

OFFICE OF NATIONAL ASSESSMENTS

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OFFICE OF NATIONAL ASSESSMENTS

Section 1: Overview, appropriations and budget measures summary

AGENCY OVERVIEW

The role of the Office of National Assessments (ONA) is to enhance the basis for Australian government policy making by anticipating and analysing international change and its implications for Australia and to ensure coordination of the international intelligence effort.

APPROPRIATIONS AND RESOURCING

The total appropriation for the Office of National Assessments in the 2004–05 Budget is \$13.1 million.

Table 1.1 shows the total appropriations for the Office for 2004–05 by the two government outcomes, by price of output appropriation.

Office of National Assessments — appropriations 2004–05

Table 1.1: Appropriations and other revenue ('000)

Outcome	Agency (price of outputs) ('\$000)					Administered (\$'000)			Total appropriations (\$'000)
	Revenue from government (appropriations)		Revenue from other sources ⁽⁴⁾	Price of outputs ⁽³⁾	Annual appropriations (\$'000)	Special appropriations ⁽⁵⁾	Total administered appropriations		
	Bill No. 1	Special approps ⁽⁵⁾	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs) ⁽²⁾		
	(A)	(B)	(C = A+B) (C1) ⁽¹⁾	(D)	(E = C+D) (E1) ⁽¹⁾	(F)	(G)	(H)	(I = F+G+H) (J=C+I)
Outcome 1									
Enhanced government awareness of international political and leadership developments, international strategic developments, including military capabilities, and international economic developments	12,050		12,050	15	12,065				12,050
			*99.98%						

Office of National Assessments — appropriations 2004–05

Table 1.1: Appropriations and other revenue ('000) (continued)

Outcome	Agency (price of outputs) ('\$000)					Administered (\$'000)			Total appropriations (\$'000)	
	Revenue from government (appropriations)		Revenue from other sources ⁽⁴⁾	Price of outputs ⁽³⁾	Annual appropriations (\$'000)	Special appropriations ⁽⁵⁾	Total administered appropriations			
	Bill No. 1	Special approps ⁽⁵⁾	Total		Bill No. 1	Bill No. 2 (SPPs & NAOs) ⁽²⁾				
	(A)	(B)	(C = A+B)	(D)	(E = C+D)	(F)	(G)	(H)	(I = F+G+H)	(J=C+I)
Outcome 2			(C1) ⁽¹⁾		(E1) ⁽¹⁾					
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	1,048		1,048	1	1,049					1,048
			*99.90%							
Total	13,098		13,098	16	13,114					13,098
			(K1)							
								Total appropriations		13,098

1. Cells C1 and E1 refer to information provided in Table 2.1. K1 refers to the Budgeted Statement of Financial Performance.
2. Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.
3. Refer to Budgeted Statement of Financial Performance for application of agency revenue.
4. Revenue from other sources includes other revenue from government (for example, resources free of charge) and revenue from other sources. Non-appropriated agency revenues are detailed in Table 1.3.
5. The Office has received no Special Appropriations.

Note: Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs, by outcome.

MEASURES — AGENCY SUMMARY

Table 1.2: Summary of measures disclosed in the 2004–05 Budget

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2005–06 (\$'000)			Appropriations forward estimate 2006–07 (\$'000)			Appropriations forward estimate 2007–08 (\$'000)		
			Admin expense	Dept outputs	Total	Admin expense	Dept outputs	Total	Admin expense	Dept outputs	Total	Admin expense	Dept outputs	Total
Investing in Australia's security – increased funding to intelligence agencies	1&2	All	2,400	2,400		1,700	1,700		1,700	1,700		1,800	1,800	

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1. The cross-portfolio measure, Budget estimates – enforced quality and timeliness was appropriated through the 2003–04 Additional Estimates and is therefore not included in this table.

RECEIPTS FROM INDEPENDENT SOURCES

Table 1.3: Receipts from independent sources

	Estimated revenue 2003–04 \$'000	Estimated revenue 2004–05 \$'000
Non-cash financing and investing	211	0
Resources received free of charge	16	16
Total estimated revenue	227	16

Receipts shown above are included in Table 2.1: Total resources for Outcomes 1 and 2 on page 155.

MOVEMENT OF ADMINISTERED FUNDS FROM 2003–04 TO 2004–05

ONA has no movement of Administered funds.

SPECIAL ACCOUNTS

ONA has no special accounts.

Section 2: Outcomes and outputs information

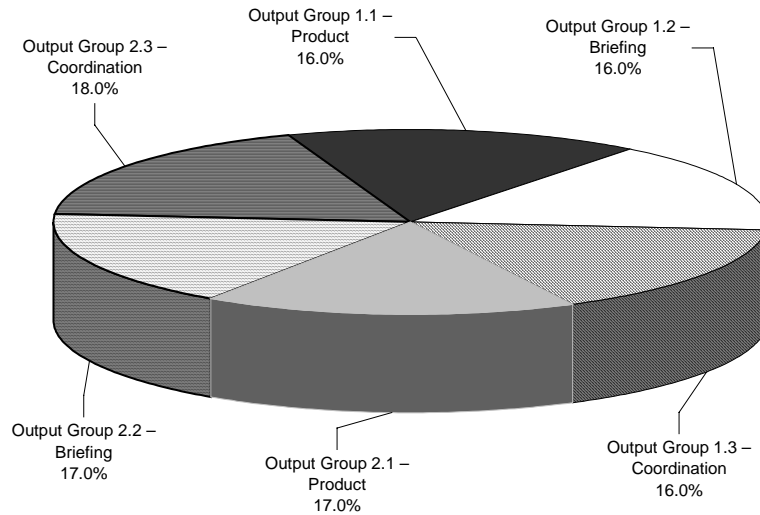
OUTCOMES AND OUTPUT GROUPS

The Office of National Assessments works to achieving two outcomes specified by government. The following section provides an agency overview, and Map 1 shows the relationship between the two outcomes.

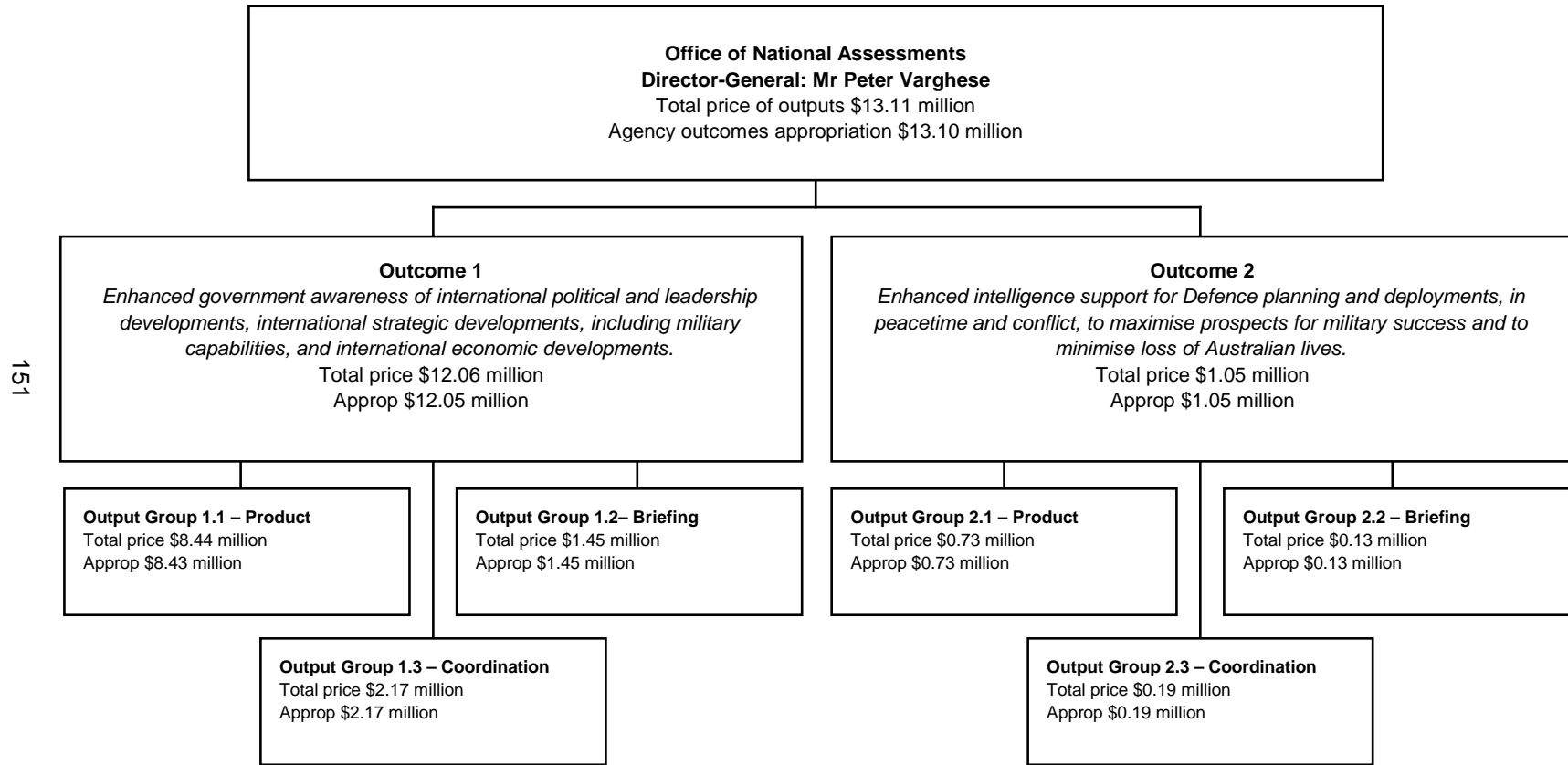
Output cost attribution

ONA allocates its resources and funding under the broad guidance of the government's assessment priorities. Staffing costs account for approximately 61% of ONA's financial resources.

Chart 1: Departmental appropriations by output group, 2004–05 (%)



Map 1: Outcomes and output groups



CHANGES TO OUTCOMES AND OUTPUTS

No changes have been made to ONA's outcomes and outputs structure in 2004–05.

TRENDS IN RESOURCING ACROSS OUTCOMES

ONA has received additional resources for enhanced analytical, intelligence coordination and technological capabilities through the Budget measures process.

Chart 2: Trends in Departmental revenue (\$'000)

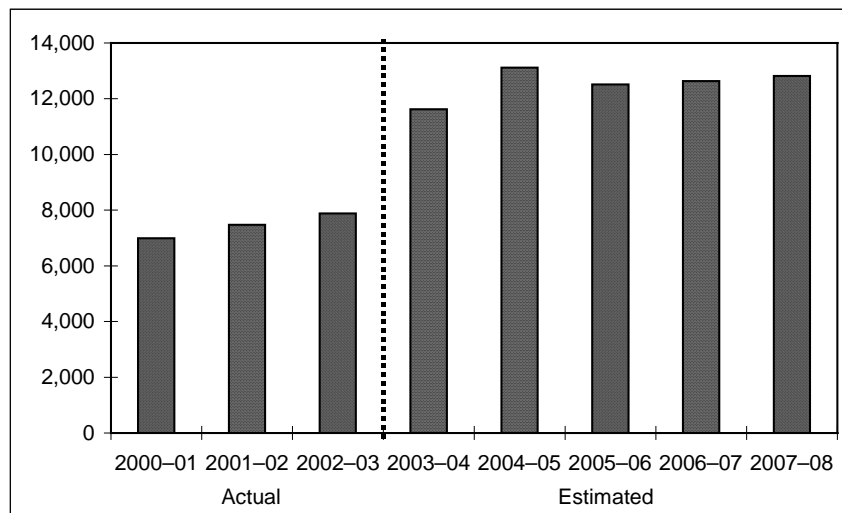


Chart 3: Trends in Departmental expenses (\$'000)

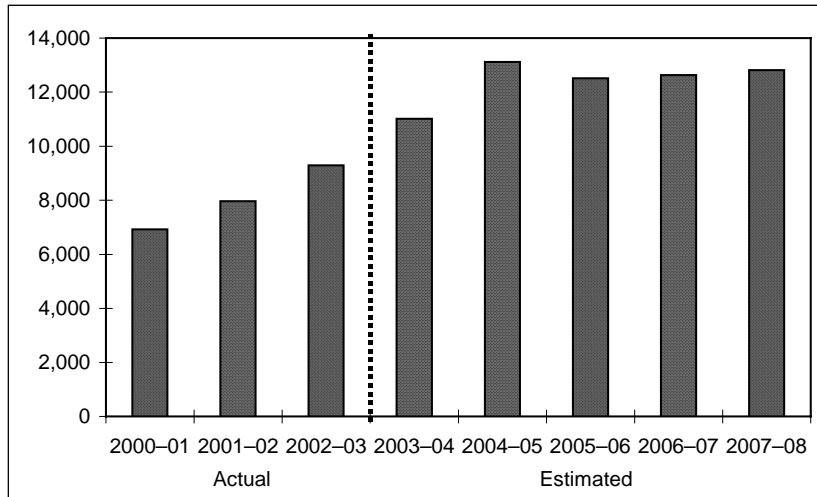
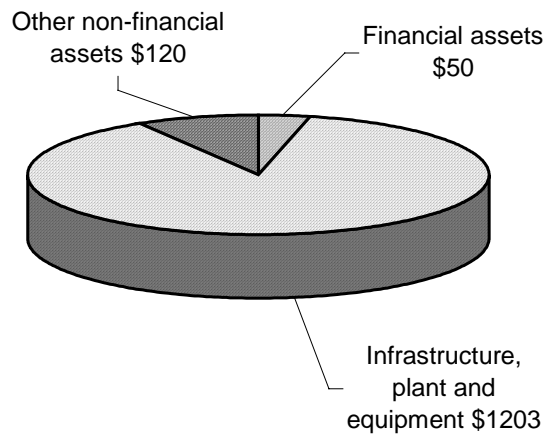


Chart 4: Budgeted assets 2004-05 (\$'000)



OUTCOMES 1 AND 2 — DESCRIPTION

The planned outcomes of the Office of National Assessments are:

1. Enhanced government awareness of international political and leadership developments, international strategic developments, including military capabilities, and international economic developments.
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.

Measures affecting Outcomes 1 and 2¹

Investing in Australia's Security – increased funding to intelligence agencies

The government will provide additional funding of \$227.8 million (including \$31.5 million capital funding) over four years to intelligence agencies to enhance Australia's counter-terrorism capabilities and strengthen our ability to protect against possible threats to Australia's national security. This funding provides resources for these agencies to improve their capacity to provide analysis and assessment of high priority areas and to meet increased operational demands. This is a cross-portfolio measure, with funding to be provided to the Australian Secret Intelligence Service, Australian Security Intelligence Organisation, Department of Defence and the Office of National Assessments.

The funding increase of \$7.6 million for ONA will enhance its ability to provide analysis and assessment of issues of high priority to government, including terrorism, the Middle East, weapons of mass destruction, and the Pacific. The funding will also provide for enhanced intelligence coordination with close partners and within the Australian intelligence community, and for business-critical information technology and communication initiatives.

OUTCOMES — RESOURCING

Table 2.1 shows how the 2004–05 Budget appropriations translate to total resourcing for Outcomes 1 and 2, including revenue from government (appropriation), revenue from other sources, and the total price of outputs. Cell references **C1** and **E1** show the links back to Table 1.1 (Appropriations and other revenue).

¹ This relates to measures disclosed in the 2004–05 budget context (that is, measures agreed since the *Mid-Year Economic and Fiscal Outlook* (MYEFO)).

Table 2.1: Total resources for Outcomes 1 and 2 (\$'000)

	Estimated actual 2003–04 \$'000	Budget estimate 2004–05 \$'000
Agency appropriations		
Output 1.1 – Product	7,339	8,435
Output 1.2 – Briefing	1,258	1,446
Output 1.3 – Coordination	1,887	2,169
Subtotal Outcome 1	10,484	12,050
Agency appropriations		
Output 2.1 – Product	638	733
Output 2.2 – Briefing	110	126
Output 2.3 – Coordination	164	189
Subtotal Outcome 2	912	1,048
Total revenue from government (appropriations)	11,396	13,098
Contributing to price of agency outputs	98%	100%
Revenue from other sources		(C1)
Other revenue from government	227	16
Total revenue from other sources	227	16
Total price from agency outputs (Total revenue from government and from other sources)	11,623	13,114 (E1)
Total estimated resourcing for Outcomes 1 and 2 (Total price of outputs and administered appropriations)	11,623	13,114
	2003–04	2004–05
Average staffing level (number)	65	68

OUTCOMES — CONTRIBUTION OF OUTPUTS

ONA's outputs – 'Product' and 'Briefing' – provide assessments and briefings of international political, strategic and economic issues of importance to Australia. Coordination ensures that Australia's international intelligence activities are effective, well coordinated and focused on issues of high importance.

PERFORMANCE INFORMATION FOR OUTCOMES 1 AND 2

Table 2.2 lists the performance information that the ONA will use to assess the level of its contribution to the achievement of Outcomes 1 and 2 during 2004–05. It will also measure the efficiency of outputs in contributing to the outcomes, including targets for performance as applicable and appropriate. Achievement of planned performance will be reported in the Office's 2004–05 annual report to ministers.

Table 2.2: Performance information for Outcomes 1 and 2

Effectiveness — overall achievement of Outcomes 1 and 2	
Enhanced government awareness of international developments	Success of a body of reporting and assessments in forewarning of major developments, increasing government understanding and enhancing policy making.
Enhanced intelligence support for Defence planning and deployments	Success of a body of reporting and assessments in supporting Defence planning and deployments.
Performance information by output component	
Output	Performance information
Outcome 1	
Output 1.1: Product	<i>Quality:</i> How product is judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy. <i>Price:</i> \$8.43 million
Output 1.2: Briefing	<i>Quality:</i> How briefings are judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy. <i>Price:</i> \$1.45 million
Output 1.3: Coordination	<i>Quality:</i> Measurement, against predetermined targets, of resource use and outputs against the National Foreign Intelligence Assessment Priorities (NFIAPs). Responsiveness to and management of crises. Efficiency of liaison between assessment and collection agencies and customers. <i>Price:</i> \$2.17 million
Outcome 2	
Output 2.1: Product	<i>Quality:</i> How product is judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy. <i>Price:</i> \$0.74 million
Output 2.2: Briefing	<i>Quality:</i> How briefings are judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy. <i>Price:</i> \$0.13 million
Output 2.3: Coordination	<i>Quality:</i> Measurement, against predetermined 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. <i>Price:</i> \$0.19 million

EVALUATIONS

ONA depends on regular feedback on its work programme from customers – the Prime Minister, ministers and departments – and so it has developed a variety of mechanisms that help evaluate its effectiveness in achieving planned outcomes and the quality of its outputs.

These are:

- close liaison with the Prime Minister's office and with other ministers and their departments
- surveys of key customers to establish their level of satisfaction with ONA's performance
- annual review of ONA's performance by the Secretaries' Committee on National Security and by ministers
- regular internal review of ONA's analytical and resource management objectives and performance.

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Total revenue for the Office of National Assessments is estimated to be \$13.11 million in 2004–05, an increase of 15%, primarily as a result of the funding impact of the measures described on page 154.

AGENCY FINANCIAL STATEMENTS

Budgeted Statement of Financial Performance

This statement provides a picture of the expected financial results for ONA 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 the Office's planned 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 budgeted acquisitions and disposals of non-financial assets during the budget year.

**Table 3.1: Budgeted statement of financial performance
for the period ended 30 June**

	Estimated actual 2003–04 \$'000	Budget estimate 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
REVENUE					
Revenues from ordinary activities					
Revenues from government	11,623	13,114	12,513	12,635	12,820
Other	-	-	-	-	-
Revenues from ordinary activities	11,623	13,114	12,513	12,635	12,820
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	7,166	8,005	8,106	8,175	8,246
Suppliers	3,282	4,519	3,786	3,815	3,935
Depreciation and amortisation	560	590	621	645	639
Other	-	-	-	-	-
Expenses from ordinary activities (excluding borrowing costs expense)	11,008	13,114	12,513	12,635	12,820
Borrowing costs expense	11	-	-	-	-
Operating surplus or (deficit) from ordinary activities	604	-	-	-	-
Net surplus or (deficit)	604	-	-	-	-
Outside equity interests in net surplus or (deficit)	-	-	-	-	-
Net surplus or deficit attributable to the Australian Government	604	-	-	-	-

**Table 3.2: Budgeted statement of financial position
as at 30 June**

	Estimated actual 2003–04 \$'000	Budget estimate 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
ASSETS					
Financial assets					
Cash	20	20	20	20	20
Receivables	30	30	30	30	30
Other financial assets	-	-	-	-	-
Total financial assets	50	50	50	50	50
Non-financial assets					
Infrastructure, plant and equipment	903	907	948	984	1,019
Intangibles	331	296	276	261	248
Other non-financial assets	120	120	120	120	120
Total non-financial assets	1,354	1,323	1,344	1,365	1,387
Total assets	1,404	1,373	1,394	1,415	1,437
LIABILITIES					
Provisions					
Employees	1,763	1,807	1,852	1,899	1,946
Other provisions	150	150	150	150	150
Total provisions	1,913	1,957	2,002	2,049	2,096
Payables					
Suppliers	430	355	331	305	280
Total payables	430	355	331	305	280
Total liabilities	2,343	2,312	2,333	2,354	2,376
EQUITY*					
Parent entity interest					
Retained surpluses or accumulated deficits	(939)	(939)	(939)	(939)	(939)
Total parent entity interest	(939)	(939)	(939)	(939)	(939)
Outside equity interest					
Retained surpluses or accumulated deficits	-	-	-	-	-
Total outside equity interest	-	-	-	-	-
Total equity	(939)	(939)	(939)	(939)	(939)
Total assets and liabilities by maturity:					
Current assets	50	50	50	50	50
Non-current assets	1,354	1,323	1,344	1,365	1,387
Current liabilities	871	807	794	780	766
Non-current liabilities	1,472	1,505	1,539	1,574	1,610

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

**Table 3.3: Budgeted statement of cash flows
for the period ended 30 June**

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	11,396	13,098	12,497	12,619	12,804
Other	352	417	344	347	359
Total cash received	11,748	13,515	12,841	12,966	13,163
Cash used					
Employees	7,166	8,005	8,106	8,175	8,246
Suppliers	4,108	5,060	4,285	4,341	4,467
Total cash used	11,274	13,065	12,391	12,516	12,713
Net cash from or (used by) operating activities	474	450	450	450	450
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	460	450	450	450	450
Total cash used	460	450	450	450	450
Net cash from or (used by) investing activities	(460)	(450)	(450)	(450)	(450)
FINANCING ACTIVITIES					
Net cash from/(used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	14	-	-	-	-
Cash at the beginning of the reporting period	6	20	20	20	20
Cash at the end of the reporting period	20	20	20	20	20

Part C: Agency Budget Statements — ONA

Table 3.4: Capital budget statement

	Estimated actual 2003–04 \$'000	Budget estimate 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation					
Funded internally by departmental resources	460	450	450	450	450
Total	460	450	450	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	-	-	-	1023	-	331	-	1,354
Additions	-	-	-	252	-	198	-	450
Disposals	-	-	-	8	-	3	-	11
Net revaluation increments/decrements	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	412	-	178	-	590
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	-	-	855	-	348	-	1,203
Total additions								
Represented by:								
Self-funded	-	-	-	252	-	198	-	450
Appropriations	-	-	-	-	-	-	-	-
Total represented by:	-	-	-	252	-	198	-	450

NOTES TO THE FINANCIAL STATEMENTS

Departmental Financial Statements

Under the Australian Government's accrual-based budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (Administered transactions). This ensures that agencies are held fully accountable only for the transactions over which they have control.

- Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.
- Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the government according to set government directions. Administered expenses include subsidies, grants and personal benefit payments and Administered revenues include taxes, fees, fines and excises.

ONA has no Administered items.

Appropriations in the accrual budgeting framework

Under the Australian Government's accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the government's funding for outputs from agencies
- Departmental capital appropriations: for investments by the government for either additional equity or loans in agencies
- Administered expense appropriations: for the estimated Administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states
- Administered capital appropriations: for increases in Administered equity through funding non-expense Administered payments.

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to state governments).

Asset valuation

From 1 July 2002 Australian Government agencies and authorities are required to use either the cost basis or the fair value basis to measure property, plant and equipment. The shift from the deprival method of valuation to fair value should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.

Section 4: Purchaser–provider and cost recovery arrangements

The Office of National Assessments has no purchaser–provider or cost recovery arrangements.