

OFFICE OF NATIONAL ASSESSMENTS

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OFFICE OF NATIONAL ASSESSMENTS

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Office of National Assessments (ONA) is an all-source assessment agency which reports directly to the Prime Minister. ONA provides assessments on international developments, including political, strategic and economic developments, to the Prime Minister, senior ministers and senior officials. ONA is also responsible for coordinating and evaluating Australia's foreign intelligence activities.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Agency resource statement — Budget estimates for 2008–09 as at Budget May 2008

		Estimate of prior + year amounts available in 2008–09 \$'000	Proposed at Budget = 2008–09 \$'000	Total estimate 2008–09 \$'000	Estimated appropriation available 2007–08 \$'000
Ordinary Annual Services					
Departmental outputs					
Departmental outputs		5,759	31,992	37,751	29,598
s. 31 Relevant agency receipts		-	-	-	-
Total					
Total ordinary annual services	A	5,759	31,992	37,751	29,598
Other services					
Departmental non-operating					
Equity injections		5,768	6,100	11,868	5,968
Total other services	B	5,768	6,100	11,868	5,968
Total Available Annual Appropriations		11,527	38,092	49,619	35,566
Special Appropriations					
Total Special Appropriations	C	-	-	-	-
Total Appropriations excluding Special Accounts		11,527	38,092	49,619	35,566
Special Accounts⁶					
Total Special Account	D	-	-	-	-
Total resourcing		11,527	38,092	49,619	35,566
A + B + C + D					
Less appropriations drawn from annual or special appropriations above and credited to special accounts		-	-	-	-
Total net resourcing for ONA		11,527	38,092	49,619	35,566

1.3 BUDGET MEASURES

Budget measures relating to the Office of National Assessments are detailed in Budget Paper No. 2. Table 1.2 provides a summary of government measures and identifies the relevant output groups associated with each measure.

Table 1.2: Agency 2008–09 Budget measures

	Output group	2008–09 \$'000	2009–10 \$'000	2010–11 \$'000	2011–12 \$'000	
Expense measures						
Illegal Foreign Fishing – intelligence support ¹						
	Departmental outputs	1&2	(101)	(102)	(103)	(104)
Total expense measures		Total	(101)	(102)	(103)	(104)

1 The lead agency for this measure is the Department of Defence.
Prepared on a Government Financial Statistics basis.

Section 2: Outcomes and planned performance

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the government on the Australian community. Agencies are required to identify the output groups which demonstrate their contribution to government outcomes over the coming year.

Each outcome is described below, specifying the performance indicators and targets used to assess and monitor the performance of ONA in achieving government outcomes.

2.1 OUTCOMES 1 AND 2

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

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.

2.1.1 Outcomes 1 and 2 Strategies

The strategies by which ONA will seek to achieve its outcomes are as follows.

- *Maintaining a strong customer focus.* We will stay in close contact with our customers, ensure that we and the intelligence collection agencies are aware of the international issues of concern to them, provide quality and timely coverage of subjects of political, strategic and economic significance to Australia and seek and use customer feedback to assess the effectiveness of our work and improve the service that ONA provides.
- *Encouraging the highest standards of intelligence analysis and assessment.* We will employ the best staff available, and assist them to fulfil their potential through on-the-job training, travel and participation in staff-development schemes, promote objectivity, creativity and analytical rigour, and facilitate access by staff to the broadest possible range of information and ideas through provision of highly capable information retrieval and storage systems.
- *Keeping Australia's international intelligence activities under continuous review.* We will lead processes and committees to coordinate the foreign intelligence activities of Australian intelligence agencies, monitor their performance and resourcing in

relation to the government's priorities and, where appropriate, recommend measures to improve the effectiveness of Australia's foreign intelligence effort.

- *Providing a supportive and stimulating work environment.* We will cultivate and recognise excellence in analytical and support areas by all means, including the use of the government's workplace reforms, encourage teamwork and close communication between management and staff at all levels, ensure prudent but imaginative use of our financial resources, and promote the application of equal employment opportunity, industrial democracy, access and equity, and occupational health and safety principles.

ONA depends on regular feedback on its work program from customers (the Prime Minister, ministers and departments) and 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
- annual review of ONA's performance by the Department of the Prime Minister and Cabinet
- regular internal review of ONA's analytical and resource management objectives and performance
- evaluation of ONA's statutory independence by the Inspector-General of Intelligence and Security.

2.1.2 Outcomes 1 and 2 Resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for Outcomes 1 and 2.

Table 2.1: Total resources for Outcomes 1 and 2

	2008–09 Total estimate of available resources \$'000	2007–08 Estimated actual \$'000
Departmental Outputs		
Outcome 1		
Output Group 1.1 – Product	19,730	18,272
Output Group 1.2 – Briefing	3,036	2,811
Output Group 1.3 – Coordination	7,589	7,028
Revenues from other sources (s. 31)	-	-
Subtotal for Outcome 1	30,355	28,111
Outcome 2		
Output Group 2.1 – Product	1,064	966
Output Group 2.2 – Briefing	164	149
Output Group 2.3 – Coordination	409	372
Revenues from other sources (s. 31)	-	-
Subtotal for Outcome 2	1,637	1,487
Total resources for Outcomes 1 and 2	31,992	29,598
Average staffing level (number)	145	133

Note Departmental appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

2.1.3 Contributions to Outcomes 1 and 2

ONA has three outputs that contribute to the achievement of Outcomes 1 and 2.

Output Group 1	
Product: Outputs 1.1 and 2.1	<i>Quality:</i> How product is judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy.
Briefing: Outputs 1.2 and 2.2	<i>Quality:</i> How briefings are judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy.
Coordination: Outputs 1.3 and 2.3	<p><i>Quality:</i> Resource use and outputs against the National Foreign Intelligence Priorities (NFIPs).</p> <p>Responsiveness to and management of crises.</p> <p>Effectiveness of foreign intelligence coordination, including liaison between assessment and collection agencies and customers.</p> <p>Effectiveness of evaluation of the foreign intelligence activities of Australian intelligence agencies.</p>
Key performance indicators	2008–09 target
<p>The Prime Minister and other key ministers are satisfied as to the level of analysis and assessment provided to government.</p> <p>ONA's coordination and evaluation of Australia's foreign intelligence effort are effective.</p>	<p>The Prime Minister is satisfied with the timeliness, accuracy and content of reports.</p> <p>ONA product is positively judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy.</p> <p>ONA's intelligence coordination mechanisms are credible, effective and deliver well-coordinated foreign intelligence support to government.</p> <p>ONA's evaluation processes are complete, credible and inform government, including on foreign intelligence resourcing decisions.</p>

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the Budget year 2008–09. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between the agency and outcome resource statements, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to an agency is unlikely to be fully utilised in the Budget year. The difference between the agency resource statement and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009–10 Budget year, including amounts related to meeting future obligations to maintain the agency’s asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	37,751
Less estimated payments in 2008-09	31,992
Estimated departmental operating appropriation carry-forward for 2009–10 (outputs)	5,759

3.1.2 Movement of administered funds between years

ONA has no administered funds.

3.1.3 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* or under separate enabling legislation.

There were no inflows or outflows to ONA's special accounts in 2007-08. The account balances are nil. No inflows or outflows are expected in 2008-09.

Table 3.1.3: Estimates of Special Account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Monies	1&2	-	-	-	-	-
Services for other Governments & Non-Agency Bodies	1&2	-	-	-	-	-
Total special accounts						
2008-09 Budget estimate		-	-	-	-	-
Total special accounts						
2007-08 estimated actual		-	-	-	-	-

3.1.4 Australian Government Indigenous expenditure

ONA does not have Australian Government Indigenous expenditure to report for 2008-09.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Analysis of budgeted financial statements

ONA is budgeting for a zero operating result in 2008–09 and the forward years. The retained surplus from previous years will contribute to ONA’s fit-out costs in the new ONA ASIO Central Office building. Supplier and employee expenses have stabilised at approximately \$27.4 million per annum and are expected to remain at this level across the forward years.

ONA has ongoing capital commitments to implement a long-term accommodation solution in cooperation with the Department of Finance and Deregulation and ASIO. The project will have a significant impact on equity, with a further injection of \$6.1 million in 2008–09 for fit-out of the new office building. We expect most of this expenditure to occur in the forward years.

3.2.2 Budgeted financial statements tables

Table 3.2.1: Budgeted departmental income statement (for the period ended 30 June)

	Estimated actual 2007–08 \$'000	Budget estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000
INCOME					
Revenue					
Revenues from government	29,598	31,992	31,641	31,856	32,076
Other	-	-	-	-	-
Total revenue	29,598	31,992	31,641	31,856	32,076
Gains					
Other	22	22	22	22	26
Total gains	22	22	22	22	26
Total income	29,620	32,014	31,663	31,878	32,102
EXPENSE					
Employees	17,394	17,949	17,801	17,993	18,170
Suppliers	9,855	9,439	9,282	9,305	9,398
Depreciation and amortisation	2,371	4,626	4,580	4,580	4,534
Total expenses	29,620	32,014	31,663	31,878	32,102
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2007–08 \$'000	Budget estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	784	784	784	784	784
Trade and other receivables	6,157	8,714	10,424	12,138	16,672
Total financial assets	6,941	9,498	11,208	12,922	17,456
Non-financial assets					
Infrastructure, plant and equipment	10,529	14,350	12,664	13,408	9,267
Intangibles	2,222	2,175	2,281	2,389	1,996
Other	464	464	464	464	464
Total non-financial assets	13,215	16,989	15,409	16,261	11,727
Total assets	20,156	26,487	26,617	29,183	29,183
LIABILITIES					
Provisions					
Employees	3,573	3,669	3,767	3,867	3,867
Other	492	492	492	492	492
Total provisions	4,065	4,161	4,259	4,359	4,359
Payables					
Suppliers	1,029	1,164	1,196	1,230	1,230
Total payables	1,029	1,164	1,196	1,230	1,230
Total liabilities	5,094	5,325	5,455	5,589	5,589
Net assets	15,062	21,162	21,162	23,594	23,594
EQUITY^a					
Parent entity interest					
Contributed equity	7,365	13,465	13,465	15,897	15,897
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	7,697	7,697	7,697	7,697	7,697
Total parent entity interest	15,062	21,162	21,162	23,594	23,594
Minority interest					
Total minority interest	-	-	-	-	-
Total equity	15,062	21,162	21,162	23,594	23,594
Current assets	6,941	9,498	11,208	12,922	17,456
Non-current assets	13,215	16,989	15,409	16,261	11,727
Current liabilities	4,245	4,466	4,586	4,710	4,710
Non-current liabilities	849	859	869	879	879

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

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2007–08 \$'000	Budget estimate 2008–09 \$'000	Forward estimate 2009–10 \$'000	Forward estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	29,080	29,435	29,931	30,142	28,172
Other	956	1,044	1,368	1,151	1,490
Total cash received	30,036	30,479	31,299	31,293	29,662
Cash used					
Employees	17,394	17,949	17,801	17,993	18,170
Suppliers	11,422	10,100	10,028	10,050	10,812
Total cash used	28,816	28,049	27,829	28,043	28,982
Net cash from or (used by) operating activities	1,220	2,430	3,470	3,250	680
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,420	3,730	8,170	5,750	6,480
Total cash used	1,420	3,730	8,170	5,750	6,480
Net cash from or (used by) investing activities	(1,420)	(3,730)	(8,170)	(5,750)	(6,480)
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	200	1,300	4,700	2,500	5,800
Other	-	-	-	-	-
Total cash received	200	1,300	4,700	2,500	5,800
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	200	1,300	4,700	2,500	5,800
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	784	784	784	784	784
Cash at the end of the reporting period	784	784	784	784	784

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008–09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	7,697	-	-	7,365	15,062
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	7,697	-	-	7,365	15,062
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Subtotal income and expense	-	-	-	-	-
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	6,100	6,100
Other:					
Restructuring	-	-	-	-	-
Subtotal transactions with owners	-	-	-	6,100	6,100
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2009	7,697	-	-	13,465	21,162

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Revenue

Appropriations account for 99% 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 56% 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 but not yet due for payment.

Contributed equity

Capital refers to funding for increased office accommodation.