

OFFICE OF NATIONAL ASSESSMENTS

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OFFICE OF NATIONAL ASSESSMENTS

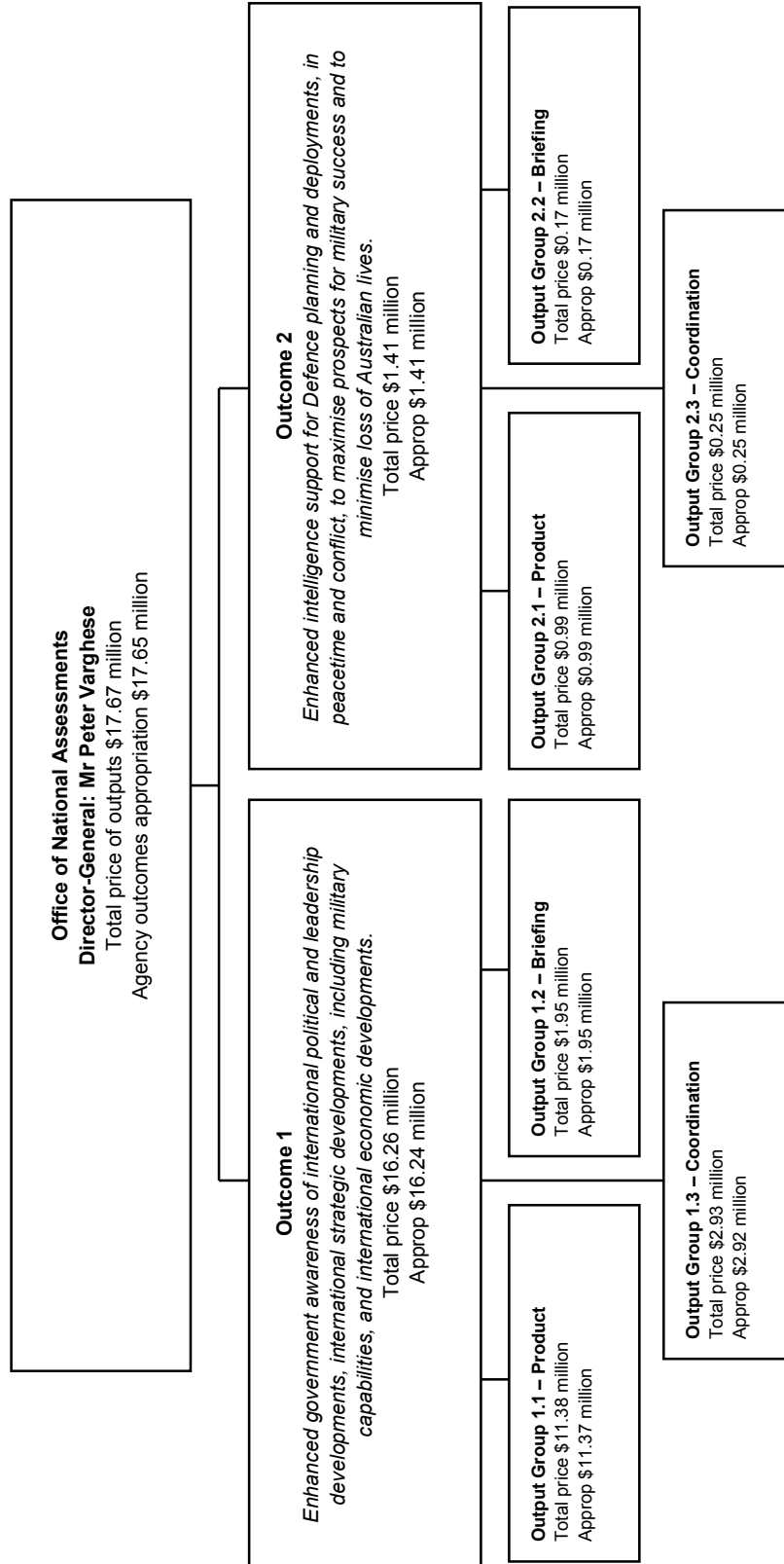
Section 1: Overview, variations and measures

OVERVIEW

The role of the Office of National Assessments (ONA) is to provide assessments of international issues that affect Australian interests and to ensure coordination of the foreign intelligence effort.

The Flood Inquiry into the Australian Intelligence Agencies recommended that ONA's budget be expanded to enable a significant increase in its analytic capability. The government has provided funding for this increase and to ensure that an expanded ONA could continue to share accommodation in the ASIO/ONA building. This includes funding to cover transitional accommodation arrangements. As well, the Open Source Collection Branch, with an annual budget of \$2.5 million is to be transferred from DFAT to ONA. Funding was also provided to enhance ONA's foreign intelligence coordination role, including the establishment of a Foreign Intelligence Coordination Committee chaired by the Director-General of ONA.

Map 1: Outcomes and output groups for the Office of National Assessments



ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

Variations — Measures

	2004–05	2005–06	2006–07	2007–08
	\$'000	\$'000	\$'000	\$'000
Outcomes 1 and 2				
Increase in agency appropriations				
Flood Inquiry — Increased budget base	3,000	11,900	11,900	11,900
Flood Inquiry — Increased accommodation: rent	533	935	958	983
Flood Inquiry — Increased accommodation: fitout	1,387			
Total	4,920	12,835	12,858	12,883

MEASURES — AGENCY SUMMARY

Flood Inquiry — Funding for a significant expansion in analytic capability

The government will enhance the analytical capacity of the Office of National Assessments by increasing the Office's base funding to \$25 million per year. This will involve the recruitment of additional analysts, establishing a research assistant stream, additional staff resources for foreign intelligence coordination as well as enhanced IT and corporate support. ONA's total staffing will double from 75 to 150 over the 2004–05 and 2005–06 financial years.

Flood Inquiry — Increased accommodation: rent and fit-out costs

The government will provide \$5.2 million over five years to the Office of National Assessments for additional rental and fit-out costs. This will include a capital component of \$1.4 million in 2004–05 and a further \$0.4 million in 2008–09 for rental costs.

Other variations to appropriations

	2004–05	2005–06	2006–07	2007–08
	\$'000	\$'000	\$'000	\$'000
Outcomes 1 and 2				
Flood Inquiry - Additional Resourcing for OSB	1,018	2,475	2,516	2,516
Total	1,018	2,475	2,516	2,516

Flood Inquiry — Additional Resourcing for Open Source Collection Branch

The Open Source Collection Branch, comprising 24 employees, will be transferred from the Department of Foreign Affairs and Trade to the Office of National Assessments

Part C: Agency Additional Estimates Statements – ONA

during 2004–05. This will involve a reallocation of base and a continuation of the approximately \$1.8 million in supplementary funding that would otherwise have expired in 2006–07.

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

Measures	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
Flood Inquiry — Increased budget base	1&2	All	-	3,000	3,000	-	11,900	11,900	-	11,900	11,900	-	11,900	11,900
Flood Inquiry — Increased accommodation: rent	1&2	All	-	533	533	-	935	935	-	958	958	-	983	983
Flood Inquiry — Increased accommodation: fitout	1&2	All	-	1,387	1,387	-	-	-	-	-	-	-	-	-
Total			-	4,920	4,920	-	12,835	12,835	-	12,858	12,858	-	12,883	12,883

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
AGENCY OUTPUTS					
Outcome 1					
Enhanced government awareness of international political and leadership developments, international strategic developments, including military capabilities, and international economic developments.	10,475	12,050	15,300	3,250	-
Outcome 2					
Enhanced intelligence support for Defence planning and deployments, in peacetime and conflict, to maximise prospects for military success and to minimise loss of Australian lives.	911	1,048	1,331	283	-
Total Agency Outputs	11,386	13,098	16,631	3,533	-

Note 1 2003–04 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year. The revised appropriation figure above does not reflect the *Section 32* transfer of \$1.018 million from the Department of Foreign Affairs and Trade.

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
Non-operating					
Equity injections	10	-	1,387	1,387	-
Total	10	-	1,387	1,387	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2004–05 Budget	2004–05 Revised	Variation
Outcomes 1 and 2	68	76	8

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

In its revised Section 31 agreement, ONA has included for the first time monies transferred from other agencies for the funding of annual and long service leave liabilities. An amount has not been estimated as it will vary according to the number of employees transferring in and out of ONA.

REVENUE FROM INDEPENDENT SOURCES

There have been no changes to estimated revenue from independent sources.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

There have been no changes to estimated expenses from special appropriations.

ESTIMATED SPECIAL ACCOUNT FLOWS

There have been no changes to estimated special account flows.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

There have been no changes to outcomes and outputs as a direct result of Additional Estimates.

Output cost attribution

ONA allocates its resources and funding under the broad guidance of the government's assessment priorities. Staffing costs for analytical staff are directly attributed to the appropriate output. The cost of corporate services, staff and resources is attributed in direct relation of analytical staff numbers to outputs.

Table 2.1: Performance information for outputs affected by additional estimates

Output	Performance information 2004–05 budget	Performance information 2004–05 revised
Output 1.1—Product	Quality: How product is judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy Price: \$8.43 million	Quality: How product is judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy Price: \$11.38 million
Output 1.2—Briefing	Quality: How briefings are judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy Price: \$1.45 million	Quality: How briefings are judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy Price: \$1.95 million
Output 1.3—Coordination	Quality: Measurement—against pre-determined targets—of resource use and outputs against the NFIAPs Responsiveness to and management of crises Efficiency of liaison between assessment and collection agencies and customers Price: \$2.17 million	Quality: Measurement—against pre-determined targets—of resource use and outputs against the NFIAPs Responsiveness to and management of crises Efficiency of liaison between assessment and collection agencies and customers Price: \$2.93 million
Output 2.1—Product	Quality: How product is judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy Price: \$0.74 million	Quality: How product is judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy Price: \$0.99 million
Output 2.2—Briefing	Quality: How briefings are judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy Price: \$0.13 million	Quality: How briefings are judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy Price: \$0.17 million
Output 2.3—Coordination	Quality: Measurement—against pre-determined targets—of resource use and outputs against the NFIAPs Responsiveness to and management of crises Efficiency of liaison between assessment and collection agencies and customers Price: \$0.19 million	Quality: Measurement—against pre-determined targets—of resource use and outputs against the NFIAPs Responsiveness to and management of crises Efficiency of liaison between assessment and collection agencies and customers Price: \$0.25 million

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

There have been significant changes to the budgeted financial statements. The changes to ONA's budgetary arrangements reflect the government's acceptance of the recommendations of the Report of the Inquiry into Australian Intelligence Agencies (Flood).

Budgeted statement of financial performance

The Office of National Assessments is budgeting for a zero operating result in 2004–05 and the forward years. Additional agency appropriations of \$3.5 million in 2004–05 will be used to fund increased employee and supplier expenses resulting from the expansion recommended in the Flood Report. This significant increase in capacity will result in the forward years' appropriation more than doubling the budgeted amounts, mirrored by a similar increase in all expense categories.

Budgeted statement of financial position

ONA's financial position is expected to remain relatively strong, with a substantial increase in infrastructure being funded by a \$1.4 million equity injection. It is expected that financial assets will remain higher than previously budgeted, until the expansion recommended in the Flood Report has been completed in 2008–09.

The provision for employee entitlements is expected to increase in the short term as additional staff are employed, but should stabilise in the forward years as leave patterns are established.

Budgeted statement of cash flows

Cash inflows and outflows will increase in 2004–05 and in the forward years. The overall cash position is expected to remain relatively unchanged as additional cash inflows will be offset by additional cash outflows. Closing cash will be slightly higher than budgeted in the forward years, to greater facilitate the timeliness of payments.

Capital budget statement

ONA's capital budget statement remains relatively unchanged, with the exception of the \$1.4 million equity injection detailed above. The 2005–06 forward estimate for internally funded non-current assets has increase by \$0.1 million to account for an expected increase in IT spending.

Non-financial assets — summary of movement

The equity injection detailed above and in other parts of this document is the most significant change to Table 3.5. A small increase in depreciation in 2004–05 will result from writing down the infrastructure asset.

Table 3.1: Budgeted 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	11,614	17,665	27,823	28,009	28,219
Revenues from ordinary activities	11,614	17,665	27,823	28,009	28,219
EXPENSE					
Expenses from ordinary activities (Excluding borrowing costs expense)					
Employees	6,513	9,684	17,244	17,333	17,404
Suppliers	4,025	7,355	9,531	9,604	9,749
Depreciation and amortisation	345	626	1,048	1,072	1,066
Expenses from ordinary activities (Excluding borrowing costs expense)	10,883	17,665	27,823	28,009	28,219
Borrowing costs expense	11				
Net surplus or (deficit)	720	-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners	720	-	-	-	-

Table 3.2: Budget 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	364	400	400	600	600
Receivables	338	500	1,300	1,500	1,500
Total financial assets	702	900	1,700	2,100	2,100
Non-financial assets					
Infrastructure, plant and equipment	779	1,976	1,608	1,074	522
Intangibles	313	295	575	471	401
Other non-financial assets	134	250	250	250	250
Total non-financial assets	1,226	2,521	2,433	1,795	1,173
Total assets	1,928	3,421	4,133	3,895	3,273
LIABILITIES					
Provisions					
Employees	2,155	2,400	2,460	2,321	1,987
Other provisions	150	150	200	200	200
Total provisions	2,305	2,550	2,660	2,521	2,187
Payables					
Suppliers	436	297	899	800	512
Total payables	436	297	899	800	512
Total liabilities	2,741	2,847	3,559	3,321	2,699
EQUITY					
Parent entity interest					
Contributed equity	10	1,397	1,397	1,397	1,397
Retained surpluses or accumulated deficits	(823)	(823)	(823)	(823)	(823)
Total parent entity interest	(813)	574	574	574	574
Total equity	(813)	574	574	574	574
Current assets	702	900	1,700	2,100	2,100
Non-current assets	1,226	2,521	2,433	1,795	1,173
Current liabilities	1,129	897	1,514	1,380	1,009
Non-current liabilities	1,612	1,950	2,045	1,941	1,690

Table 3.3: Budgeted 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	11,151	17,649	27,807	27,993	28,203
Other	281	701	753	760	775
Total cash received	11,432	18,350	28,560	28,753	28,978
Cash used					
Employees	6,069	9,684	17,244	17,333	17,404
Suppliers	4,593	8,179	10,316	10,770	11,124
Total cash used	10,662	17,863	27,560	28,103	28,528
Net cash from/ (used by)					
Operating activities	770	487	1,000	650	450
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	413	1,837	1,000	450	450
Total cash used	413	1,837	1,000	450	450
Net cash from/(used by)					
Investing activities	(413)	(1,837)	(1,000)	(450)	(450)
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	-	1,387	-	-	-
Total cash received	-	1,387	-	-	-
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by)					
financing activities	-	1,387	-	-	-
Net increase or (decrease)					
in cash held	357	37	-	200	-
Cash at the beginning of the reporting period	6	363	400	400	600
Cash at the end of the reporting period	363	400	400	600	600

Table 3.4: 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	10	1,387	-	-	-
Represented by					
Purchase of non-financial assets	10	1,387	-	-	-
Total	10	1,387	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	10	1,387	-	-	-
Funded internally by					
Agency resources	403	450	1,000	450	450
Total	413	1,837	1,000	450	450

Table 3.5: Non-financial assets — summary of movement (Budget year 2004–05)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year								
Additions	-	-	-	779	-	313	-	1,092
Disposals	-	-	-	1,639	-	198	-	1,837
Net revaluation increment / decrement	-	-	-	(8)	-	(3)	-	(11)
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	(428)	-	(198)	-	(626)
Write-off of assets	-	-	-	(10)	-	(15)	-	(25)
Reclassifications	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Carrying amount at the end of year				1,972	-	295	-	2,267
Total additions								
Self-funded	-	-	-	252	-	198	-	450
Appropriations	-	-	-	1,387	-	-	-	1,387
Total				1,639	-	198	-	1,837

BUDGETED FINANCIAL STATEMENTS

Budgeted statement of financial performance

This statement provides a picture of the expected financial results for the Office by identifying full accrual expenses, revenues and capital use charge, indicating whether the Office is operating at a sustainable level.

Budgeted statement of financial position

This statement shows the financial position of the Office. It helps decision-makers to track the management of the Office's assets and liabilities.

Budgeted statement of cash flows

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Capital budget statement

Shows all planned agency capital expenditure (capital expenditure on non-financial assets), whether funded either through capital appropriations for additional equity or borrowings, or from funds from internal sources.

Non-financial assets — summary of movement

Shows all planned agency capital expenditure (capital expenditure on non-financial assets), whether funded either through capital appropriations for additional equity or borrowings, or from funds from internal sources.

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.