

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

The planned outcome for the Office of the Inspector-General of Intelligence and Security is *assurance that Australia's intelligence agencies act legally, ethically and with propriety*. The office assists in maintaining an environment in which this outcome is achieved, and in encouraging public confidence that this is the case.

The Inspector-General of Intelligence and Security independently oversees and reviews activities of the Australian Security Intelligence Organisation (ASIO), the Australian Secret Intelligence Service (ASIS), the Defence Signals Directorate (DSD), the Defence Intelligence Organisation (DIO), the Defence Imagery and Geospatial Organisation (DIGO) and the Office of National Assessments (ONA). The purpose of the oversight and review is to ensure that the agencies act legally and with propriety, comply with ministerial guidelines and directives, and respect human rights.

The office was established in 1987 under the *Inspector-General of Intelligence and Security Act 1986*. The Inspector-General inquires into and inspects the activities of the agencies, which includes, amongst other activities, investigating complaints made against the agencies.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the Office of the Inspector-General of Intelligence and Security which contribute to the achievement of the office's outcome are summarised in Table 1.1.

Table 1.1: Contribution to outcomes

Outcome	Description	Output groups
Outcome 1		Output 1
Assurance that Australia's intelligence agencies act legally, ethically and with propriety	The role of the office is to provide assurance to the government and the public that the intelligence agencies are engaged only in those activities that they should be engaged in, and that the agencies conduct these activities with propriety.	Inspect, inquire into, and report on, the activities of the intelligence and security agencies.

Section 2: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total appropriation for 2007–08 and excludes resources received free of charge. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total appropriation for the Office of the Inspector-General of Intelligence and Security in the 2007–08 Budget is \$1.8 million.

Table 2.1: Appropriations and other resources 2007–08 ('000)

Prime Minister and Cabinet Portfolio
Agency Resourcing—2007–08

Office of the Inspector-General of Intelligence and Security	Departmental				Administered					Total \$'000
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPP \$'000	Bill No. 2 Other (b) \$'000	Special Appropriation \$'000	Receipts (a) \$'000	
	Outcome 1	1,754	-	-	-	-	-	-	-	
Outcome 2	-	-	-	-	-	-	-	-	-	-
Equity injections	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Previous years' outputs	-	-	-	-	-	-	-	-	-	-
Administered assets and liabilities	-	-	-	-	-	-	-	-	-	-
Special capital	-	-	-	-	-	-	-	-	-	-
Appropriation	-	-	-	-	-	-	-	-	-	-
TOTAL	1,754	-	-	-	-	-	-	-	-	1,754

(a) Departmental and administered receipts from other sources (i.e. other than appropriation amounts) that are available to be used (does not include resources received free of charge).

(b) Includes new administered expenses and administered assets and liabilities.

Notes:

- Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new administered expenses within new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans. 'New administered expenses within new outcomes' does not include revisions to existing outcomes (for example, following restructuring of outcomes) or revisions to outcomes following an AAO change where new administered items are not involved.
- Refer to Budgeted Income Statement for application of agency revenue.

2.2 2007–08 BUDGET MEASURES

There are no budget measures relating to the Office of the Inspector-General of Intelligence and Security.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.2 provides details of resources obtained by the office for provision of goods or services. These resources are in addition to those in Table 2.1.

Table 2.2: Other resources available to be used

	Estimated receipts 2006–07 \$'000	Budget estimate 2007–08 \$'000
Departmental resources		
Resources received free of charge:	-	-
Department of the Prime Minister and Cabinet office space	77	102
Australian National Audit Office audit of financial statements	14	14
Defence Signals Directorate ongoing maintenance of internal secure communications network	2	2
Total departmental other resources available to be used	93	118

Note: This table represents own source resources available for departmental purposes.

2.4 MOVEMENT OF ADMINISTERED FUNDS

The office has no administered items.

2.5 SPECIAL APPROPRIATIONS

The office has no special appropriations.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997*. These Determinations may be disallowed by the Parliament. Special Accounts can also be established by the passage of separate legislation. Abolition of Special Accounts requires a Determination to be made by the Finance Minister or, for those accounts established by legislation, by repeal of the legislation in whole or part.

The office has two special accounts:

- Services for other Government and Non-Agency Bodies Account (s. 20 FMA Act 1997)
- Other Trust Moneys Account (s. 20 FMA Act 1997).

The accounts have zero balances and have never been active.

Section 3: Outcomes

General government sector agencies are required to plan, budget and report under an outcomes structure. Such agencies produce outputs (departmental items) and also administer items on behalf of the government (administered items).

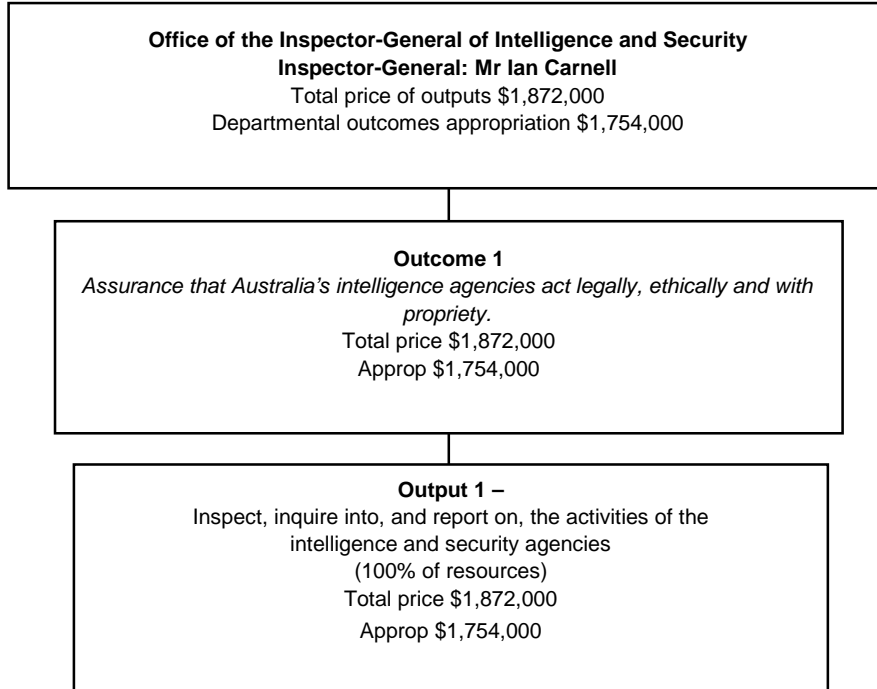
This section summarises how the resources identified in Section 2 will be used to contribute to the single outcome of the Office of the Inspector-General of Intelligence and Security. Emphasis is placed on estimating the contribution to outcomes through outputs delivered by the agency. Key performance measures and performance evaluation activities are specified for each outcome. More detailed information on output attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOME

The relationship between activities of the Office of the Inspector-General of Intelligence and Security and the outcome is summarised in Figure 1.

The difference between the total price of outputs and the departmental outcomes appropriation shown in Figure 1 is the resources received free of charge (itemised in Table 2.2). The total price of outputs is intended to reflect the full cost of delivering the office's outcome.

Figure 1: Contributions to outcomes



3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

3.2.1 Outcome 1 resourcing

Table 3.1 shows how the 2007–08 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 3.1: Total resources for Outcome 1

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000
Departmental appropriations		
Output 1 – Inspect, inquire into, and report on, the activities of the intelligence and security agencies	1,485	1,754
Total revenue from government (appropriations) Contributing to price of departmental outputs	1,485	1,754
Revenue from other sources		
Resources received free of charge:		
Department of Prime Minister and Cabinet	77	102
Australian National Audit Office	14	14
Defence Signals Directorate	2	2
Total revenue from other sources	93	118
Total price from departmental outputs (Total revenue from government and from other sources)	1,578	1,872
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	1,578	1,872
	2006–07	2007–08
Average staffing level (number)	7	10

3.2.2 Measures affecting Outcome 1

There are no measures affecting the Outcome.

3.2.3 Contributions to achievement of Outcome 1

Administered activities

The office has no administered items.

Departmental outputs

The office has only one output – inspect, inquire into, and report on the activities of the intelligence and security agencies – which contributes directly to the office’s outcome.

3.2.4 Performance information for Outcome 1

Performance information for the output relating to the Office of the Inspector-General of Intelligence and Security is summarised in Table 3.2.

Table 3.2: Performance information for Outcome 1

Effectiveness—overall achievement of Outcome 1	
<p>The Commonwealth provides funds for the support of the Inspector-General of Intelligence and Security to enable the responsibilities and functions outlined in the <i>Inspector-General of Intelligence and Security Act 1986</i> to be exercised.</p> <p>Successive annual reports have commented on how the effectiveness of the office may be assessed against a range of performance criteria, including:</p> <ul style="list-style-type: none"> • the range of monitoring work undertaken • the timeliness of inquiries • the level of acceptance by agencies, complainants and ministers of conclusions and recommendations of inquiries conducted • the extent to which there has been change within the agencies as a result of the activities of the office. 	
Performance information by output component	
Output	Performance information
Output 1	
<p>Inspect, inquire into, and report on, the activities of the intelligence and security agencies.</p>	<p><i>Quality:</i> Timeliness, scope and outcome of specific monitoring activities (which includes both inspection and inquiry activities).</p> <p><i>Quantity:</i> Extent of coverage of monitoring undertaken.</p> <p><i>Price:</i> \$1,872,000</p>

3.2.5 Evaluations for Outcome 1

The office produces an annual work plan which specifies the scope and regularity of external monitoring activities. The extent to which the office is meeting these targets is assessed on an ongoing basis and resources are allocated accordingly.

Section 4: Other reporting requirements

4.1 PURCHASER–PROVIDER ARRANGEMENTS

Agencies may need to provide resources to other general government sector bodies, for example in payment for services rendered or as part of cross-agency initiatives. Consequently, the sum of amounts in agency resourcing tables in Budget Paper No. 4, and in the resourcing tables in this document, will not equal total resourcing at the whole-of-government level (as reproduced in Budget Paper No. 1).

The office has no significant purchaser-provider arrangements in place.

4.2 COST RECOVERY ARRANGEMENTS

The office does not have cost recovery arrangements in place.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

The office has no Indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental

Statement of financial performance

The office is budgeting for a balanced budget in 2007-08. The most significant component is salary-related expenditure.

For 2007-08, the office will receive an operating appropriation of \$1.8 million as shown in Table 5.1.

The \$0.3 million increase in government funding from 2006-07 to 2007-08 is primarily due to additional staff resources for the office.

Significant components of the office funding are:

- employee expenses (includes salary-related expenditure, superannuation, Comcare and movements in accrued leave entitlements)
- supplier expenses, including:
 - normal administrative expenses
 - payments for consultants (2007-08, estimated \$0.02 million)
 - legal advice (2007-08 onwards, estimated \$0.04 million)
- resources received free of charge (2007-08 onwards, \$0.1 million)
- contribution to the Department of the Prime Minister and Cabinet for services provided (2007-08, \$0.05 million)

From 2007-08 the depreciation expense will increase by \$0.02 million. The additional depreciation relates to the upgrade to the office's internal secure network, which is expected to cost approximately \$0.06 million and is scheduled for early 2007-08.

The resources received free of charge includes the office space occupied in the Department of Prime Minister and Cabinet building (\$0.1 million per year), the financial audit services from the Australian National Audit Office (\$0.01 million per year) and maintenance of the internal secure communications network provided by DSD at an estimated value of \$0.002 million per year.

Statement of financial position

The most significant liability is accrued leave liabilities. Because of the significance of this liability, funds have been set aside in the Official Public Account. Part of the cash balance will also be required to meet part of this liability.

The only significant planned capital expenditure in 2007–08 is to upgrade the office’s internal secure network. This is expected to cost approximately \$0.06 million and is scheduled for early in the year.

Statement of cash flows

Cash holdings increase across the years due to the accumulation of cash set aside for depreciation and accrued leave movements.

Departmental statement of changes in equity—summary of movement, 2007–08

The office’s equity position in 2007–08 is expected to be \$0.4 million (Table 5.2) and is unchanged across the forward years.

Capital budget statement

The office will use capital funding received in 2004–05 to fund new assets and replace existing assets. The only significant asset purchase planned for 2007–08 is the \$0.06 million upgrade to the office’s internal secure network.

Property, plant equipment—summary of movement

Table 5.6 shows the value of the assets currently held by the office, the impact of depreciation and plans to purchase or replace assets for the 2007–08 financial year.

In 2007–08 the office plans to acquire assets valued at \$0.06 million and to record a decrease in the value of assets of \$0.06 million due to depreciation.

Administered

The office has no administered accounts.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
INCOME					
Revenue					
Revenues from government	1,485	1,754	1,941	2,150	2,169
Resources received free of charge	93	118	118	118	118
Total revenue	1,578	1,872	2,059	2,268	2,287
Total income	1,578	1,872	2,059	2,268	2,287
EXPENSE					
Employees	1,200	1,413	1,532	1,662	1,681
Suppliers					
Resources received free of charge	93	118	118	118	118
Other Suppliers	245	286	354	433	435
Depreciation and amortisation	40	55	55	55	53
Total expenses	1,578	1,872	2,059	2,268	2,287
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Table 5.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
ASSETS					
Financial assets					
Cash and equivalents	351	408	483	558	571
Appropriations receivables	417	417	417	417	457
Other	24	24	24	24	24
Total financial assets	792	849	924	999	1,052
Non-financial assets					
Infrastructure, plant and equipment	154	157	102	47	(6)
Other	1	1	1	1	1
Total non-financial assets	155	158	103	48	(5)
Total assets	947	1,007	1,027	1,047	1,047
LIABILITIES					
Interest bearing liabilities					
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	554	614	634	654	654
Other	-	-	-	-	-
Total provisions	554	614	634	654	654
Payables					
Suppliers	26	26	26	26	26
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Other	-	-	-	-	-
Total payables	26	26	26	26	26
Total liabilities	580	640	660	680	680
Net assets	367	367	367	367	367
EQUITY^a					
Parent entity interest					
Contributed equity	402	402	402	402	402
Reserves	9	9	9	9	9
Retained surpluses or accumulated deficits	(44)	(44)	(44)	(44)	(44)
Total parent entity interest	367	367	367	367	367
Minority interest					
Total minority interest	-	-	-	-	-
Total equity	367	367	367	367	367
Current assets	792	849	924	999	1,052
Non-current assets	155	158	103	48	(5)
Current liabilities	26	26	26	26	26
Non-current liabilities	554	614	634	654	654

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

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	1,485	1,751	1,939	2,148	2,129
Other	-	3	2	2	118
Total cash received	1,485	1,754	1,941	2,150	2,247
Cash used					
Employees	1,169	1,235	1,394	1,524	1,681
Suppliers	338	404	472	551	553
Other	-	-	-	-	-
Total cash used	1,507	1,639	1,866	2,075	2,234
Net cash from or (used by) operating activities	(22)	115	75	75	13
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	-	58	-	-	-
Purchase of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	58	-	-	-
Net cash from or (used by) investing activities	-	(58)	-	-	-

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June)—continued

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000	Forward estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	(22)	57	75	75	13
Cash at the beginning of the reporting period	373	351	408	483	558
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	351	408	483	558	571

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007–08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	(44)	9	-	402	367
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	(44)	9	-	402	367
Estimated closing balance as at 30 June 2008	(44)	9	-	402	367

Table 5.5: Departmental capital budget statement

	Estimated Actual 2006–07	Budget Estimate 2007–08	Forward Estimate 2008–09	Forward Estimate 2009–10	Forward Estimate 2010–11
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total represented by	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	-	58	-	-	-
Total	-	58	-	-	-

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007–08)

	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 2007									
Gross book value	-	-	-	-	194	-	-	-	194
Accumulated depreciation	-	-	-	-	40	-	-	-	40
Opening net book value	-	-	-	-	154	-	-	-	154
Additions:									
by purchase	-	-	-	-	58	-	-	-	58
by finance lease	-	-	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	-	55	-	-	-	55
Impairments recognised in operating result	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	-	-	-	-	-
As at 30 June 2008									
Gross book value	-	-	-	-	252	-	-	-	252
Accumulated depreciation	-	-	-	-	95	-	-	-	95
Estimated closing net book value	-	-	-	-	157	-	-	-	157

5.3 NOTES TO THE FINANCIAL STATEMENTS

The statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs), being the Financial Management and Accountability Orders
- Australian Equivalents of International Financial Reporting Standards (AEIFRS) issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period
- interpretations issued by the AASB and Urgent Issues Group (UIG) that apply for the reporting period.

The statements have been prepared on an accrual basis and are in accordance with historical cost.