



Budget

2019-20

Portfolio Budget Statements 2019-20
Budget Related Paper No. 1.4A

AUSTRALIAN SIGNALS DIRECTORATE

Budget Initiatives and Explanations of Appropriations Specified by Outcomes and
Programs by Entity

AUSTRALIAN SIGNALS DIRECTORATE

Agency Resources and Planned Performance

- SECTION 1: ASD OVERVIEW AND RESOURCES..... 4**
- 1.1 Strategic Direction Statement 4
- 1.2 ASD Resource Statement 7
- 1.3 Budget Measures 8
- Section 2: ASD Outcomes and Planned Performance 9**
- 2.1 Outcome and Performance Information 9
- Section 3: ASD Explanatory Tables and Budgeted Financial Statements 12**
- 3.1 Explanatory Tables 12
- 3.2 Budgeted Financial Statements 13

AUSTRALIAN SIGNALS DIRECTORATE

Section 1: ASD Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Signals Directorate defends Australia from global threats and advances the national interest through the provision of foreign signals intelligence, cyber security and offensive cyber operations, as directed by Government.

To do this, ASD leverages its in-depth understanding of communications technology – including how it might be vulnerable to people who want to harm Australian interests; and how offshore communications can be exploited to provide foreign intelligence or to counter threats targeting Australian interests.

ASD is a statutory agency within the Defence portfolio, and reports directly to the Minister for Defence. All of ASD's activities are subject to oversight from the Inspector-General of Intelligence and Security.

ASD operates under the *Intelligence Services Act 2001*, which specifies the organisation's functions to:

- collect foreign signals intelligence;
- communicate foreign signals intelligence;
- prevent and disrupt offshore cyber enabled crime;
- provide cyber security advice and assistance to Australian governments, businesses and individuals;
- support military operations;
- protect the specialised tools ASD uses to fulfil its functions; and
- cooperate with and assist the national security community's performance of its functions.

The organisation has five strategic objectives:

ASD **delivers strategic advantage** for Australia by providing foreign signals intelligence that protects and advances Australia's national interest. Foreign intelligence collection activities are guided by priorities set by the Office of National Intelligence and endorsed by Government.

ASD is the Australian Government's **leading cyber security** agency, and aims to make Australia the safest place to connect online and foster national cyber security resilience. ASD's Australian Cyber Security Centre monitors cyber threats targeting Australian interests, and provides advice and information to help protect Australians. When serious cyber incidents occur, ASD leads the Australian Government response to help mitigate the threat and strengthen defences.

ASD has a long history of **supporting Australian military operations**, with the organisation's heritage dating back to World War Two. Today, ASD supports Australian Defence Force operations across the globe, including by providing intelligence and offensive cyber capabilities to enable the warfighter and protect ADF personnel and assets. ASD also draws on its deep technical expertise to help the ADF stay ahead of technology advancements in the region, including the introduction of 5th generation weapons and cyber-warfare capabilities.

ASD capabilities play an important role in **countering cyber-enabled threats**. The organisation protects Australia and Australians by preventing and disrupting offshore cyber-enabled crime, including organised criminal groups using malware to target Australians, and terrorists who use the Internet to plan and incite attacks against Australian interests.

Finally, ASD **provides trusted advice and expertise** to Government, business and the community. ASD draws on its deep technical understanding of communications technology to help the Government and the public understand the nature of the cyber threat environment, how they might be vulnerable and what they can do to protect themselves.

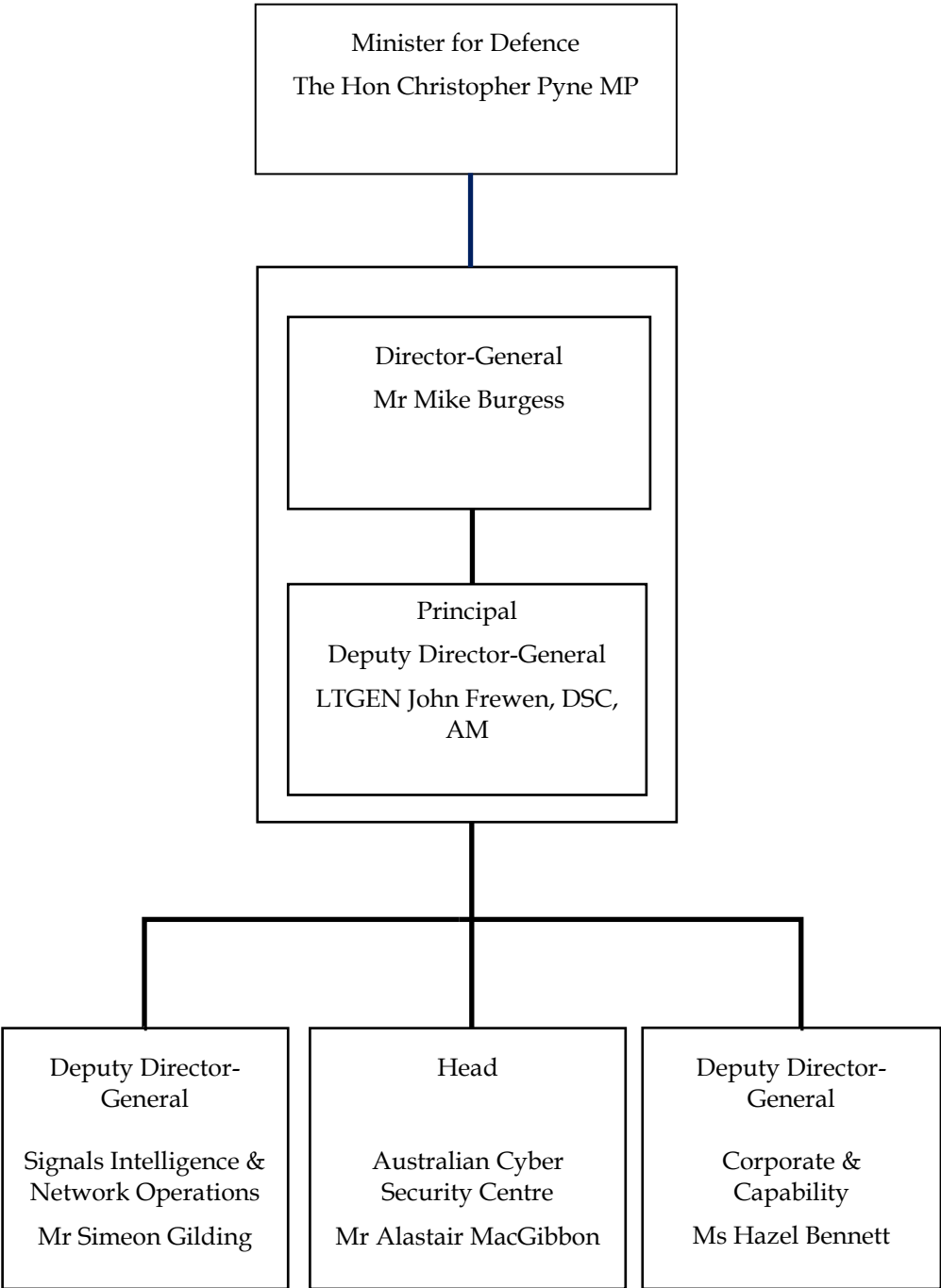
To achieve these objectives, ASD needs to keep pace with the latest technology trends and invest in cutting-edge capabilities. ASD's activities are enabled by innovative techniques, including specialist tools to detect threats in large volumes of data. ASD's mastery of technology also underpins the formulation of sound advice to protect Australia from sophisticated cyber threats.

Partnerships are critical to the organisation's success. ASD works closely with agencies in the Australian national security community, overseas intelligence partners, academia and industry. This level of collaboration is essential to comprehensively understand the threat environment and to stay at the leading edge of technology.

ASD's success is based on the ingenuity of its workforce. The organisation seeks to recruit and develop a curious and imaginative workforce who are not deterred by difficult challenges. Recruiting the requisite specialist expertise has become increasingly challenging, given the high demand for staff with these skillsets. ASD's recent transition to a statutory agency provides an opportunity to design new career pathways and employment opportunities that reflect the specialist nature of the work that ASD does, so that it can better recruit, retain, train and develop its specialist staff.

This combination of a uniquely skilled workforce, empowered by innovative technology and partner capabilities, positions the organisation to deliver trusted intelligence, advice and effects for Australia's national interest in a constrained fiscal environment.

Figure 4: ASD Organisational Structure



This ASD Organisational Chart was effective when Tabled in Parliament on Budget night.

1.2 ASD RESOURCE STATEMENT

Table 1: ASD Resource Statement – Budget Estimates for 2019-20

	Actual available appropriation 2018-19 \$'000	Estimate of prior year amounts available in 2019-20 \$'000	Proposed at Budget 2019-20 \$'000	Total Estimate 2019-20 \$'000
Departmental				
Annual appropriations - ordinary annual services				
Departmental appropriation	742,020	-	744,212	744,212
s74 External Revenue	3,444	-	4,072	4,072
Annual appropriations - other services - non-operating				
Equity injection	124,980	-	173,240	173,240
Receipts from other entities on account of restructure	9,581	-	-	-
Total departmental resourcing	880,025	-	921,524	921,524
Total resourcing for ASD	880,025	-	921,524	921,524

1.3 BUDGET MEASURES

2019-20 Budget Measures and Other Budget Adjustments

Table 2: ASD 2019-20 Budget Measures

	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m	Total Forward Estimates \$m
Other Budget Adjustments						
Foreign Exchange ^[1]	2.1	2.9	3.0	3.0	..	8.9
Additional Measures	-	0.7	-	-	-	0.7
Total Other Departmental Budget Adjustments	2.1	3.6	3.0	3.0	-	9.6
Variation to ASD Departmental Funding	2.1	3.6	3.0	3.0	-	9.6

Note

1. The value of Foreign Exchange in 2022-23 is \$0.014m

Section 2: ASD Outcomes 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 entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for ASD can be found at: <https://www.asd.gov.au/publications>.

Outcome 1: Defend Australia from global threats and advance our national interests through the provision of foreign signals intelligence, cyber security and offensive cyber operations, as directed by Government.

Outcome Expense Statement

Table 3: Budgeted Expenses for Outcome 1

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
Program 1.1 - Foreign Signals Intelligence, Cyber Security and Offensive Cyber Operations					
Departmental expenses	831,294	833,287	856,304	885,635	851,345
Departmental total	831,294	833,287	856,304	885,635	851,345
Total expenses for Program 1.1	831,294	833,287	856,304	885,635	851,345

	2018-19	2019-20
Average Staffing Level (number)	nfp	nfp

Contributions to Outcome 1

Program 1.1: Foreign Signals Intelligence, Cyber Security and Offensive Cyber Operations

Program 1.1 Objective

To defend Australia from global threats and advance our national interests through the provision of foreign signals intelligence, cyber security and offensive cyber operations as directed by Government.

Delivery	Collecting foreign intelligence, and identifying and disrupting potential threats to Australia's national security. Providing advice, assurance, reporting and services to the Australian Government, government agencies, the Australian Defence Force, and businesses and individuals.
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Performance information

Year	Performance criteria ^[1]	Targets
2018-19	Effective advice, reporting and services that assist Australian governments, government agencies, the Australian Defence Force and businesses to develop policy, manage security risks (including for individuals) and disrupt threats to Australia's security and interests.	Our stakeholders value the unique insights and support ASD provides to their mission. <i>Expected to be met.</i>
2019-20	As per 2018-19.	As per 2018-19.
2020-21 and beyond	As per 2019-20.	As per 2019-20.
Purposes	Defend Australia from global threats and advance our national interests through the provision of foreign signals intelligence, cyber security and offensive cyber operations, as directed by Government.	

Material changes to Program 1.1 resulting from the following measures: Nil.

Note

1. New or modified performance criteria that reflect new or materially changed programs are shown in *italics*.

Section 3: ASD Explanatory Tables and Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2019-20 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 EXPLANATORY TABLES

Table 4: Third Party Payments to and from Other Agencies^[1]

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000
Payments made to Department of Defence for provision of services (Departmental)	92,274	89,276

Note

1. Third party payments to and from other Agencies include:
 - Inter-agency transactions in excess of \$20m per annum;
 - Inter-agency transactions that were in excess of \$20m in the previous year's annual statements; and
 - Inter-agency transactions relating to Budget Measures as disclosed in Defence Budget Measures.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Budgeted Financial Statements

Table 5: Comprehensive Income Statement (showing net cost of services) for the period ended 30 June

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
EXPENSES					
Employee benefits	228,344	269,950	281,049	294,862	294,415
Supplier expenses	518,127	478,339	490,255	505,777	471,928
Grants	-	-	-	-	-
Depreciation and amortisation	84,823	84,998	85,000	84,996	85,002
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Foreign exchange losses	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	831,294	833,287	856,304	885,635	851,345
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sales of goods and rendering of services	6,323	4,073	2,853	2,922	2,998
Rental revenue	1	3	4	2	2
Total own-source revenue	6,324	4,076	2,857	2,924	3,000
Gains					
Foreign exchange	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Total gains	-	-	-	-	-
Total own-source income	6,324	4,076	2,857	2,924	3,000
Net cost of (contribution by) services	-824,970	-829,211	-853,447	-882,711	-848,345
Revenue from Government	742,020	744,212	768,446	797,715	763,333
Surplus (Deficit) attributable to the Australian Government	-82,950	-84,999	-85,001	-84,996	-85,012
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income/(loss)	-82,950	-84,999	-85,001	-84,996	-85,012
Total comprehensive income attributable to the Australian Government	-82,950	-84,999	-85,001	-84,996	-85,012

Table 6: Budgeted Departmental Balance Sheet (as at 30 June)

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	52,551	54,455	56,771	58,013	55,306
Trade and other receivables	4,353	4,353	4,353	4,353	4,353
Tax assets	-	-	-	-	-
Appropriation receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
Total financial assets	56,904	58,808	61,124	62,366	59,659
Non-financial assets					
Land and buildings	2,584	2,581	2,580	2,579	2,576
Property, plant and equipment	294,773	380,915	476,342	497,553	482,103
Intangibles	7,714	9,818	12,293	12,844	12,442
Other non-financial assets	15,707	15,707	15,707	15,707	15,707
Total non-financial assets	320,778	409,021	506,922	528,683	512,828
Assets held for sale	-	-	-	-	-
Total assets	377,682	467,829	568,046	591,049	572,487
LIABILITIES					
Payables					
Suppliers	36,630	38,536	40,852	42,094	39,385
Other	-	-	-	-	-
Total payables	36,630	38,536	40,852	42,094	39,385
Interest bearing liabilities					
Leases	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employee provisions	64,184	64,184	64,184	64,184	64,184
Other	-	-	-	-	-
Total provisions	64,184	64,184	64,184	64,184	64,184
Total liabilities	100,814	102,720	105,036	106,278	103,569
NET ASSETS	276,868	365,109	463,010	484,771	468,918
EQUITY					
Contributed equity	359,818	533,058	715,960	822,717	891,876
Reserves	-	-	-	-	-
Retained surplus (accumulated deficit)	-82,950	-167,949	-252,950	-337,946	-422,958
Total equity	276,868	365,109	463,010	484,771	468,918

Table 7: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2018-19 Estimated Actual \$'000	2019-20 Budget Estimate \$'000	2020-21 Forward Estimate \$'000	2021-22 Forward Estimate \$'000	2022-23 Forward Estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	742,020	744,212	768,446	797,715	763,333
Goods and services	3,444	4,072	2,852	2,919	2,995
Net GST received	46,999	46,130	49,026	50,578	47,193
Interest	-	-	-	-	-
Other cash received	-	-	-	-	-
Cash transfer from the Official Public Account (receivables)	-	-	-	-	-
Total cash received	792,463	794,414	820,324	851,212	813,521
Cash used					
Employees	227,495	267,013	278,233	292,530	291,939
Suppliers	472,634	479,365	490,750	506,862	477,106
Net GST paid	46,999	46,130	49,026	50,578	47,193
Grants	-	-	-	-	-
Other cash used	-	-	-	-	-
Cash transfer to the Official Public Account (receivables)	-	-	-	-	-
Total cash used	747,128	792,509	818,009	849,970	816,238
Net cash from (used by) operating activities	45,335	1,905	2,315	1,242	-2,717
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Proceeds from sales of intangibles	-	-	-	-	-
Other cash received	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of infrastructure, plant and equipment	126,034	172,300	182,902	106,757	69,148
Purchase of intangibles	1,311	941	-	-	-
Selling costs on sale of assets	-	-	-	-	-
Finance costs	-	-	-	-	-
Total cash used	127,345	173,241	182,902	106,757	69,148
Net cash from (used by) investing activities	-127,345	-173,241	-182,902	-106,757	-69,148
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	124,980	173,240	182,903	106,756	69,158
Receipts from other entities on account of restructure	9,581	-	-	-	-
Total cash received	134,561	173,240	182,903	106,756	69,158
Cash used					
Repayment of debt	-	-	-	-	-
Cash to the Official Public Account	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (used by) financing activities	134,561	173,240	182,903	106,756	69,158
Net increase (decrease) in cash and cash equivalents held	52,551	1,904	2,316	1,242	-2,707
Cash and cash equivalents at the beginning of the reporting period	-	52,551	54,455	56,771	58,013
Effect of exchange rate movements on cash and cash equivalents at beginning of the reporting period	-	-	-	-	-
Cash and cash equivalents at the end of the reporting period	52,551	54,455	56,771	58,013	55,306

Table 8: Departmental Statement of Changes in Equity – Summary of Movement (Budget Year 2019-20)

	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2019					
Balance carried forward from previous period	-82,950	-	-	359,818	276,868
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	-82,950	-	-	359,818	276,868
Comprehensive income					
Comprehensive income recognised directly in equity:	-84,999	-	-	-	-84,999
Gain/loss on revaluation of property	-	-	-	-	-
Subtotal comprehensive income	-84,999	-	-	-	-84,999
Surplus (Deficit) for the period	-	-	-	-	-
Total comprehensive income recognised directly in equity	-84,999	-	-	-	-84,999
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital:					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	173,240	173,240
Other	-	-	-	-	-
Sub-total transaction with owners	-	-	-	173,240	173,240
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2020	-167,949	-	-	533,058	365,109

Table 9: Statement of Asset Movements (2019-20)

	Land and Buildings \$'000	Property, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2019				
Gross book value	2,591	366,195	21,108	389,894
Accumulated depreciation/amortisation and impairment	7	71,422	13,394	84,823
Opening net book balance	2,584	294,773	7,714	305,071
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity	-	172,300	941	173,241
By transfer from another agency	-	-	-	-
Total additions	-	172,300	941	173,241
Other movements				
Reclassifications	-	2,583	-2,583	-
Depreciation and amortisation	3	83,575	1,420	84,998
Disposal of entities or other operations (including restructuring)	-	-	-	-
Total other movements	3	86,158	-1,163	84,998
As at 30 June 2020				
Gross book value	2,591	535,912	24,632	563,135
Accumulated depreciation/amortisation and impairment	10	154,997	14,814	169,821
Closing net book value	2,581	380,915	9,818	393,314