

OFFICE OF NATIONAL ASSESSMENTS

Section 1: Agency overview	155
Section 2: Agency resources for 2005–06	156
2.1: Appropriations and other resources	156
2.2: 2005–06 Budget measures	158
2.3: Other receipts available to be used	160
2.4: Movement of administered funds from 2004–05 to 2005–06	160
2.5: Special appropriations.....	160
2.6: Special accounts	161
2.7: Administered capital and departmental equity injections and loans	161
Section 3: Agency outcomes	162
3.1: Summary of outcomes and outputs	162
3.2: Outcomes — Agency	164
3.3: Outcomes resourcing	165
Section 4: Other reporting requirements	168
4.1: Purchaser–provider arrangements	168
4.2: Cost recovery arrangements.....	168
4.3: Australian Government Indigenous Expenditure (AGIE)	168
Section 5: Budgeted financial statements	169
5.1: Analysis of budgeted financial statements	169
5.2: Budgeted financial statements tables	170
5.3: Notes to the financial statements	175

OFFICE OF NATIONAL ASSESSMENTS

Section 1: Agency 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.

Table 1.1: Agency outcomes and output groups

Outcome	Description	Output groups
Outcome 1		
Enhanced government awareness of international political and leadership developments, international strategic developments, including military capabilities, and international economic developments.	Enhanced government awareness of international issues affecting Australia	Output Group 1.1 Product Output Group 1.2 Briefing Output Group 1.3 Coordination
Outcome 2		
Enhanced intelligence support for Defence planning and deployments, in peacetime and in conflict, to maximise prospects for military success and to minimise loss of Australian lives.	Assessments in support of Australia's military deployments	Output Group 2.1 Product Output Group 2.2 Briefing Output Group 2.3 Coordination

Section 2: Agency resources for 2005–06

2.1: APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2005–06, including appropriations. The table summarises how revenue will be applied by outcome.

The total appropriation for the Office of National Assessments in the 2005–06 Budget is \$27.8 million.

Table 2.1: Appropriations and other revenue 2005–06 ('000)

Outcome	Appropriations					Other revenue available to be used ⁵		Total resources ⁷
	\$'000	\$'000	\$'000	\$'000	% ⁶	\$'000	% ⁶	\$'000
	Bill No. 1	Bill No. 2 ²	Special approp ³	Total approp ⁴				
Outcome 1 – Enhanced government awareness of international political and leadership developments, international strategic developments, including military capabilities, and international economic developments.								
Departmental	26,425	-	-	26,425	-	15	100	26,440
Total Outcome 1	26,425	-	-	26,425	-	15	100	26,440
Outcome 2 – Enhanced intelligence support for Defence planning and deployments, in peacetime and in conflict, to maximise prospects for military success and to minimise loss of Australian lives.								
Departmental	1,391	-	-	1,391	-	1	100	1,392
Total Outcome 2	1,391	-	-	1,391	-	1	100	1,392
Total agency, administered	-	-	-	-	-	-	-	-
Total agency, departmental	27,816	-	-	27,816	-	16	100	27,832
Total agency	27,816	-	-	27,816	-	16	100	27,832
Departmental capital (equity injections)	-	-	-	-	-	-	-	-
Previous year's outputs	-	-	-	-	-	-	-	-
Administered assets and liabilities	-	-	-	-	-	-	-	-
Total resources	27,816	-	-	27,816	-	16	100	27,832

1 This table has been redesigned to correspond with Budget Paper No. 4 'Agency Resourcing'. It now includes (where appropriate) administered revenue from other sources.

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 Estimated expenses from individual Special Appropriations are shown at Section 3, Tables 3.1 etc.

4 Total appropriations = Bill No. 1 + Bill No. 2 + Special appropriations.

5 Revenue from other sources includes FMA s. 31 revenues, CAC body revenues that are available to be expended, special accounts (non-appropriation revenues) and resources received free of charge.

6 Percentage figures indicate the percentage contribution of Revenue from Government (Departmental and Administered Appropriations) to the total price of outputs, by outcome, and the percentage contribution of Revenue from other sources (departmental) to the total price of outputs, by outcome.

7 Total resources = Total appropriations + Revenue from other sources.

Note: Refer to Budgeted statement of financial performance for application of agency revenue.

2.2: 2005–06 BUDGET MEASURES

Budget measures relating to the Office of National Assessments 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	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate			Appropriations forward estimate			Appropriations forward estimate		
			2005–06 (\$'000)			2006–07 (\$'000)			2007–08 (\$'000)			2008–09 (\$'000)		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Expense Measures														
Efficiency dividend – increase in the rate from 1 per cent to 1.25 per cent	1& 2	All	-	(70)	(70)	-	(140)	(140)	-	(210)	(210)	-	-	-
Providing for Australia's Security - Australian Security Intelligence Organisation central office building	1& 2	All	-	-	-	-	-	-	-	1,556	1,556	-	4,578	4,578
Total Expenses			-	(70)	(70)	-	(140)	(140)	-	1,346	1,346	-	4,578	4,578
Capital measures														
Providing for Australia's Security - Australian Security Intelligence Organisation central office building	1& 2	All	-	-	-	-	-	-	-	5,968	5,968	-	6,100	6,100
Total Capital			-	-	-	-	-	-	-	5,968	5,968	-	6,100	6,100

Notes

1. See Budget Paper No. 2 for an explanation of the measures in this table.
2. The Extension of the ASIO Central Office Building expense and capital measures relate to the ONA component of the extension.

2.3: OTHER RECEIPTS AVAILABLE TO BE USED

Table 2.3 provides details of other receipts available to be used and includes FMA s. 31 receipts, special accounts (non-appropriation receipts) and resources received free of charge.

In 2004–05, ONA received approximately \$225,000 through net annotated (s. 31) receipts for employee entitlements. An amount for 2005–06 has not been included. As ONA is going through a period of growth and change, the number of employees transferring into and out of ONA cannot be reliably estimated.

Financial statement audit services are provided free of charge by the Australian National Audit Office. The fair value of the services provided is estimated to be \$16,400 per annum. However, the value of the services is expected to be slightly higher in 2004–05 (\$18,400), as a result of the adoption of Australian Equivalents to International Financial Reporting Standards.

Table 2.3: Other receipts available to be used

Outcomes 1 & 2	Estimated receipts 2004–05 \$'000	Budget estimate 2005–06 \$'000
Agency other receipts		
FMA s. 31 receipts	225	-
Resources received free of charge	18	16
Revenue from sale of assets and other items	3	-
Total agency other receipts available to be used	246	16

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

2.4: MOVEMENT OF ADMINISTERED FUNDS FROM 2004–05 TO 2005–06

ONA does not have any administered funds.

2.5: SPECIAL APPROPRIATIONS

ONA does not have any special appropriations.

2.6: SPECIAL ACCOUNTS

There were no inflows or outflows to ONA's special accounts in 2004–05. The account balances are nil. No inflows or outflows are expected in 2005–06.

2.7: ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

ONA does not have an appropriation for administered capital or an appropriation for an equity injection or loan.

Section 3: Agency outcomes

This section explains how the resources identified in Section 2 will be used to deliver outputs to contribute to the two outcomes of the Office of National Assessments.

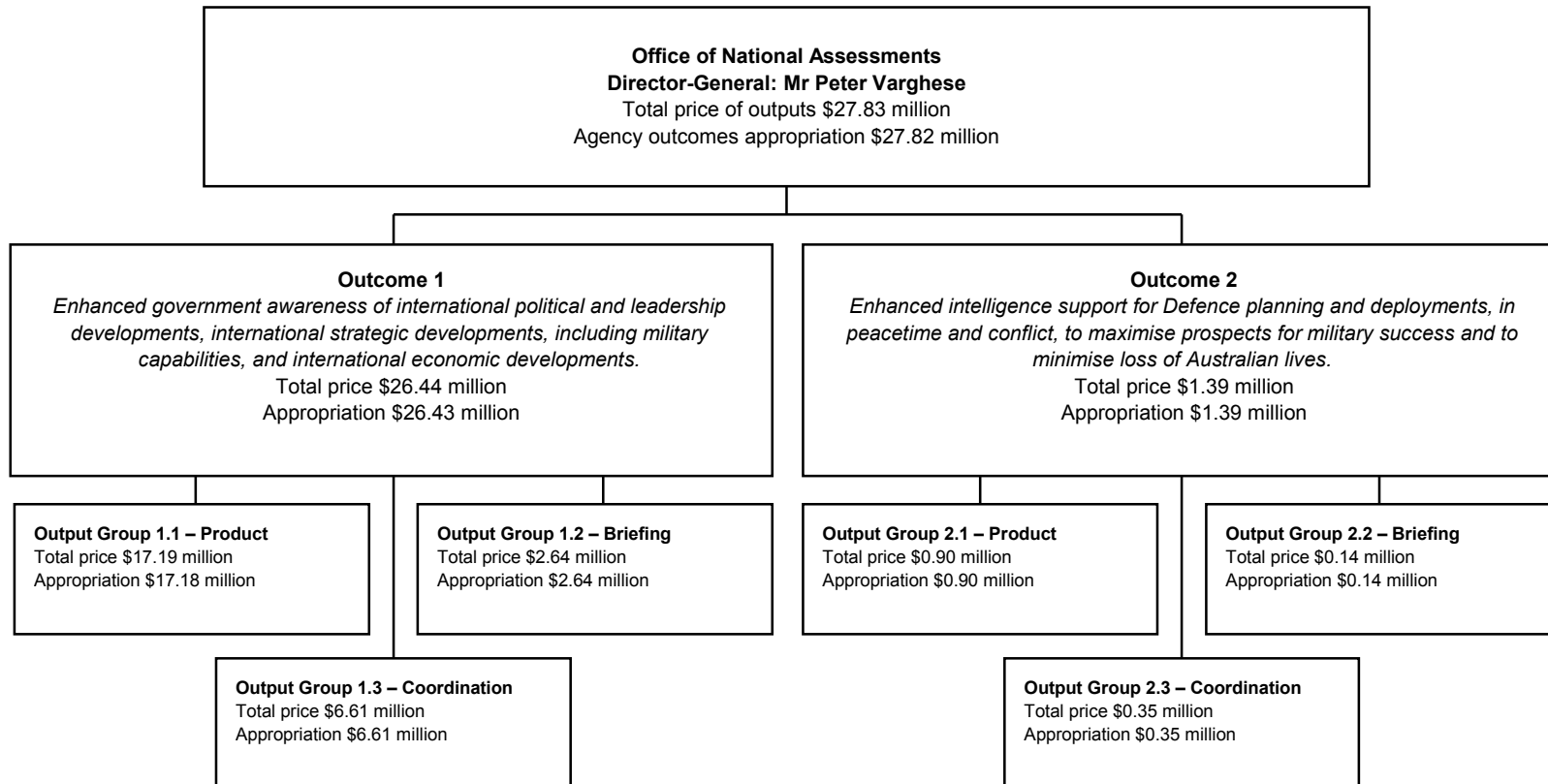
3.1: SUMMARY OF OUTCOMES AND OUTPUTS

The relationship between the activities of ONA and the outcomes is summarised in Figure 1.

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.

Figure 1: Outcomes and output groups



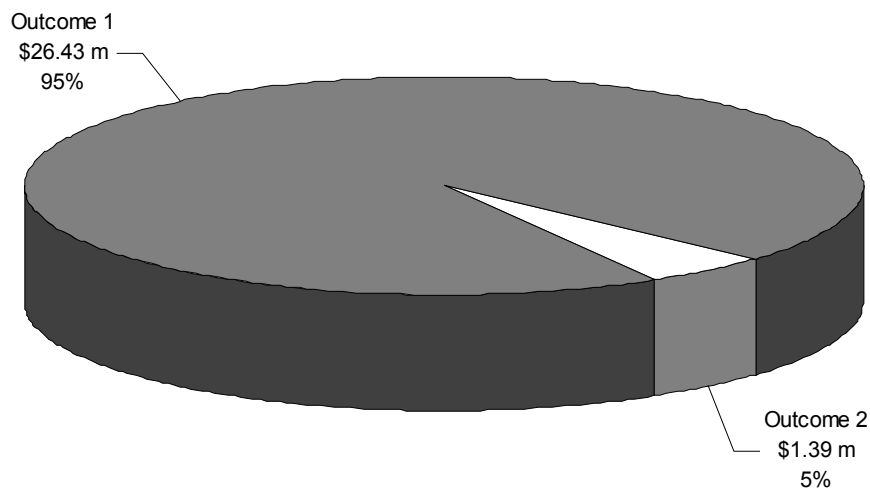
163

3.2: OUTCOMES — AGENCY

Agency appropriations by outcome

Figure 2 shows agency appropriations by outcome for 2005–06.

Figure 2: Agency appropriations by outcome, 2005–06



Administered appropriations by outcome

ONA has no administered appropriations.

3.3: OUTCOMES RESOURCING

Outcomes 1 and 2 resourcing

Table 3.1 shows how the 2005–06 Budget appropriations translate to total resourcing for Outcomes 1 and 2, including revenue from government (appropriation), revenue from other sources (departmental) and the total price of outputs.

Table 3.1: Total resources for Outcomes 1 and 2 (\$'000)

	Estimated actual 2004–05 \$'000	Budget estimate 2005–06 \$'000
Agency appropriations		
Outcome 1		
Output 1.1 – Product	11,366	17,176
Output 1.2 – Briefing	1,948	2,643
Output 1.3 – Coordination	2,923	6,606
Subtotal Outcome 1	16,237	26,425
Agency appropriations		
Outcome 2		
Output 2.1 – Product	988	904
Output 2.2 – Briefing	170	139
Output 2.3 – Coordination	254	348
Subtotal Outcome 2	1,412	1,391
Total revenue from government (appropriations)	17,649	27,816
Contributing to price of departmental outputs	100%	100%
Revenue from other sources		
FMA s. 31 receipts	225	-
Resources received free of charge	18	16
Other	3	-
Total revenue from other sources	246	16
Total price from departmental outputs	17,895	27,832
(Total revenue from government and from other sources)		
Total estimated resourcing for Outcomes 1 and 2	17,895	27,832
(Total price of outputs)		
	2004–05	2005–06
Average staffing level (number)	95	125

Performance information for Outcomes 1 and 2

Table 3.2 lists the performance information that the Office of National Assessments will use to assess the level of its contribution to the achievement of Outcomes 1 and 2 during 2005–06. ONA 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 2005–06 annual report to ministers.

Table 3.2: 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> \$17.19 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> \$2.64 million
Output 1.3: Coordination	<i>Quality:</i> Resource use and outputs against the National Foreign Intelligence Priorities (NFIPs). Responsiveness to and management of crises. Efficiency of foreign intelligence coordination including liaison between assessment and collection agencies and customers. <i>Price:</i> \$6.61 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> \$0.90 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> \$0.14 million
Output 2.3: Coordination	<i>Quality:</i> Resource use and outputs against the National Foreign Intelligence Priorities (NFIPs). Responsiveness to and management of crises. Efficiency of foreign intelligence coordination including liaison between assessment and collection agencies and customers. <i>Price:</i> \$0.35 million

Evaluations for Outcomes 1 and 2

ONA depends on regular feedback on its work program 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 4: Other reporting requirements

4.1: PURCHASER–PROVIDER ARRANGEMENTS

ONA has no purchaser–provider arrangements.

4.2: COST RECOVERY ARRANGEMENTS

ONA has no cost recovery arrangements.

4.3: AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

ONA has no Australian Government Indigenous Expenditure.

Section 5: Budgeted financial statements

5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

ONA has undergone a significant expansion as a result of the government's acceptance of the recommendations of the Report of the Inquiry into Australian Intelligence Agencies (the Flood Report).

Budgeted statement of financial performance

The Office is budgeting for a zero operating result in 2005-06 and the forward years. Additional funding appropriated in 2005-06, as a result of the recommendations of the Flood Report, will see supplier and employee expenses almost doubled to approximately \$28 million, compared to approximately \$18 million in 2004-05. This level of expenditure is expected to be maintained in the forward years, as other recommendations of the Flood Report are implemented.

Budgeted statement of financial position

ONA's financial position is expected to remain relatively strong. 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 2005-06 to approximately \$28 million and will remain relatively unchanged in the forward years. The overall cash position is expected to be stable, as additional cash inflows will be offset by additional cash outflows. Closing cash will be slightly higher than budgeted in the forward years, to better facilitate the timeliness of payments.

Capital budget statement

ONA's capital budget statement shows a decrease in capital expenditure in 2005-06. After an equity injection of \$1.4 million in 2004-05, capital expenditure in 2005-06 will be funded internally by agency resources.

5.2: BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted statement of financial performance for the period ended 30 June

	Estimated actual 2004–05 \$'000	Budget estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
REVENUE					
Revenues from ordinary activities					
Revenues from government	17,892	27,832	27,975	29,698	32,679
Revenue from sales of assets	1	-	-	-	-
Other	2	-	-	-	-
Revenues from ordinary activities	17,895	27,832	27,975	29,698	32,679
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	9,910	17,252	17,314	17,359	17,695
Suppliers	7,358	9,535	9,594	9,968	11,656
Depreciation and amortisation	626	1,045	1,067	2,371	3,328
Value of assets sold	1	-	-	-	-
Other	-	-	-	-	-
Expenses from ordinary activities (excluding borrowing costs expense)	17,895	27,832	27,975	29,698	32,679
Operating surplus or (deficit) from ordinary activities	-	-	-	-	-
Net surplus or (deficit)	-	-	-	-	-
Net surplus or deficit attributable to the Australian Government	-	-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners	-	-	-	-	-

**Table 5.2: Budgeted statement of financial position
as at 30 June**

	Estimated actual 2004–05 \$'000	Budget estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
ASSETS					
Financial assets					
Cash	400	400	600	600	600
Receivables	2,750	1,300	1,500	2,813	5,439
Other financial assets	-	-	-	-	-
Total financial assets	3,150	1,700	2,100	3,413	6,039
Non-financial assets					
Infrastructure, plant and equipment	1,972	1,610	1,067	5,112	8,356
Intangibles	295	576	467	432	376
Other non-financial assets	250	250	250	250	250
Total non-financial assets	2,517	2,436	1,784	5,794	8,982
Total assets	5,667	4,136	3,884	9,207	15,021
LIABILITIES					
Provisions					
Employees	2,400	2,460	2,321	1,987	1,855
Other provisions	150	200	200	200	200
Total provisions	2,550	2,660	2,521	2,187	2,055
Payables					
Suppliers	2,543	902	789	478	324
Total payables	2,543	902	789	478	324
Total liabilities	5,093	3,562	3,310	2,665	2,379
EQUITY					
Parent entity interest					
Contributed equity	1,397	1,397	1,397	7,365	13,465
Retained surpluses or accumulated deficits	(823)	(823)	(823)	(823)	(823)
Total parent entity interest	574	574	574	6,542	12,642
Total equity	574	574	574	6,542	12,642
Current assets	3,150	1,700	2,100	3,413	6,039
Non-current assets	2,517	2,436	1,784	5,794	8,982
Current liabilities	3,143	1,517	1,369	975	788
Non-current liabilities	1,950	2,045	1,941	1,691	1,591

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

	Estimated actual 2004–05 \$'000	Budget estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	15,324	26,816	26,759	27,169	27,524
Other	703	754	759	797	966
Total cash received	16,027	27,570	27,518	27,966	28,490
Cash used					
Employees	9,909	17,252	17,314	17,359	17,695
Suppliers	5,632	9,318	9,554	10,157	10,345
Other	-	-	-	-	-
Total cash used	15,541	26,570	26,868	27,516	28,040
Net cash from or (used by) operating activities	486	1,000	650	450	450
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	1	-	-	-	-
Other	-	-	-	-	-
Total cash received	1	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,837	1,000	450	6,418	6,550
Other	-	-	-	-	-
Total cash used	1,837	1,000	450	6,418	6,550
Net cash from or (used by) investing activities	(1,836)	(1,000)	(450)	(6,418)	(6,550)
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	1,387	-	-	5,968	6,100
Other	-	-	-	-	-
Total cash received	1,387	-	-	5,968	6,100
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	1,387	-	-	5,968	6,100
Net increase or (decrease) in cash held	37	-	200	-	-
Cash at the beginning of the reporting period	363	400	400	600	600
Cash at the end of the reporting period	400	400	600	600	600

Table 5.4: Capital budget statement

	Estimated actual 2004–05 \$'000	Budget estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	1,387	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	1,387	-	-	-	-
Represented by:					
Purchase of non-financial assets	1,387	-	-	-	-
Other	-	-	-	-	-
Total represented by	1,387	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	1,387	-	-	5,968	6,100
Funded internally by					
Agency resources	450	1,000	450	450	450
Total	1,837	1,000	450	6,418	6,550

Table 5.5: Agency property, plant, equipment and intangibles — summary of movement (Budget year 2005–06)

	Land	Investment property	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	\$'000
As at 1 July 2005									
Gross book value	-	-	-	-	3,817	-	1,025	-	4,842
Accumulated depreciation	-	-	-	-	(1,845)	-	(730)	-	(2,575)
Opening net book value	-	-	-	-	1,972	-	295	-	2,267
Additions:									
by purchase	-	-	-	-	500	-	500	-	1,000
by finance lease	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Net revaluation increment/decrement	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	-	(844)	-	(201)	-	(1,045)
Recoverable amount write-downs	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	(10)	-	(15)	-	(25)
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	(8)	-	(3)	-	(11)
As at 30 June 2006									
Gross book value	-	-	-	-	4,317	-	1,525	-	5,842
Accumulated depreciation	-	-	-	-	(2,707)	-	(949)	-	(3,656)
Closing net book value	-	-	-	-	1,610	-	576	-	2,186

5.3: NOTES TO THE FINANCIAL STATEMENTS

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

