



Australian Government
Australian Signals Directorate

ASD

ANNUAL REPORT 2019–20



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Australian Government
Australian Signals Directorate

OFFICE OF THE
DIRECTOR-GENERAL

ASD

Senator the Hon Linda Reynolds CSC
Minister for Defence
Parliament House
CANBERRA ACT 2600

Dear Minister,

Australian Signals Directorate Annual Report 2019–20

In accordance with section 46 of the *Public Governance, Performance, and Accountability Act 2013* (PGPA Act) and section 42A of the *Intelligence Services Act 2001* (ISA), I am pleased to present to you the Australian Signals Directorate's (ASD) Annual Report for 2019–20. This report contains information required by section 17AD of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule), and complies with section 46 of the PGPA Act as modified by the *Public Governance, Performance and Accountability (Australian Signals Directorate Section 105D) Determination 2018*.

As required by section 17AG(2) of the PGPA Rule, I certify that fraud risk assessments and fraud control plans have been prepared for ASD; that ASD has appropriate mechanisms in place for preventing, investigating, detecting, and reporting incidents of fraud; and that all reasonable measures have been taken to deal appropriately with fraud relating to ASD.

Yours sincerely,

Rachel Noble PSM
Director-General
Australian Signals Directorate

12 October 2020

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GLOSSARY OF ABBREVIATIONS AND ACRONYMS

AASB	Australian Accounting Standards Board
ACIC	Australian Criminal Intelligence Commission
ACORN	Australian Cybercrime Online Reporting Network
ACSC	Australian Cyber Security Centre
AISI	Australian Internet Security Initiative
ANAO	Australian National Audit Office
APCERT	Asia Pacific Computer Emergency Response Team
APS	Australian Public Service
APSC	Australian Public Service Commission
ASD	Australian Signals Directorate
ASDARC	ASD Audit and Risk Committee
AUC	Assets under construction
AWEI	Australian Workplace Equality Index
BMC	Business Management Committee
CSSL	Certified Cloud Services List
CPR	Commonwealth Procurement Rules
CRMP	Commonwealth Risk Management Policy
CSS	Commonwealth Superannuation Scheme
DNS	Domain Naming Service
DTA	Digital Transformation Agency
DTIC	Data, Technology, and Infrastructure Committee
EPC	Enterprise Performance Committee
FBT	Fringe Benefits Tax
FOI	Freedom of Information
GCHQ	Government Communications Headquarters
GCSB	Government Communications Security Bureau
GST	Goods and Services Tax
ICT	Information and Communications Technology
IFA	Individual Flexibility Arrangements
IGIS	Inspector-General of Intelligence and Security
IRAP	Information Security Registered Assessors Program
ISA	Intelligence Services Act
JCSC	Joint Cyber Security Centre

JSCG	Joint Staff Consultative Group
LGBTQ+	Lesbian, Gay, Bisexual, Transgender and Queer (or Questioning) Plus
LSL	Long Service Leave
MRC	Management Review Committee
NCSC	National Cyber Security Committee
NIC	National Intelligence Community
ONI	Office of National Intelligence
PaCSON	Pacific Cyber Security Operational Network
PBS	Portfolio Budget Statements
PDNS	Protective Domain Name Service
PGPA	Public Governance, Performance, and Accountability
PJCIS	Parliamentary Joint Committee on Intelligence and Security
PSPF	Protective Security Policy Framework
PSS	Public Sector Superannuation Scheme
ROU	Right of Use
SES	Senior Executive Service
SME	Small and Medium-sized Enterprises
TTP	Tactics, techniques and procedures
UPS	Uninterrupted Power Supply
WHS	Work health and safety



CHAPTER 1 | DIRECTOR-GENERAL ASD'S REVIEW

I am pleased to present the 2019–20 Australian Signals Directorate (ASD) Annual Report.

ASD 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. Throughout 2019–20, ASD continued this critical work with success.

ASD's operating environment has remained complex and challenging during this reporting period, with Australia facing rising threats to national security, economic prosperity and social wellbeing from foreign interference, espionage and cybercrime – with impacts sharpened as a result of the COVID-19 pandemic.

ASD's foreign signals intelligence operations support a range of activities that protect the lives of Australians. These include providing support to Australian Defence Force operations across the globe, tracking the foreign communications of extremists who pose a threat to Australians and Australia's interests, and supporting the safe release of Australians who have been taken hostage overseas.

In an environment where technology plays an increasing role in the daily lives of Australians, our cyber security functions continue to be critical in supporting national security and prosperity. Throughout 2019–20, Australia was targeted by a range of actors who conducted persistent cyber operations that posed significant threats to Australia. The most concerning activity involves the sustained targeting of all levels of government, industry, political organisations, education, health, essential service providers, and operators of other critical infrastructure by a sophisticated state-based actor, as publicly announced by the Prime Minister of Australia and the Minister for Defence on 19 June 2020.

Cybercrime continued to be a pervasive and endemic threat to Australia's economic and social prosperity throughout 2019–20. Cyber criminals follow the money. Australia's relative wealth, high levels of online connectivity and increasing delivery of services through online channels make it a very attractive and profitable target for cybercriminals.

Throughout 2019–20, ASD's Australian Cyber Security Centre (ACSC) has remained focused on emerging cyber threats, including those to critical infrastructure and technologies, cloud computing and small and medium-sized enterprises. The COVID-19 pandemic saw an increase in the operational tempo for the ACSC, with an increase in government and public need for cyber security advice and support tailored to meet the challenges of the threat environment.

A key priority for ASD during 2019–20 has been to continue its engagement with various parliamentary and other oversight bodies, including the Parliamentary Joint Committee on Intelligence and Security; Senate Standing Committee on Foreign Affairs, Defence, and Trade; and Joint Committee on Public Accounts and Audit; as well as the Inspector-General of Intelligence and Security, and the Auditor-General – all of which provide assurance to the Australian public that ASD furthers the national interest while following the letter and spirit of the law. ASD continued efforts for providing greater transparency of its activities with the public release of its inaugural *Report to Parliament on the Commonwealth's Cyber Security Posture*.

To support our analysts in an increasingly complex operating environment, ASD revised its technical and analytical foundations underpinning its cyber and signals

intelligence capability. ASD has focused on analyst training and careers, analytic governance, modernisation of signals intelligence and cyber systems, and best practice capability development. ASD has defined a programme of work to continue its uplift efforts over the coming years.

The COVID-19 pandemic has had a significant impact across the breadth of the Australian Government, and ASD was no exception. In response, ASD implemented a series of business continuity plans to mitigate the effect of COVID-19, ensuring that ASD's most critical functions continued to operate. The outcomes of this can be seen in the success of the ACSC in responding to the increased operational tempo and our ability to continue to deliver to Government against our other core activities.

Critical to this achievement was the safety of ASD's staff. A large portion of the workforce has adopted working from home arrangements to reduce the number of individuals in the workplace. This approach minimised contact among staff, while ensuring that ASD's critical functions continued largely uninterrupted during the pandemic.

An organisation is only as good as its people and the ASD senior management team is fortunate to lead a group of talented, dedicated people with diverse skills willing to overcome challenges in support of Australia's interests. In support of its staff, in 2019–20, ASD publicly released its inaugural Diversity and Inclusion Strategy, which aims to recognise that diversity delivers a richness of talent and inclusiveness that empowers all to excel.

I would like to finish by thanking the staff of ASD for their hard work and dedication over this extraordinary year. ASD is a world-class intelligence and cyber security agency because of the talented, inventive and diverse people that make up the organisation.

Rachel Noble PSM
Director-General
Australian Signals Directorate



CHAPTER 2 | OVERVIEW OF ASD

Purpose

ASD's purpose is to defend Australia against global threats and advance our national interests through the provision of foreign signals intelligence, cyber security and offensive cyber operations, as directed by Government.

ASD operates in accordance with section 7 of the *Intelligence Services Act 2001* (ISA), which states that ASD's functions are 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
- Cooperate with and assist the national security community's performance of its functions.

In order to do this, ASD masters technology and its application to inform (signals intelligence), protect (cyber security) and disrupt (offensive cyber operations).

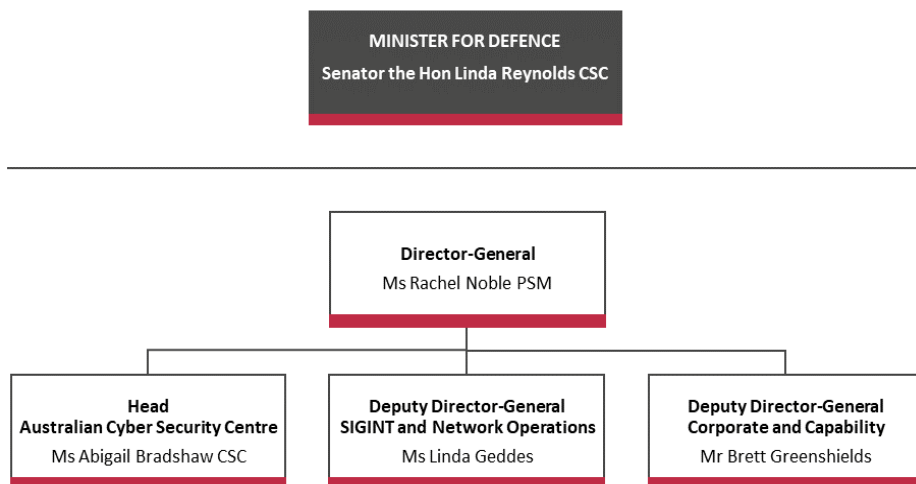
Underpinning ASD's purpose are ASD's five strategic objectives:

- Deliver strategic advantage for Australia by providing intelligence that protects and advances Australia's national interests
- Lead in cyber security, making Australia the safest place to connect online, and foster national cyber security resilience
- Support military operations, enabling the war fighter, and protecting Defence personnel and assets
- Counter cyber-enabled threats, protecting Australia and Australians by countering cyber-enabled crime and disrupting terrorists' use of the internet
- Provide trusted advice and expertise, delivering timely, quality advice to government, law enforcement, businesses and the community.

Organisational structure

ASD is a statutory agency within the Defence portfolio which reports directly to the Minister for Defence, Senator the Hon Linda Reynolds CSC.

Figure 1: ASD's organisational structure



ASD's organisational structure as at 30 June 2020.

Mr Mike Burgess was Director-General ASD and ASD's accountable authority from 1 July 2019 to 14 September 2019.

Lieutenant General John Frewen DSC AM was Acting Director-General ASD and ASD's accountable authority from 15 September 2019 to 15 December 2019.

Ms Rachel Noble PSM was Director-General ASD and ASD's accountable authority from 16 December 2019 to 30 June 2020.



CHAPTER 3 | REPORT ON PERFORMANCE

Introductory statement

ASD's purpose is to defend Australia against global threats and advance our national interests through the provision of foreign signals intelligence, cyber security and offensive cyber operations, as directed by Government.

Following ASD's establishment as a statutory agency in July 2018, ASD has continued to develop and strengthen its enterprise-level governance and performance frameworks through the implementation of a planning framework and revision of its internal reporting mechanisms to measure performance against specified objectives. ASD's ability to publicly report on its performance will be limited by the classified nature of its work; however, the agency is committed to ensuring the most robust measures for determining performance remain in place and provide transparency where possible into the 2020–21 reporting period.

In the 2018–19 ASD Annual Report, the letter of transmittal noted ASD's intent to develop a separate classified report. This was met through the classified report on administration and expenditure presented to the Parliamentary Joint Committee on Intelligence and Security (PJCIS).

As Director-General of the Australian Signals Directorate and the accountable authority of ASD, I present the 2019–20 annual performance statement for ASD, as required by paragraph 39(1) of the *Public Governance, Performance, and Accountability Act 2013* (PGPA Act). In my opinion, the annual performance statement is based on properly maintained records, accurately reflects the performance of ASD in achieving its purpose and complies with section 39(2) of the PGPA Act.

Rachel Noble PSM
Director-General
Australian Signals Directorate
12 October 2020

ASD's performance

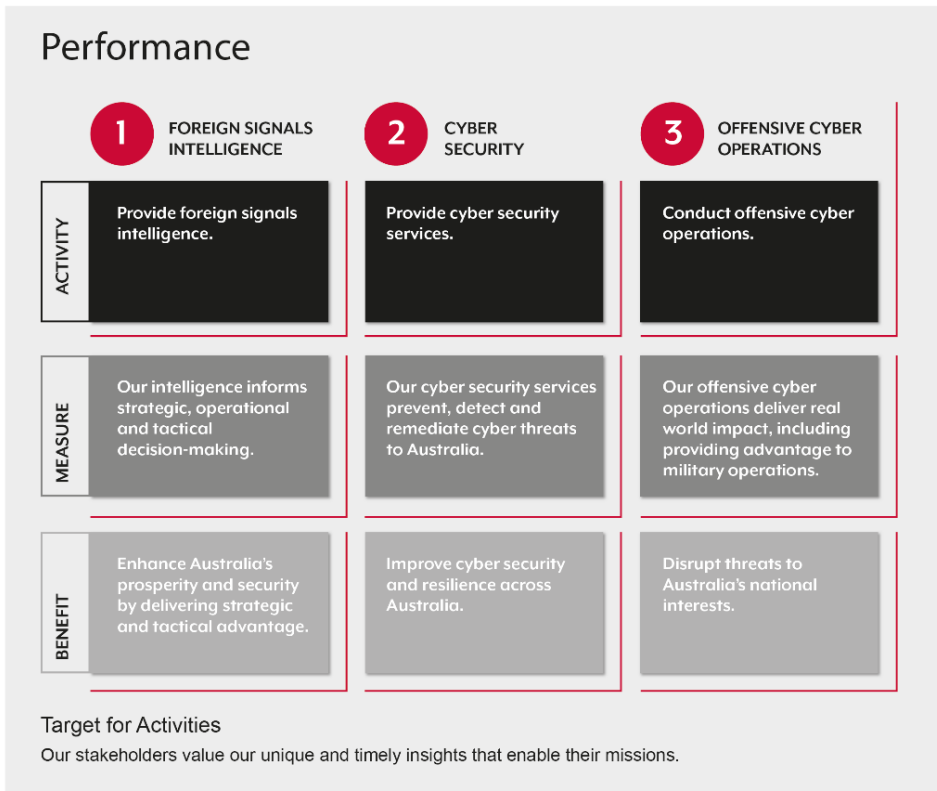
ASD's 2019–20 Corporate Plan focused on three core activities: foreign signals intelligence, cyber security services and offensive cyber operations. Figure 2 sets out these activities, and the associated measure and benefit.

In 2019–20, ASD continued to mature its performance framework, including progressing the establishment of enterprise key performance indicators to guide activities and performance. As ASD has reconsidered its approach to performance oversight, including the effectiveness and practicality of selected methodologies, these key performance indicators and associated performance measures were not in place at the conclusion of this reporting period. Due to the operational impact of the COVID-19 pandemic, ASD also did not launch an external senior-level customer survey during this reporting period. Performance has therefore been assessed using the existing performance criteria and assessment methods identified in the 2019–20 Corporate Plan.

ASD reports regularly on mission-related activities to the Office of National Intelligence (ONI). Further, ASD provides full classified financial reporting to the Australian National Audit Office (ANAO) through the annual audit of its financial statements. ASD activities are also subject to independent and external review through the Inspector-General of Intelligence and Security, with the ANAO also able to conduct audits on any finance and performance matter.

As ASD matured its performance framework it has continued to develop a performance reporting regime to ensure ongoing accountability and transparency of all ASD's activities including those in classified channels. In 2018–19, ASD noted its intent to produce a separate classified report. This was achieved through the annual classified submission to the PJCIS on administration and expenditure. The ASD Annual Report and its classified submission to the PJCIS meet ASD's reporting obligations under both the PGPA Act and ISA.

ASD has committed to building its organisational governance capacity to improve its ability to implement an effective performance framework. Due to the nature of ASD's work, some performance measures will continue to be reported through existing performance frameworks in classified channels.

Figure 2: ASD's performance activities

Foreign signals intelligence – performance analysis

During 2019–20, ASD continued to provide foreign signals intelligence to inform Government's strategic, operational and tactical decision-making. The ONI's annual National Intelligence Community Evaluation process found that ASD was a highly capable and effective signals intelligence agency with advanced levels of analytical, technical and operational tradecraft. Through customer interviews, ONI identified that senior customers placed a very high value on specific lines of ASD reporting.

Cyber security services – performance analysis

Over the reporting period, ASD's ACSC has continued to deliver whole-of-economy cyber security services, in line with its remit to provide cyber security advice and assistance to Australian governments, business and critical infrastructure, as well as communities and individuals.

The ACSC's incident response capabilities span the full range of cyber incidents, from national crises to incidents affecting individual members of the public. In order to manage the broad range of cyber incidents, the ACSC uses a Cyber Incident Categorisation Matrix (see Figure 3) to triage and prioritise the immediate defensive response to mitigate each cyber incident. This allows the ACSC to focus its

resources more effectively, ensuring consistent messaging and an appropriate level of response measures are activated.

Figure 3: Cyber Incident Categorisation Matrix

Sustained disruption of essential systems and associated services	C6	C5 3	C4 3	C3 6	C2	C1	
Exfiltration or deletion/damage of key sensitive data or intellectual property	C6 13	C5 16	C4 9	C3 12	C2 7	C1 4	1
Malware, beaconing or other active network intrusion; temporary system / service disruption	C6 43	C5 71	C4 122	C3 218	C2 79	C1 16	2
Low-level malicious attack – targeted reconnaissance, phishing, non-sensitive data loss	C6 126	C5 96	C4 246	C3 257	C2 224	C1 30	4
Scanning or reconnaissance	C6 96	C5 42	C4 102	C3 236	C2 112	C1 22	3
	Member(s) of the public	Small Organisation(s) Sole Traders	Medium-sized Organisation(s) Schools	State Government Academia/R&D Large Organisation(s) Supply Chain	Federal Government / National infrastructure Supply Chain to CNI	National security Aus essential service(s) CNI	Significant number impacted

During 2019–20, the ACSC responded to 2,266 cyber security incidents of varying significance. Of the 2,266 incidents, the largest proportion were assessed as being 'Category 5' (C5) followed by 'Category 4' (C4). These categories broadly represented malicious cyber activity such as targeted reconnaissance, phishing emails and malicious software impacting larger organisations, key supply chain and Commonwealth and state government entities.

On 19 June 2020, the Prime Minister and the Minister for Defence publicly announced that the Australian Government was aware of, and responding to, a Category 1 level cyber security incident involving the sustained targeting of Australian governments and companies by a sophisticated state-based actor. The ACSC published an advisory titled '*Advisory 2020-008: Copy-paste compromises*' which was derived from the adversaries' heavy use of tools copied almost identically from open source. The advisory details the tactics, techniques and procedures (TTPs) identified during the ACSC's investigation of the cyber campaign, as well as the mitigations to reduce the risk of compromise.

On 30 June 2019, the ACSC launched ReportCyber, replacing the Australian Cybercrime Online Reporting Network (ACORN) previously managed by the Australian Criminal Intelligence Commission (ACIC). Major improvements to ReportCyber continued to be delivered during this reporting period. ReportCyber has simplified Australians' ability to report cybercrimes such as hacking, scams, fraud, identity theft, and attacks on computer systems. This capability has also enabled an improved user reporting experience, greater victim care, including the latest advice and guidance, and more accurate referrals to help police manage processing times.

The ACSC has continued to manage ReportCyber on behalf of federal, state and territory law enforcement agencies. During the period of this report, ReportCyber has processed 59,806 cybercrime reports at an average of 164 cybercrime reports per day, or one report every 10 minutes. The data collected from these reports will help the ACSC and law enforcement agencies to better understand the impacts of cybercrime on the community, track and share trends and patterns in cybercrime as they are reported and more effectively work with other government agencies to disrupt cyber criminals.

The ACSC worked actively with public and private sector organisations to strengthen cyber security arrangements and build resilience. Key activities included:

- delivery of the Government Uplift Program on 25 select government networks, comprising:
 - 'Essential Eight' Sprints conducted between July and December 2019
 - follow-on consolidation of cyber security improvements through administration of the Cyber Security Response Fund
 - improved sharing of cyber security best practice among state, territory and federal governments through the Chief Information Officer / Chief Information Security Officer Forum since June 2019
 - a pilot of ACSC's Strategic Host Based Sensor Program, to facilitate real time threat monitoring and rapid remediation.
- establishing a pilot scalable cyber defence capability, Protective Domain Name Service (PDNS) in February 2020. Five federal government agencies have been successfully on-boarded to date, including approximately 9,000 users
- the Australian Internet Security Initiative (AISI), providing daily threat information about malware infected or vulnerable networks via 4.2 million Active Compromise Reports and 575.2 million Vulnerable/Open Service Reports on vulnerable networks to over 300 member organisations, including Internet Service Providers, state and federal government agencies, medium-to-large private organisations and critical infrastructure
- the ACSC's National Exercise Program, which supported 19 cyber security exercise activities across government and the energy, banking and finance, academia, transport, water, defence industries, health and resource sectors
- expanding the ACSC Partnership Program, which grew during this reporting period to incorporate 667 organisations across all levels of government, critical industry, business, and the academic, research and not-for-profit sectors
- delivering Operational Technology-Information Exchanges around Australia involving hundreds of organisations responsible for vital control systems ranging from electricity and water to transport, health and defence

- providing cyber security support to the Australian Electoral Commission, including vulnerability assessments, advice and assistance, threat briefing and incident response in the lead-up to and during the May 2020 Eden-Monaro by-election, and preliminary activity with the relevant electoral commissions ahead of Northern Territory, Queensland and Australian Capital Territory elections later in 2020.

During 2019–20, the ACSC used a variety of means to provide accurate and timely cyber security advice to Australians including product tailored to address the cyber security challenges across the economy during COVID-19 (see Case Study 1). The ACSC produced:

- the ACSC's Small Business Cyber Security Guide, accompanied by a suite of supporting publications including 11 Step-by-Step Guides and three Quick Wins publications
- twenty-two new *PROTECT* publications on cyber.gov.au for public consumption, including updates to several existing publications
- six unclassified *Sector Snapshots* covering banking and finance, water, education and training, communications, sports and health sectors, designed to inform decisions about investment and allocation of internal resources by executives and cyber security professionals relevant to that critical infrastructure sector
- fifteen Australian Communications Security Instructions to Australian government agencies and associated contractors tasked with the control, handling and maintenance of cryptographic products used to protect classified government information
- monthly updates to the Information Security Manual ensuring that cyber security principles and guidelines remain relevant and applicable for organisations in managing their own risk framework to protect their systems from cyber threats
- seven Information Security product certifications under the Australasian Information Security Evaluation Program.

In June 2020, the ACSC launched the new cyber.gov.au website. This consolidated all cyber-enabled reporting channels across government to provide the breadth of services including incident reporting, threat reporting subscription services, customer management and Protective DNS for whole-of-government and select critical industry systems. The site underwent numerous incremental changes during 2019–20 to modernise, replace and consolidate ACSC-related legacy sites and services, including incorporation of the Stay Smart Online Program. The changes improve the delivery of information by customer segmentation and make it easier for the full spectrum of ACSC customers – from individuals, small and medium-sized business, to large organisations, critical infrastructure and government entities – to access relevant cyber security advice, news and alerts, tailored to their needs.

The ACSC collaborated with industry and government stakeholders on cyber security matters, including:

- supporting the Department of Home Affairs' Critical Infrastructure Centre with technical assessment of critical infrastructure and telecommunications security issues
- extensive consultation with industry and government regarding the replacement of the Cloud Services Certification Program and related Certified Cloud Services List (CCSL), with the industry co-designed Cloud Security Guidance
- initiating enhancements to the Information Security Registered Assessors Program (IRAP) to meet increasing demand for assurance services by government and industry.

Throughout 2019–20, the ACSC helped inform policy makers of the key trends and continuously evolving and sophisticated nature of the threat environment, including by:

- leading six Commonwealth Chief Information Security Officer Forums and two Information Technology Security Adviser Forums, where senior government officials with responsibility for cyber security were able to leverage the collective knowledge and experience of members to improve cyber resilience
- supporting major government policy initiatives to publicly attribute malicious cyber activity through our technical advice and intelligence
- producing upwards of 190 classified and unclassified intelligence assessments, covering the actions of state and non-state actors, global cyber policy developments of relevance to Australia, and the challenges posed by new cyber technologies. The ACSC also provided input on the cyber threat to other intelligence products across government agencies, including supporting the ONI and the Defence Intelligence Organisation
- chairing the National Cyber Security Committee (NCSC), which provides a platform for detailed engagement and collaboration between the Commonwealth and state and territory governments on cyber security issues. Due to an increase in COVID-19 related cyber security threat activity and other targeted incidents affecting state and territory governments, the NCSC has met more regularly than usual: between 23 March and 30 June, the NCSC met on 18 occasions. The ACSC provides threat updates at each NCSC meeting, and has also provided several classified briefings to assist state and territory authorities with their investigations.

Case Study 1: ACSC support provided during the COVID-19 pandemic

The COVID-19 pandemic saw an increase in the operational tempo for the ACSC, with an increase in government and public need for cyber security advice and support tailored to meet the challenges of the threat environment. Key support provided during this reporting period included:

- providing cyber security technical advice to the Digital Transformation Agency (DTA) for the development and ongoing implementation of the COVIDSafe app
- mitigating and disrupting COVID-19 related crimes
- conducting covert disruption and offensive cyber operations to combat COVID-19 themed malicious cyber activity (see Case Study 2)
- providing hospitals and health service providers across the country with cyber security advice, and sharing threat information and technical support to help mitigate risks
- producing tailored cyber security advice, focusing on: teleconferencing solutions, working from home, protecting small and medium-sized enterprise systems, and protecting critical infrastructure networks in the context of remote access requirements.

Case Study 2: Countering COVID-19 Themed Cybercrime

Throughout the COVID-19 pandemic, ASD observed cybercrime actors quickly adopting a range of existing methodologies to take advantage of Australians looking for information about COVID-19 testing, social distancing restrictions and government assistance.

In February 2020, the ACSC observed cybercrime actors registering COVID-19 themed websites in Australia and overseas. These websites were designed to host malicious software (malware) or harvest personally identifiable information. In order to lure unsuspecting Australians to these malicious websites, cybercriminals distributed a range of different email and SMS phishing campaigns, often impersonating government agencies and health officials.

The cybercriminals behind these campaigns were agile, adapting messages to closely align with breaking developments, such as government relief payments or public health guidance, within days – even hours – of these announcements occurring.

In response to this criminal activity, the ACSC took action to mitigate and disrupt COVID-19 related cybercrime, working closely with Australia's telecommunications providers to block access to websites identified as malicious. The ACSC also worked with industry partners to have the websites flagged as malicious, to ensure web-users are warned about these sites before they are able to visit them.

In parallel, ASD mobilised its offensive cyber capabilities, to disrupt foreign cyber criminals responsible for a spate of malicious activities during COVID-19. Those operations included disabling online infrastructure used by the foreign cyber criminals and blocking their access to stolen information.

Case Study 3: National cyber security exercise for Australia's electricity industry

In November 2019, the ACSC coordinated a national cyber security exercise series in partnership with Australia's electricity industry and government agencies. The exercises were designed to strengthen industry and governments' coordinated response to a significant cyber incident affecting Australia's electricity sector.

The series involved two exercises, a two-day operational exercise and a strategic discussion exercise. Participants were from the electricity industry, Australian government agencies and state and territory government agencies. The operational exercise involved 560 personnel from 32 electricity and government organisations. The strategic discussion exercise involved 25 personnel from 23 electricity and government organisations.

The exercise series produced learnings for all participating organisations to further strengthen current arrangements and areas to improve organisational and sector cyber incident response arrangements. The series demonstrated a strong desire by electricity organisations and government agencies to practise and improve arrangements for responding to significant cyber incidents. It also helped to strengthen the ACSC's relationships with the electricity industry, and increase our understanding of the challenges and needs of organisations affected by significant cyber incidents.

Organisations that participated in the operational exercise invested significant time and resources into planning, exercise conduct and evaluation, and the success of the series was dependent on contributions from, and participation by, organisations. Feedback provided to the ACSC was that the exercise provided value to organisations and planners like the flexibility of the distributed exercise model for the operational exercise, which the ACSC adopted from the North American Electric Reliability Corporation's Electricity Information Sharing and Analysis Centre (NERC's E-ISAC). One participant said the exercise provided their organisation with an opportunity to test its security incident response process. Another participant said their executive gained valuable insights on what is required in a significant cyber event.

Partnerships and engagements

ASD's ACSC engages directly with the private and public sectors through a range of mechanisms and forums. The ACSC Partnership Program is the primary vehicle for organisations to engage with the ACSC, and also allows partners to collaborate across sectors with their cyber security professional peers.

In their statement on 19 June 2020 on malicious cyber activity against Australian networks, the Prime Minister and the Minister for Defence publicly encouraged Australian organisations to become ACSC Partners in order to access the latest cyber threat advice. In the three weeks following this statement, the ACSC received 990 expressions of interest in the program.

The Partnership Program is primarily delivered through the Joint Cyber Security Centres (JCSCs) around Australia. The JCSCs create a trusted, neutral

environment, driving collaboration and information sharing on joint cyber security challenges and opportunities and propagating this across all sectors.

During 2019–20 the JCSCs built collaboration across the Australian economy, hosting interactive workshops, presentations, training sessions, information exchanges and working groups, as well as providing facilitated space for collaborative working and information sharing. ACSC Partners also collaborate actively on the JCSC Slack channel.

Examples of collaboration and information sharing facilitated by the ACSC Partnership Program and JCSCs include:

- spearphishing training delivered to over 500 attendees
- regular sector and general 'drop-in days' in the Centres, with over 100 partners attending larger sessions
- advance notification for partners of significant ACSC investigations
- support and education provided to small and medium-sized businesses across Australia
- regular threat intelligence exchange sessions for industry and government.

While the COVID-19 pandemic has meant that the JCSCs have been unable to host in-person events and collaboration for much of the final quarter of the reporting period, the ACSC has pivoted to providing events virtually. Between 1 April and 30 June, the JCSC ran 19 virtual events for partners across videoconference and Slack. Events have ranged from smaller discussion groups for partners on areas of specific relevance, such as videoconferencing security, to larger discussions on the general threat environment facing partners, and a question and answer session with ACSC incident response experts to discuss the ACSC's 'Copy Paste' Advisory.

Cyber security threats and incidents continue to traverse international borders and impact Australia's domestic and offshore interests. The ACSC maintains strong international relationships with global cyber security counterparts in order to share information, mitigate incidents and enhance Australia's cyber security resilience.

The ACSC participates in numerous international engagement and capacity-building activities, to build our collective resilience to cyber security threats and, ultimately, advance Australia's national cyber security objectives. During 2019–20, these included the following:

- The Asia Pacific Computer Emergency Response Team (APCERT) is a community of Computer Emergency Response Teams and Computer Security Incident Response Teams dedicated to encouraging and supporting cyber security cooperation in the Asia-Pacific region. APCERT has an operational focus, with objectives to help create a safe and reliable cyberspace in the Asia-Pacific through global collaboration. The APCERT community continues to collectively detect, prevent and mitigate malicious cyber activity through the sharing of threat information, working-group activities, training and drills. In 2019–20, the ACSC concluded its fourth and final term as Chair of the APCERT Steering Committee, but remained an APCERT Steering

Committee Member. ACSC's sponsorship of CERT Tonga for APCERT Operational Membership demonstrates its proactive support of partners in international forums.

- The Pacific Cyber Security Operational Network (PaCSON) is designed to facilitate cooperation and collaboration across the Pacific to strengthen the region's cyber security posture. PaCSON provides a working-level network of cyber security incident response professionals in the Pacific – its members are the people responsible for their respective governments' responses to cyber security incidents. In 2020, COVID-19 impacted planned face-to-face events including a cyber security information exchange, an annual general meeting and a series of technical and strategic workshops. In response, the ACSC – in collaboration with PaCSON Members – transitioned PaCSON activities further online.

Offensive cyber operations – performance analysis

ASD uses its offensive cyber capability against a range of adversaries to protect Australians and Australia's national interests. Offensive cyber operations involve a broad range of offshore activities designed to deter, disrupt, degrade and deny adversaries in support of Government national security priorities.

Deter and respond to malicious cyber intrusions and attacks

On 7 April 2020, the Minister for Defence announced that ASD was using its offensive cyber capabilities to disrupt offshore cybercriminals responsible for a spate of malicious activities during the COVID-19 pandemic, including stealing money and data from Australians. ASD pivoted its offensive cyber capability to address this emerging threat, including by disabling the cybercriminals' infrastructure and blocking their access to stolen data.

Plan and execute offensive cyber operations in support of the ADF

ASD remains committed to increasing transparency around our offensive activities, legal authorities and ethical responsibilities. In December 2019, in support of this commitment, acting Director-General ASD provided information on operation Glowing Symphony, a 2016 operation against Islamic State in support of the Australian Defence Force (ADF). ASD and its partners disrupted Islamic State propaganda computer networks by accessing accounts, locking out users, gathering intelligence and deleting content. This prevented users from accessing platforms and material used to recruit terrorists, hindering Islamic State capabilities.

Disrupt, degrade, deny and deter offshore cyber criminals

On 4 March 2020, the Director-General made public the details of ASD's collaboration with UK counterpart Government Communications Headquarters (GCHQ) to disrupt cybercrime offshore. ASD and GCHQ conducted an operation targeting cybercriminals selling credit card details on the dark web. This enabled the identification of over 200,000 stolen credit cards globally, including 11,000 Australian cards, preventing a potential loss of approximately \$90 million globally and over \$7.5 million domestically.

Report on financial performance

In 2019–20, the Government provided ASD with \$763.9 million in appropriation funding for ordinary annual services and a further \$176.8 million for capital investment. Included in its appropriation was \$23.3 million in new funding, provided to enhance ASD's capabilities in areas of high priority to the Government. Included in this amount, ASD received \$6.3 million to compensate for unfavourable movements in foreign exchange. In addition, ASD received \$4.1 million in cost recovery revenue from other government entities, primarily for the provision of TOP SECRET ICT services.

ASD's financial statements show a deficit attributable to the Australian Government of \$99.2 million. When adjusted for depreciation, which is an unfunded Government-approved expense, ASD's result from operations in 2019–20 is a surplus of \$32.3 million (4.2 per cent of revenue).

Throughout 2019–20, ASD's management has worked in partnership with the Department of Defence and the Department of Finance to continue to refine ASD's financial management arrangements given ASD's change in status to an independent statutory agency. A formal review of the shared services arrangements between ASD and Defence will be conducted in the 2020–21 financial year.

ASD's financial statements, including a summary of ASD's total resources and payments, is provided at Appendix B.

The nature of ASD's activities require it to continuously invest in talented people and new technology to ensure its capabilities remain contemporary and relevant to its functions. ASD established a Departmental Capital Budget through a transfer of funding from Defence, commencing in 2020–21 to provide funding for investment in future ASD capabilities.



CHAPTER 4 | MANAGEMENT AND ACCOUNTABILITY

Corporate governance

As a statutory agency in the Defence portfolio, ASD reports directly to the Minister for Defence, Senator the Hon Linda Reynolds CSC. ASD operates under the PGPA Act and the *Intelligence Services Act 2001* (ISA). The Director-General ASD is the accountable authority of ASD.

All of ASD's activities are subject to oversight from the Inspector-General of Intelligence and Security (IGIS). ASD's performance and financial statements are auditable by the Auditor-General.

The Parliamentary Joint Committee on Intelligence and Security (PJCIS) provides further oversight of ASD's administration, expenditure, enabling legislation, and any matters referred by the Australian Senate, House of Representatives, or a Minister of the Australian Government. ASD also appears before the Senate Standing Committee on Foreign Affairs, Defence and Trade during Estimates hearings.

Corporate Plan

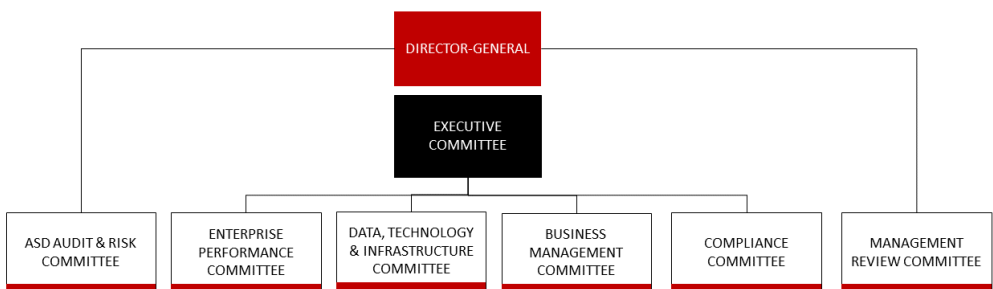
On 28 August 2019, ASD published its second corporate plan, covering the period 2019–20 to 2023–24.

The course of the two corporate plans now published by ASD has remained constant as ASD continues its maturation process since becoming a statutory agency on 1 July 2018, including strengthening its reporting and performance framework and governance functions.

Governance framework

The Director-General is assisted in administering ASD by the Executive Committee and its subcommittees (see Figure 4). ASD's governance framework was streamlined during 2019–20 with an amalgamation of subcommittees and will continue to undergo further reform over the next reporting period.

Figure 4: ASD Governance Framework



Executive Committee

ASD's Executive Committee is the primary decision-making committee within ASD, with the Director-General ASD as the accountable person.

The role of the Executive Committee is to provide advice to the Director-General ASD, set the strategic direction for ASD, and provide oversight of all ASD activities. The Executive Committee assists

Director-General ASD to ensure ASD meets the highest standards of governance, performance and accountability, with Director-General ASD having ultimate decision-making authority on all issues.

The Executive Committee met fortnightly during 2019–20.

ASD Audit and Risk Committee (ASDARC)

In accordance with section 45 of the PGPA Act, the ASDARC comprises external and internal members and has a responsibility to monitor, review, and where appropriate, make recommendations to the Director-General ASD with respect to financial reporting; performance reporting; and systems of risk oversight, including fraud risk assessment, deterrence and prevention; systems of internal control; and internal and external audit.

The Committee's charter sets out its authority, composition and tenure, role and responsibilities, and reporting and administrative arrangements. The charter is available on ASD's website at www.asd.gov.au.

The individuals listed in Table 1 held positions on the Committee during the reporting year.

Table 1: Positions held on ASDARC during 2019–20

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / total number of meetings	Total annual remuneration (\$)
Geoff Knuckey	<i>Qualifications:</i> Bachelor of Economics (ANU), FCA, GAICD and Registered Company Auditor. <i>Notable Role:</i> Independent Chair of ASDARC since its establishment and serves on the board of audit committees for a number of government and private sector entities.	5 of 5	\$9,350
Vivienne Thom AM	<i>Qualifications:</i> Graduate of the Australian Institute of Company Directors and qualifications in government investigations. <i>Notable Role:</i> Former Australian Government agency head and an inaugural member of ASDARC.	5 of 5	\$12,870
Janine McMinn	<i>Qualifications:</i> Bachelor of Arts (Computing, Statistics) (ANU), FAICD, CISA, CISM. <i>Notable Role:</i> An inaugural member of ASDARC who provided the Committee with 34 years' experience in internal audit and information technology.	5 of 5	\$4,826
Mike Noyes	<i>Qualifications:</i> Bachelor of Science (Honours), Masters of International Studies, Graduate Diploma Applied Finance. <i>Notable Role:</i> Member of ASDARC since early 2020.	2 of 5	\$0**
Lynn Moore	<i>Qualifications:</i> 38 years of experience across the ASD business areas. <i>Notable Role:</i> An inaugural member of ASDARC who provided the Committee subject matter expertise on ASD's operations.	0 of 1*	\$0**
Craig Beutel	<i>Qualifications:</i> Masters in Military and Defence Studies. <i>Notable Role:</i> Joined the Committee in late 2019 and offered the Committee 14 years of intelligence, operational and policy experience.	3 of 5	\$0**

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / total number of meetings	Total annual remuneration (\$)
David Bartu	<i>Qualifications:</i> 29 years' worth of experience in signals intelligence across the Australian Defence Force and ASD. <i>Notable Role:</i> An inaugural member of ASDARC, holding his position until March 2020. Offered the Committee operational expertise in leading and directing effects in support of ASD's objectives.	3 of 5	\$0.00**
Jacinta Harrison	<i>Qualifications:</i> Post Graduate Certificate in National Security Policy and a certification in Business Continuity Management, Portfolio, Program and Project Management (ANU). <i>Notable Role:</i> Joined the Committee in early 2020 and provided the Committee 20+ years of experience in various operational and technical roles within ASD.	2 of 5	\$0.00**

*Apologies for the August meeting were sent. Ms Moore left ASD in late 2019.

**A Commonwealth employee does not receive additional remuneration when serving as a Committee member.

Business Management Committee

The Business Management Committee (BMC) is ASD's whole-of-enterprise decision-making and consultation forum for ASD's key enterprise enablement activities. The BMC was formed during 2019–20 by the amalgamation of the Finance Committee and the People Committee.

The BMC advises the Executive Committee on matters relating to people, finance, facilities and estate, workplace health and safety, risk, security and compliance, and ensures they remain aligned with ASD's legislative requirements.

The BMC is chaired by Deputy Director-General Corporate and Capability and has met five times since its inception during 2019–20.

Enterprise Performance Committee

The Enterprise Performance Committee (EPC) is ASD's decision-making, reporting, and recommending forum for considering ASD's performance against objectives across the enterprise. The EPC is responsible for ensuring there is effective oversight, accountability, and management of ASD's performance.

The EPC advises the Executive Committee on matters relating to enterprise performance – including risks to performance and alignment to ASD's purpose, strategic direction, and priorities.

The EPC was chaired by Principal Deputy Director for the three EPC meetings held during 2019–20. From May 2020, the EPC has been chaired by Deputy Director-General Corporate and Capability. The EPC met three times during 2019–20.

Data, Technology, and Infrastructure Committee

The Data, Technology, and Infrastructure Committee (DTIC) is ASD's peak data and technology decision-making committee. The DTIC takes a whole of organisation perspective on capability, risk, and investment to optimise ASD's strategic outcomes through mastery of data and technology.

The DTIC advises the Executive Committee on significant data and technology investments, capability risk, infrastructure and services lifecycle management, and data management and handling. During 2019–20, the DTIC's role evolved to include portfolio management oversight.

The DTIC is chaired by Deputy Director-General Corporate and Capability. The DTIC met nine times during 2019–20.

Management Review Committee

ASD's Management Review Committee (MRC) is the key body for managing staff wellbeing and personnel security risks for the agency.

Where required, the MRC considers potential issues of concern related to employee organisational suitability in a manner which balances intelligence-related equities and appropriate personnel management.

The MRC does not consider issues related to the security clearance process, broader employment conditions, Code of Conduct, other administrative investigations or performance management activities.

The MRC is chaired by the Deputy Director-General Corporate & Capability and Deputy Director-General Signals Intelligence and Network Operations. The MRC met 23 times during 2019–20.

Compliance Committee

The Compliance Committee is the responsible body for ensuring ASD meets the highest standards of governance, performance and accountability through the establishment and maintenance of best practice compliance and oversight procedures.

Where required, the Compliance Committee ensures all compliance breaches, suspected and confirmed, are investigated following established procedures, reviews emerging compliance issues and assesses ASD's legal and regulatory frameworks in line with legislation and review recommendations.

The Compliance Committee is chaired by the Deputy Director-General Corporate & Capability and met quarterly during 2019–20.

Management of risk and fraud

Risk management

As a non-corporate Commonwealth entity, ASD must comply with the *Commonwealth Risk Management Policy* (CRMP), which supports the requirements of sections 16 and 21 of the PGPA Act.

ASD continues to embed risk management principles to support timely decision-making and reporting, prioritisation of resources, increased compliance and efficiency, and continual improvement in operations. The ASDARC is a key component of ASD's enterprise-level risk management success.

Managing risk well enables ASD to achieve its purpose, strategic objectives and to meet government priorities. ASD is committed to promoting a positive risk culture to ensure an open and proactive approach to risk is used. ASD continues to balance opportunity and accountability while operating with integrity to manage risk to ensure the Australian public's trust and confidence are maintained.

During the reporting period, ASD reviewed its existing Risk Management Policy and Framework to support a positive risk culture while continuing to maintain alignment with ASD's business objectives, legislative requirements, the Commonwealth risk management policy and industry best practice.

Fraud control and prevention

All staff within ASD's mission, regardless of seniority, must adhere to policies and procedures and be held accountable for their actions. ASD takes all reasonable steps to minimise the potential for fraud by designing and implementing internal controls that prevent, detect and deal with fraudulent behaviour. ASD takes a stringent approach to fraud of 'educate, trust and verify'. Given ASD's role, operating environment and reliance on partners, the protection of its people, information and assets is paramount.

All staff members are responsible for ensuring strong, robust and effective fraud control. In 2019, ASD undertook a fraud risk assessment and developed a Fraud

Control Plan to ensure that fraud risks are adequately mitigated, monitored, reported, and controlled.

Every two years, ASD staff members must complete mandatory training on fraud and integrity awareness. Fraud educational messaging is regularly promoted through activities such as International Fraud Awareness Week and the Department of Defence's *Into the Mind of a Fraudster* podcast series.

During the reporting year, ASD participated in the Australian Institute of Criminology's Annual Fraud against the Commonwealth Census for the first time as a statutory agency.

ASD staff members can also make disclosures of suspected wrongdoing through the Public Interest Disclosure Scheme or to the Inspector-General of Intelligence and Security. During the reporting year, ASD investigated two allegations of inappropriate financial transactions with one displaying a potential fraud element. Both allegations were investigated under section 48(1) of the *Public Interest Disclosure Act 2013*. The investigation found no fraud or misconduct had occurred. ASD reported the findings of the investigation to the IGIS and the ANAO.

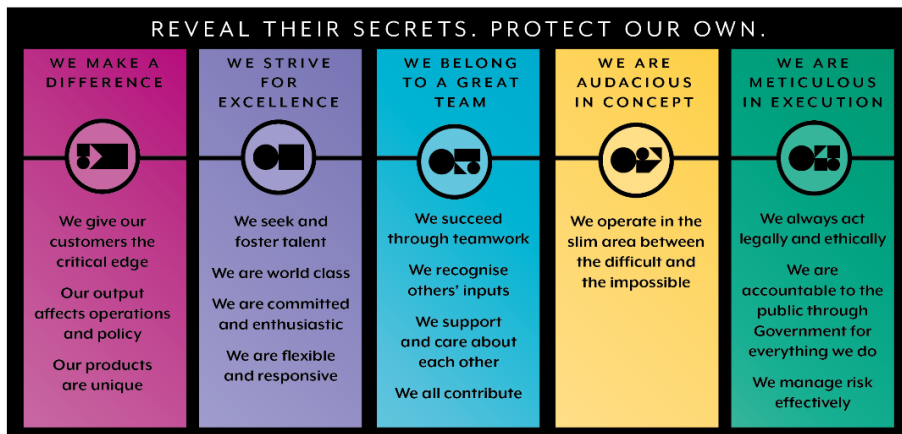
Ethical model

ASD's ethical structure is shaped around the legislation that governs ASD business and activities, and is embedded in its organisational values.

ASD has a robust internal operational compliance and oversight function to ensure it complies with the spirit and letter of the law. ASD's internal programs provide timely operational compliance advice, policy and training, as well as carrying out self-regulatory functions through investigations and assurance activities. Combined, these internal programs are designed to ensure ASD undertakes all mission activities in accordance with legislation, policy and Ministerial Directions. ASD also works closely with the IGIS, who provides independent assurance to Ministers, the Parliament and the public that ASD acts with legality, propriety and consistency with human rights.

ASD staff are committed to upholding organisational values (Figure 5), which are an integral aspect of ASD's culture and are reflected in the Code of Conduct.

Figure 5: ASD Values



External scrutiny

Parliamentary Joint Committee on Intelligence and Security

Section 28 of the ISA establishes the Parliamentary Joint Committee on Intelligence and Security (PJCIS), and section 29 gives the PJCIS the function to review ASD's administration and expenditure.

ASD appeared before the PJCIS at a classified hearing on 13 September 2019 as part of its *Review of Administration and Expenditure No. 17 (2017–2018) – Australian Intelligence Agencies*.

ASD provided the PJCIS with a classified written submission as part of its *Review of Administration and Expenditure No. 18 (2018–2019) – Australian Intelligence Agencies* on 14 February 2020. ASD was scheduled to appear before PJCIS as part of this Review on 31 March 2020; however, PJCIS postponed this hearing due to the COVID-19 pandemic. This hearing was not rescheduled during the reporting period.

Alongside the Department of Defence, ASD appeared before the PJCIS as part of its *Inquiry into the impact of the exercise of law enforcement and intelligence powers on the freedom of the press* on 20 September 2019. Records of ASD's evidence can be found in the PJCIS Hansard. ASD also made a submission to the PJCIS as part of this inquiry.

Senate Standing Committee on Foreign Affairs, Defence, and Trade

As a statutory agency within the Defence portfolio, ASD appears before the Senate Standing Committee on Foreign Affairs, Defence and Trade for Estimates hearings. ASD testified before the Committee on 23 October 2019 and on 4 March 2020. Records of ASD's evidence to the Committee can be found in the Estimates Hansard.

As part of the portfolio, ASD was also scheduled to appear before the Committee in June 2020 as part of the 2020–21 Budget Estimates hearings. However, these hearings were subsequently rescheduled as the Parliamentary sitting calendar was revised.

Inspector-General of Intelligence and Security

The Inspector-General of Intelligence and Security (IGIS) is an independent Statutory Officer who reviews the activities of the National Intelligence Community, including the activities of ASD. IGIS undertakes independent checks across ASD's operational activities, investigates complaints received by their office, and reports ASD's compliance performance through their annual report.

During 2019–20, IGIS undertook a regular inspection program of activities across ASD's operational functions, which included visits to ASD facilities, meetings with ASD staff and audits of ASD documentation.

ASD works closely with IGIS to provide information about ASD's activities, particularly where questions of legal compliance or propriety might arise. During 2019–20, this included providing technical briefings and operational updates, support for a new IGIS-initiated project, and details about legal advice provided to ASD.

During 2019–20, ASD reported three confirmed breaches of legislation to IGIS. Upon identification of these breaches ASD initiated an investigation to provide an in-depth analysis of the incident, and proposed recommendations to mitigate reoccurrence. Two of these breaches were reviewed by IGIS, and the findings and recommendations of the investigations were supported. As at 30 June 2020, ASD is in the process of finalising the report for IGIS's review into the remaining breach.

In addition, two breaches reported by ASD to IGIS in 2018–19 were finalised in 2019–20. The findings and recommendations of ASD's investigations were supported by IGIS.

Briefings to the Leader of the Opposition

Section 27D of the ISA requires Director-General ASD to consult regularly with the Leader of the Opposition in the House of Representatives for the purposes of keeping them informed on matters relating to ASD. During 2019–20, Director-General ASD met with the Leader of the Opposition, the Hon Anthony Albanese MP for this purpose.

Australian National Audit Office

The Australian National Audit Office (ANAO) supports the Auditor-General to provide a full range of audit and assurance services to the Parliament and Commonwealth public sector entities and statutory bodies specified in the *Auditor-General Act 1997*. The ANAO is a regular observer of ASDARC meetings.

ASD works closely with the ANAO to provide information about ASD's activities. During the reporting year, the ANAO undertook a series of financial statements activities to provide relevant and reliable information about ASD's financial performance and position.

In early 2020, the ANAO commenced a performance audit to assess the effectiveness of cyber security risk mitigation strategies of select non-corporate Commonwealth entities and the support provided by responsible cyber policy agencies against the requirements of the Protective Security Policy Framework (PSPF). ASD continues to respond to requests for information in support of this audit activity. The outcomes of this audit are expected to be tabled in Parliament in late 2020.

In May 2020, in response to a request from the ANAO, ASD reported that all recommendations contained in the ANAO's *Auditor-General Report No.53 of 2017–18 on Cyber Resilience* had been implemented.

Judicial and administrative decisions

No judicial decisions or decisions made by administrative tribunals were deemed to have had a significant effect on the operations of ASD during the 2019–20 reporting period.

People capability

Human resource management

ASD employees are engaged under the ISA. In accordance with the ISA, ASD adopts the principles of the *Public Service Act 1999* in relation to employees to the extent to which the Director-General ASD considers they are consistent with the effective performance of the function of the agency.

During 2019–20, ASD continued to utilise a shared service arrangement with the Department of Defence to supplement the provision of specialist human resource functions provided internally. Across 2019–20, ASD strengthened the role of human resources and its contribution to organisational objectives through a range of recruitment, retention and work health and safety (WHS) activities.

ASD is committed to building its workforce to be professional, accountable and responsive, with programs in place to drive high-quality leadership outcomes.

Recruitment

ASD is focusing on attracting, retaining and developing the workforce we need today and into the future.

At the end of the 2019–20 financial year, ASD employed 1,952 full-time equivalent staff. ASD's ongoing separation rate was 8.1 per cent in 2019–20.

The attraction of high-quality and specialised candidates to meet ASD's mission continues to be one of ASD's highest priorities. During the year a number of enhancements were made to ASD's recruitment systems and processes. In particular, improvements were made to enable greater transparency for selection panels and authorised delegates to monitor the progress of recruitment requests and track candidates as they move through the mandatory security clearance requirements.

In parallel, improvements to ASD's selection approach facilitated recruitment at scale for a number of critical technical roles including cyber operators and intelligence analysts required to support ASD's missions.

Through the COVID-19 pandemic, ASD transformed selection methods to include a number of online assessments and video interview options, ensuring recruitment and subsequent onboarding was able to continue.

Entry level programs

In 2019–20, ASD engaged in the whole-of-government Digital Apprentice and Cadet Programs facilitated by the Digital Transformation Agency (DTA). As a result, ASD employed 29 cadets and 13 apprentices as part-time staff while they completed their studies.

ASD also participated in the Defence Graduate Program (Defence Policy and Intelligence Pathway). The Defence Graduate Program allows graduates across all degree disciplines to apply for permanent employment within ASD. During 2019–20, 66 graduates joined ASD across three streams: 39 Analysts, 6 Corporate and 21 Technologists.

Retention

Learning and development

ASD designs and delivers bespoke training to support ASD's mission, and facilitates access to external development opportunities for ASD staff.

During 2019–20, ASD's tailored training reached over 1,700 staff and focused on intelligence skillsets and skill applications unique to the classified environment.

Face-to-face training ceased in early March 2020 in response to the COVID-19 pandemic. As an alternative, ASD provided access to Learn@Home, a series of curated training content to support self-paced professional development. From March to May, ASD published seven Learn@Home guides covering leadership and professional development topics, including self-awareness, building resilience and working remotely. A Learn@Home guide was also published to develop the skills of ASD's technical and analyst staff in a work-from-home capacity. This guide is separated into different mission skills training categories:

- Language
- Analysis
- Technical: Cyber Security
- Technical: Networking, Coding & Other
- Geopolitics and Signals Intelligence Reading
- Project Management & Systems Engineering

As part of the Learn@Home offering, ASD also produced:

- Unclassified Cyber Security and Sigint Games model, involving the participation of 60 work-from-home analysts and compliance specialists. The Games is a comprehensive series of unclassified, open source activities & challenges to train analysts.
- ASD Foundations Training in a remote work-from-home format. The foundations training consists of knowledge pillars underpinning the work of ASD, including critical thinking, geopolitics, telecommunications, public service, leadership and team skills, and data literacy.

Leadership

ASD's approach to leadership development in 2019–20 has focused on providing executive coaching for SES, and facilitating access to existing training from the Australian Public Service Commission (APSC), Defence and ONI for the broader workforce.

Staff consultation

During 2019–20, ASD sought to prioritise open communication and staff engagement when significant decisions are made, particularly decisions relating to employment. This shift has seen a review into the functions of the Joint Staff Consultative Group (JSCG), a consultative forum at the enterprise

level between ASD and employee representatives. The revised JSCG encouraged greater sharing of information, communication on relevant issues and the exchange of ideas between management and employees.

Diversity and Inclusion

ASD is committed to a respectful and inclusive workplace where it is safe for its people to bring their whole selves to work. ASD's strength, resilience, and creativity derive from differences in age, backgrounds, caring responsibilities, cultures, neurodiversity, physical abilities, religions and sexualities.

ASD's Diversity and Inclusion Strategy 2019–2022 is supported by a Diversity and Inclusion team and provides enterprise-level guidance to drive cultural change, achieve workforce capability requirements, and align diversity and inclusion activities with strategic and corporate plans. ASD has an overarching senior executive (SES) champion for diversity and inclusion, as well as SES champions for each employee network.

ASD's employee networks form an essential part of creating a diverse and inclusive culture where all staff feel valued, respected, welcomed and safe, including:

- The ASD+ Network – supporting gender and sexual diversity communities including lesbian, gay, bisexual, transgender, intersex employees
- The ATSI@ASD Network – Aboriginal and Torres Strait Islander Network, supporting First Australian employees
- The Parent and Carers' Network – supporting employees with parenting responsibilities
- The Women's Leadership Council – supporting gender equity.

The Department of Defence is a member of the Diversity Council of Australia and Pride in Diversity. ASD employees use the tools and services provided by these networks to help guide best practice initiatives and actions in workplace diversity and inclusion. In 2019–20, ASD supported its employee networks to mark thirteen days of significance and deliver numerous knowledge sharing and engagement events and initiatives to the workforce.

Gender and sexuality

In 2019, ASD maintained gender parity in the Senior Executive Service with 18 women and 19 men.

ASD also undertook a broad range of internal initiatives to improve gender equality. The Women's Leadership Council delivered a number of events under the theme 'Accessible Leadership,' including supporting a National Intelligence Community panel event for International Women's Day 2020, and hosting Dr Elizabeth Broderick for a speaking event to mark International Day for the Elimination of Violence against Women 2019.

In 2019, 50 ASD staff undertook Ally training with Pride in Diversity, which aims to explain the importance of LGBTQ+ workplace inclusion, outline appropriate terminology and explore challenges faced by LGBTQ+ employees. In 2020, ASD received participation status with the Australian Workplace Equality Index (AWEI),

which is the first step of four tiers in AWEI's LGBTQ+ inclusion employer support program. ASD+ led a number of initiatives to mark days of significance including the International Day Against Homophobia, Biphobia and Transphobia 2020, and Wear it Purple 2019.

Closing the gap – Australia's First Peoples and the wider Australian population

ASD takes pride in recognising and respecting the Traditional Owners of the lands and in acknowledging Elders past, present and future. ASD is committed to delivering on the Government's objective to 'close the gap' between First Australians and the wider Australian community and contribute to the national reconciliation journey. This work is supported by a dedicated working group, who are working to create opportunities for, and stronger relationships with, First Australians.

In 2019–20, ASD progressed work against the development of a Reflect Reconciliation Action Plan, marked Reconciliation Week 2020, NAIDOC Week 2019, and partnered with the New Zealand Government Communications Security Bureau (GCSB) to mark the 2019 International Day of the World's Indigenous Peoples.

ASD demonstrates respect for First Australian peoples, cultures, lands, and histories through leveraging online cultural awareness training from the Department of Defence, engagement in cultural activities, and providing opportunities for First Australian employees to connect with colleagues and networks from the National Intelligence Community (NIC), wider government and First Australian organisations.

Flexible roles and parenting outreach

ASD is committed to supporting its people in maintaining a positive work-life balance, and we take an 'if not, why not?' approach to flexible work. This approach emphasises an employee's ability to request a flexible working arrangement and to discuss this with their manager. The onus is on managers to demonstrate why a role cannot be filled flexibly, rather than an employee demonstrating why it can.

The types of flexible work arrangements currently available in ASD include flexible working hours, time off in lieu, alternative working environments (telework), part-time work, and shift work.

ASD supports the Parenting Outreach program, which was established by the Parent and Carers' Network to help new parents keep up professional and personal networks while on longer-term leave. Both the Parent and Carers' Network and Parenting Outreach program provide support to assist parents to manage the balancing act upon their return to work, including through the use of flexible work arrangements.

Disability reporting

The *National Disability Strategy 2010–2020* sets out a 10-year national policy framework to improve the lives of people with a disability, promoting participation and creating a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and show how people with disability are faring. The first of these progress reports was published in 2014, and can be found on the Department of Social Services website at www.dss.gov.au.

ASD's reporting of the number of employees with disability or chronic illness relies on individuals self-identifying. One of the ongoing challenges is the reluctance to report for fear of stigma and negative stereotypes associated with disability in the workplace. ASD provides support to people who identify as Neurodiverse and as differently abled, by connecting them via peer-to-peer support networks. ASD staff are also encouraged to access communities and networks in the Defence portfolio.

Appendix C provides information on the diversity of ASD's workforce, including statistics on people with a disability.

Work health and safety

ASD is committed to providing a safe working environment and ensuring the health, safety and welfare of its staff. Staff can access work health and safety (WHS) information through the ASD intranet and directly through the WHS team; they are able to contribute to ASD's overall safety culture through a network of Health and Safety Representatives.

In 2019–20 ASD continued to promote a proactive approach to WHS. During the year the most significant WHS initiatives were:

- providing workstation assessments and, where needed, rehabilitation case management services to meet the health, safety and rehabilitation needs of the workforce
- supporting ASD staff throughout the COVID-19 pandemic, particularly in relation to the transition to working from home and the provision of information to assist in safe ergonomic arrangements
- undertaking mental health initiatives to support staff including the introduction of Therapy Dogs.

Incident reporting

During 2019–20, 72 workplace incidents/hazards were reported. While this is an increase on the 43 incidents/hazards reported in the previous year, the rate of injuries has decreased by 26 per cent, demonstrating a positive reporting culture. Corrective actions were implemented to eliminate or minimise reported risks to prevent further occurrences.

Three incidents were notified to Comcare under Part 3 of the *Work Health and Safety Act 2011* (WHS Act). No directions were given to ASD under section 217 Part 11 of the WHS Act.

ASD conducts WHS inspections across all locations twice a year to assess compliance with ASD's WHS management system and to identify areas for improvement.

Psychological safety

ASD has a strong focus on mental health and wellbeing, which is pivotal to maintaining an emotionally resilient workforce.

ASD staff have access to an embedded Psychological Services team which provides counselling and therapeutic interventions for a range of issues and, where relevant, refers staff to the Defence Intelligence Agencies Employee Assistance Services panel for external support.

ASD-embedded psychologists provide a range of relevant training and presentations to staff on mental health topics including: working with potentially traumatic material; managing anxiety; and managing stress and resilience. In addition to this a member of the psychology team presents at all staff inductions to normalise help-seeking and to ensure all staff entering the agency are aware of the available services. The Psychological Services team maintains connections across the NIC psychology forums to stay abreast of relevant issues for staff within the NIC.

In addition, ASD maintains a Management Review Committee (MRC) as the key body for managing staff wellbeing and personnel security risks for the agency. Where required, the MRC considers potential issues of concern related to employee organisational suitability in a manner which balances intelligence-related equities and appropriate personnel management.

Performance Management

All ASD employees and their ASD and Australian Defence Force supervisors are required to participate in the Performance Feedback Assessment and Development Scheme (PFADS).

PFADS supports a strong performance culture, as it provides a framework for employees and their supervisors to discuss and establish expectations regarding performance and behaviour, to recognise, reward and reinforce performance, and to identify and encourage improvement where improvements need to be made.

The foundation of the performance framework is frequent quality performance conversations, between an employee and their supervisor, throughout the performance cycle. By regularly discussing performance, sharing ongoing feedback and acknowledging achievements and performance, supervisors and employees create a sustainable and strong performance culture.

ASD's annual performance cycle runs from 1 September to 31 August. Key events in the performance cycle include:

- frequent clarity, check-in and closing conversations that occur continually throughout the performance cycle, to discuss particular work activities
- three defined checkpoint conversations to set expectations, review performance and assess performance, that occur at distinct points within the performance cycle, to discuss the standard of work performance and expectations of the employee.

ASD's performance management process is underpinned by policies to assist supervisors to lead and encourage employees to high performance and improve poor performance.

ASD Determination

During this reporting period, ASD operated under its first ASD Conditions of Employment (Non-SES) Determination 2018, which was made by the Director-General ASD under subsection 38A(3) of the ISA.

The determination was made on 21 June 2018, and came into effect on 1 July 2018, to align with ASD's transition to an independent statutory agency. The current determination will nominally expire on 16 August 2020. Across the 2019–20 reporting period, ASD has been actively preparing for its next Employment Determination.

ASD's SES workforce are employed under the ASD Conditions of Employment (SES) Determination 2018.

These two determinations provide for a range of non-salary benefits, including leave entitlements, access to flexible working arrangements, and part-time work. These benefits aim to highlight ASD's investment in its staff, particularly in the pursuit of additional training and development.

Table 2 shows the types of employment arrangements covering SES and non-SES arrangements in ASD as at 30 June 2020.

Table 2: SES and non-SES employees by employment arrangement

Employment arrangement (headcount)	Non-SES	SES
ASD Conditions of Employment (Non-SES) Determination	2,046	0
ASD Conditions of Employment (SES) Determination	0	34
Other	1	0

Service Allowance non-salary benefits

ASD introduced a new 'ASD Service Allowance' on 2 March 2020, under the ASD Conditions of Employment (Non-SES) Determination 2018 and the ASD Conditions of Employment (SES) Determination 2018. The ASD Service Allowance is paid at 4 per cent of base salary to eligible staff who are employed under these determinations and is managed within ASD's exiting appropriation.

The allowance was introduced following a period of consultation with employees and their representatives and was implemented to recognise the significant personal, physical and information security requirements imposed on staff. The ASD Service Allowance is consistent with other National Intelligence Community entities which apply similar allowances.

Non-salary benefits

ASD offers its staff a number of additional benefits that are not included under the provisions of the Determination, including:

- annual influenza immunisation
- in-house capability development programs
- a confidential employee assistance program for employees and their immediate families

- study assistance to eligible employees
- access to flexible working arrangements.

Security

ASD undertakes its missions in accordance with sound, risk-based security practices that protect the organisation's most important equities, and are attuned to the sensitivity of the functions and activities being performed. ASD is also a shared service provider of security assurance to the Defence Intelligence Agencies.

Through 2019–20, ASD met its mandatory security obligations under the PSPF, including providing its inaugural PSPF report as a statutory agency to the Minister for Defence and the Attorney-General.

ASD's security framework is a critical factor in shaping the behaviour of ASD's staff. This framework enables ASD to undertake its mission in accordance with sound, risk-based practices and supports obligations under the PGPA Act and the PSPF. Security training provides a strong foundation for reinforcing the importance of a sound security posture and culture through a suite of mandatory training and iterative security-awareness raising and education programs tailored to the workforce.

Portfolio management

The Portfolio Management Office is an essential element in ASD's planning and performance framework. Implementation of the key recommendations from a review of portfolio management conducted in 2019 has further enhanced the decision-making and oversight of investments in major capability programs, enabling the organisation to make informed investment decisions on new and existing priority projects or programs within the agency.

The Portfolio Management Office has expanded in response to the increased scope of the function. This has enabled the implementation of the portfolio management governance framework, including the rollout of portfolio-level reporting tools and dashboards to support investment decisions, and the development of prioritisation and benefits frameworks.

Between October 2019 and February 2020, the Portfolio Management Office undertook a review of ASD's major investments. This enabled ASD to find program savings across its portfolio in order to provide offsets for key capability requirements, including the measures announced by the Prime Minister and the Minister for Defence on 30 June 2020.

In accordance with ASD's Portfolio Management Framework, a Portfolio Register was developed during this reporting period. This measure will improve portfolio management practices within ASD.

ICT shared services delivery

ASD provides shared services at the TOP SECRET level of classification to a number of Commonwealth entities. This offers a more cost-effective approach that improves the scope, consistency and security of classified services available.

Asset management

As at 30 June 2020, ASD has a total of \$994.270 million (net book value) of assets under its control, including:

- \$290.636 million of plant and equipment
- \$466.308 million of buildings and infrastructure
- \$26.006 million of intangibles
- \$0.244 million of heritage assets
- \$211.074 million of other items, including cash, receivables and prepayments.

This asset portfolio directly contributes to the achievement of ASD's mission and is a critical enabler for the organisation.

ASD recognised \$444.116 million in right of use lease assets following the adoption of Australian Accounting Standards Board (AASB) 16 from 1 July 2019, and these have been recognised as a part of the buildings and infrastructure category of assets.

ASD's unique requirement to efficiently procure, rapidly deploy and effectively manage complex assets continues to be a priority for the organisation. ASD's asset management framework is currently under review to ensure that it is consistent with best practice standards and continues to be in line with Australian Accounting Standards. ASD assets are valued at fair value.

Procurement

During the 2019–20 period, ASD adhered to the *Commonwealth Procurement Rules* (CPRs) and associated policy and guidelines. ASD continued to use its two professional services panels to meet the majority of its contractor capability delivery and support requirements.

In accordance with the CPRs, ASD made use of whole-of-government and coordinated procurement arrangements, with a particular focus on the purchase of equipment and systems, through the Digital Transformation Agency. ASD leveraged Department of Defence procurement mechanisms where these offered economy-of-scale benefits to both parties.

ASD's procurement compliance was reviewed by management and reported to ASDARC during 2019–20. No significant issues have been identified and compliance was acceptable during the reporting period.

In relation to procurement, no financial material issues have been identified. However, internal audits noted opportunities for improvements in the existing procurement capability in terms of training and competency, delegation framework and ensuring an overall risk-based approach is adopted in establishing the procurement arrangements.

Consultants

In 2019–20, ASD applied the CPRs and Department of Finance and Department of Defence guidance relating to the categorisation, selection and engagement of consultants. ASD entered into four new consultancy contracts involving total actual expenditure of \$567,573. No additional consultancy contracts were active during the period.

In support of its establishment as a statutory agency, ASD engaged consultants to provide independent and expert advice on a range of functional areas that are key to ASD's successful operation, including management support and advisory services, and human resource services.

In accordance with the CPRs, details of all of these contracts have been reported on AusTender.

Table 3: Number of and expenditure on consultants

	Total
No. of new contracts entered into during the period	4
Total actual expenditure during the period on new contracts (inc. \$GST)	\$567,573
No. of ongoing contracts engaging consultants that were entered into during a previous period	0
Total actual expenditure during the period on ongoing contracts (inc. \$GST)	\$0

Exempt contracts

ASD publishes information on the value of contracts and consultancies on the AusTender website. ASD is not required to publish certain information on AusTender where it has been determined by the Director-General ASD that such publication would disclose exempt matters under the *Freedom of Information Act 1982*. During 2019–20, ASD exempted 78 contracts with a total value of \$132 million.

Small business

ASD supports small business participation in the Australian Government procurement market. Small and medium-sized enterprise participation statistics are available on the Department of Finance's website.

ASD's procurement practices to support small and medium-sized enterprises include:

- adoption of standing offers such as the Digital Marketplace, which provides access to a large number of small and medium-sized enterprises
- the selection of small and medium-sized enterprises, under ASD's standing-offer panel arrangement, for the provision of contractor personnel providing ICT capability and support roles

- the use of the Commonwealth Contracting Suite for relevant procurements valued at less than \$200,000
- the use of electronic systems to facilitate the Department of Finance's Procurement On-Time Payment Policy for Small Business, including payment cards.

Advertising

ASD has no material advertising expenditure to report for the 2019–20 reporting period.

Grants

ASD did not provide any grants during the 2019–20 reporting period.

Information Publication Scheme

ASD is exempt from the operation of the *Freedom of Information Act 1982* and does not have an Information Publication Scheme.

Non-compliance with finance law

ASD did not record any significant instances of non-compliance with the finance law which would require a report to the Minister for Defence and the Minister for Finance in accordance with section 19 of the PGPA Act during 2019–20.

Electoral expenses

ASD does not fall within the definition of agencies covered by the reporting requirements of s311A of the *Commonwealth Electoral Act 1918*.

Australian National Audit Office access clauses

ASD's standard contract templates and the Commonwealth Contracting Suite include provisions allowing the Auditor-General to have access to the contractor's premises to audit relevant information relating to the performance of that contract.

Ecological sustainable development and environmental performance

ASD's shared services agreement includes the provision of a range of property and estate services. The Department of Defence has a Defence environmental policy which applies to these services ensuring the:

- delivery of a sustainable estate
- understanding and management of environmental impacts
- containment and minimisation of pollution

- increasing efficiency of resource consumption
- recognition and management of Defence estate heritage value.

In 2019–20, ASD conducted an extensive infrastructure refurbishment program for its site in Russell, ACT during the year which has yielded significant energy efficiency gains. Upgrades to monitoring systems, such as Uninterrupted Power Supply units, will enable swift identification of abnormal energy use and the replacement of chiller units that provide critical cooling functions has resulted in a threefold efficiency improvement. This project was conducted in accordance with current National Construction Code energy efficiency and equipment standards.



APPENDIX A | AGENCY RESOURCE STATEMENT

Australian Signals Directorate

STATEMENT BY THE DIRECTOR-GENERAL AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Signals Directorate will be able to pay its debts as and when they fall due.

Signed

Ms Rachel Noble PSM
Director-General
Australian Signals Directorate

Signed

Mr Philip Davies
Chief Financial Officer
Australian Signals Directorate



APPENDIX B | FINANCIAL STATEMENTS INCLUDING EXPENSES BY OUTCOME

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STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2020

		2020	2019	Original Budget 2020
	Notes	\$'000	\$'000	\$'000
EXPENSES				
Employee benefits	1.1A	262,796	240,419	269,950
Suppliers expenses	1.1B	438,377	475,871	478,339
Depreciation and amortisation	2.2A	131,474	60,027	84,998
Finance costs		3	-	-
Interest on lease liabilities		5,086	-	-
Write-down and impairment of assets	1.1C	31,109	2,997	-
Foreign exchange losses	1.1D	28	161	-
Total Expenses		868,873	779,475	833,287
LESS:				
OWN-SOURCE INCOME				
Revenue from contract with customers	1.2A	3,031	4,347	4,076
Resources received free of charge		158	168	-
Total own-source revenue		3,189	4,515	4,076
Gains				
Reversals of previous asset write-downs and impairment	2.2A	2,602	115	-
Total gains		2,602	115	-
Total own-source income		5,791	4,630	4,076
Net cost of services		(863,082)	(774,845)	(829,211)
Revenue from Government	1.2B	763,900	743,530	744,212
Deficit attributable to the Australian Government		(99,182)	(31,315)	(84,999)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves	2.2A	18,084	11,302	-
Total other comprehensive income		18,084	11,302	-
Total comprehensive loss attributable to the Australian Government		(81,098)	(20,013)	(84,999)

The above statement should be read in conjunction with the accompanying notes.

Budget Variances Commentary

The financial statements provide a comparison of the original budget as presented in the 2019–20 Portfolio Budget Statements (PBS) to the 2019–20 final outcome as presented in accordance with Australian Accounting Standards for the Australian Signals Directorate. The Budget is not audited.

As per the Department of Finance's guidance on an accounting standard, the following threshold has been disclosed:

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10%; and
- the variance between budget and actual is greater than 2% of total expenses; or
- the variance between budget and actual is below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of ASD.

In some instances, a budget has not been provided for in the PBS, for example non-cash items such as asset revaluations, foreign exchange and sale of asset adjustments. Unless the variance is considered 'major' no explanation has been provided.

Statement of Comprehensive Income*Supplier Expenses*

Supplier expenses were lower than budget predominately due to the reclassification of \$31.2 million in lease payments from suppliers expenses to depreciation expense on right of use assets on adoption of AASB16. In addition, some procurement was delayed due to COVID-19 restrictions.

Depreciation and amortisation

Depreciation expenses were higher than budget as the adoption of AASB16 resulted in the recognition of \$41.7 million in depreciation expense on right of use assets.

STATEMENT OF FINANCIAL POSITION

for the period ended 30 June 2020

		2020	2019	Original Budget 2020
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial Assets				
Cash and cash equivalents	2.1A	35,630	-	54,455
Trade and other receivables	2.1B	80,168	16,057	4,353
Total financial assets		115,798	16,057	58,808
Non-Financial Assets ¹				
Buildings and infrastructure	2.2A	466,308	42,033	2,581
Plant and equipment	2.2A	290,638	262,257	380,915
Intangibles	2.2A	26,006	24,115	9,818
Heritage assets	2.2A	244	244	-
Prepayments	2.2B	95,276	107,848	15,707
Total non-financial assets		878,472	436,497	409,021
Total assets		994,270	452,554	467,829
LIABILITIES				
Payables				
Bank overdraft		-	2,245	-
Suppliers payables		90,848	38,146	38,536
Employee payables	2.3A	9,775	4,406	-
Other payables	2.3B	860	5,984	-
Total payables		101,483	50,781	38,536
Interest Bearing Liabilities				
Leases	2.4A	379,619	-	-
Total interest bearing liabilities		379,619	-	-
Provisions				
Employee provisions		93,223	76,474	64,184
Total provisions		93,223	76,474	64,184
Total liabilities		574,325	127,255	102,720
NET ASSETS		419,945	325,299	365,109
EQUITY				
Contributed equity		522,318	345,312	533,058
Reserves		29,386	11,302	-
Accumulated deficit		(131,759)	(31,315)	(167,949)
TOTAL EQUITY		419,945	325,299	365,109

1. Right-of-use assets are included in the following line items: Buildings and Infrastructure

The above statement should be read in conjunction with the accompanying notes.

Budget Variances Commentary

Statement of Financial Position

Cash and cash equivalents

Refer to the Cash Flow Statement for budget variance explanations.

Trade and other receivables

Total trade and other receivables were higher than budget for the appropriation receivable, mainly due to lower cash payments, in particular lower cash used supplier expenses.

Non-financial assets

Buildings and infrastructure assets are higher than budgeted due to the adoption of AASB16 resulting in the recognition of \$444 million in right of use assets. When this adjustment is included, and when buildings and infrastructure, plant and equipment and intangibles are viewed as a whole, these items are in line with budget.

Prepayments

The prepayment asset is higher than budget as the budget was underestimated, which were not known at the time of the 2019–20 PBS. The prepayment asset is in line with 2018–19 actuals.

Leases

The leases liability is a result of the adoption of AASB16.

Employee provisions

Employee provisions are higher than budget due to actuarial adjustments and an increase in both staff and average leave balance per person.

Equity

Refer to Statement of Changes in Equity for budget variance explanations.

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original budget 2020 \$'000
CONTRIBUTED EQUITY				
Opening balance		345,312	-	359,818
Adjustment for non-financial assets		<u>170</u>		
Adjusted opening balance		345,482	-	359,818
Contribution by owners				
Equity injection - Appropriations	3.1A	176,836	124,200	173,240
Restructuring		<u>-</u>	<u>221,112</u>	-
Closing balance as at 30 June		522,318	345,312	533,058
ACCUMULATED DEFICIT				
Opening balance		(31,315)	-	(82,950)
Adjustment for prior period appropriation		<u>(2,804)</u>	-	-
Adjustment on initial application of AASB 16		<u>1,542</u>	-	-
Adjusted opening balance		(32,577)	-	(82,950)
Comprehensive income				
Deficit for the period		<u>(99,182)</u>	<u>(31,315)</u>	(84,999)
Closing balance as at 30 June		(131,759)	(31,315)	(167,949)
ASSET REVALUATION RESERVE				
Opening balance		11,302	-	-
Comprehensive income				
Other comprehensive income	2.2A	<u>18,084</u>	<u>11,302</u>	-
Closing balance as at 30 June		29,386	11,302	-
TOTAL EQUITY				
Adjusted Opening balance		325,299	-	276,868
(Deficit) for the period		<u>(100,444)</u>	<u>(20,013)</u>	(84,999)
Other Comprehensive Income		<u>18,084</u>		
Equity injection - Appropriations		177,006	124,200	173,240
Restructuring		<u>-</u>	<u>221,112</u>	-
Closing balance as at 30 June		419,945	325,299	365,109

The above statement should be read in conjunction with the accompanying notes.

Accounting Policy

(a) Equity Injections

Amounts appropriated which are designated as 'equity injections' (less any formal reductions) are recognised directly in contributed equity in that year.

(b) Restructuring of Administrative Arrangements

Net assets/liabilities received from or relinquished to another Australian Government agency or authority under a restructuring of administrative arrangements are recognised as contributions or distributions of equity respectively, at their net book value.

Budget Variances Commentary

Statement of Changes in Equity

Asset Revaluation Reserve

No budget was provided for in the PBS for asset revaluations due to the uncertainty in measurement and its non-cash nature.

STATEMENT OF CASHFLOWS

for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget 2020 \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		700,648	737,884	744,212
Goods and services (including cost recovery)		-	3,023	4,072
Interest received		-	1	-
GST received		33,225	12,287	46,130
Other		401	1,170	-
Total cash received		734,274	754,365	794,414
Cash used				
Employees		(248,176)	(222,730)	(267,013)
Suppliers		(405,180)	(509,596)	(479,365)
GST paid		(32,575)	(14,571)	(46,130)
Section 74 receipts transferred to OPA		-	(1)	-
Other		-	(14)	-
Interest payments on lease liabilities		(5,086)	-	-
Total cash used		(691,017)	(746,912)	(792,509)
Net cash from operating activities		43,257	7,453	1,905
INVESTING ACTIVITIES				
Cash used				
Purchase of buildings and infrastructure		(27,521)	(25,723)	-
Purchase of plant and equipment		(108,308)	(105,722)	(172,300)
Purchase of intangibles		(17,528)	(8,890)	(941)
Total cash used		(153,357)	(140,335)	(173,241)
Net cash used by investing activities		(153,357)	(140,335)	(173,241)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		179,007	130,636	173,240
Total cash received		179,007	130,636	173,240
Cash used				
Principal payments of lease liabilities		(31,037)	-	-
Total cash used		(31,037)	-	-
Net cash from financing activities		147,970	130,636	173,240
Net increase/(decrease) in cash held		37,870	(2,246)	1,904
Cash and cash equivalents at the beginning of the reporting period		(2,245)	-	52,551

		2020	2019	Original Budget 2020
	Notes	\$'000	\$'000	\$'000
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period		5	1	-
Cash and cash equivalents at the end of the reporting period	2.1A	35,630	(2,245)	54,455

The above statement should be read in conjunction with the accompanying notes.

Budget Variances Commentary

Statement of Cashflows

GST received, GST paid and Suppliers cash used

GST received and paid is driven by cash used with suppliers. All are lower than budgeted due to a decrease in supplier expenses.

Interest payments on lease liabilities, Principal payments of lease liabilities cash used

The impacts of AASB 16 Leases on cash flow were not factored in at the time of the preparation of the budget, resulting in variances across a number of cashflow items.

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

for the period ended 30 June 2020

	2020 \$'000	2019 \$'000	Original Budget 2020 \$'000
NET COST OF SERVICES			
Deficit attributable to the Australian Government	-	-	-
Total comprehensive income/(loss)	-	-	-

The above schedule should be read in conjunction with the accompanying notes.

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES

as at 30 June 2020

	2020 \$'000	2019 \$'000	Original Budget 2020 \$'000
ASSETS			
Cash and cash equivalents	13,088	19,568	-
Total assets administered on behalf of Government	13,088	19,568	-
LIABILITIES			
Other payables	13,088	19,568	-
Total payables	13,088	19,568	-
Total liabilities administered on behalf of Government	13,088	19,568	-
Net assets	-	-	-

The above schedule should be read in conjunction with the accompanying notes.

ADMINISTERED RECONCILIATION SCHEDULE

for the period ended 30 June 2020

	2020 \$'000	2019 \$'000
Opening assets less liabilities as at 1 July	-	-
Closing assets less liabilities as at 30 June	-	-

ADMINISTERED CASH FLOW STATEMENT*for the period ended 30 June 2020*

	2020	2019
	\$'000	\$'000
Cash and cash equivalents at the beginning of the reporting period	19,568	-
Cash from the Official Public Account		
Special Accounts	<u>2,449</u>	<u>25,978</u>
Total cash from the Official Public Account	<u>2,449</u>	<u>25,978</u>
Cash to the Official Public Account		
Special Accounts	<u>(8,929)</u>	<u>(6,410)</u>
Total cash to the Official Public Account	<u>(8,929)</u>	<u>(6,410)</u>
Cash and cash equivalents at the end of the reporting period	<u>13,088</u>	<u>19,568</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview

Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 and section 105D of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements have been prepared in accordance with the:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period

as amended by section 105D of the PGPA Act 2013

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except where certain assets and liabilities are recorded at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars unless otherwise specified.

Comparative figures have been adjusted, where required, to conform to changes in presentation of the financial statements in the current period.

New Australian Accounting Standards

All new, revised, amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period are as follows:

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions ¹ , and adjustment to financial statements
<p>AASB 15 <i>Revenue from Contracts with Customers</i> / AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i> and AASB 1058 <i>Income of Not-For-Profit Entities</i></p>	<p>AASB 15, AASB 2016-8 and AASB 1058 became effective 1 July 2019.</p> <p>AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 <i>Revenue</i>, AASB 111 <i>Construction Contracts</i> and Interpretation 13 <i>Customer Loyalty Programmes</i>. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 <i>Contributions</i> and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received.</p>
<p>AASB 16 <i>Leases</i></p>	<p>AASB 16 became effective on 1 July 2019.</p> <p>This new standard has replaced AASB 117 <i>Leases</i>, Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>, Interpretation 115 <i>Operating Leases—Incentives</i> and Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>.</p> <p>AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>

Application of AASB 15 *Revenue from Contracts with Customers* / AASB 1058 *Income of Not-For-Profit Entities*

ASD adopted AASB 15 and AASB 1058 using the modified retrospective approach, meaning any accounting impacts the initial application of the standards, prior to 1 July 2019, have been adjusted through retained earnings and the comparatives have not been restated.

In determining which revenue standard to use, ASD first determines whether an 'enforceable agreement' exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), ASD applies AASB 1. If the criteria are not met, ASD then assesses whether AASB 1058 applies.

In relation to AASB 15, ASD elected to apply the new standard to all newly agreed contracts and to uncompleted contracts from the date of initial application, being 1 July 2019. ASD is required to aggregate the effect of all of the contract modifications that occur before the date of initial application.

In terms of AASB 1058, where ASD received volunteer services free of charge that would have otherwise been purchased, the services are to be recorded at fair value if they can be reliably measured.

The transition to, and implementation of, AASB 1058 did not have a material impact on ASD. Therefore, no transition adjustments were required on 1 July 2019.

Application of AASB 16 Leases

ASD adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

AASB 16 provides several 'practical expedients' to ease a lessees' adoption process when initially adopting the Standard. As such, ASD has applied the following practical expedients:

- For contracts entered into before 1 July 2019, ASD adopted the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Therefore, for the contracts that were not identified as a lease under AASB 117, no reassessment was performed, except for the Defence Shared Services Arrangement, which was reassessed for clarity within the financial statements. Notwithstanding the aforementioned Defence Shared Services Arrangement, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.
- For contracts entered into before 1 July 2019 and were previously classified as 'operating leases' under AASB 117, the following practical expedients were applied:
 - A single discount rate was applied to a group of leases with reasonably similar characteristics; and
 - right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as at 1 July 2019 were not recorded.

Under AASB 16, ASD recognises right-of-use assets and lease liabilities for most leases. However, ASD has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

ASD recognised right-of-use assets and lease liabilities in relation to leases of office space, which had previously been classified as operating leases. The right-of-use assets were measured as follows:

- a) Office space: measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments
- b) All other leases: measured at an amount equal to the lease liability

The lease liabilities were measured at the present value of the remaining lease payments, discounted using ASD's incremental borrowing rate as at 1 July 2019. ASD's incremental borrowing rate is the rate at which a similar borrowing could be

obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 1.067%.

Impact on transition

On transition to AASB 16, ASD recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

Impact on Transition of AASB 16

Departmental	1 July 2019
Right-of-use assets - property, plant and equipment	444,116
Lease liabilities	408,983
Retained earnings	1,542

The following table reconciles the Departmental minimum lease commitments disclosed in ASD's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019
Minimum operating lease commitment at 30 June 2019	239
Less: short-term leases not recognised under AASB 16	(239)
Add: Adjustments as a result of reassessed under AASB 16	338,792
Plus: effect of extension options reasonable certain to be exercised	110,156
Undiscounted lease payments	448,948
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(39,965)
Lease liabilities recognised at 1 July 2019	408,983

Significant Accounting Judgements and Estimates

Except where specifically identified and disclosed, ASD has determined that no accounting assumptions and estimates have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

Taxation

ASD is exempt from all forms of taxation except Fringe Benefits Tax (FBT), the Goods and Services Tax (GST) and certain excise and customs duties.

Reporting of Administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Events after the reporting period

There are no post balance date events with a material effect on the Departmental or Administered financial statements.

1. Financial Performance

This section analyses the financial performance of the ASD for the year ended 30 June 2020.

1.1 Expenses

	2020 \$'000	2019 \$'000
1.1A: Employee benefits		
Wages and salaries	193,570	172,712
Superannuation		
Defined contribution plans	21,614	18,774
Defined benefit plans	11,706	11,684
Leave and other entitlements	29,998	30,012
Separation and redundancies	285	444
Other employee expenses	5,623	6,793
Total employee benefits	262,796	240,419

Accounting Policy

Employee benefits are based on the relevant employment agreements and legislation. Liabilities for wages and salaries (including non-monetary benefits), annual leave and other entitlements expected to be wholly settled within 12 months of the reporting date are measured at their nominal amounts. All other employee benefit liabilities (including long service leave) are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

(a) Leave

The liability for employee benefits includes provisions for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of ASD is estimated to be less than the annual entitlement for sick leave. The leave liabilities are calculated on the basis of employees' remuneration, including ASD's employer superannuation contribution, at the estimated rates that will be applied at the time that leave is taken, to the extent that leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of the Australian Government Actuary in the current year. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

(b) Separation and Redundancy

Provision is made for separation and redundancy benefit payments. ASD recognises a provision for termination when it has a detailed formal plan for the terminations and has informed those employees affected that the terminations will be carried out.

(c) Superannuation

Employees of ASD are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS Accumulation Plan (PSSap) and other superannuation schemes held outside the Commonwealth. The CSS and PSS are defined benefit schemes for the Australian Government.

The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance as an administered item. ASD makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of ASD's employees. ASD accounts for these contributions as if they were contributions to defined contribution plans in accordance with AASB 119. The liability for superannuation recognised in the departmental statements as at 30 June represents outstanding contributions yet to be paid.

(d) Paid Parental Leave

ASD provides payments to employees under the Government Paid Parental Scheme. The receipts received are offset by the payments made to the employees and any balance outstanding at the end of the year is recognised as a liability.

Accounting Judgements and Estimates

As required by AASB 119 *Employee Benefits*, liabilities for short-term employee benefits expected to be paid within 12 months of the end of reporting period are measured at the one year Commonwealth government bond rate of 0.25 per cent. Liabilities for long-term employee benefits are discounted using the 10 year Commonwealth government bond rate of 1.00 per cent.

	2020 \$'000	2019 \$'000
1.1B: Suppliers expenses		
Goods supplied	24,065	19,057
Services rendered	413,671	454,115
Short-term leases	52	75
Workers compensation expenses	589	2,624
Total suppliers	438,377	475,871

1. ASD has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

ASD has short-term lease commitments of \$1,756,000 as at 30 June 2020.

The above lease disclosures should be read in conjunction with the accompanying notes 2.2A and 2.4A.

Financial statement audit services valued at \$155,000 were provided free of charge to ASD by the Australian National Audit Office (ANAO) and are recorded at the fair value of resources received (2019: \$168,000). No other services were provided by the auditors of the financial statements.

Accounting Policy

Short-term leases and leases of low-value assets

ASD has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). ASD recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Resources received free of charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as revenue.

	2020 \$'000	2019 \$'000
1.1C: Write-down and impairment of assets		
Write-down and impairment of property, plant and equipment	22,928	2,058
Write-down and impairment of intangible assets	8,181	939
Total write-down and impairment of assets	31,109	2,997

	2020 \$'000	2019 \$'000
1.1D: Foreign exchange losses		
Foreign exchange gains		
Non-speculative	(765)	(74)
Foreign exchange losses		
Non-speculative	793	235
Total net (gain)/loss foreign exchange	<u>28</u>	<u>161</u>

Accounting Policy

Transactions denominated in a foreign currency are converted at the exchange rate on the date of transaction. Foreign currency receivables and payables are translated at the exchange rate at the balance date.

Non-financial items that are measured at cost in a foreign currency are translated using the spot exchange rate at the date of the initial transaction. Non-financial items that are measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

All exchange gains and losses are reported in the Statement of Comprehensive Income.

1.2 Own-Source Revenue and Gains

	2020 \$'000	2019 \$'000
Own-Source Revenue		
1.2A: Revenue from contract with customers		
Rendering of services	3,031	4,347
Total revenue from contract with customers	3,031	4,347
Type of customer:		
Australian Government entities (related parties)	2,702	
Non-government entities	329	
	3,031	
Timing of transfer of goods and services:		
Over time	3,031	
Point in time	-	
	3,031	

Accounting Policy

Revenue from contracts with customers is recognised when control has been transferred to the buyer. ASD determines a contract is in scope of AASB 15 when the performance obligations are required by an enforceable contract and the performance obligations within the enforceable contract are sufficiently specific to enable ASD to determine when they have been satisfied. ASD determines there to be an enforceable contract when the agreement creates enforceable rights and obligations. Performance obligations are sufficiently specific where the promises within the contract are specific to the nature, type, value and quantity of the services to be provided and the period over which the services must be transferred.

The following is a description of principal activities from which ASD generates its revenue:

- ICT services related to the provision of top secret network to the Department of Defence and other agencies, satisfied over the period of the contract which runs in line with the financial year.

The transaction price is the total amount of consideration to which the ASD expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. All consideration promised in contracts with customers is included in the transaction price.

ASD expects to recognise as income any liability for unsatisfied obligations associated with revenue from contracts with customers within the next 12 months.

Receivables for services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

	2020 \$'000	2019 \$'000
1.2B: Revenue from Government Appropriations		
Departmental appropriations	<u>763,900</u>	<u>743,530</u>
Total revenue from Government	<u>763,900</u>	<u>743,530</u>

Accounting Policy

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when ASD gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

ASD draws down appropriations on a just-in-time basis. The undrawn appropriations as at 30 June 2020 are reflected as a receivable and are available to be drawn down to meet future obligations. Appropriations receivable are recognised at their nominal amounts.

2. Financial Position

This section analyses ASD's assets used to conduct its operations and the operating liabilities incurred as a result

2.1 Financial Assets

	2020 \$'000	2019 \$'000
2.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	<u>35,630</u>	<u>-</u>
Total cash and cash equivalents	<u>35,630</u>	<u>-</u>

Accounting Policy

Cash and cash equivalents includes notes and coins held, any deposits in bank accounts held at call with a bank, and cash held in special accounts. Cash is measured at its nominal amount. Cash and cash equivalents denominated in a foreign currency are converted at the exchange rate at the balance date.

	2020 \$'000	2019 \$'000
2.1B: Trade and Other Receivables		
Goods and services receivables		
Goods and services	3,845	1,542
Total goods and services receivable	3,845	1,542
Appropriations receivables		
For existing programs	69,259	8,178
Total appropriations receivable	69,259	8,178
Other receivables		
GST receivable from the Australian Taxation Office	5,611	3,127
Other	1,453	3,210
Total other receivables	7,064	6,337
Total trade and other receivables (gross)	80,168	16,057
Less impairment allowance	-	-
Total trade and other receivables (net)	80,168	16,057

Credit terms for goods and services were within 30 days (2019: 30 days).

Accounting Policy

Trade receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any loss allowance.

The receivables for goods and services are generally receivable within 30 days.

Trade and other receivable assets at amortised cost are assessed for impairment at the end of each reporting period. The simplified approach has been adopted in measuring the impairment loss allowance at an amount equal to lifetime 'expected credit loss' (ECL).

Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, which are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

2.2 Non-Financial Assets

2.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

	Buildings and Infrastructure \$'000	Plant and Equipment \$'000	Intangibles \$'000	Heritage Assets \$'000	Total \$'000
As at 1 July 2019					
Gross book value	42,124	292,876	41,783	244	377,027
Accumulated depreciation and amortisation and impairment	(91)	(30,619)	(17,668)	-	(48,378)
Net book value 1 July 2019	42,033	262,257	24,115	244	328,649
Recognition of right of use asset on initial application of AASB 16	444,116	-	-	-	444,116
Adjusted total as at 1 July 2019	486,149	262,257	24,115	244	772,765
Additions					
By purchase	24,428	110,937	16,963	-	152,328
Revaluations and impairments recognised in other comprehensive income	(87)	18,171	-	-	18,084
Depreciation and amortisation expense	(2,455)	(80,401)	(6,891)	-	(89,747)
Depreciation on right-of-use assets	(41,727)	-	-	-	(41,727)
Revaluations, write-off, write-downs and impairments recognised in net cost of services	-	(22,928)	(8,181)	-	(31,109)
Impairments on right-of-use assets recognised in net cost of services	-	-	-	-	-
Other movements					
Reversal of previous asset write-downs	-	2,602	-	-	2,602
Net book value 30 June 2020	466,308	290,638	26,006	244	783,196
Net book value as at 30 June 2020 represented by:					
Gross book value	508,717	354,794	50,565	244	914,320
Accumulated depreciation and amortisation	(42,409)	(64,156)	(24,559)	-	(131,124)
Closing net book value as at 30 June 2020	466,308	290,638	26,006	244	783,196
Carrying amount of right-of-use assets	402,389	-	-	-	402,389

All revaluations were conducted in accordance with the revaluation policy stated at Note 2.2A (d). ASD's shared service provider, the Department of Defence, engaged JLL Valuation & Advisory to undertake a valuation. The date of this valuation was 1 May 2020.

	2020 \$'000	2019 \$'000
Commitments payable relating to property, plant and equipment and intangibles		
Infrastructure, plant and equipment ¹	44,374	3,671
Intangibles ²	23,586	2,667
Total capital commitments	67,960	6,338

1. Infrastructure, plant and equipment capital commitments include outstanding contractual payments, including for items under construction.
2. Intangible commitments include contractual payments for software under construction.

Accounting Policy

(a) Individual Asset Recognition Threshold

Purchases of property, plant and equipment including buildings and infrastructure are recognised initially at cost where they meet the individual asset recognition threshold. Individual items are capitalised where the individual value is equal to or exceeds \$5,000 for buildings, infrastructure and other assets; and \$2,000 for other plant and equipment. Assets costing below these thresholds are expensed in the year of acquisition.

(b) Reversal of Previous Asset Write-Downs

These are amounts relating to assets which have been previously written down or expensed in prior periods. In the current year, these items have been previously reversed as a write down or capitalised for the first time due to either exceeding the capitalisation threshold or through identification during stock takes.

(c) Assets under construction

Assets under construction (AUC) include expenditure to date on major capability and facilities projects. AUC projects are reviewed annually for indicators of impairment. Prior to rollout into service, the accumulated AUC balance is reviewed to ensure accurate capitalisation.

(d) Subsequent valuations

All property, plant and equipment is measured and disclosed at fair value, less any accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

The basis for determining fair value is by reference to the highest and best use that is physically possible, legally permissible and financially feasible. Where an active and liquid market exists, fair value is determined by reference to market values, noting the highest and best use criteria and any specific factors that have been noted by the valuer.

Valuation for buildings, infrastructure and other plant and equipment assets are performed by independent external valuers using inputs such as sales prices of comparable assets, replacement cost, expected useful life and adjustments for obsolescence.

Following initial recognition at cost, valuations for buildings, and infrastructure are conducted every year; and other plant and equipment are revalued annually on a sample basis.

Revaluation adjustments are made on a class basis. Any revaluation increment is recognised as Other Comprehensive Income under the heading of Changes in Asset Revaluation Reserves except to the extent that it reverses a previous revaluation decrement of the same class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

(e) Depreciation

Property, plant and equipment items having limited useful lives are systematically depreciated over their estimated useful lives on a straight-line basis.

Depreciation rates (useful lives) are determined upon acquisition and are reviewed at each subsequent reporting date, and necessary adjustments are made in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated only when assets are revalued.

The following are minimum and maximum useful lives for the different asset classes. These are not necessarily indicative of typical useful lives for these asset classes.

	2019–20
Buildings and Infrastructure	9 to 40 years
Plant and Equipment	2 to 40 years
Heritage Assets	Indefinite

(f) Intangible Assets

ASD's intangibles comprise externally acquired and internally developed computer software for internal use and other externally acquired and internally developed intangibles. Intangibles with gross values greater than \$150,000 are capitalised when they meet the recognition criteria in AASB 138.

All intangibles are amortised on a straight-line basis over their anticipated useful lives. The useful lives of ASD software are 2 to 22 years and the useful lives of ASD's other intangibles are 1 to 6 years. All intangible assets are assessed annually for indications of impairment.

ASD recognises its intangible assets initially at cost and measures those which have an active market at fair value subsequent to initial recognition. If an intangible asset is acquired at no cost or for nominal consideration, other than those acquired through restructuring, it is recognised initially at fair value as at the date of acquisition.

All ASD intangible assets are currently stated at cost less any subsequent accumulated amortisation and accumulated impairment losses.

Acquired intellectual property may form part of the acquisition of particular tangible assets. Where the acquired intellectual property is inseparable from the underlying tangible asset it is reflected in the value of the tangible asset in the statement of financial position.

ASD reviews the useful life of intangible assets annually based on the service potential of the assets. All ASD intangible assets have finite useful lives and are amortised over their anticipated useful lives. Where there is an indication that the service potential of an intangible asset is impaired, the recoverable amount of that asset is determined based on the remaining service potential.

Where the recoverable amount is lower than the carrying amount, the asset is written down to its recoverable amount.

(g) Acquisition of Assets

Assets are initially recorded at cost on acquisition which includes the fair value of assets exchanged and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

(h) Impairment of Assets

All relevant assets were assessed for impairment during the year. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if ASD was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

(i) Derecognition of Assets

Assets are derecognised upon disposal or when no further economic benefits or capability are expected from their use or disposal.

(j) Heritage and Cultural Assets:

Heritage and cultural items include artefacts and memorabilia that are or may be of national historical or cultural significance.

(k) Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 ASD has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, GGS and Whole of Government financial statements.

Significant Accounting Judgements and Estimates

ASD assesses non-financial assets for impairment by monitoring impairment indicators specific to an asset's use in the ASD context. Where these indicators signify that an asset is impaired, management has made an estimate of the recoverable amount of those assets to determine any impairment loss.

Property, plant and equipment is measured at fair value using revaluation techniques that require significant judgements and estimates to be made.

	2020 \$'000	2019 \$'000
2.2B: Prepayments		
Capital prepayments	-	1,384
Non-capital prepayments	<u>95,276</u>	<u>106,464</u>
Total prepayments	<u>95,276</u>	<u>107,848</u>

59% of Prepayments relate to the shared services arrangement with the Department of Defence (2019: 83%)

Accounting Policy

Prepayments, excluding those paid to employees as retention benefit payments, are recognised if the value of the payment is \$50,000 or greater.

2.3 Payables

	2020 \$'000	2019 \$'000
2.3A: Employee payables		
Salaries and wages	9,245	4,169
Superannuation	<u>530</u>	<u>237</u>
Total employee payables	<u>9,775</u>	<u>4,406</u>

Accounting Policy

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. The liability for superannuation recognised in the departmental statements as at 30 June represents outstanding contributions yet to be paid.

	2020 \$'000	2019 \$'000
2.3B: Other payables		
Statutory payable	-	3,677
Other	<u>860</u>	<u>2,307</u>
Total other payables	<u>860</u>	<u>5,984</u>

2.4 Interest Bearing Liabilities

	2020 \$'000	2019 \$'000
2.4A: Leases		
Lease Liabilities		
Buildings	379,619	-
Total leases	379,619	-

Total cash outflow for leases for the year ended 30 June 2020 was \$36,122,951

Accounting Policy

Lease Liabilities

Refer to Overview for accounting policy on leases.

3. Funding

This section identifies ASD's funding structure.

3.1 Appropriations

3.1A: Annual appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2019–20

	Annual Appropriation ¹ \$'000	Adjustment to Appropriation ² \$'000	Total Appropriation \$'000	Appropriation applied in 2020 (Current and prior years) \$'000	Variance ³ \$'000
DEPARTMENTAL					
Ordinary annual services	763,900	13,418	777,318	(711,247)	66,071
Capital budget	-	-	-	-	-
Other services					
Equity Injection	176,836	-	176,836	(144,601)	32,235
Total departmental	940,736	13,418	954,154	(855,848)	98,306

Notes

1. No amounts of appropriation have been withheld under Section 51 of the PGPA Act.
2. Adjustments to appropriations comprise of PGPA Act Section 74 receipts. There were no transfers of current year appropriations under Section 75 of the PGPA Act.
3. The variance of departmental ordinary annual services primarily represents the timing difference of payments to suppliers and employees. The variance for departmental equity relates to the use of prior year unspent appropriations.

Annual Appropriations for 2018–19

	Annual Appropriation \$'000	Adjustment to Appropriation ¹ \$'000	Total Appropriation \$'000	Appropriation applied in 2019 (Current and prior years) \$'000	Variance ² \$'000
DEPARTMENTAL					
Ordinary annual services	740,726	14,269	754,995	(747,064)	7,931
Capital budget	-	-	-	-	-
Other services					
Equity Injection	124,200	2,531	126,731	(124,200)	2,531
Total departmental	864,926	16,800	881,726	(871,264)	10,462

Notes

1. Adjustment to appropriations include Advance to the Finance Minister (AFM), PGPA Section 74 receipts and PGPA Act section 75 transfers.

2. Reasons for material variance:

	Ordinary annual services \$'000	Equity \$'000
Undrawn departmental annual appropriations 2018–19	57	-
Net GST payments made not yet recovered	2,284	-
Undrawn departmental annual appropriations 2017–18	5,590	2,531
Total	7,931	2,531

3.1B: Unspent annual appropriations ('recoverable GST exclusive')

	2020 \$'000	2019 \$'000
DEPARTMENTAL		
Operating		
Act 1 2017–18	-	5,590
Act 3 2018–19	-	2,341
Act 1 2019–20 ¹	37,372	-
Act 3 2019–20	30,877	-
Total Operating	68,249	7,931
Equity		
Act 4 2017–18	-	2,531
Act 4 2019–20 ²	360	-
Total Equity	360	2,531
Total	68,609	10,462
Cash and cash equivalents	35,630	(2,245)
Total unspent annual appropriations	104,239	8,217

Notes

1. Unspent annual appropriations have been partially reduced by the Department of Finance. Of the unspent appropriations, \$0.621m has been quarantined.
2. Unspent annual appropriations have been reduced by the Department of Finance. Of the unspent appropriations, \$0.360m has been quarantined.

3.2 Net Cash Appropriation Arrangements

The Government funds ASD on a net cash appropriation basis, where appropriation revenue is not provided for depreciation and amortisation expenses.

ASD's accountability for its operating result is at its result net of unfunded depreciation and amortisation.

	2020 \$'000	2019 \$'000
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	(81,098)	(20,013)
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	89,747	60,027
Plus: depreciation on right-of-use assets	41,727	-
Less: principal repayments - leased assets	(31,037)	-
Total comprehensive income/(loss) net of depreciation/amortisation expenses previously funded through revenue appropriations	19,339	40,014

The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principle repayment amount reflects the cash impact on implementation of AASB 16 *Leases*, it does not directly reflect a change in appropriation arrangements.

4. People and Relationships

4.1 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of ASD, directly or indirectly. The key management personnel of ASD are considered to be the:

- i) Minister for Defence;
- ii) Director-General Australian Signals Directorate;
- iii) Principal Deputy Director-General;
- iv) Deputy Director-General Signals Intelligence & Network Operations
- v) Head of Australian Cyber Security Centre; and
- vi) Deputy Director-General Corporate & Capability.

Key management personnel remuneration is reported in the table below.

	2020	2019
	\$	\$
Short-term employee benefits	2,061,740	2,174,679
Post-employment benefits	368,043	407,484
Long-term employee benefits	42,343	35,283
Total key management personnel remuneration expenses²	2,472,126	2,617,445

The total number of key management personnel that are included in the above table is 10 (2019: 5).

Notes

- 1. Note 0 is prepared on an accrual basis
- 2. The above key management personnel remuneration excludes the remuneration and other benefits of the Minister for Defence. The remuneration and other benefits of the Minister for Defence is set by the Remuneration Tribunal and is not paid by ASD.

4.2 Related Party Disclosures

Related party relationships:

ASD is an Australian Government controlled entity. Related parties to this entity are:

- i) Key Management Personnel (as detailed in Note 4.1);
- ii) Spouse or domestic partners of (i);
- iii) Children or dependents of (i);
- iv) Entities, individually or jointly, controlled by the above individuals; and
- v) Other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. These transactions have not been separately disclosed in this note.

Significant transactions with related parties can include:

- i) the payments of grants or loans;
- ii) purchases of goods and services;
- iii) asset purchases, sales transfers or leases;
- iv) debts forgiven; and
- v) guarantees.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no significant related party transactions to be separately disclosed.

5. Managing Uncertainties

5.1 Contingent Liabilities and Assets

Quantifiable Contingencies

As at 30 June 2020 there were no quantifiable contingent assets or liabilities (2019: nil).

Unquantifiable Contingencies

As at 30 June 2020 there were no unquantifiable contingent assets or liabilities (2019: nil).

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

ASD applies Accounting Standard AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* in determining disclosure of contingent assets and liabilities.

5.2 Financial Instruments

	Notes	2020 \$'000	2019 \$'000
5.2A: Categories of Financial Instruments			
Financial assets at amortised cost			
Cash and cash equivalents	2.1A	35,630	-
Trade and other receivables	2.1B	5,298	4,752
Total financial assets at amortised cost		40,928	4,752
Carrying amount of financial assets		40,928	4,752
Financial liabilities at amortised cost			
Bank overdraft		-	2,245
Suppliers		90,848	38,145
Other payables	2.3B	860	5,983
Total financial liabilities at amortised cost		91,708	46,373
Carrying amount of financial liabilities		91,708	46,373

Carrying amount of financial liabilities is higher than financial assets as the financial assets do not include Appropriations and GST receivable (Note 2.1B).

Accounting Policy

Financial Assets

ASD classifies its financial assets in the following categories;

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- financial assets measured at amortised cost.

The classification depends on both ASD's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when ASD becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

(a) Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

- the financial asset is held in order to collect the contractual cash flows; and
- the cash flows are solely payments of principal and interest on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

(b) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

(c) Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has

significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'. Financial liabilities are derecognised when the obligation under the contract is discharged, cancelled or has expired.

(a) Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

	2020 \$'000	2019 \$'000
5.2B: Net Gains or Losses on Financial Assets		
Financial assets at amortised cost		
Exchange gains/(losses)	765	1
Net gain/(loss) on financial assets at amortised cost	765	1
Net gain/(loss) on financial assets	765	1

There is no interest income from financial assets not at fair value through the net cost of services.

	2020 \$'000	2019 \$'000
5.2C: Net Gains or Losses on Financial Liabilities		
Financial liabilities measured at amortised cost		
Exchange gains/(losses)	(793)	(162)
Net gain/(loss) financial liabilities measured at amortised cost	(793)	(162)
Net gain/(loss) on financial liabilities	(793)	(162)

There is no interest expense from financial liabilities not at fair value through the net cost of services.

5.3 Fair Value Measurements

5.3A: Fair Value Measurement

	Notes	Fair value measurements at the end of the reporting period	
		2020 \$000	2019 \$000
Non-financial assets			
Buildings and infrastructure	2.2A	63,919	42,033
Heritage and cultural	2.2A	244	244
Plant and equipment	2.2A	290,638	262,257
Total non-financial assets fair value measurement		354,801	304,534

Accounting Policy

ASD's assets are held for operational purposes, not for the purposes of deriving a profit.

The different levels of the fair value are detailed below:

- Level 1: Quote prices (unadjusted) in the active market for identical assets or liabilities that the entity can access at measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for an asset or liability.

In estimating the fair value of an asset or a liability, ASD uses market-observable data to the extent it is available. For level 2 and 3 inputs, ASD engages third party qualified valuers and internal experts to establish the appropriate valuation techniques and inputs to the models to ensure the valuations are in line with AASB 13.

ASD reviews all reports received from third party valuers and internal experts to ensure unobservable inputs used align with ASD's own assumptions and understanding of the market. This review includes investigation of significant fluctuations in the fair value of the assets and liabilities and that the report includes sufficient information to ensure compliance with AASB 13.

ASD deems transfers between levels of fair value hierarchy to have occurred when there has been a change to the inputs to the fair value measurement (for instance from observable to unobservable and vice versa) and the significance that the changed input has in determining the fair value measurement.

6. Other Information

6.1 Restructuring

ASD became an independent statutory agency from 1 July 2018. As such, impacts related to the relevant machinery-of-government transfers are reflected in the comparatives.

6.1A: Restructuring in according to Section 75 of the PGPA Act

There were no restructures in 2019–20

	2019				
	Defence \$'000	AGD \$'000	PMC \$'000	DTA \$'000	Total \$'000
FUNCTION ASSUMED					
Assets recognised					
Cash and cash equivalents	-	-	-	213	213
Trade and other receivables	296	10,086	72	-	10,454
Buildings and infrastructure	1,647	10,096	-	-	11,743
Plant and Equipment	199,886	1,389	-	26	201,301
Other Assets	244	-	-	-	244
Intangibles	30,352	71	-	-	30,423
Prepayments	30,586	1,485	-	-	32,071
Total assets recognised	263,011	23,127	72	239	286,449
Liabilities recognised					
Suppliers payables	-	494	-	-	494
Employee Payables	-	-	-	10	10
Other Payables	-	1,677	-	-	1,677
Employee provisions	60,803	2,068	72	213	63,156
Total liabilities recognised	60,803	4,239	72	223	65,337
Net assets/(liabilities) recognised	202,208	18,888	-	16	221,112

1. In respect of functions assumed, the net book value of assets were transferred to ASD for no consideration.

6.2 Aggregate Assets and Liabilities

	2020 \$'000	2019 \$'000
6.2A: Aggregate Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months	192,839	123,085
More than 12 months	801,431	329,468
Total assets	994,270	452,553
Liabilities expected to be settled in:		
No more than 12 months	130,024	73,718
More than 12 months	444,301	53,536
Total liabilities	574,325	127,254

EXPENSES BY OUTCOME*for the Period ended 30 June 2020*

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

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

	Budget	Actual Expense	Variation
	2019–20 \$'000	2019–20 \$'000	2019–20 \$'000
Departmental Expenses			
Appropriation ¹	763,901	697,984	(65,917)
Expenses not requiring appropriation in the Budget year	84,998	165,098	80,100
Total for Program 1.1	848,899	863,082	14,183
Total expenses for Outcome 1	848,899	863,082	14,183

Notes

1. *As per Portfolio Budget Statements including adjustments made at Additional Estimates and reductions under PGPA Act Section 51 and reductions under PGPA Act Section 51*
2. *Ordinary annual services (Appropriation Act No. 1 and 3) including reductions under section 51 of the PGPA act and Retained Revenue Receipts under section 74 of the PGPA Act 2013*
3. *AASB 1055 Budgetary Reporting requires explanations of major variances between the original budget as presented in the 2019–20 Portfolio Budget Statements (PBS) and the final 2020 outcome.*



INDEPENDENT AUDITOR'S REPORT

To the Minister for Defence

Opinion

In my opinion, the financial statements of the Australian Signals Directorate ('the Entity') for the year ended 30 June 2020:

(a) comply with:

- Australian Accounting Standards – Reduced Disclosure Requirements; and
- the requirements *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*

as amended by section 105 D of the *Public Governance, Performance and Accountability Act 2013*.

(b) present fairly the financial position of the Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended in accordance with the requirements of section 105 D of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2020 and for the year then ended:

- Statement by the Director-General and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Director-General is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Director-General is also responsible for such internal control as the Director-General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director-General is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Director-General is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

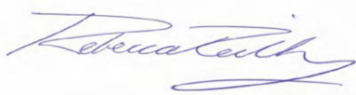
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director-General;
- conclude on the appropriateness of the Director-General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Director-General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Rebecca Reilly
Executive Director

Delegate of the Auditor-General

Canberra
6 October 2020



APPENDIX C | WORKFORCE STATISTICS

Employees by location and gender

Table 4: Ongoing employees by location and gender (2019–20)

	Male			Female			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	
Canberra	1,203	49	1,252	581	97	678	1,930
Other locations	69	4	73	27	4	31	104
Total	1,272	53	1,325	608	101	709	2,034

ASD had no staff recorded in the human resource information system as Indeterminate, Intersex or Unspecified.

Table 5: Ongoing employees by location and gender (2018–19)

	Male			Female			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	
Canberra	1,131	47	1,178	485	105	590	1,768
Other locations	70	3	73	27	8	35	108
Total	1,201	50	1,251	512	113	625	1,876

ASD had no staff recorded in the human resource information system as Indeterminate, Intersex or Unspecified.

Table 6: Non-ongoing employees by location and gender (2019–20)

	Male			Female			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	
Canberra	10	2	12	14	3	17	29
Other locations	6	2	8	10	-	10	18
Total	16	4	20	24	3	27	47

ASD had no staff recorded in the human resource information system as Indeterminate, Intersex or Unspecified.

Table 7: Non-ongoing employees by location and gender (2018–19)

	Male			Female			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	
Canberra	16	2	18	6	3	9	27
Other locations	2	-	2	2	1	3	5
Total	18	2	20	8	4	12	32

ASD had no staff recorded in the human resource information system as Indeterminate, Intersex or Unspecified.

Employees by classification and gender

Table 8: Ongoing employees by classification and gender (2019–20)

	Male			Female			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	
ASD SES 3	1	-	1	2	-	2	3
ASD SES 2	4	-	4	3	-	3	7
ASD SES 1	13	-	13	11	-	11	24
ASD EL 2	144	4	148	61	6	67	215
ASD EL 1	338	12	350	140	32	172	522
ASD 6	363	10	373	191	37	228	601
ASD 5	223	8	231	115	18	133	364
ASD 4	105	1	106	44	5	49	155
ASD 3	18	-	18	2	-	2	20
ASD 2	13	18	31	7	3	10	41
ASD 1	-	-	-	-	-	-	-
Trainee/ Graduate	50	-	50	32	-	32	82
Total	1,272	53	1,325	608	101	709	2,034

Figures in this table show substantive headcount numbers.

Table 9: Non-ongoing employees by classification and gender (2019–20)

	Male			Female			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	
ASD SES 3	-	-	-	-	-	-	-
ASD SES 2	-	-	-	-	-	-	-
ASD SES 1	-	-	-	-	-	-	-
ASD EL 2	-	2	2	-	-	-	2
ASD EL 1	2	-	2	3	-	3	5
ASD 6	1	-	1	2	-	2	3
ASD 5	1	-	1	-	1	1	2
ASD 4	1	2	3	9	1	10	13
ASD 3	1	-	1	1	1	2	3
ASD 2	10	-	10	9	-	9	19
ASD 1	-	-	-	-	-	-	-
Trainee/ Graduate	-	-	-	-	-	-	-
Total	16	4	20	24	3	27	47

Figures in this table show substantive headcount numbers.

Table 10: Ongoing employees by classification and gender (2018–19)

	Male			Female			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	
ASD SES 3	1	-	1	1	-	1	2
ASD SES 2	4	-	4	3	-	3	7
ASD SES 1	10	-	10	11	-	11	21
ASD EL 2	126	3	129	50	6	56	185
ASD EL 1	327	17	344	115	38	153	497
ASD 6	343	13	356	164	40	204	560
ASD 5	190	10	200	87	19	106	306
ASD 4	120	-	120	49	8	57	177
ASD 3	26	-	26	6	-	6	32
ASD 2	16	7	23	1	2	3	26
ASD 1	-	-	-	-	-	-	-
Trainee/ Graduate	38	-	38	25	-	25	63
Total	1,201	50	1,251	512	113	625	1,876

Figures in this table show substantive headcount numbers.

Table 11: Non-ongoing employees by classification and gender (2018–19)

	Male			Female			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	
ASD SES 3	-	-	-	-	-	-	-
ASD SES 2	-	-	-	-	-	-	-
ASD SES 1	-	-	-	1	-	1	1
ASD EL 2	1	1	2	-	-	-	2
ASD EL 1	5	-	5	-	2	2	7
ASD 6	2	-	2	2	2	4	6
ASD 5	-	-	-	-	-	-	-
ASD 4	1	-	1	5	-	5	6
ASD 3	-	1	1	-	-	-	1
ASD 2	9	-	9	-	-	-	9
ASD 1	-	-	-	-	-	-	-
Trainee/ Graduate	-	-	-	-	-	-	-
Total	18	2	20	8	4	12	32

Figures in this table show substantive headcount numbers.

Employees by classification and employment type

Table 12: Employees by classification and employment type (2019–20)

	Ongoing			Non-Ongoing			Total
	Full-time	Part-time	Total Ongoing	Full-time	Part-time	Total Non-Ongoing	Total
ASD SES 3	3		3	-	-	-	3
ASD SES 2	7		7	-	-	-	7
ASD SES 1	24		24	-	-	-	24
ASD EL 2	205	10	215	-	2	2	217
ASD EL 1	478	44	522	5	-	5	527
ASD 6	554	47	601	3	-	3	604
ASD 5	338	26	364	1	1	2	366
ASD 4	149	6	155	10	3	13	168
ASD 3	20		20	2	1	3	23
ASD 2	20	21	41	19	-	19	60
ASD 1	-	-	-	-	-	-	-
Trainee/ Graduate	82	-	82	-	-	-	82
Total	1,880	154	2,034	40	7	47	2,081

Figures in this table show substantive headcount numbers.

Table 13: Employees by classification and employment type (2018–19)

	Ongoing			Non-Ongoing			Total
	Full-time	Part-time	Total Ongoing	Full-time	Part-time	Total Non-Ongoing	Total
ASD SES 3	2		2	-	-	-	2
ASD SES 2	7		7	-	-	-	7
ASD SES 1	21		21	1	-	1	22
ASD EL 2	176	9	185	1	1	2	187
ASD EL 1	442	55	497	5	2	7	504
ASD 6	507	53	560	4	2	6	566
ASD 5	277	29	306	-	-	-	306
ASD 4	169	8	177	6	-	6	183
ASD 3	32		32	-	1	1	33
ASD 2	17	9	26	9	-	9	35
ASD 1	-	-	-	-	-	-	-
Trainee/ Graduate	63		63	-	-	-	63
Total	1,713	163	1,876	26	6	32	1,908

Figures in this table show substantive headcount numbers.

Employees by employment type and location

Table 14: Employees by employment type and location (2019–20)

	Ongoing	Non-Ongoing	Total
Canberra	1,930	29	1,959
Other locations	104	18	122
Total	2,034	47	2,081

Table 15: Employees by employment type and location (2018–19)

	Ongoing	Non-Ongoing	Total
Canberra	1,768	27	1,795
Other locations	108	5	113
Total	1,876	32	1,908

Diversity of ASD employees

Table 16: Indigenous employees (2019–20 compared with 2018–19)

	2019–20	2018–19
Ongoing	17	13
Non-Ongoing	1	-
Total	18	13

Table 17: Staff with a Disability (2019–20 compared with 2018–19)

	2019–20	2018–19
Number of staff with a disability	27	25
Percentage of the workforce	1.3%	1.3%
Total number of staff	2,081	1,908

Employment arrangements of SES and non-SES employees

Table 18: Employment by arrangement (2019–20)

	SES	Non-SES	Total
ASD Conditions of Employment (Non-SES) Determination 2018	-	2,046	2,046
ASD Conditions of Employment (SES) Determination 2018	34	-	34
Other	-	1	1
Total	34	2,047	2,081

Salary ranges by classification level

Table 19: Salary ranges by classification levels

	Minimum Salary (\$)	Maximum Salary (\$)
ASD SES 3	412,000	412,000
ASD SES 2	216,686	312,166
ASD SES 1	169,999	293,673
ASD EL 2	118,376	170,504
ASD EL 1	101,955	149,530
ASD 6	80,669	124,034
ASD 5	73,636	88,011
ASD 4	67,100	80,582
ASD 3	59,237	65,270
ASD 2	52,004	67,100
ASD 1	-	-
Trainee/Graduate	45,952	73,256
<i>Minimum/Maximum range</i>	45,952	412,000

Performance pay by salary level

Table 20: Performance pay by salary level

	Number of employees receiving performance pay	Aggregated (sum total) of all payments made (\$)	Average of all payments made (\$)	Minimum Payment Made to employees (\$)	Maximum Payment made to employees (\$)
ASD SES 3	-	-	-	-	-
ASD SES 2	-	-	-	-	-
ASD SES 1	1	1,150	1,150	1,150	1,150
ASD EL 2	102	535,454	5,250	470	23,444
ASD EL 1	356	1,442,295	4,051	11	31,626
ASD 6	287	843,704	2,940	40	25,341
ASD 5	157	182,779	1,164	118	13,014
ASD 4	89	63,479	713	8	806
ASD 3	25	17,479	699	79	725
ASD 2	2	954	477	477	477
ASD 1	-	-	-	-	-
Trainee/ Graduate	-	-	-	-	-
Total	1,019	3,087,294	3,030	8	31,626

1. Employees engaged under the ASD Conditions of Employment (Non-SES) Determination 2018 who are at or above the top of their salary range and are eligible for performance progression are entitled to a lump sum performance progression payment of 1 per cent or \$725, whichever is greater.
2. Minimum and maximum payments in this table may reflect amounts below these thresholds due to either part-time service or a partial lump-sum payment where the employee reaches the top of the range in the performance year.
3. Employees on Individual Flexibility Arrangements (IFA) may also receive additional performance-related bonuses, subject to meeting eligibility requirements.
4. The performance cycle runs from 1 September – 31 August each year.

ASD non-SES salary classification structure

Table 21: Non-SES salary classification structure

Classification	Rates as at 30 June 2020 (\$)	
	Base	Top
Trainee ASD (Technical)	49,616	55,791
Trainee ASD (Administrative)	25,972	36,088
ASD Level 1	49,592	51,583
ASD Level 2	52,004	58,463
ASD Level 3	59,237	65,270
ASD Level 4	67,100	73,256
ASD Level 5	73,636	78,873
ASD Level 6	80,669	92,150
ASD Executive Level 1	101,955	115,005
ASD Executive Level 2	118,376	142,087
ASD Executive Level 2.1	142,088	169,094
ASD Executive Level 2.2	169,095	190,230

ASD SES salary classification structure

Table 22: SES salary classification structure

Classification	Minimum salary rate as at 30 June 2020 (\$)
ASD SES Band 1	160,932
ASD SES Band 2	195,282
ASD SES Band 3	242,829



APPENDIX D | EXECUTIVE REMUNERATION

Table 23: Remuneration for key management personnel

Name	Position title	Short-term benefits (\$)			Post-employment benefits (\$)	Other long-term benefits (\$)			Termination benefits (\$)	Total remuneration (\$)
		Base salary	Bonuses	Other benefits and allowances		Superannuation contributions	Long service leave	Other long-term benefits		
Michael Burgess	Director-General ASD	107,186	-	-	15,833	-	1,940	-	-	124,959
Rachel Noble	Director-General ASD	344,705	-	7,943	42,133	-	6,961	-	-	401,742
John Frewen	Principal Deputy Director-General	281,784	-	77,233	101,501	-	7,942	-	-	468,460
Hazel Bennett	Deputy Director-General Corporate & Capability	356,300	-	-	67,077	-	7,896	-	-	431,273
Brett Greenshields	Deputy Director-General Corporate & Capability	71,914	-	-	7,770	-	1,580	-	-	81,265
Simeon Gilding	Deputy Director-General Signals Intelligence & Network Operations	176,785	-	13,721	30,760	-	3,834	-	-	225,099
Linda Geddes	Deputy Director-General Signals Intelligence & Network Operations	131,680	-	1,621	22,969	-	2,029	-	-	158,299
Karl Hanmore	Head of the Australian Cyber Security Centre	79,112	-	9,550	9,793	-	1,762	-	-	100,217

Name	Position title	Short-term benefits (\$)				Post-employment benefits (\$)	Other long-term benefits (\$)		Termination benefits (\$)	Total remuneration (\$)
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions		Long service leave	Other long-term benefits		
Rachel Noble	Head of the Australian Cyber Security Centre	205,548	-	-	36,127	-	3,949	-	-	245,624
Abigail Bradshaw	Head of the Australian Cyber Security Centre	114,687	-	-	20,708	-	2,730	-	-	138,125

1. Remuneration has been captured for only time spent by the named individual as a KMP.
2. Base salary includes annual leave taken plus the net movement in the annual leave balance. Certain personnel have access to executive vehicle allowances, this is included as an allowance.
3. Long Service Leave is equal to LSL taken plus the net movement in the LSL balance.
4. Total remuneration will differ from the remuneration tribunal due to a number of definitional differences.

Table 24: Remuneration for senior executives

Total remuneration bands	Number of senior executives	Short-term benefits (\$)			Post-employment benefits (\$)	Other long-term benefits (\$)		Termination benefits (\$)	Total remuneration (\$)
		Average base salary	Average bonuses	Average other benefits and allowances		Average long service leave	Average other long-term benefits		
\$0 – \$220,000	17	110,499	42	14,441	19,559	2,300	-	-	146,840
\$220,001 - \$245,000	10	172,311	115	24,789	30,637	3,960	-	-	231,812
\$245,001 - \$270,000	3	193,983	-	20,194	36,456	4,553	-	-	255,186
\$270,001 - \$295,000	2	208,694	-	26,530	36,898	4,551	-	-	276,673
\$295,001 - \$320,000	3	242,497	-	20,012	46,376	5,540	-	-	314,424
\$320,001 - \$345,000	-	-	-	-	-	-	-	-	-
\$345,001 - \$370,000	2	284,001	-	16,818	48,258	6,372	-	-	355,448
\$370,001 - \$395,000	1	311,410	-	-	65,241	6,132	-	-	382,783
\$395,000 - \$420,000	1	191,394	-	27,757	35,153	4,387	-	156,962	415,653
\$420,001 - \$445,000	-	-	-	-	-	-	-	-	-

Total remuneration bands	Number of senior executives	Short-term benefits (\$)			Post-employment benefits (\$)	Other long-term benefits (\$)		Termination benefits (\$)	Total remuneration (\$)
Total remuneration bands		Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration
\$445,001 - \$470,000	-	-	-	-	-	-	-	-	-
\$470,001 - \$495,000	-	-	-	-	-	-	-	-	-
\$495,001 - ...	-	-	-	-	-	-	-	-	-

1. The number of senior executives listed above is the number of individual SES not the number of SES positions. Staff who were permanently appointed to or acted in an SES level position for a period longer than 6 months are included.
2. Other benefits and allowances includes the value of items such as housing (including overseas), motor vehicle allowances, retention bonuses, cost of living allowances (to support members and their families in remote or overseas locations), and any associated Fringe Benefits Tax payable by ASD. This column includes non-cash benefits

Table 25: Remuneration for other highly paid staff

Total remuneration bands	Number of other highly paid staff	Short-term benefits (\$)			Post-employment benefits (\$)	Other long-term benefits (\$)		Termination benefits (\$)	Total remuneration (\$)
		Average base salary	Average bonuses	Average other benefits and allowances		Average long service leave	Average other long-term benefits		
\$220,001 - \$245,000	5	147,810	11,312	48,378	23,147	3,011	-	-	233,658
\$245,001 - \$270,000	3	161,109	18,306	49,633	29,214	3,266	-	-	261,528
\$270,001 - \$295,000	2	201,253	3,795	39,370	29,050	2,865	-	-	276,333
\$295,001 - \$320,000	-	-	-	-	-	-	-	-	-
\$320,001 - \$345,000	1	196,339	1,150	98,547	28,939	2,670	-	-	327,645
\$345,001 - \$370,000	-	-	-	-	-	-	-	-	-
\$370,001 - \$395,000	-	-	-	-	-	-	-	-	-

Total remuneration bands	Number of other highly paid staff	Short-term benefits (\$)			Post-employment benefits (\$)	Other long-term benefits (\$)		Termination benefits (\$)	Total remuneration (\$)
		Average base salary	Average bonuses	Average other benefits and allowances		Average long service leave	Average other long-term benefits		
\$395,001 - \$420,000	-	-	-	-	-	-	-	-	-
\$420,001 - \$445,000	-	-	-	-	-	-	-	-	-
\$445,001 - \$470,000	-	-	-	-	-	-	-	-	-
\$470,001 - \$495,000	-	-	-	-	-	-	-	-	-
\$495,001 - ...	-	-	-	-	-	-	-	-	-

1. Other benefits and allowances includes the value of items such as housing (including overseas), motor vehicle allowances, retention bonuses, cost of living allowances (to support members and their families in remote or overseas locations), and any associated Fringe Benefits Tax payable by ASD. This column includes non-cash benefits.



APPENDIX E | LIST OF REQUIREMENTS

Table 26: List of Requirements

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	Letter of transmittal Page 3	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	Contents Page 4	Table of contents.	Mandatory
17AJ(b)	Index Page 130	Alphabetical index.	Mandatory
17AJ(c)	Glossary of Abbreviations and Acronyms Page 8	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	List of Requirements Page 116	List of requirements.	Mandatory
17AJ(e)	Contact Details Page 2	Details of contact officer.	Mandatory
17AJ(f)	Contact Details Page 2	Entity's website address.	Mandatory
17AJ(g)	Contact Details Page 2	Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	Chapter 1 Director-General ASD's Review Page 10	A review by the accountable authority of the entity.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	Chapter 2 Overview of ASD Page 14	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	Chapter 2 Overview of ASD Page 14	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	Chapter 2 Overview of ASD Page 14	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	Chapter 2 Overview of ASD Page 14	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	Chapter 2 Overview of ASD Page 16	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	Chapter 2 Overview of ASD Page 16	Position title of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	Chapter 2 Overview of ASD Page 16	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory
17AE(1)(b)	Not applicable	An outline of the structure of the portfolio of the entity.	Portfolio departments - mandatory
17AE(2)	Not applicable	Where the outcomes and programmes administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(c)	Report on the Performance of the entity		
	<i>Annual performance Statements</i>		
17AD(c)(i); 16F	Chapter 3 Report on Performance > ASD's performance Page 18	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	<i>Report on Financial Performance</i>		
17AF(1)(a)	Chapter 3 Report on Performance > Report on financial performance Page 29	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	Appendix B Financial Statements including Expenses by Outcome > Statement of comprehensive income Page 58	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	Not applicable	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(d)	Management and Accountability		
	<i>Corporate Governance</i>		
17AG(2)(a)	Chapter 4 Management and Accountability > Management of risk and fraud Page 38	Information on compliance with section 10 (fraud systems).	Mandatory
17AG(2)(b)(i)	Letter of transmittal Page 3	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	Letter of transmittal Page 3	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	Letter of transmittal Page 3	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	Chapter 4 Management and Accountability > Management of risk and fraud Page 38	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	Not applicable	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
	<i>Audit Committee</i>		
17AG(2A)(a)	Chapter 4 Management and Accountability > Corporate governance Page 34	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	Chapter 4 Management and Accountability > Corporate governance Page 35	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	Chapter 4 Management and Accountability > Corporate governance Page 35	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	Chapter 4 Management and Accountability > Corporate governance Page 35	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	Chapter 4 Management and Accountability > Corporate governance Page 35	The remuneration of each member of the entity's audit committee.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
	<i>External Scrutiny</i>		
17AG(3)	Chapter 4 Management & Accountability > External scrutiny Page 40	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	Chapter 4 Management & Accountability > External scrutiny Page 41	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory
17AG(3)(b)	Chapter 4 Management & Accountability > External scrutiny Page 41	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory
17AG(3)(c)	Not applicable	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory
	<i>Management of Human Resources</i>		
17AG(4)(a)	Chapter 4 Management & Accountability > People Capability > Human Resource Management Page 42	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory

PGPA Rule Reference	Part of Report		Description	Requirement
17AG(4)(aa)	Appendix C Workforce Statistics	Page 98	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: · (a) statistics on full-time employees; · (b) statistics on part-time employees; · (c) statistics on gender; · (d) statistics on staff location.	Mandatory
17AG(4)(b)	Appendix C Workforce Statistics	Page 98	Statistics on the entity's APS employees on an ongoing and non-ongoing basis, including the following: · Statistics on staffing classification level; · Statistics on full-time employees; · Statistics on part-time employees; · Statistics on gender; · Statistics on staff location; · Statistics on employees who identify as Indigenous.	Mandatory
17AG(4)(c)	Appendix C Workforce Statistics	Page 98	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	Chapter 4 Management & Accountability > Performance management	Page 48	Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	Appendix C ASD's Salary Classification Structure	Page 104	The salary ranges available for APS employees by classification level.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(4)(c)(iii)	Chapter 4 Management & Accountability > People Capability Page 48	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	Appendix C ASD's Salary Classification Structure Page 105	Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory
17AG(4)(d)(ii)	Appendix C ASD's Salary Classification Structure Page 105	Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory
17AG(4)(d)(iii)	Appendix C ASD's Salary Classification Structure Page 105	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory
17AG(4)(d)(iv)	Appendix C ASD's Salary Classification Structure Page 105	Information on aggregate amount of performance payments.	If applicable, mandatory
	<i>Assets Management</i>		
17AG(5)	Chapter 4 Management and Accountability > Asset Management Page 50	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
	<i>Purchasing</i>		
17AG(6)	Chapter 4 Management and Accountability > Procurement Page 50	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory
	<i>Reportable consultancy contracts</i>		
17AG(7)(a)	Chapter 4 Management and Accountability > Consultants Page 51	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7)(b)	Chapter 4 Management and Accountability > Consultants Page 51	A statement that “During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]”.	Mandatory
17AG(7)(c)	Chapter 4 Management and Accountability > Procurement Page 51	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(7)(d)	Chapter 4 Management and Accountability > Consultants Page 51	A statement that “Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.”	Mandatory
	Reportable non-consultancy contracts		
17AG(7A)(a)	Not applicable	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	Not applicable	A statement that “Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.”	Mandatory
17AD(daa)	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		
17AGA	Not applicable	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
	<i>Australian National Audit Office Access Clauses</i>		
17AG(8)	Not applicable	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory
	<i>Exempt contracts</i>		
17AG(9)	Chapter 4 Management and Accountability > Exempt Contracts	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory
	<i>Small business</i>		
17AG(10)(a)	Chapter 4 Management and Accountability > Small business	A statement that "[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."	Mandatory
17AG(10)(b)	Chapter 4 Management and Accountability > Small business	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(10)(c)	Chapter 4 Management and Accountability > Small business Page 51	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, mandatory
	<i>Financial Statements</i>		
17AD(e)	Appendix B Financial Statements including Expenses by Outcome Page 56	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
	<i>Executive Remuneration</i>		
17AD(da)	Appendix D Executive Remuneration Page 108	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)	Not applicable	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AH(1)(a)(ii)	Chapter 4 Management and Accountability > Advertising Page 52	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory
17AH(1)(b)	Chapter 4 Management and Accountability > Grants Page 52	A statement that <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i>	If applicable, mandatory
17AH(1)(c)	Chapter 4 Management and Accountability > People Capability Page 45	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	Chapter 4 Management and Accountability > Information Publication Scheme Page 52	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	Not applicable	Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)	Not applicable	Information required by other legislation.	Mandatory



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