

Office of National Assessments

Agency resources and planned performance

OFFICE OF NATIONAL ASSESSMENTS

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OFFICE OF NATIONAL ASSESSMENTS

Section 1: Agency overview and resources

The planned outcome of the Office of National Assessments (ONA) is:

Advancement of Australia's national interests through increased government awareness of international developments affecting Australia.

1.1 STRATEGIC DIRECTION STATEMENT

ONA is an all-source assessment agency that 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 advancement of Australia's national interest through the effective coordination and evaluation of Australia's foreign intelligence activities.

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1: Office of National Assessments resource statement—Budget estimates for 2010–11 as at Budget, May 2010

	Estimate of prior year amounts available in 2010–11 \$'000	Proposed at Budget = 2010–11 \$'000	Total estimate 2010–11 \$'000	Actual available appropriation 2009–10 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	13,413	-	13,413	14,164
Departmental appropriation ³	-	35,420	35,420	27,583
s. 31 Relevant agency receipts ⁴	-	-	-	-
Total	13,413	35,420	48,833	41,747
Total ordinary annual services	A 13,413	35,420	48,833	41,747
Other services⁵				
Departmental non-operating				
Equity injections	11,383	2,797	14,180	11,383
Previous years' programs	-	-	-	-
Total	11,383	2,797	14,180	11,383
Total other services	B 11,383	2,797	14,180	11,383
Total available annual appropriations	24,796	38,217	63,013	53,130
Special appropriations				
Special appropriations limited by criteria/entitlement	-	-	-	-
Special appropriations limited by amount	-	-	-	-
Total special appropriations	C -	-	-	-
Total appropriations excluding special accounts	24,796	38,217	63,013	53,130
Special accounts				
Total special accounts	D -	-	-	-
Total resourcing				
A+B+C+D	24,796	38,217	63,013	53,130
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through annual appropriations	-	-	-	-
Total net resourcing for ONA	24,796	38,217	63,013	53,130

1 Appropriation Bill (No. 1) 2010–11.

2 Estimated adjusted balance carried from previous year for annual appropriations.

3 Includes an amount of \$6.5 million in 2010–11 for the departmental capital budget (refer to Table 3.2.5 for further details). For accounting purposes, this amount has been designated as 'contributions by owners'.

4 s. 31 relevant agency receipts—estimate.

5 Appropriation Bill (No. 2) 2010–11.

Note: All figures are GST exclusive.

1.3 BUDGET MEASURES

There are no budget measures for ONA in the 2010-11 Budget.

SECTION 2: OUTCOME AND PLANNED PERFORMANCE

2.1 OUTCOME AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs that contribute to government outcomes over the Budget and forward years.

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

Outcome 1: Advancement of Australia's national interests through increased government awareness of international developments affecting Australia.

Outcome 1 strategy

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

- **Maintaining a strong customer focus.** ONA will stay in close contact with its customers, ensuring that ONA 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 its work and improve the service that ONA provides.
- **Encouraging the highest standards of intelligence analysis and assessment.** ONA 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.** ONA 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.** ONA 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 its 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 stakeholders (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.

Outcome 1 expense and resource statement

Table 2.1 provides an overview of the total expenses for Outcome 1, by program.

Table 2.1: Budgeted expenses and resources for Outcome 1

Outcome 1: Advancement of Australia's national interests through increased government awareness of international developments affecting Australia	2009–10 Estimated actual expenses \$'000	2010–11 Estimated expenses \$'000
Program 1.1: Assessments and reports		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	19,308	20,244
Revenue from independent sources (s. 31)	-	-
Special appropriations	-	-
Special accounts	-	-
Expenses not requiring appropriation in the Budget year	20	4,793
Total for Program 1.1	19,328	25,037
Program 1.2: Coordination and evaluation		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	8,275	8,676
Revenue from independent sources (s. 31)	-	-
Special appropriations	-	-
Special accounts	-	-
Expenses not requiring appropriation in the Budget year	8	2,054
Total for Program 1.2	8,283	10,730
Outcome totals by appropriation type		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	27,583	28,920
Revenue from independent sources (s. 31)	-	-
Special appropriations	-	-
Special accounts	-	-
Expenses not requiring appropriation in the Budget year	28	6,847
Total expenses for Outcome 1	27,611	35,767
	2009–10	2010–11
Average staffing level (number)	140	145

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

Program 1.1: contributions to Outcome 1

Program 1.1: Assessments and reports

Program 1.1 objective

Provide accurate and timely assessments and reports to the Prime Minister, senior ministers and officials.

Program 1.1 expenses

	2009-10	2010-11	2011-12	2012-13	2013-14
Program expense (\$'000)	Revised budget	Budget	Forward year 1	Forward year 2	Forward year 3
Annual departmental expenses:					
Assessments and reports	19,308	20,244	20,460	20,700	20,983
Expense not requiring appropriation in the Budget year	20	4,793	4,896	4,339	3,932
Total program expense	19,328	25,037	25,356	25,039	24,915

Program 1.1 deliverables

Accurate and timely assessments and reports to the Prime Minister, senior ministers and officials that:

- warn of threats and adverse developments and opportunities affecting Australia's national interests
- inform government policy making.

Program 1.1 key performance indicators

The Prime Minister and other key ministers are satisfied as to the level of analysis and assessment provided to government.

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.

The measurable targets are:

- The Prime Minister is satisfied with the timeliness, accuracy and content of reports.
- ONA product is positively judged by customers in terms of uniqueness, timeliness and responsiveness, relevance and accuracy.

Program 1.2: contributions to Outcome 1

Program 1.2: Coordination and evaluation
Program 1.2 objective
Advance Australia's national interest through the effective coordination and evaluation of Australia's foreign intelligence activities.

Program 1.2 expenses					
	2009-10	2010-11	2011-12	2012-13	2013-14
Program expense (\$'000)	Revised budget	Budget	Forward year 1	Forward year 2	Forward year 3
Annual departmental expenses:					
Coordination and evaluation	8,275	8,676	8,769	8,872	8,992
Expenses not requiring appropriation in the Budget year	8	2,054	2,098	1,860	1,685
Total program expenses	8,283	10,730	10,867	10,732	10,677

Program 1.2 deliverables
<ul style="list-style-type: none"> • Improved intelligence capability and performance through the effective coordination and evaluation of Australia's foreign intelligence activities. • Provide advice on the adequacy of resources for foreign intelligence activities. • Effective intelligence relationships with close allies and partners.

Program 1.2 key performance indicators
<ul style="list-style-type: none"> • ONA's intelligence coordination mechanisms are credible and effective and deliver well-coordinated foreign intelligence support to government. • ONA's evaluation processes are complete and credible and inform government, including on foreign intelligence resourcing decisions.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements, which provide a comprehensive snapshot of agency finances for the 2010–11 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

ONA does not have any administered funds.

3.1.2 Special accounts

ONA does not have any special accounts.

3.1.3 Australian Government Indigenous expenditure

ONA does not have any Indigenous-specific expenses.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The agency resource statement (Table 1.1) provides a consolidated view of all the resources available to the agency in 2010–11. This includes equity injections and appropriation receivable that is yet to be drawn down to cover payables and provisions on the balance sheet. The income statement (Table 3.2.1) shows only the operating appropriation provided in 2010–11.

3.2.2 Analysis of budgeted financial statements

Income statement

ONA is budgeting for a break-even operating result, adjusted for depreciation and amortisation expense, in 2010–11 and the forward years

In line with net cash appropriation arrangements effective from 2010–11, revenue from government has been reduced by an amount equal to depreciation and amortisation expense. Future asset replacements are funded through the departmental capital budget detailed in Table 3.2.5.

The retained surplus from previous years will contribute to ONA's fit-out costs in the new ONA accommodation. Supplier and employee expenses have stabilised at approximately \$29 million per year and are expected to remain at this level across the forward years.

Balance sheet

The change to net cash appropriation arrangements will potentially reduce the net asset balance and equity position depending upon the level of the departmental capital budget compared to the depreciation expense.

Accumulated depreciation cash reserves were extinguished in 2009–10 in the transition to the net cash arrangements.

ONA has ongoing capital commitments to implement a long-term accommodation solution. An opportunity for ONA to relocate closer to its customers and lease a refurbished heritage building in Barton has required a rephasing of the capital appropriated for the fit-out of the office accommodation. ONA will relocate to the old Patents Office at 2 National Circuit, Barton, by the end of 2010–11.

The project will have an impact on the timing of the drawdown of equity injections; the bulk of the expenditure will occur in 2010–11. ONA will receive the final capital injection of \$2.8 million in 2010–11.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (showing net cost of services)
(for the period ended 30 June)**

	Estimated actual 2009–10 \$'000	Budget estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000	Forward estimate 2013–14 \$'000
EXPENSES					
Employee benefits	15,880	17,345	17,965	18,500	19,051
Supplier expenses	9,771	11,605	11,294	11,102	10,954
Grants	-	-	-	-	-
Depreciation and amortisation	1,960	6,817	6,964	6,169	5,587
Total expenses	27,611	35,767	36,223	35,771	35,592
LESS:					
OWN-SOURCE INCOME					
Revenue					
Other	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Sale of assets	-	-	-	-	-
Other	28	30	30	30	30
Total gains	28	30	30	30	30
Total own-source income	28	30	30	30	30
Net cost of (contribution by) services	27,583	35,737	36,193	35,741	35,562
Revenue from government	27,583	28,920	29,229	29,572	29,975
Surplus (Deficit)	-	(6,817)	(6,964)	(6,169)	(5,587)
Surplus (Deficit) attributable to the Australian Government	-	(6,817)	(6,964)	(6,169)	(5,587)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Total comprehensive income attributable to the Australian Government	-	-	-	-	-

Note: Reconciliation of operating result attributable to the agency

	2009–10 \$'000	2010–11 \$'000	2011–12 \$'000	2012–13 \$'000	2012–13 \$'000
Operating result attributable to the Australian Government	-	(6,817)	(6,964)	(6,169)	(5,587)
plus non-appropriated expenses depreciation and amortisation expenses	-	6,817	6,964	6,169	5,587
Operating result attributable to the agency	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009–10 \$'000	Budget estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000	Forward estimate 2013–14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	699	699	699	699	699
Trade and other receivables	24,966	2,263	2,263	2,263	2,263
Other	-	-	-	-	-
Total financial assets	25,665	2,962	2,962	2,962	2,962
Non-financial assets					
Property, plant and equipment	4,403	28,203	26,317	24,700	23,314
Intangibles	2,851	4,234	5,156	4,104	3,403
Other	250	250	250	250	250
Total non-financial assets	7,504	32,687	31,723	29,054	26,967
Assets held for sale	-	-	-	-	-
Total assets	33,169	35,649	34,685	32,016	29,929
LIABILITIES					
Payables					
Suppliers	50	50	50	50	50
Other	1,000	1,000	1,000	1,000	1,000
Total payables	1,050	1,050	1,050	1,050	1,050
Interest-bearing liabilities					
Other	-	-	-	-	-
Total interest-bearing liabilities	-	-	-	-	-
Provisions					
Employee provisions	7,846	7,846	7,118	7,118	7,118
Other	522	522	1,250	1,250	1,250
Total provisions	8,368	8,368	8,368	8,368	8,368
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	9,418	9,418	9,418	9,418	9,418
Net assets	23,751	26,231	25,267	22,598	20,511
EQUITY					
Parent entity interest					
Contributed equity	12,831	22,128	28,128	31,628	35,128
Reserves	-	-	-	-	-
Retained surplus or (accumulated deficit)	10,920	4,103	(2,861)	(9,030)	(14,617)
Total parent entity interest	23,751	26,231	25,267	22,598	20,511
Attributed to non-controlling interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained earnings	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	23,751	26,231	25,267	22,598	20,511

Note: 'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity—summary of movement (Budget year 2010–11)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	10,920	-	-	12,831	23,751
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	10,920	-	-	12,831	23,751
Comprehensive income					
Sub-total comprehensive income	-	-	-	-	-
Surplus (deficit) for the period	(6,817)	-	-	-	(6,817)
Total comprehensive income recognised directly in equity	(6,817)	-	-	-	(6,817)
Transactions with owners					
<i>Distributions to owners</i>					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	2,797	2,797
Appropriation (departmental capital budget)	-	-	-	6,500	6,500
Other	-	-	-	-	-
Sub-total transactions with owners	-	-	-	9,297	9,297
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2011	4,103	-	-	22,128	26,231

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2009–10 \$'000	Budget estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000	Forward estimate 2013–14 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	27,700	40,240	29,229	29,572	29,975
Net GST received	2,138	4,369	1,738	1,369	1,357
Total cash received	29,838	44,609	30,967	30,941	31,332
Cash used					
Employees	16,732	17,234	17,851	18,384	18,932
Suppliers	9,406	16,055	13,116	12,557	12,400
Total cash used	26,138	33,289	30,967	30,941	31,332
Net cash from (used by) operating activities	3,700	11,320	-	-	-
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	3,700	32,000	6,000	3,500	3,500
Total cash used	3,700	32,000	6,000	3,500	3,500
Net cash from (used by) investing activities	(3,700)	(32,000)	(6,000)	(3,500)	(3,500)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	-	20,680	6,000	3,500	3,500
Other	-	-	-	-	-
Total cash received	-	20,680	6,000	3,500	3,500
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) financing activities	-	20,680	6,000	3,500	3,500
Net increase (decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	699	699	699	699	699
Cash and cash equivalents at the end of the reporting period	699	699	699	699	699

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009–10 \$'000	Budget estimate 2010–11 \$'000	Forward estimate 2011–12 \$'000	Forward estimate 2012–13 \$'000	Forward estimate 2013–14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget – Bill 1 (DCB)	-	6,500	6,000	3,500	3,500
Equity injections – Bill 1	-	2,797	-	-	-
Loans – Bill 2	-	-	-	-	-
Previous years' outputs – Bill 2	-	-	-	-	-
Departmental capital – special appropriation (dept only)	-	-	-	-	-
Total capital appropriations	-	9,297	6,000	3,500	3,500
Total new capital appropriations					
Represented by:					
Purchase of non-financial assets	3,700	9,297	6,000	3,500	3,500
Annual finance lease costs	-	-	-	-	-
Other items	-	-	-	-	-
Total items	3,700	9,297	6,000	3,500	3,500
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	-	14,180	-	-	-
Funded by capital appropriation – DCB ¹	-	6,500	6,000	3,500	3,500
Funded by finance leases	-	-	-	-	-
Funded internally from departmental resources ²	3,700	11,320	-	-	-
TOTAL	3,700	32,000	6,000	3,500	3,500
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	3,700	32,000	6,000	3,500	3,500
less additions by finance lease	-	-	-	-	-
less additions by creditors / borrowings	-	-	-	-	-
plus borrowing / finance costs	-	-	-	-	-
plus annual finance lease costs	-	-	-	-	-
less gifted assets	-	-	-	-	-
less s. 32 / restructuring	-	-	-	-	-
Total cash used to acquire assets	3,700	32,000	6,000	3,500	3,500

1 Includes purchase from current and previous year's departmental capital budgets.

2 Includes the following sources of funding: annual and prior year appropriations; donations and contributions; gifts; internally developed assets; s. 31 relevant agency receipts; proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (2010–11)

	Other property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2010			
Gross book value	9,926	5,480	15,406
Accumulated depreciation/amortisation and impairment	5,523	2,629	8,152
Opening net book balance	4,403	2,851	7,254
CAPITAL ASSET ADDITIONS			
Estimated expenditure on new or replacement assets			
By purchase – appropriation equity	14,180	-	14,180
By purchase – appropriation ordinary annual services	14,320	3,500	17,820
By purchase – other	-	-	-
Total additions	28,500	3,500	32,000
Other movements			
Depreciation/amortisation expense	4,700	2,117	6,817
Other	-	-	-
As at 30 June 2011			
Gross book value	38,426	8,980	47,406
Accumulated depreciation/amortisation and impairment	10,223	4,746	14,969
Closing net book balance	28,203	4,234	32,437

Prepared on Australian Accounting Standards basis.

