

OFFICE OF NATIONAL ASSESSMENTS

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OFFICE OF NATIONAL ASSESSMENTS

Section 1: 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 and evaluation of the foreign intelligence effort.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the Office of National Assessments (outputs and administered policies, products and services) which contribute to achievement of outcomes for ONA are summarised in Table 1.1.

Table 1.1: Contribution to outcomes

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: Resources for 2007–08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2007–08, including appropriations. The table summarises how resources will be applied by outcome.

The total appropriation for the Office of National Assessments in the 2007–08 Budget is \$29.7 million.

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

Prime Minister and Cabinet Portfolio

Agency Resourcing—2007–08

Office of National Assessments	Departmental				Administered					Total
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 SPP \$'000	Other (b) \$'000	Special Appropriation \$'000	Receipts (a) \$'000	
Outcome 1	28,248	-	-	-	-	-	-	-	-	28,248
Outcome 2	1,487	-	-	-	-	-	-	-	-	1,487
Equity injections	-	5,968	-	-	-	-	-	-	-	5,968
Loans	-	-	-	-	-	-	-	-	-	-
Previous years' outputs	-	-	-	-	-	-	-	-	-	-
Administered assets and liabilities	-	-	-	-	-	-	-	-	-	-
Special capital	-	-	-	-	-	-	-	-	-	-
Appropriation	-	-	-	-	-	-	-	-	-	-
TOTAL	29,735	5,968	-	-	-	-	-	-	-	35,703

(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

ONA does not have any budget measures.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.2 provides details of resources obtained by ONA for provision of goods or services. These resources are approved for use by ONA.

Table 2.2: Other resources available to be used

	Estimated receipts 2006–07 \$'000	Budget estimate 2007–08 \$'000
Departmental resources		
FMA Act s. 31	175	-
Resources received free of charge	22	22
Total departmental other resources available to be used	197	22

Note: This table represents own source receipts available for spending on departmental purposes.

2.4 MOVEMENT OF ADMINISTERED FUNDS

ONA does not have any administered funds.

2.5 SPECIAL APPROPRIATIONS

ONA does not have any 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.

There were no inflows or outflows to ONA's special accounts in 2006–07. The account balances are nil. No inflows or outflows are expected in 2007–08.

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).

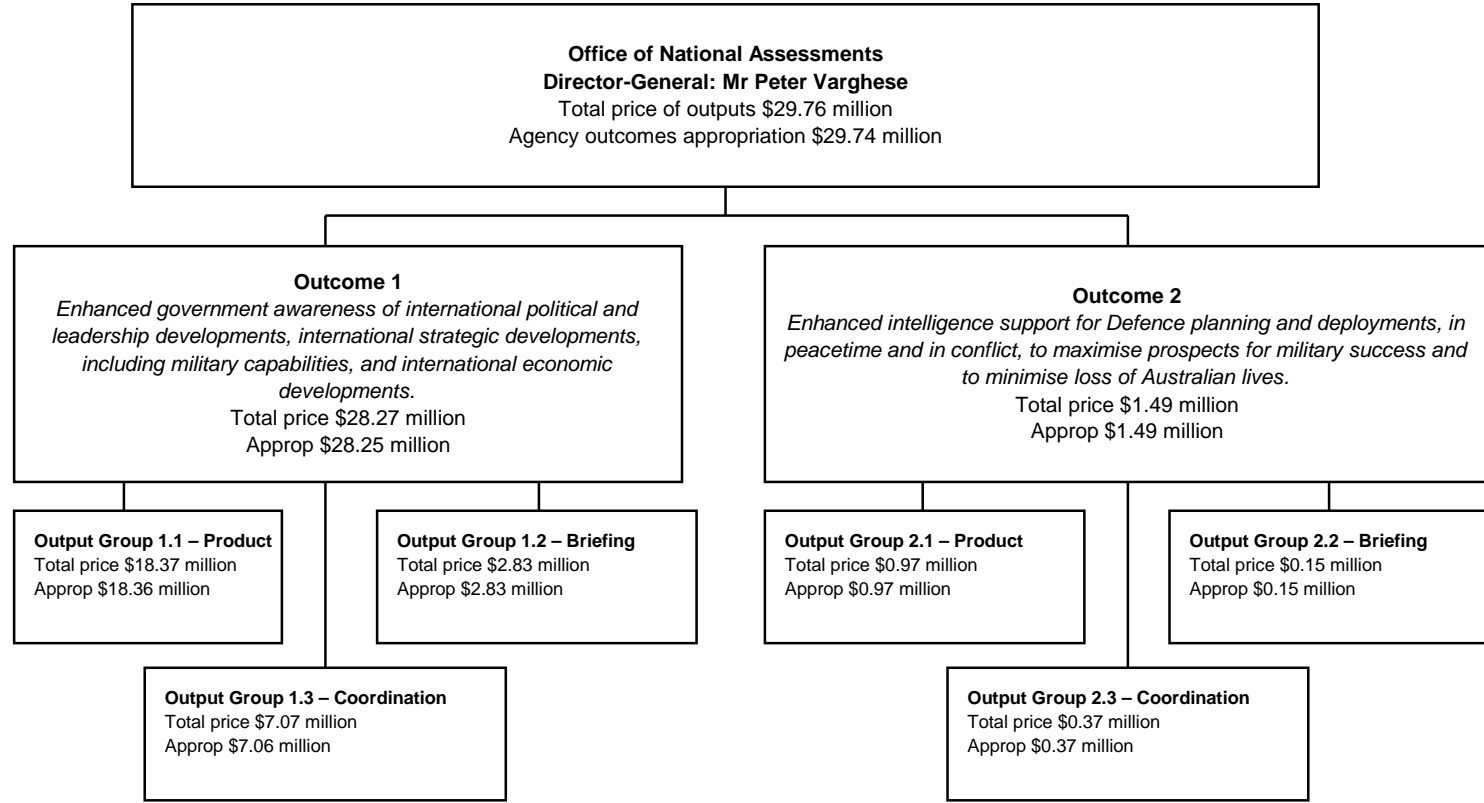
This section summarises how the resources identified in Section 2 will be used to contribute to the two outcomes of the Office of National Assessments. Emphasis is placed on estimating the contribution to outcomes through administered items and outputs delivered by the agency. Key performance measures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

3.1 SUMMARY OF OUTPUTS AND CONTRIBUTION TO OUTCOMES

The relationship between activities of the Office of National Assessments and the outcomes is summarised in Figure 1.

ONA allocates its resources and funding under the broad guidance of the government's assessment priorities and ONA's statutory responsibilities for coordination and evaluation of Australia's foreign intelligence activities.

Figure 1: Contributions to outcomes



3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

3.2.1 Outcomes 1 and 2 resourcing

Table 3.1 shows how the 2007–08 Budget appropriations translate to total resourcing for Outcomes 1 and 2, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 3.1: Total resources for Outcomes 1 and 2

	Estimated actual 2006–07 \$'000	Budget estimate 2007–08 \$'000
Departmental appropriations		
Outcome 1		
Output 1.1 – Product	15,268	18,361
Output 1.2 – Briefing	2,349	2,825
Output 1.3 – Coordination	5,872	7,062
Subtotal Outcome 1	23,489	28,248
Outcome 2		
Output 2.1 – Product	803	966
Output 2.2 – Briefing	124	149
Output 2.3 – Coordination	309	372
Subtotal Outcome 2	1,236	1,487
Total revenue from government (appropriations) Contributing to price of departmental outputs	24,725	29,735
Revenue from other sources		
FMA s.31 receipts	175	-
Resources received free of charge	22	22
Total revenue from other sources	197	22
Total price from departmental outputs (Total revenue from government and from other sources)	24,922	29,757
Total estimated resourcing for Outcomes 1 and 2 (Total price of outputs and administered appropriations)	24,922	29,757
	2006–07	2007–08
Average staffing level (number)	139	145

3.2.2 Measures affecting Outcomes 1 and 2

ONA does not have any budget measures.

3.2.3 Contributions to achievement of Outcomes 1 and 2

Funding for new accommodation from 2010-11 (announced as a measure in the 2006-07 Budget) forms part of the government's response to the recommendations of the Report of the Inquiry into Australian Intelligence Agencies (the Flood report) and the Review of ASIO Resourcing undertaken by Mr Allan Taylor AM in 2005.

Administered activities

ONA has no administered items.

Departmental outputs

ONA outputs are detailed in Table 3.2.

3.2.4 Performance information for Outcomes 1 and 2

Performance information for individual outputs and output groups relating to the Office of National Assessments are summarised in Table 3.2.

Table 3.2: Performance information for Outcome 1

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> \$18.37 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> \$2.83 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. Effectiveness of evaluation of the foreign intelligence activities of Australian intelligence agencies. <i>Price:</i> \$7.07 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> \$0.97 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> \$0.15 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. Effectiveness of evaluation of the foreign intelligence activities of Australian intelligence agencies. <i>Price:</i> \$0.37 million

3.2.5 Evaluations for Outcomes 1 and 2

ONA depends on regular feedback on its work program from customers including the Prime Minister, ministers and departments. ONA has developed a range of feedback mechanisms and performance indicators that help evaluate its effectiveness in achieving planned outcomes and measuring the quality of its outputs.

These include:

- close liaison with the Prime Minister's office and with other ministers and their departments
- annual review of ONA's performance by the Department of the Prime Minister and Cabinet
- regular internal review of ONA's analytical judgments and review of resource management objectives and performance
- evaluation of ONA's statutory independence by the Inspector-General of Intelligence and Security.

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).

ONA has no purchaser–provider arrangements.

4.2 COST RECOVERY ARRANGEMENTS

ONA has no cost recovery arrangements.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE

ONA has no Indigenous expenditure.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

ONA has completed the expansion programme recommended in the Report of the Inquiry into Australian Intelligence Agencies (the Flood report).

Budgeted income statement

While recording an estimated surplus of approximately \$3 million in 2006–07, ONA is budgeting for a zero operating result in 2007–08 and the forward years. The retained surplus will contribute to ONA’s fit-out costs in the new ASIO Central Office building. Supplier and employee expenses will stabilise at approximately \$0.03 million, compared to approximately \$0.025 million in 2006–07 and \$0.02 million in 2005–06.

Budgeted balance sheet

ONA’s balance sheet remains relatively stable. Equity funding for the fit-out of new premises is reflected in the increase in non-financial assets from 2007–08 to 2010–11.

Budgeted statement of cash flows

Cash inflows and outflows have increased, as expected, as a result of an increase in appropriation, 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. ONA’s working cash limit has been increased from \$0.4 million to \$0.7 million in 2006–07, recognising the increase in overall expenditure.

Statement of changes in equity

The equity injection of \$6.0 million in 2007–08 is related to fit-out funding for the new office accommodation.

Capital budget statement

In the 2007–08 budget year, ONA will fund approximately \$1.6 million of non-financial assets from internal agency resources. These non-financial assets are expected to be mainly IT assets. In 2007–08, 2008–09 and 2010–11, ONA is budgeting for equity injections to fund the fit-out of new office accommodation.

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	27,985	29,735	32,747	32,446	32,719
Other	-	-	-	-	-
Total revenue	27,985	29,735	32,747	32,446	32,719
Gains					
Resources received free of charge	22	22	22	22	22
Other	-	-	-	-	-
Total gains	22	22	22	22	22
Total income	28,007	29,757	32,769	32,468	32,741
EXPENSE					
Employees	13,216	17,394	17,997	17,833	18,008
Suppliers	9,696	9,992	10,146	10,055	10,153
Depreciation and amortisation	2,010	2,371	4,626	4,580	4,580
Other	-	-	-	-	-
Total expenses	24,922	29,757	32,769	32,468	32,741
Surplus (deficit) attributable to the Australian Government	3,085	-	-	-	-

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	700	700	700	700	700
Trade and other receivables	7,960	8,628	11,185	12,895	14,609
Other	-	-	-	-	-
Total financial assets	8,660	9,328	11,885	13,595	15,309
Non-financial assets					
Infrastructure, plant and equipment	4,955	10,130	13,951	12,264	13,009
Intangibles	811	783	736	843	950
Other	222	500	500	500	500
Total non-financial assets	5,988	11,413	15,187	13,607	14,459
Total assets	14,648	20,741	27,072	27,202	29,768
LIABILITIES					
Provisions					
Employees	3,730	3,822	3,918	4,016	4,116
Other	303	303	303	303	303
Total provisions	4,033	4,125	4,221	4,319	4,419
Payables					
Suppliers	190	223	358	390	424
Other	-	-	-	-	-
Total payables	190	223	358	390	424
Total liabilities	4,223	4,348	4,579	4,709	4,843
Net assets	10,425	16,393	22,493	22,493	24,925
EQUITY^a					
Parent entity interest					
Contributed equity	1,397	7,365	13,465	13,465	15,897
Reserves	1	1	1	1	1
Retained surpluses or accumulated deficits	9,027	9,027	9,027	9,027	9,027
Total parent entity interest	10,425	16,393	22,493	22,493	24,925
Total equity	10,425	16,393	22,493	22,493	24,925
Current assets	8,882	9,828	12,385	14,095	15,809
Non-current assets	5,766	10,913	14,687	13,107	13,959
Current liabilities	2,988	3,090	3,297	3,402	3,511
Non-current liabilities	1,236	1,259	1,283	1,307	1,332

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	24,197	28,640	30,289	30,979	31,063
Other	1,344	1,451	1,555	1,006	1,259
Total cash received	25,541	30,091	31,844	31,985	32,322
Cash used					
Employees	13,235	17,394	17,997	17,833	18,008
Suppliers	10,270	11,147	11,547	11,152	11,314
Total cash used	23,505	28,541	29,544	28,985	29,322
Net cash from or (used by) operating activities	2,036	1,550	2,300	3,000	3,000
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,751	7,518	8,400	3,000	5,432
Other	-	-	-	-	-
Total cash used	1,751	7,518	8,400	3,000	5,432
Net cash from or (used by) investing activities	(1,751)	(7,518)	(8,400)	(3,000)	(5,432)
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	-	5,968	6,100	-	2,432
Other	-	-	-	-	-
Total cash received	-	5,968	6,100	-	2,432
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	5,968	6,100	-	2,432
Net increase or (decrease) in cash held	285	-	-	-	-
Cash at the beginning of the reporting period	415	700	700	700	700
Cash at the end of the reporting period	700	700	700	700	700

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	9,027	1		1,397	10,425
Balance carried forward from previous period	-	-	-	-	-
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	9,027	1	-	1,397	10,425
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	5,968	5,968
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	5,968	5,968
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2008	9,027	1	-	7,365	16,393

Table 5.5: Departmental capital budget statement

	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
CAPITAL APPROPRIATIONS					
Total equity injections	-	5,968	6,100	-	2,432
Total loans	-	-	-	-	-
Total capital appropriations	-	5,968	6,100	-	2,432
Represented by:					
Purchase of non-financial assets	-	5,968	6,100	-	2,432
Other	-	-	-	-	-
Total represented by	-	5,968	6,100	-	2,432
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	5,968	6,100	-	2,432
Funded internally by departmental resources	1,751	1,550	2,300	3,000	3,000
Total	1,751	7,518	8,400	3,000	5,432

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	-	-	-	-	7,566	-	1,867	-	9,433
Accumulated depreciation	-	-	-	-	(2,611)	-	(1,056)	-	(3,667)
Opening net book value	-	-	-	-	4,955	-	811	-	5,766
Additions:									
by purchase	-	-	-	-	7,168	-	350	-	7,518
by finance lease	-	-	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	-	(1,993)	-	(378)	-	(2,371)
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	-	-	-	-	14,734	-	2,217	-	16,951
Accumulated depreciation	-	-	-	-	(4,604)	-	(1,434)	-	(6,038)
Estimated closing net book value	-	-	-	-	10,130	-	783	-	10,913

5.3 NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs)
- 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.

ONA has no administered funding.

Income

Appropriations account for 99.9 per cent of ONA's funding. The balance comprises resources received free of charge, namely audit services provided by the Australian National Audit Office.

Expenses

Employee expenses comprise approximately 58 per cent of total expenses. The balance is made up of supplier expenses, for the provision of goods and services, and depreciation.

Assets and liabilities

Assets and liabilities are recognised when and only when it is probable that future economic benefit will flow and the amounts of the assets or liabilities can be reliably measured.

Cash comprises cash on hand and at bank. Receivables refer mainly to appropriations receivable.

Non-financial assets are made up of property, plant and equipment, and computer software.

Employee provisions consist of annual leave, long service leave, superannuation and other employee-related liabilities.

Supplier payables refer to creditor invoices on hand, not yet due for payment.

Contributed equity

Capital refers to funding for increased office accommodation.