

OFFICE OF THE INSPECTOR-GENERAL OF INTELLIGENCE AND SECURITY

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OFFICE OF THE INSPECTOR-GENERAL OF INTELLIGENCE AND SECURITY

Section 1: Overview, variations and measures

OVERVIEW

The planned outcome for the Office of the Inspector-General of Intelligence and Security is unchanged from that presented in the 2004–05 Portfolio Budget Statements. That is, the office continues to provide assurance that Australia’s intelligence agencies act legally, ethically and with propriety.

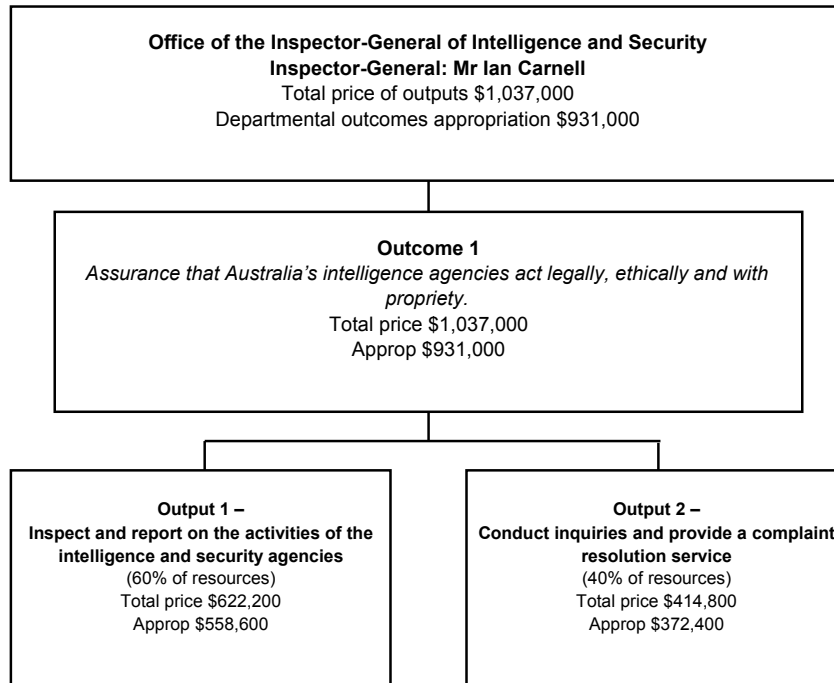
As a result of the Flood Inquiry, the role of this office will be expanded to:

- formally include scrutiny of the Defence Imagery and Geospatial Organisation on a basis comparable with that of the Defence Signals Directorate and the Australian Secret Intelligence Service
- allow IGIS to initiate inquiries into the activities of:
 - the Office of National Assessments and
 - the Defence Intelligence Organisationwithout ministerial referral
- conduct a periodic review of ONA’s statutory independence.

To meet these additional responsibilities, a bid was developed to fund an additional staff member. Another staffing bid seeks to match the office’s inspection capacity with the increased activities of all the agencies (detailed along with other measures in the Measures – Agency Summary).

In the 2004–05 Additional Estimates process, the office will receive an overall increase in funding of \$172,000 in operational expenses and a one-off capital injection of \$202,000.

Map 1: Outcomes and output groups for the Office of the Inspector-General of Intelligence and Security



ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The 2004–05 additional estimates consists of additional staffing resources (\$172,000) and a one-off capital injection (\$202,000) to enhance the computer and communications networks within the office. The office has one outcome and the additional estimates have been allocated to this outcome.

MEASURES — AGENCY SUMMARY

The office has four measures to report since Budget 2004–05, as summarised in Table 1.1.

Expense measures

The first two expense measures in Table 1.1 relate to increased staff resources and are appropriated in Appropriation Bill 3 (see Table 1.2).

The initial measure relates to the funding of an additional staff member for part of 2004–05, with full year funding thereafter. The additional staff resource will allow the office to meet its new responsibilities arising from the Flood Inquiry, as outlined in the Agency Overview.

The second expense measure relates to the increased workload generated from the expansion of the intelligence agencies. The additional resources will be used to maintain existing capabilities.

The funding of ongoing maintenance of the existing external computer network services currently provided by PM&C free of charge from 2005–06 will allow the office greater control and flexibility in service delivery.

Capital measures

The office previously did not have a capital budget. Major capital purchases in the past have been financed by resources received free of charge from PM&C and DSD.

The \$202,000 in additional funding (Appropriation Bill 4, Table 1.3) will enable the office to modernise and enhance the security of the existing secure information technology and communications network previously supplied free of charge from DSD. It will also enable, for the first time, desktop access to both the secure and external computer networks used daily by staff. The funding does not include installation and maintenance, which will continue to be provided free of charge by DSD. The resources received free of charge from DSD are recognised as revenue and expenses in the financial tables that follow (tables 2.1 and 3.1).

Table 1.1: Summary of measures since the 2004–05 Budget

Measure	Outcome	Output groups affected	Appropriations 2004–05 \$'000			Appropriations 2005–06 \$'000			Appropriations 2006–07 \$'000			Appropriations 2007–08 \$'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expense measures (Bill No. 3)														
Expanded monitoring role — Flood Inquiry	1	1.1 & 1.2		68	68		139	139		141	141		144	144
Additional workload due to expansion in the intelligence agencies	1	1.1 & 1.2		104	104		106	106		108	108		110	110
Ongoing maintenance of external computer network	1	1.1 & 1.2					37	37					39	39
Total expense measures				172	172		282	282		287	287		293	293
Capital measures (Bill No. 4)														
Enhancement of computer and communications networks	1	1.1 & 1.2		202	202									
Total capital measures				202	202									
Total measures				374	374		282	282		287	287		293	293

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2004–05

	2003–04 available \$'000	2004–05 budget \$'000	2004–05 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL OUTPUTS					
Outcome 1					
Assurance that Australia's intelligence and security agencies act legally, ethically and with propriety.	741	759	931	172	-
Total	741	759	931	172	-

Note: the available appropriation above is the amount available to be drawn down, that is:
Budget + Additional Estimates Appropriations.

Table 1.3: Appropriation Bill (No. 4) 2004–05

	2003–04 available \$'000	2004–05 budget \$'000	2004–05 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
SPECIFIC PAYMENTS TO THE STATES AND TERRITORIES					
OTHER ADMINISTERED ITEMS					
Non-operating					
Equity injections			202	202	
Loans					
Previous years' outputs					
Administered assets and liabilities					
Total capital					
Office of the Inspector-General of Intelligence and Security					
Total			202	202	

Note: the available appropriation above is the amount available to be drawn down, that is:
Budget + Additional Estimates Appropriations.

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2004–05	2004–05	Variation
	Budget	Revised	
Outcome 1			
Assurance that Australia's intelligence agencies act legally, ethically and with propriety.	5	6	1
Total	5	6	1

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

There is no variation in s31 receipts from Budget 2004–05. (2004–05 Budget: \$0, 2004–05 Additional Estimates: \$0).

REVENUE FROM INDEPENDENT SOURCES

There is no variation in revenue from independent sources from Budget 2004–05. (2004–05 Budget: \$0, 2004–05 Additional Estimates: \$0).

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

The office has no special appropriations. (2004–05 Budget: \$0, 2004–05 Additional Estimates: \$0).

ESTIMATED SPECIAL ACCOUNT FLOWS

The office has two special accounts: Services for other Government and Non-Agency Bodies Account (s20 FMA Act) and Other Trust Monies Account (s20 FMA Act). The accounts have never been active.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The outcome and output structure of the office is unchanged from Budget 2004–05.

Output cost attribution

The office continues to notionally allocate 60% of resources to Output 1 (inspect and report on the activities of the intelligence and security agencies), and 40% to Output 2 (conduct inquiries and provide a complaint service). This allocation is reflected in the office annual work plan, which is reviewed on an ongoing basis.

Revised performance information and level of achievement – 2004–05

Table 2.1: Performance information for outputs affected by additional estimates — Outcome 1

Output	Performance information 2004–05 Budget	Performance information 2004–05 revised
Output 1.1 Inspect and report on the activities of the intelligence and security agencies.	Quality: Outcome of specific monitoring activities. Quantity: Extent of coverage of monitoring undertaken. Price: \$513,000	Quality: Outcome of specific monitoring activities. Quantity: Extent of coverage of monitoring undertaken. Price: \$622,200
Output 1.2 Conduct inquiries and provide a complaints service.	Quality: Outcome of investigation of complaints. Quantity: Number of cases finalised or under recommendation, timeliness of investigations and volume of outstanding cases. Price: \$342,000	Quality: Outcome of investigation of complaints. Quantity: Number of cases finalised or under recommendation, timeliness of investigations and volume of outstanding cases. Price: \$414,800

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The office is budgeting for a balanced budget in 2004–05 and the forward estimates. The majority of the office’s budget remains committed to salary and salary-related expenditure.

In 2004–05, the office has received an operating appropriation of:

- \$759,000 in budget
- \$172,000 in additional estimates.

The revised estimate is \$931,000 as shown in Table 3.1.

The office also received a \$202,000 equity injection to enhance the existing internal secure computer and communications networks within the office (Table 3.2).

DEPARTMENTAL FINANCIAL STATEMENTS

Table 3.1: Budgeted departmental statement of financial performance (for the period ended 30 June)

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
REVENUE					
Revenues from ordinary activities					
Revenue from government	741	931	1,047	1,050	1,059
Resources received free of charge	150	106	84	75	75
Revenues from ordinary activities	891	1,037	1,131	1,125	1,134
EXPENSE					
Expenses from ordinary activities					
Employees	665	765	854	856	864
Suppliers					
Other goods and services	141	125	122	123	124
Resources received free of charge	94	106	84	75	75
Depreciation and amortisation	16	41	71	71	71
Expenses from ordinary activities	916	1,037	1,131	1,125	1,134
Operating surplus or (deficit) from ordinary activities	(25)	-	-	-	-
Net surplus or (deficit)	(25)				
Net surplus or (deficit) attributable to the Australian Government	(25)	-	-	-	-
Net credit to asset revaluation reserve	9				
Total changes in equity other than those resulting from transactions with owners as owners	-16	-	-	-	-

Notes: 2003–04 Budget Appropriation (Bill 1) of \$709,000, 2003–04 Additional Estimates (Bill 3) of 32,000.
2004–05 Budget Appropriation (Bill 1) of \$759,000, 2004–05 Additional Estimates (Bill 3) of \$172,000

Part C: Agency Additional Estimates Statements – OIGIS

Significant components of office resources are:

- employee expenses (includes salary-related expenditure, superannuation and comcare)
- supplier expenses (includes normal administrative expenses)
- hiring of consultants for inquiry and accountancy services, legal advice
- resources received free of charge
- depreciation expenses.

The office received some \$106,000 in resources received free of charge in 2004–05. The resources are made up of:

PM&C resources

- \$55,000 for rent of office space
- \$28,000 for the secure external computer network (AICNet)

ANAO resources

- \$13,000 for the audit of financial statements

DSD resources

- \$8,000 for installing the new internal secure network
- \$2,000 for ongoing maintenance of internal secure network

Table 3.2: Budget departmental statement of financial position

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
ASSETS					
Financial assets					
Cash (notes, coins and deposits at bank)	248	85	99	117	188
Receivables	29	290	357	420	430
Total financial assets	277	375	456	537	618
Non-financial assets					
Infrastructure, plant and equipment	71	232	161	90	19
Total non-financial assets	71	232	161	90	19
Total assets	348	607	617	627	637
LIABILITIES					
Provisions					
Employees	350	400	410	420	430
Total provisions	350	400	410	420	430
Payables					
Suppliers	23	30	30	30	30
Total payables	23	30	30	30	30
Total liabilities	373	430	440	450	460
EQUITY¹					
Parent entity interest					
Contributed equity	66	268	268	268	268
Asset revaluation reserve	9	9	9	9	9
Accumulated deficits	(100)	(100)	(100)	(100)	(100)
Total parent entity interest	(25)	177	177	177	177
Total equity	(25)	177	177	177	177
Current assets	277	375	456	537	618
Non-current assets	71	232	161	90	19
Current liabilities	83	30	30	30	30
Non-current liabilities	290	400	410	420	430

Note 1: 'Equity' is the residual interest in assets after the deduction of liabilities.

The \$202,000 capital injection (recorded against 2004–05 contributed equity in Table 3.2) has had a positive impact on the office's equity position, increasing it from -\$25,000 to \$177,000.

The office has put aside funds where possible to meet accrued leave liabilities, and will continue to do so. These funds are recorded as a receivable in the Table 3.2 and are held in the Official Public Account.

Table 3.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	741	1,133	1,047	1,050	1,059
Net GST refunds	9	-	-	-	-
Total cash received	750	1,133	1,047	1,050	1,059
Cash used					
Employees	(654)	(699)	(720)	(731)	(751)
Suppliers	(133)	(393)	(256)	(248)	(237)
Total cash used	(787)	(1,092)	(976)	(979)	(988)
Net cash from/ (used by)					
Operating activities	(37)	41	71	71	71
INVESTING ACTIVITIES					
Cash received					
	-	202	-	-	-
Total cash received	-	202	-	-	-
Cash used					
Purchase of property, plant and equipment	(15)	(202)	-	-	-
Total cash used	(15)	(202)	-	-	-
Net cash from/(used by)					
investing activities	(15)	-	-	-	-
FINANCING ACTIVITIES					
Total cash received					
	-	-	-	-	-
Total cash used					
	-	-	-	-	-
Net cash from/(used by)					
financing activities	-	-	-	-	-
Net increase or (decrease)					
in cash held	(52)	41	71	71	71
Cash at the beginning of the reporting period	300	248	289	360	431
Cash at the end of the reporting period	248	289	360	431	502

The increase in the cash received for operating activities from 2004–05 across the forward estimates relates to the additional funding received in the 2004–05 additional estimates for staffing (\$172,000 in 2004–05), and from 2005–06, \$37,000 in additional funding to pay for the supply of the external computer network to the office.

The increase in cash received for investing activities in 2004–05 relates to the \$202,000 capital injection for the enhancement of the existing internal secure computer and communications networks within the office.

The office does not have financing activities.

Table 3.4: Departmental capital budget statement

	Actual 2003-04 \$'000	Revised Budget 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	202	-	-	-
Total loans	-	-	-	-	-
Represented by					
Purchase of non-current assets	-	202	-	-	-
Other	-	-	-	-	-
Total	-	202	-	-	-
PURCHASE OF NON CURRENT ASSETS					
Funded by capital appropriation	-	202	-	-	-
Funded internally by Departmental resources	15				

The capital equity injection in 2004-05 of \$202,000 will be used to enhance the existing internal secure computer and communications networks within the office.

There has been no significant movement in the office's non-financial assets since Budget.

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The agency budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

Departmental

The office has departmental funding only.

Administered

The office does not have any administered items.