO OUTCOMES

Table 1.3 details the changes to resourcing for ASIO at Additional Estimates by outcome. Table 1.3 details the Additional Estimates resulting from new measures and other variations since the 2017–18 Budget in Appropriation Bills No. 3 and 4.

Table 1.3: Additional estimates and other variations to outcomes since 2017–18 Budget

	Program impacted	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000
OUTCOME 1					
DEPARTMENTAL					
Annual appropriations					
National Security—2017 Independent Intelligence Review—implementation—expense	1.1	1,800	3,600	2,200	2,200
National Security—enhancing Australia's regional counter terrorism assistance—expense	1.1	nfp	–	–	–
National Security—2017 Independent Intelligence Review—implementation—capital	1.1	800	–	–	–
Changes in parameters					
Changes in wage and price indices—expense	1.1	–	392	392	788
Changes in wage and price indices—capital	1.1	–	84	44	88
Other variations					
Commonwealth Redress Scheme for Survivors of Institutional Child Sexual Abuse—offset	1.1	–	(75)	(75)	(75)
Net impact on appropriations for Outcome 1 (departmental)		2,600	4,001	2,561	3,001
Decisions taken but not yet announced for Outcome 1		2,250	18,331	29,105	38,259

1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The following tables detail the Additional Estimates sought for ASIO through Appropriation Bills No. 3 and 4.

Table 1.4: Appropriation Bill (No. 3) 2017–18

	2016–17 Available \$'000	2017–18 Budget \$'000	2017–18 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
DEPARTMENTAL PROGRAMS					
Outcome 1					
To protect Australia, its people and its interests from threats to security through intelligence collection, assessment and advice to government.	402,998	417,815	421,767	3,952	–
Total departmental	402,998	417,815	421,767	3,952	–

Note: 2016–17 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year.

Table 1.5: Appropriation Bill (No. 4) 2017–18

	2016–17 Available \$'000	2017–18 Budget \$'000	2017–18 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
NON-OPERATING					
Equity injections	14,103	13,541	14,939	1,398	–
Total non-operating	14,103	13,541	14,939	1,398	–

Note: 2016–17 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year.

Section 2: Revisions to outcomes and planned performance

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: To protect Australia, its people and its interests from threats to security through intelligence collection, assessment and advice to government.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving Outcome 1, broken down by program and departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1

	2016–17 Actual expenses \$'000	2017–18 Revised estimated expenses \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
Program 1.1: Security Intelligence					
Departmental expenses					
Departmental appropriation	396,546	422,148	414,706	421,581	430,578
s74 retained revenue receipts (a)	26,493	22,414	22,402	23,521	24,698
Expenses not requiring appropriation in the budget year (b)	88,480	84,126	91,082	92,076	100,298
Total expenses for program 1.1	511,519	528,688	528,190	537,178	555,574

	2016–17	2017–18
Average staffing level (number)	1,770	1,775

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the budget year are made up of depreciation expenses, amortisation expenses and audit fees.

Performance criteria for Outcome 1

There are no changes to the performance information for Outcome 1 reported in the 2017–18 Portfolio Budget Statements.

Section 3: Special account flows and budgeted financial statements

3.1 SPECIAL ACCOUNT FLOWS

3.1.1 Estimates of special account flows

ASIO has no special accounts.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Analysis of budgeted financial statements

Changes to the departmental and administered budgeted financial statements since the 2017–18 Portfolio Budget Statements include actual financial results for 2016–17, new measures and indexation updates.

Income statement

The major changes in the budgeted departmental income statement are the new measures and estimates variations included in Tables 1.2 and 1.3.

Balance sheet

The major changes to the budgeted departmental balance sheet are the inclusion of the 30 June 2017 actual balances.

Statement of changes in equity

The changes in equity estimates reflect the updated 30 June 2017 actual operating result.

3.2.2 Budgeted financial statements

Table 3.2: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2016–17 Actual \$'000	2017–18 Revised budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
EXPENSES					
Employee benefits	239,924	254,820	271,777	276,691	283,807
Suppliers	181,969	189,887	165,476	168,556	171,614
Depreciation and amortisation	88,335	83,981	90,937	91,931	100,153
Finance costs	238	–	–	–	–
Write-down and impairment of assets	1,046	–	–	–	–
Losses from asset sales	7	–	–	–	–
Total expenses	511,519	528,688	528,190	537,178	555,574
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	18,919	21,088	21,491	21,899	22,314
Other revenue	1,059	1,707	1,739	1,772	1,806
Total own-source revenue	19,978	22,795	23,230	23,671	24,120
Gains					
Other gains	2,698	145	145	145	145
Total gains	2,698	145	145	145	145
Total own-source income	22,676	22,940	23,375	23,816	24,265
Net cost of/(contribution by) services	(488,843)	(505,748)	(504,815)	(513,362)	(531,309)
Revenue from government	402,998	421,767	413,878	421,431	431,156
Surplus/(deficit) attributable to the Australian Government	(85,845)	(83,981)	(90,937)	(91,931)	(100,153)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	–	–	–	–	–
Total other comprehensive income	–	–	–	–	–
Total comprehensive income/(loss) attributable to the Australian Government	(85,845)	(83,981)	(90,937)	(91,931)	(100,153)

Table 3.2: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

Note: Impact of net cash appropriation arrangements					
	2016–17	2017–18	2018–19	2019–20	2020–21
	\$'000	\$'000	\$'000	\$'000	\$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	2,490	–	–	–	–
Less depreciation/amortisation expenses previously funded through revenue appropriations (a)	88,335	83,981	90,937	91,931	100,153
Total comprehensive income/(loss) as per the statement of comprehensive income	(85,845)	(83,981)	(90,937)	(91,931)	(100,153)

Prepared on Australian Accounting Standards basis.

(a) From 2010–11, the government introduced net cash appropriation arrangements where Appropriation Act 1 or Bill 3 revenue appropriations for the depreciation and amortisation expenses of non-corporate Commonwealth entities were replaced with a separate capital budget (the departmental capital budget, or DCB) provided through Appropriation Act 1 or Bill 3 equity appropriations. For information regarding DCBs, please refer to Table 3.6 Departmental capital budget statement.

Table 3.3: Budgeted departmental balance sheet (as at 30 June)

	2016–17 Actual \$'000	2017–18 Revised budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	17,338	17,296	16,213	18,493	17,480
Trade and other receivables	76,702	78,580	77,971	71,971	71,707
Other financial assets	1,644	1,688	1,734	1,782	1,832
Total financial assets	95,684	97,564	95,918	92,246	91,019
Non-financial assets					
Land and buildings	153,937	139,935	132,775	115,326	97,009
Property, plant and equipment	130,343	134,340	125,682	110,888	93,525
Intangibles	50,616	60,154	75,974	68,654	58,559
Other non-financial assets	25,911	24,082	21,986	24,648	26,547
Total non-financial assets	360,807	358,511	356,417	319,516	275,640
Total assets	456,491	456,075	452,335	411,762	366,659
LIABILITIES					
Payables					
Suppliers	25,063	26,257	24,033	24,340	24,794
Other payables	8,233	5,449	2,665	938	746
Total payables	33,296	31,706	26,698	25,278	25,540
Provisions					
Employee provisions	79,738	81,953	83,796	84,782	85,768
Other provisions	4,938	4,362	3,786	3,210	2,634
Total provisions	84,676	86,315	87,582	87,992	88,402
Total liabilities	117,972	118,021	114,280	113,270	113,942
Net assets	338,519	338,054	338,055	298,492	252,717
EQUITY (a)					
Parent entity interest					
Contributed equity	668,644	752,158	843,097	895,465	949,843
Reserves	33,046	33,046	33,046	33,046	33,046
Retained surplus/(accumulated deficit)	(363,171)	(447,150)	(538,088)	(630,019)	(730,172)
Total parent entity interest	338,519	338,054	338,055	298,492	252,717
Total equity	338,519	338,054	338,055	298,492	252,717

Prepared on Australian Accounting Standards basis.

(a) Equity is the residual interest in assets after the deduction of liabilities.

**Table 3.4: Departmental statement of changes in equity—summary of movement
(budget year 2017–18)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2017				
Balance carried forward from previous period	(363,171)	33,046	668,644	338,519
Adjusted opening balance	(363,171)	33,046	668,644	338,519
Comprehensive income				
Surplus/(deficit) for the period	(83,981)	–	–	(83,981)
Total comprehensive income	(83,981)	–	–	(83,981)
Contributions by owners				
Equity injection—appropriation	–	–	14,939	14,939
Departmental capital budget	–	–	68,575	68,575
Sub-total transactions with owners	–	–	83,514	83,514
Estimated closing balance as at 30 June 2018	(447,152)	33,046	752,158	338,052
Less non-controlling interests	–	–	–	–
Closing balance attributable to the Australian Government	(447,152)	33,046	752,158	338,052

Prepared on Australian Accounting Standards basis.

Table 3.5: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2016–17 Actual \$'000	2017–18 Revised budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	421,916	420,468	413,795	427,558	431,597
Sale of goods and rendering of services	16,785	18,351	21,752	21,587	24,123
Net GST received	19,794	18,567	15,912	16,495	16,394
Other	–	1,663	1,693	1,724	1,756
Total cash received	458,495	459,049	453,152	467,364	473,870
Cash used					
Employees	234,554	252,605	269,934	275,705	282,821
Suppliers	195,771	186,719	165,459	170,766	172,914
Net GST paid	–	–	–	–	–
s74 retained revenue receipts transferred to Official Public Account	26,493	19,191	18,266	18,037	18,572
Total cash used	456,818	458,515	453,659	464,508	474,307
Net cash from/(used by) operating activities	1,677	534	(507)	2,856	(437)
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	760	–	–	–	–
Total cash received	760	–	–	–	–
Cash used					
Purchase of property, plant, equipment and intangibles	76,264	84,090	91,515	52,944	54,954
Total cash used	76,264	84,090	91,515	52,944	54,954
Net cash from/(used by) investing activities	(75,504)	(84,090)	(91,515)	(52,944)	(54,954)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	68,732	83,514	90,939	52,368	54,378
Total cash received	68,732	83,514	90,939	52,368	54,378
Net cash from/(used by) financing activities	68,732	83,514	90,939	52,368	54,378
Net increase/(decrease) in cash held	(5,095)	(42)	(1,083)	2,280	(1,013)
Cash and cash equivalents at the beginning of the reporting period	22,433	17,338	17,296	16,213	18,493
Cash and cash equivalents at the end of the reporting period	17,338	17,296	16,213	18,493	17,480

Prepared on Australian Accounting Standards basis.

Table 3.6: Departmental capital budget statement (for the period ended 30 June)

	2016–17 Actual \$'000	2017–18 Revised budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget—Act No. 1 and Bill No.3 (DCB)	28,092	68,575	85,572	44,686	44,946
Equity injections—Act No. 2 and Bill No. 4	14,103	14,939	5,367	7,682	9,432
Total new capital appropriations	42,195	83,514	90,939	52,368	54,378
Provided for:					
Purchase of non-financial assets	42,195	83,514	90,939	52,368	54,378
Total items	42,195	83,514	90,939	52,368	54,378
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	14,103	14,939	5,367	7,682	9,432
Funded by capital appropriation—DCB (b)	23,092	68,575	85,572	44,686	44,946
Funded internally from departmental resources (c)	34,059	–	–	–	–
Total amount spent	71,254	83,514	90,939	52,368	54,378
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	76,264	84,090	91,515	52,944	54,954
Total cash required to acquire assets	76,264	84,090	91,515	52,944	54,954

Prepared on Australian Accounting Standards basis.

(a) Includes current and prior Bill 4 and prior Act 2/4/6 appropriations and special capital appropriations.

(b) Does not include annual finance lease costs. Includes purchases from current and previous departmental capital budgets (DCBs).

(c) Includes amounts from current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB), section 74 retained revenue receipts and proceeds from the sale of assets.

Table 3.7: Statement of asset movements (2017–18 budget year)

	Asset Category				Total \$'000
	Land \$'000	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	
As at 1 July 2017					
Gross book value	4,581	168,822	176,423	121,505	471,331
Accumulated depreciation/amortisation and impairment	(218)	(19,248)	(46,080)	(70,889)	(136,435)
Opening net book balance	4,363	149,574	130,343	50,616	334,896
CAPITAL ASSET ADDITIONS					
Estimated expenditure on new or replacement assets					
By purchase—appropriation equity (a)	–	–	7,590	7,349	14,939
By purchase—appropriation ordinary annual services (b)	–	3,370	41,162	24,043	68,575
Total additions	–	3,370	48,752	31,392	83,514
Other movements					
Depreciation/amortisation expense	–	(17,372)	(44,755)	(21,854)	(83,981)
Total other movements	–	(17,372)	(44,755)	(21,854)	(83,981)
As at 30 June 2018					
Gross book value	4,581	172,192	225,175	152,897	554,845
Accumulated depreciation/amortisation and impairment	(218)	(36,620)	(90,835)	(92,743)	(220,416)
Closing net book balance	4,363	135,572	134,340	60,154	334,429

Prepared on Australian Accounting Standards basis.

(a) "Appropriation equity" refers to equity injection appropriations provided through *Appropriation Act (No. 2) 2017–18* and Bill (No. 4) 2017–18.

(b) "Appropriation ordinary annual services" refers to funding provided through *Appropriation Act (No. 1) 2017–18* and Bill (No. 3) 2017–18 for depreciation and amortisation expenses, departmental capital budgets or other operational expenses.