



Australian Government
Australian Signals Directorate

ASD

ANNUAL REPORT 2020-21



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CONTACT DETAILS

Contact

Feedback about this report is welcome, and should be directed to:

Assistant Director-General Strategy and Governance
Australian Signals Directorate
PO Box 5076
KINGSTON ACT 2604
asd.assist@defence.gov.au

Phone

General enquiries: 1300 DEFENCE (1300 333 362)
Cyber Security Hotline: 1300 CYBER1 (1300 292 371)

Media enquiries

asd.assist@defence.gov.au

Website

www.asd.gov.au

This Report can be found at www.asd.gov.au and www.transparency.gov.au.



The Hon Peter Dutton MP
Minister for Defence
Parliament House
CANBERRA ACT 2600

Dear Minister,

Australian Signals Directorate Annual Report 2020–21

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 2020–21. 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*.

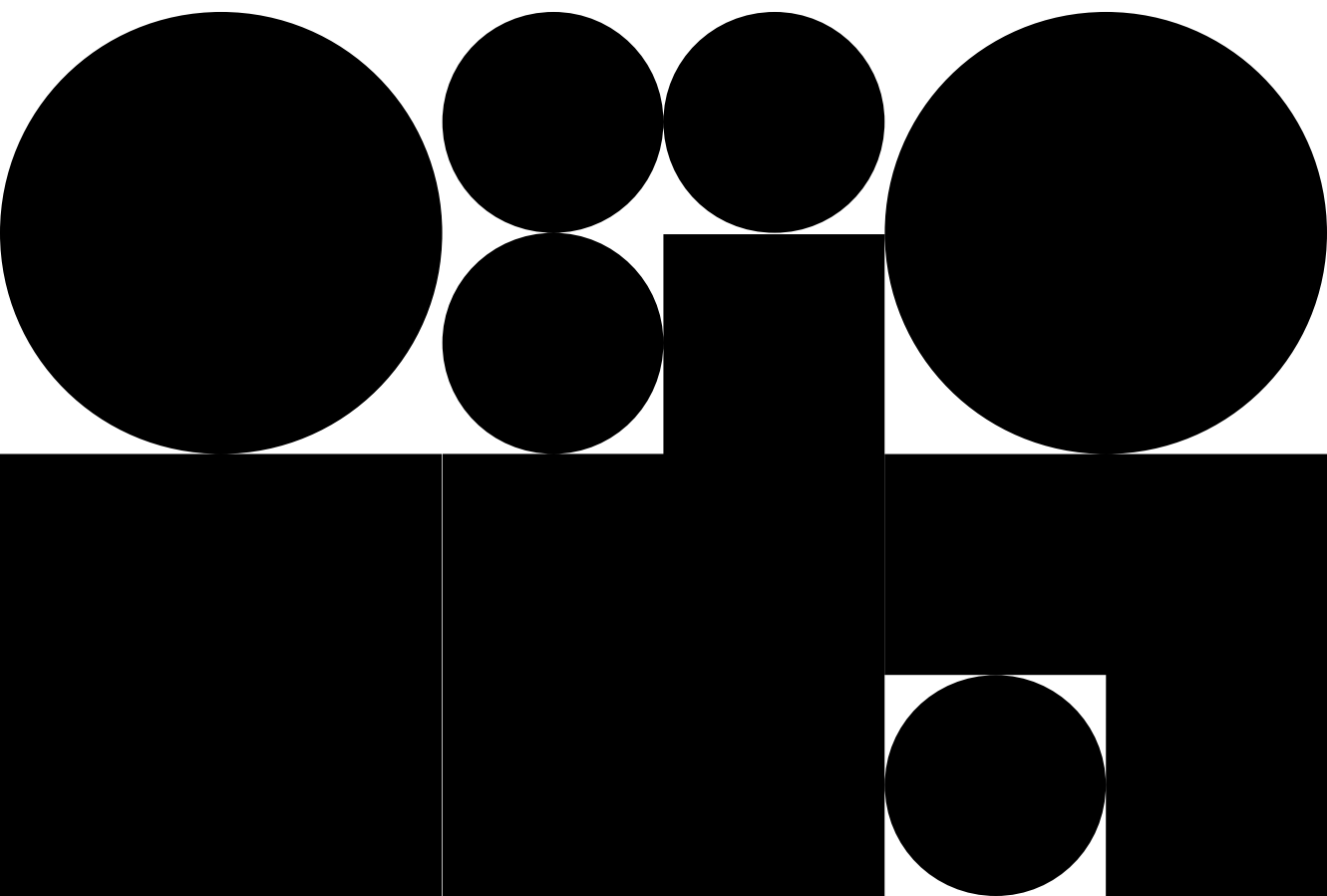
As required by section 17AG(2) of the PGPA Rule, I certify that fraud risk assessments and fraud control plans have been prepared for ASD; that ASD has appropriate mechanisms in place for preventing, investigating, detecting, and reporting incidents of fraud; and that all reasonable measures have been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

Yours sincerely,

Rachel Noble PSM
Director-General
Australian Signals Directorate

29 September 2021

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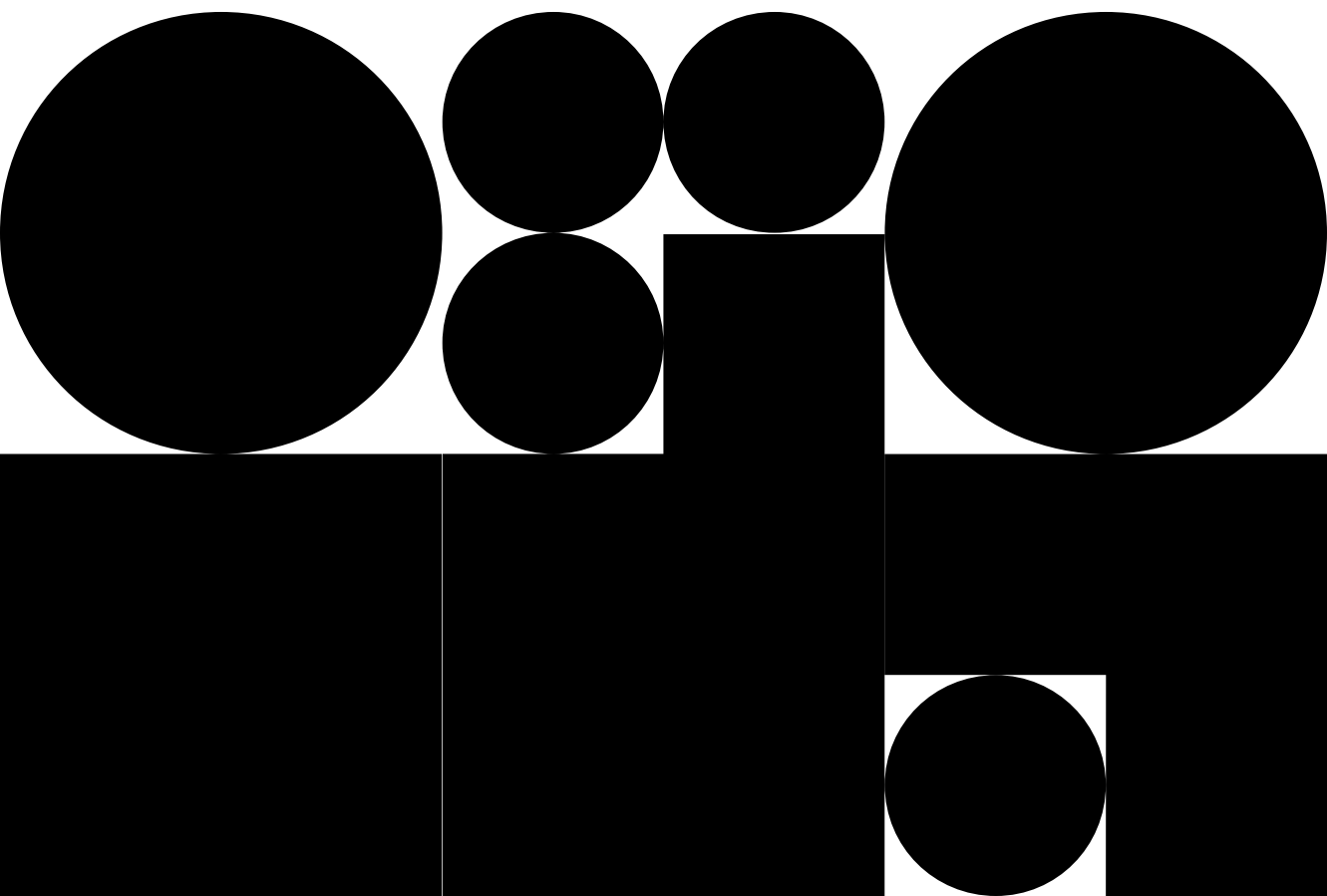
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Glossary of abbreviations and acronyms

ACSC	Australian Cyber Security Centre
ADF	Australian Defence Force
AEMO	Australian Energy Market Operators
ANAO	Australian National Audit Office
ANU	Australian National University
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
BMC	Business Management Committee
CIO	Chief Information Officer
CISO	Chief Information Security Officer
Co-Lab	ASD-ANU Collaboration Agreement
CPR	Commonwealth Procurement Rules
DNS	Domain Name System
DTA	Digital Transformation Agency
DTIC	Data, Technology and Infrastructure Committee
FBT	Fringe Benefits Tax
FOI	Freedom of Information
GST	Goods and Services Tax
ICT	Information and Communications Technology
IGIS	Inspector-General of Intelligence and Security
IRAP	Information Security Registered Assessors Program
ISA	Intelligence Services Act
ISM	Information Security Manual
JCSC	Joint Cyber Security Centre
KPI	Key Performance Indicator
LGBTQ+	Lesbian, Gay, Bisexual, Transgender and Queer (or Questioning) Plus
LSL	Long Service Leave
MRC	Management Review Committee
MSS	China's Ministry of State Security
NAIDOC	National Aborigines and Islanders Day Observance Committee
NIC	National Intelligence Community
ONI	Office of National Intelligence
PBS	Portfolio Budget Statements
PDNS	Protective Domain Name System
PFADS	Performance Feedback Assessment and Development Scheme
PGPA	Public Governance Performance, and Accountability
PII	Personally identifiable information
PJCIS	Parliamentary Joint Committee on Intelligence and Security
PSPF	Protective Security Policy Framework
SES	Senior Executive Service
SME	Small and Medium Enterprises
SMS	Short messaging service
STEM	Science, technology, engineering and mathematics
UKUSA	United Kingdom – United States of America (Agreement)
WHS	Work health and safety

CHAPTER 1 |
DIRECTOR-GENERAL ASD'S REVIEW



I am pleased to present the 2020–21 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 the Government. Throughout 2020–21, ASD continued this critical work with success.

ASD's operating environment has remained complex and challenging during this reporting period, with Australia facing increased threats to national security, economic prosperity and social wellbeing from foreign interference, espionage and cybercrime – with impacts exacerbated 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 (ADF) 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.

ASD's unique offensive cyber capabilities have been used to effectively counter offshore threat, including the dismantling of online infrastructure used by foreign cybercriminals targeting Australians during the rollout of COVID-19 support measures. ASD also conducted a number of offensive cyber operations in support of the ADF.

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 2020–21, Australia was targeted by a range of actors who conducted persistent cyber operations that posed significant threats to Australia, and observed an increase in the speed with which malicious actors have researched and then pivoted to exploit publicly-released vulnerabilities.

Cybercrime continued to be a pervasive and endemic threat to Australia's economic and social prosperity throughout 2020–21. Cybercriminals 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. Ransomware is one of the most significant cybercrime threats Australian organisations faced, with modern ransomware attacks increasingly sequenced and orchestrated. 2020–21 saw a nearly 15 per cent increase in ransomware cybercrime reports compared with the previous reporting period.

Throughout 2020–21, ASD's Australian Cyber Security Centre (ACSC) has remained focused on these emerging cyber threats, including those to critical infrastructure and technologies, families and businesses. In this reporting period, the ACSC launched the *Act Now, Stay Secure* public awareness campaign, providing simple, easy-to-use advice to improve security practises and prevent Australians being victims of cybercrime.

ASD continues to work with the Department of Home Affairs, the Australian Federal Police and other partners, including the states and territories, to deliver the *Australian Cyber Security Strategy 2020*. During 2020–21 ASD commenced the first year of the 10-year Cyber Enhanced Situational Awareness and Response (CESAR) program. Pilot initiatives that form part of the CESAR program are already delivering benefits, including successfully detecting and blocking cyber security threats to government agencies.

A key priority for ASD during 2020–21 has been to continue its engagement with various parliamentary and other oversight bodies, including the Parliamentary Joint Committee on Intelligence and Security (PJCS); Senate Standing Committee on Foreign Affairs, Defence and Trade; and the 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 to provide greater transparency of its activities with the launch of a new proactive declassification program.

To support our analysts in an increasingly complex operating environment, ASD has focused on training and careers, modernisation of signals intelligence and cyber systems, and best practice capability development. ASD has defined a program of work to continue its uplift efforts over the coming years.

The COVID-19 pandemic has driven ASD to reflect on optimising working arrangements. ASD has introduced a new flexible work policy to emphasise and normalise the use of home-based work across the organisation.

ASD has continued its evolution as a statutory agency, with a focus over this reporting period on further uplifting organisational governance and administration, including addressing matters relating to risk management, accountability and decision-making.

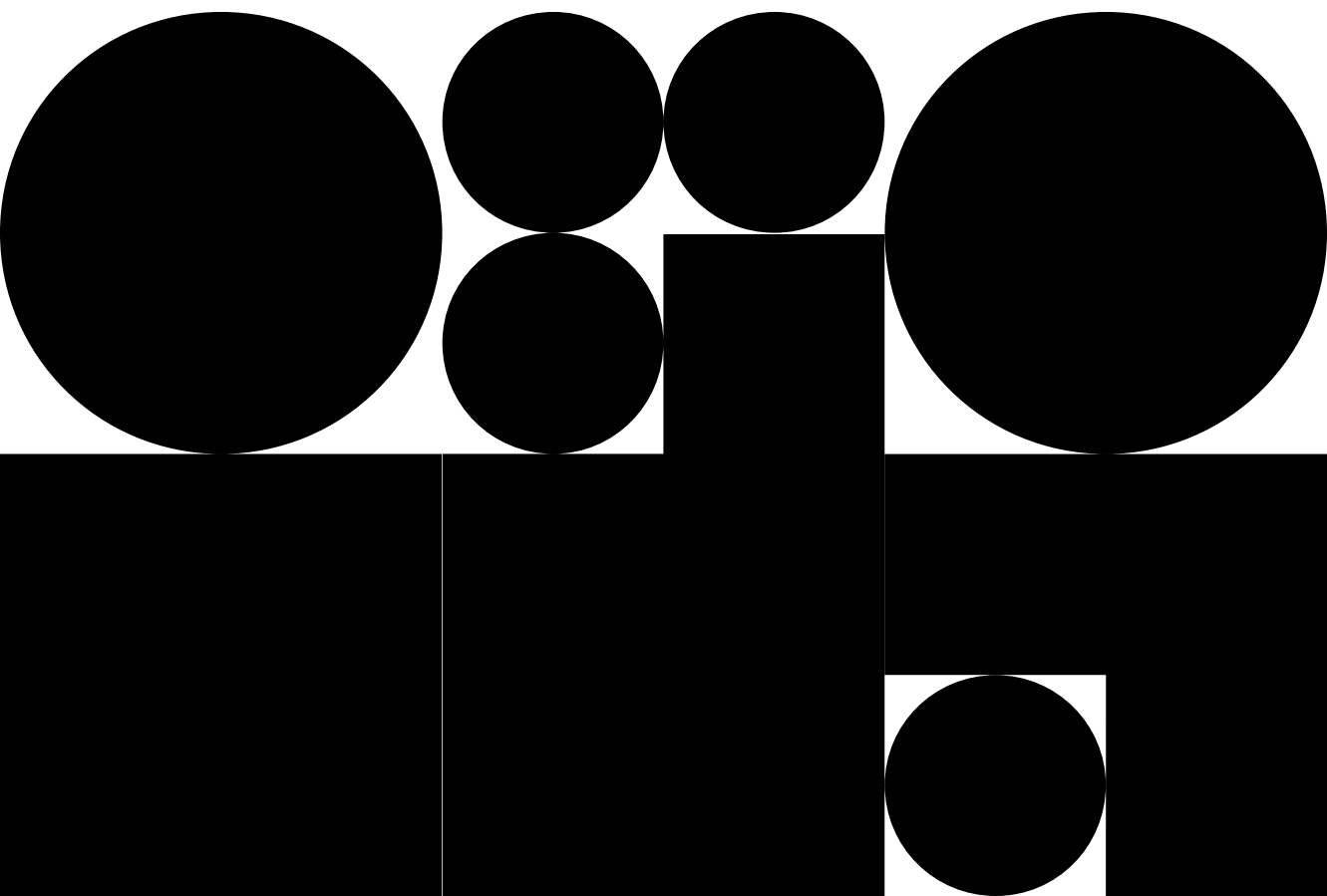
An organisation is only as good as its people and the ASD senior management team is fortunate to lead a group of talented, dedicated people with diverse skills willing to overcome challenges in support of Australia's interests.

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, covert effects and cyber security agency because of the talented, inventive and diverse people that make up our organisation.

Rachel Noble PSM
Director-General
Australian Signals Directorate

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CHAPTER 2 | OVERVIEW OF ASD



Purpose

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

ASD operates in accordance with section 7 of the *Intelligence Services Act 2001* (the 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 generate effects (offensive cyber operations).

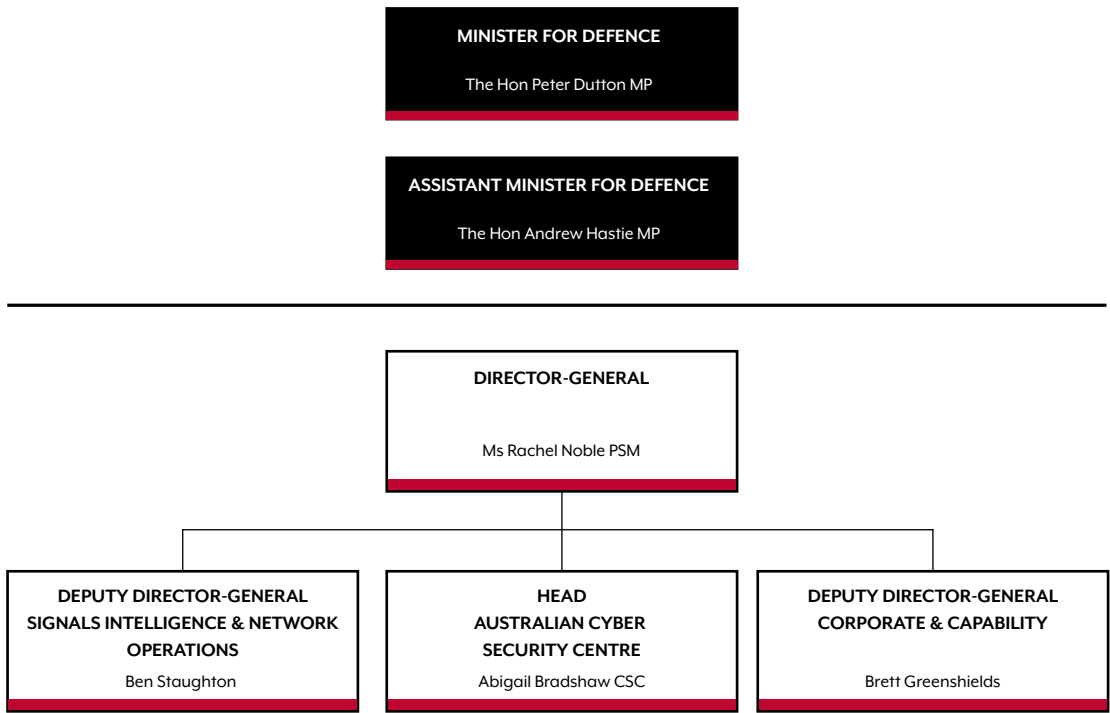
Underpinning ASD's purpose are five strategic objectives:

- 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, the Hon Peter Dutton MP.

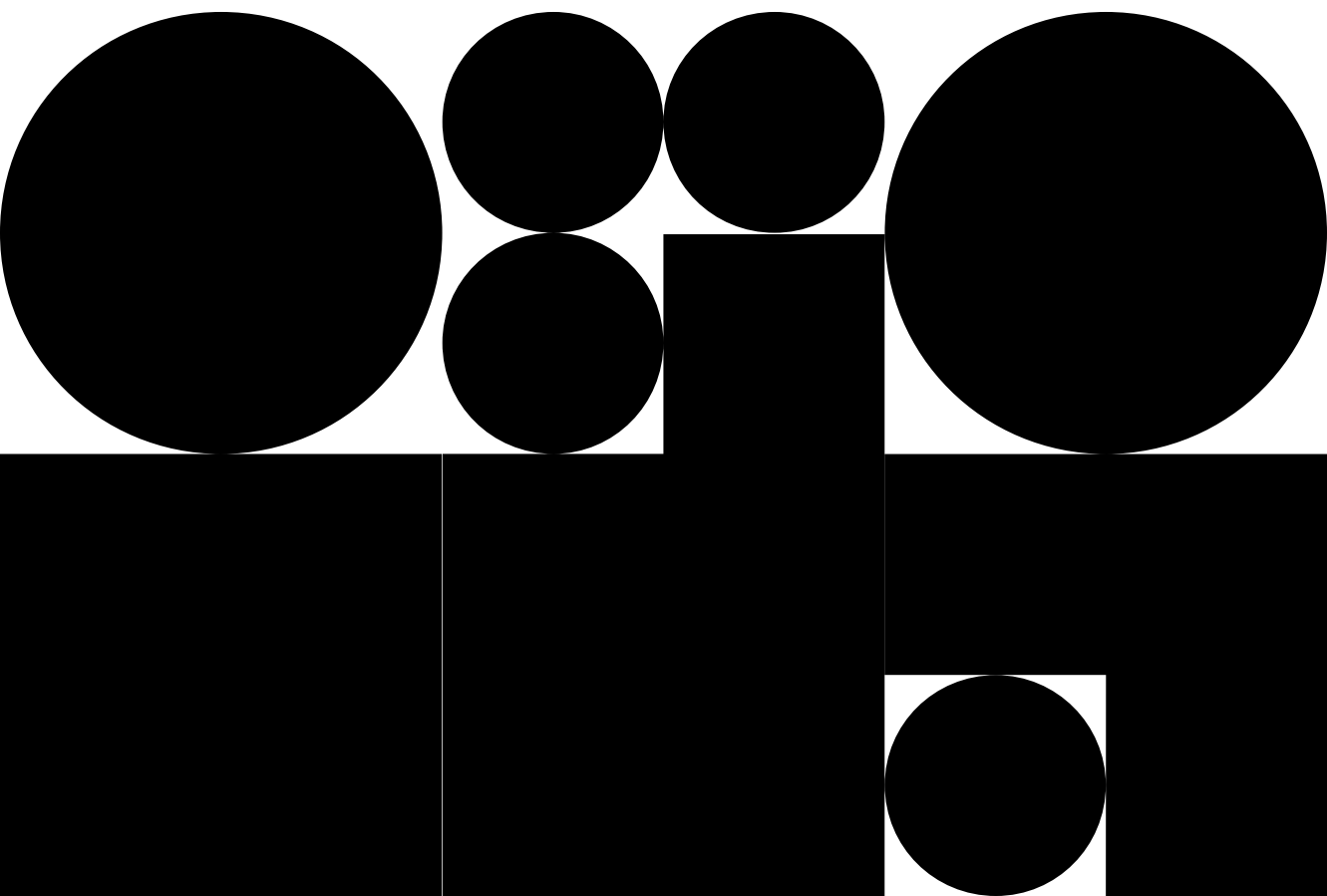
Figure 1: ASD’s organisational structure as at 30 June 2021



Ms Rachel Noble PSM was Director-General ASD and ASD’s accountable authority for the 2020–21 reporting period.

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CHAPTER 3 |
REPORT ON PERFORMANCE

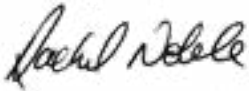


Introductory statement

ASD's purpose is to defend Australia against global threats and advance Australia's national interests through the provision of foreign signals intelligence, cyber security and offensive cyber operations, as directed by the 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. The agency is committed to ensuring that robust measures for determining performance remain in place and transparency is provided either through this public report or ASD's annual classified report on administration and expenditure presented to the Parliamentary Joint Committee on Intelligence and Security (PJCS).

As Director-General ASD, and the accountable authority of ASD, I present the 2020–21 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
29 September 2021

ASD's performance

For the 2020–21 reporting period, ASD achieved its purpose 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. This was achieved through the successful delivery of four key activities:

- foreign signals intelligence
- cyber security services
- offensive cyber operations
- sustain and secure future capability.

ASD's operating environment continued to be complicated by the impacts of COVID-19 during the 2020–21 reporting period. The outcomes of ASD's COVID-19 response can be seen in its success in responding to an increased operational tempo while continuing to deliver on its commitments to the Government.

In 2020–21, ASD continued to mature its performance framework, including designing a set of seven performance measures to support the evaluation of ASD's performance against its key activities and purpose. Because ASD has reconsidered its approach to performance oversight, including the effectiveness and practicality of selected methodologies, these new performance measures were not in place at the conclusion of this reporting period. Performance has therefore been assessed using the performance framework (see Figure 2) published in ASD's Corporate Plan 2020–21 and the Portfolio Budget Statements (PBS). The performance framework sets out ASD's purpose, key activities, performance criteria, and key performance indicators (KPIs).

ASD is committed to building its organisational governance capacity to improve its ability to implement an effective performance framework. In 2020–21, ASD established performance registers to track, monitor, and measure ASD's performance against the enterprise KPIs. This includes refining mechanisms for assessing all major activities conducted by ASD through improving the identification of data sources and maturing the reporting and evaluation process.

Due to the nature of ASD's work, classified performance information will continue to be reported through existing performance frameworks in classified channels. As per existing processes, 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 together meet ASD's reporting obligations under both the PGPA Act and the ISA.

ASD reports regularly on mission-related activities via National Intelligence Community (NIC) governance forums coordinated by the Office of National Intelligence (ONI). Additionally, ASD participates in the annual NIC Evaluation, also coordinated by ONI, which reviews mission outcomes and collaboration between NIC agencies. 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 (IGIS), with the ANAO also able to conduct audits on any finance and performance matter.

Figure 2: ASD's performance framework

Enterprise Key Performance Indicators		Performance Criteria	Key Activities	Strategic Objectives	ASD's Purpose
1	ASD's intelligence product, technical expertise and advice deliver strategic advantage and enable National Intelligence Community operations.	ASD's foreign signals intelligence informs strategic, operational and tactical decision-making.	Foreign Signals Intelligence	Deliver Strategic Advantage, Lead Cyber Security, Support Military Operations, Counter Cyber-enabled Threats; Provide Trusted and Expert Advice.	The Australian Signals Directorate defends Australia from global threats and advances the national interest through the provision of foreign signals intelligence, cyber security and offensive cyber operations, as directed by Government.
2	ASD's foreign signals intelligence and technical expertise effectively supports military operations.				
3	ASD's Australian Cyber Security Centre provides high quality, impactful cyber security services to government, critical infrastructure and services, businesses, families and individuals	ASD's cyber security advice, assistance and operational responses prevent, detect and remediate cyber threats to Australia.	Cyber Security Services		
4	ASD delivers international partnership programs and advanced technical capability that strengthens national cyber security and resilience.				
5	ASD's offensive cyber operations provide effective and timely support for military operations in accordance with Australian Defence Force priorities and requirements.	ASD's offensive cyber operations deliver real-world impact, including providing advantage to military operations.	Offensive Cyber Operations		
6	ASD's offensive cyber operations provide effective measures to counter offshore cyber threats targeting Australians and Australia, consistent with whole-of-government security priorities and requirements.				
7	ASD provides and sustains a suite of integrated and optimised technology platforms, products and services that meet the needs of ASD's signals intelligence, cyber security and effects missions while ensuring interoperability with partners.	ASD's capability needs are met and fiscal outcomes are delivered, while managing ASD's risk and maintaining a secure internal operating environment.	Sustain & Secure Future Capability		
8	High quality corporate support required to enable mission outcomes is provided to all parts of ASD and partners (including through Defence shared services arrangements).				

Key Activity 1: Foreign signals intelligence

Performance Criterion	ASD's foreign signals intelligence informs strategic, operational and tactical decision-making.
2020–21 Result	Achieved

During 2020–21, ASD continued to generate foreign signals intelligence that provided the Government with insight into global strategic and military developments, enabling effective operational and tactical decision-making. ASD's achievement against this performance criterion was evaluated through qualitative assessment of the impact of foreign signals intelligence on Australia's strategic, operational and tactical decision-makers.

Key Performance Indicator 1: ASD's intelligence product, technical expertise and advice deliver strategic advantage and enable National Intelligence Community (NIC) operations.

During 2020–21, ASD provided intelligence products, technical expertise and advice to the NIC on threats to national security. An example of ASD's activities in this regard would be tracking the foreign communications of extremists who were a threat to Australians and Australian interests. ASD actively participates in frequent engagement and evaluation processes with the wider NIC. This has enabled ASD to focus its efforts on what is critical to the NIC, ensuring relevant and vital contributions to whole-of-government activities with high-impact collection, analysis, data and linguistic support. ASD also seeks opportunities to engage the support of partners in meeting Australian requirements. Additionally, ASD has embedded liaison officers in key departments who have proven to be valuable in supporting intelligence needs and decision-making.

Key Performance Indicator 2: ASD's foreign signals intelligence and technical expertise effectively supports military operations.

During 2020–21, ASD foreign signals intelligence was used to support deployed Australian Defence Force (ADF) elements and helped inform tactical and operational decision-making. ASD maintains strong ties to Defence and the ADF and conducts regular engagement to review requirements. This ensured that key Defence and ADF outcomes were well understood by ASD and addressed. Stakeholders in Defence and the ADF confirmed that ASD's foreign signals intelligence and technical expertise were high impact, and provided effective support to military operations. ASD also delivered advanced cyber training to ADF personnel to improve defensive and offensive cyber capabilities.

Key Activity 2: Cyber security services

Performance Criterion	ASD's cyber security advice, assistance and operational responses prevent, detect and remediate cyber threats to Australia.
2020–21 Result	Achieved

ASD's ACSC leads the Australian Government's efforts to improve cyber security, supported by ASD's wider organisation. Over the reporting period, ASD has delivered whole-of-economy cyber security services to Australian governments, business and critical infrastructure, as well as communities and individuals.

ASD responded to more than 1,630 cyber security incidents during 2020–21. Compared to the previous financial year, the total number of cyber security incidents in the 2020–21 financial year decreased by 28 per cent. A higher proportion of cyber security incidents this financial year were categorised by the ACSC as ‘substantial’ in impact. This change is due in part to an increase in attacks by cybercriminals on larger organisations and the impact of these attacks on the victims. The attacks included data theft, extortion and/or rendering services offline.

During this financial year, ASD continued to work closely with the Department of Home Affairs, the Australian Federal Police and other partners, including the states and territories, to deliver the effects and capabilities outlined in the *Australian Cyber Security Strategy 2020*. The *Australian Cyber Security Strategy 2020* details the Australian Government’s plans to invest \$1.67 billion over ten years to create a more secure online world for all Australians.

A key component of the *Australian Cyber Security Strategy 2020* is \$1.35 billion for ASD’s Cyber Enhanced Situational Awareness and Response (CESAR) program. CESAR is designed to enhance protection and cyber resilience for all Australians, from providers of critical infrastructure, to small-to-medium enterprises and individuals.

This financial year, CESAR has completed its first year of a 10-year program. Initial CESAR initiatives have focused on enhancing situational awareness of online threats faced by government, industry and the Australian public. This has included increasing cooperation with government and industry partners and implementing a number of pilot initiatives, such as strategic host-based detection and threat blocking. These initiatives are already delivering benefits, successfully detecting and blocking threats across government agencies.

Key Performance Indicator 3: ASD’s Australian Cyber Security Centre provides high quality, impactful cyber security services to government, critical infrastructure and services, businesses, families and individuals.

Government

Over the reporting period, ASD has provided a broad range of cyber security advice and assistance to Government. This has included:

- working with Commonwealth entities to increase their cyber security posture, including conducting 14 cyber uplift activities. This effort assisted government agencies to improve their alignment with the *Essential Eight Strategies to Mitigate Cyber Security Incidents*, enhance basic cyber hygiene and business practices, and better equip agencies to respond to cyber security incidents.
- publishing Cyber Hygiene Improvement Programs (CHIPs) reports quarterly to Commonwealth, state and territory government agencies. These reports focus on measurable areas of cyber security, producing objective data to guide cyber security management. Additionally, 34 high priority operational tasking activities were undertaken.
- engaging and advising extensively with the Digital Transformation Agency to support the planning of the Government Cyber Hubs Pilot, under the Hardening Government IT Project (HGIT). The Hubs model is designed to uplift multiple Commonwealth entities’ cyber resilience and provide a more cost-efficient way to implement a best practice, whole-of-government approach to detecting, preventing and responding to cyber threats across government systems. ASD has provided specialised input into the design and definition of core services.

- signing up 16 Australian government agencies to the Australian Protected Domain Name Service (AU PDNS), processing more than 5.5 billion queries and blocking over 400,000 malicious domain name requests.
- iteratively updating the *Australian Government Information Security Manual (ISM)*, and the publication of advisory documents to *cyber.gov.au* and the Partnership Portal to ensure advice stays relevant for a rapidly changing threat environment.
- updating the Information Security Registered Assessors Program (IRAP) policy and procedures. ASD has partnered with the Australian Cyber Collaboration Centre and the Canberra Institute of Technology Solutions to deliver IRAP new starter training and examinations. The number of active assessors has grown by more than 20 per cent since the program reopened in January 2021.
- improving the sharing of cyber security best practice information among federal government entities through the Chief Information Officer (CIO) / Chief Information Security Officer (CISO) and IT Security Advisor (ITSA) forums. During the period, ASD hosted three CIO/CISO forums, and four ITSA forums.
- providing technical cyber security advice and guidance to the Department of Defence to support Australia's national naval shipbuilding enterprise, including the Future Shipbuilding and Future Submarine Programs.

Case Study 1: Vaccine supply chain

Since mid-2020 ASD has been instrumental in providing technical advice and assistance to key private entities involved in the COVID-19 vaccine supply chain, including industry, as well as federal, state and territory governments. ASD and the Department of the Prime Minister and Cabinet briefed executive members of vaccine supply chain entities to ensure a common understanding of the threat environment and to seek cooperation throughout all phases of vaccine distribution, including in the event of a cyber incident. ASD proactively committed to assist research, logistics, and health entities by providing technical advice and assistance to reduce the risk of disruption to vaccine distribution. During February 2021, technical officers from ASD conducted onsite visits to logistics, transport, biomedical and healthcare services premises to obtain an understanding of vaccine supply chain systems and better tailor specialist advice.

Critical infrastructure and industry partnerships

ASD has provided extensive support to critical infrastructure owners and operators over the reporting period. Critically, ASD has continued to provide high-quality cyber security services and advice to industry partners through the Joint Cyber Security Centres (JCSCs) and the Partnership Program. This has included:

- expanding the reach and capabilities of the JCSC program by launching a Northern Territory (NT) Outreach Office in conjunction with the NT Government on 25 June 2021. This outreach office will improve ASD's ability to engage with the NT Government and businesses, and will be crucial in developing strong partnerships and sharing actionable cyber security advice and threat awareness with our NT partners.

- expanding the Partnership Program to include three tiers of membership: Network, Business, and Home. The new business and home membership tiers are designed to extend ASD's services to smaller entities who previously might not have engaged with the program. At the end of the reporting period, the ACSC has more than 1,700 network partners, a 230 per cent increase from the previous financial year; 2,000 business partners, a 190 per cent increase from the previous financial year; and tens of thousands of home partners.
- engaging with critical infrastructure owners and operators through the Partnership Program and the JCSCs, including through information exchanges, sector specific working groups, and cyber security and threat briefings.
- launching the Critical Infrastructure Uplift Program (CI-UP) pilot on 17 May 2021, to help protect Australia's most critical systems. This program aims to improve ASD's understanding of the cyber security maturity of Critical Infrastructure and Systems of National Significance owners and operators. By the end of the period, more than 100 entities had registered.
- conducting incident response cyber security exercises, through the National Exercise Program, with critical infrastructure organisations, and cyber security training workshops for industry and government.
- initiating the next phase of the development of a Cyber Threat Intelligence Sharing (CTIS) capability, co-designed with more than 50 industry partners, to create a means to bi-directionally share cyber threat intelligence between the ACSC, industry and government stakeholders.

Case Study 2: Industry partnerships

ASD is working to leverage the expertise, capability and visibility of key ACSC Partners through the Industry Integration Program. The program helps create a national threat picture and directly assists cyber security uplift across the Australian economy. Partners are identified based on the mutual strategic and operational needs of ASD and the organisation. Over the period of the program, ASD has brought on board initial partners, with more partners in the process of completing a Memorandum of Understanding, and designing the most appropriate method of integration into the ACSC.

This program facilitates enhanced information and resource sharing. One example is an integree from the Australian Energy Market Operators (AEMO), who has provided unique value and experience by providing immediate industry perspectives and complementing skills to the ACSC. This integree has helped the ACSC implement a fit-for-purpose program to uplift the cyber resilience of Australia's critical infrastructure.

Businesses, families and individuals

Increasing the amount of assistance and advice provided to businesses, families and individuals is an important focus of the *Australian Cyber Security Strategy 2020*. Over the period, ASD provided direct support to these groups, including:

- launching the *Act Now, Stay Secure* awareness campaign in December 2020. The awareness campaign provides simple, easy-to-use advice to improve cyber security practices and help Australians protect themselves against cybercrime. The awareness campaign directs people to cyber.gov.au, consolidating legacy information sites and incorporating Stay Smart Online.
- publishing more than 40 step-by-step guides to support older Australians, families and businesses to implement sound cyber security practices, along with guides to assist businesses prevent and response to ransomware attacks.
- managing ReportCyber, on behalf of federal, state and territory law enforcement agencies. The ReportCyber website allows large organisations and critical infrastructure, government organisations, small and medium businesses and individuals to report cyber security incidents, and provides additional assistance and referral pathways, depending on the nature of the incident or cybercrime. ASD tracks and shares trends and patterns in cybercrime as they are reported. During the period, over 67,500 reports were made via ReportCyber and were referred to the appropriate state or territory law enforcement agency for assessment and potential investigation.
- operating the Australian Cyber Security Hotline '1300 CYBER1' (1300 292 371). The hotline, which is contactable 24 hours a day, seven days a week, provides advice and assistance to Australian organisations impacted by cyber security incidents. Since the start of the 2020–21 financial year, ASD has seen a significant increase in the number of calls to 1300 CYBER1. The number of calls in the 2020–21 financial year totalled more than 22,000, an average of 60 calls received per day. This is an increase of more than 310 per cent, compared with the previous financial year where ASD received 5,300 calls.

Case Study 3: Ransomware

ASD assesses ransomware as one of the most significant cybercrime threats Australian organisations face. In 2020–21, ASD received approximately 500 ransomware cybercrime reports via ReportCyber, an increase of nearly 15 per cent compared with 2019–20, and responded to approximately 160 cyber security incidents related to ransomware.

To support Australians avoid and recover from ransomware incidents, ASD provides technical advice and guidance to the public on active ransomware software via cyber.gov.au. In December 2020, the ACSC launched the *Act Now, Stay Secure* media campaign, the first phase of which focused on providing advice to Australians on protecting themselves from ransomware. The awareness campaign promoted new technical ransomware guides, published by ASD and available on cyber.gov.au, including a prevention and detection guide, an emergency response guide and two step-by-step guides. In addition to the *Act Now, Stay Secure* campaign, ASD provided advice on a range of other mitigation methods, including an updated Essential Eight Maturity Model, threat level services, and the Partner Portal that informs the public of Australia's current cyber threat levels.

Incident response

ASD's incident response capabilities span the full range of cyber security incidents, from national crises to incidents affecting individual members of the public. Over the reporting period ASD has:

- responded to more than approximately 1,630 cyber incidents, assisting critical infrastructure, businesses and Commonwealth, state, territory and local governments.
- published 27 Alerts and 12 Advisories on *cyber.gov.au*. Alerts provide timely notification on threats or activity with the potential to impact individuals, businesses, organisations, government, devices, peripherals, networks or infrastructure. Advisories provide timely information and advice on current security issues, vulnerabilities, and exploits. There were more than 7.8 million visits to these Alerts and Advisories on *cyber.gov.au* during the period.

Case Study 4: Microsoft Exchange

Microsoft Exchange is an on-premises product which customers can install themselves to access mail and calendar services. On 3 March 2021, Microsoft announced vulnerabilities in the Microsoft Exchange server that allowed an attack to access emails and other information or content stored on, or accessible by, that server. Microsoft issued a patch to organisations affected by this vulnerability; however, this did not by itself remove any malicious actors who had already accessed victim's networks before the patch was applied. Following Microsoft's announcement and patching advice, ASD observed other malicious actors rapidly beginning to exploit these vulnerabilities in unpatched Microsoft Exchange servers.

ASD worked closely with government and industry partners to identify vulnerable organisations and offer remediation advice. ASD published an alert on its website on 3 March 2021, updated several times since, and a technical advisory on 12 March 2021 on the Microsoft Exchange server vulnerabilities. ASD supported Microsoft in identifying and assisting vulnerable customers using ASD's CHIPs scanning activities.

On 19 July 2021, the Australian Government released a joint statement by the Australian Foreign Minister, Minister for Defence and Minister for Home Affairs, joining international partners in expressing serious concerns about malicious cyber activities by China's Ministry of State Security (MSS), and the Australian Government's determination that China's MSS exploited vulnerabilities in the Microsoft Exchange software to affect thousands of computers and networks worldwide, including in Australia.

Key Performance Indicator 4: ASD delivers international partnership programs and advanced technical capability that strengthens national cyber security and resilience.

International partnership programs

ASD maintains strong international relationships with global cyber security counterparts in order to share information, mitigate incidents and enhance Australia's cyber security resilience. Over the reporting period, ASD has contributed to furthering our international partnerships, including by:

- engaging actively through the Asia Pacific Computer Emergency Response Team (APCERT), which enhances cyber security through cooperation, trust and genuine information sharing. ASD's

leadership role in the APCERT Steering Committee and its participation in a number of working groups and activities reinforces Australia's commitment to promoting cyber security in the region. In September 2020, ASD participated in the first virtual APCERT Annual General Meeting and Conference and was again re-elected to the Steering Committee.

- leading regional capacity-building through the Pacific Cyber Security Operational Network (PaCSON), an ASD initiative designed to develop regional cyber security capability, including incident response, enhancing technical skills and knowledge, sharing cyber security threat information and reflecting best practice to strengthen cyber security defences. PaCSON, as a community of 17 countries, delivers beneficial outcomes to the Pacific region and aligns with the Australian Government Pacific Step-Up initiative. As PaCSON Secretariat, ASD hosted, for the first time virtually, a successful PaCSON Annual General Meeting in May 2021. Additionally, ASD supported the launch of the PaCSON website and portal during the reporting period, strengthening the connectivity and collaboration between PaCSON members.
- working closely with our Five-Eyes partners to support our collective understanding of, and ability to respond to, malicious cyber activity. These efforts included cooperation on incident response, information sharing, and development of joint publications and advisories. ASD also engages regularly with European and regional partners to foster coordination and collaboration on cyber security, acting as a global leader in the international cyber security community and, when it is in our national interests to do so, joining with international partners to publicly call out irresponsible and malicious cyber activity.

Technical capabilities

Over the reporting period, ASD has leveraged its technical capabilities in order to protect government agencies, Australians, and businesses from malicious activity by:

- piloting a scalable cyber security defence capability, the Australian Protective Domain Name System (AU PDNS). The AU PDNS capability seeks to prevent access to domains by blocking access to sites that host malware, ransomware, phishing attacks and other malicious content. ASD PDNS processed over 5.5 billion queries and blocked more than 400,000 known malicious domain names during the period across federal agencies. The program continues to expand partnerships, with participation now including states and territories. This service has demonstrated success, providing agencies with support to identify cyber threats, resulting in improved security measures for partners.
- launching a pilot website-takedown service to remove confirmed malicious activity on subscribed organisations' websites. Between the launch of the pilot in March 2021, and the end of the period, the service performed more than 7,700 requested removals of malicious activity.
- piloting a program in conjunction with Telstra and Services Australia, to block cybercriminals impersonating Services Australia, under Telstra's Clean Pipes initiative. This program, announced in September 2020, succeeded in identifying and rejecting illegitimate phishing text messages impersonating myGov and Centrelink, before they reached Telstra customers. This program, which will eventually lead to industry-wide solutions, demonstrated how government and industry can work together to better protect Australians.
- using unique offensive cyber capabilities to degrade and disrupt cybercriminal syndicates targeting Australians during the rollout of coronavirus support measures.

Key Activity 3: Offensive cyber operations

Performance Criterion	ASD's offensive cyber operations deliver real-world impact, including providing advantage to military operations.
2020–21 Result	Achieved

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. ASD's performance against this criterion is based on qualitative assessments of operational outcomes.

Key Performance Indicator 5: ASD's offensive cyber operations provide effective and timely support for military operations in accordance with Australian Defence Force priorities and requirements.

Throughout 2020–21, ASD has continued to provide offensive cyber operations in support of Headquarters Joint Operations Command's key operational requirements. This includes future enhancements of ASD's cyber capability to support military preparedness.

Key Performance Indicator 6: ASD's offensive cyber operations provide effective measures to counter offshore cyber threats targeting Australians and Australia, consistent with whole-of-government security priorities and requirements.

Throughout 2020–21, ASD continued to pivot its offensive cyber capabilities to address emerging threats presented by foreign cybercriminals' malicious activities related to COVID-19. Operations focused on disabling online infrastructure used by the foreign cybercriminals and disrupting their exploitation capabilities.

Case Study 5: Website takedowns

On 25 January 2021, an Australian government department reported an ongoing short message service (SMS) phishing campaign targeting members of the Australian public. The campaign employed a website link in the SMS message to direct recipients to a credential and personally identifiable information harvesting page that impersonated the department. ASD provided assistance to the department to remediate the threat. This incident highlights the ongoing exploitation by malicious actors to leverage local and global events, including the coronavirus pandemic, to increase the likelihood of individuals clicking malicious links.

Reported financial losses due to cybercrime reported in Australia totalled more than \$33 billion (AUD) in 2020–21, with one of the more common attack vectors being fraud, which includes directing victims to fake websites. As a result, ASD has enhanced its capability to respond at speed and scale to websites facilitating malicious activity online. Since the commencement of the current takedown service in March 2021, ASD has removed more than 7,700 websites or services from the internet that were hosting cybercrime activity related to the coronavirus pandemic.

Key Activity 4: Sustain and secure future capability

Performance Criterion	ASD's capability needs are met and fiscal outcomes are delivered, while managing ASD's risk and maintaining a secure internal operating environment.
2020–21 Result	Achieved

The development and sustainment of secure future capability is critical to enabling ASD to successfully deliver foreign signals intelligence, cyber security and offensive cyber operations. ASD measured its achievement of this performance criterion through qualitative assessment of the value of its capability and corporate services to the delivery of its mission.

Key Performance Indicator 7: ASD provides and sustains a suite of integrated and optimised technology platforms, products and services that meet the needs of ASD's signals intelligence, cyber security and effects missions while ensuring interoperability with partners.

ASD's technology platforms, products and services, including software and hardware for both classified and unclassified systems, continue to meet the needs of ASD and ensure interoperability with partners. ASD delivers a TOP SECRET information and communications technology (ICT) environment on behalf of the NIC and ADF users that enables improved intelligence outcomes through better data access, collaboration spaces and streamlined ICT processes.

Achievements and activities delivered during 2020–21 include:

- providing upgrades to signal intelligence mission systems operated by ASD and selected Defence Intelligence Group systems. These upgrades are vital to ensure alignment with new technologies and prevent equipment degradation, ensuring Australia maintains its signals intelligence technical advantage.
- meeting the capability requirements of Australian government agencies through the delivery, upgrading, and accreditation of ICT infrastructure and systems suitable for classified communications. This enables government agencies to work with classified material in a secure space.
- improving foundational ICT services by delivering reliable, high-bandwidth internet connections, and local printing and scanning to all JCSC sites. This enables the ACSC to be timely and responsive when providing cyber security services to Government and the Australian community.
- engaging domestic and international partners to establish and ensure best practice in the use of ICT and data technology. This helps ASD to maintain a close alignment between technology use and organisational goals and outcomes.

Case Study 6: ASD-ANU Collaboration Agreement (Co-Lab)

ASD invests in a collaborative program of activities with the Australian National University (ANU) for a joint program (known as the 'Co-Lab'). One of the goals of this program is to facilitate the identification, nurturing, and recruitment of skilled and talented domestic students studying disciplines relevant to ASD's workforce needs.

Co-Lab activities include participation in outreach events, including high school science, technology, engineering and mathematics (STEM) activities, with several delivered through existing integrated learning programs at ANU; collaborative research in areas of data science, vulnerability research, cryptology and secure systems; education and professional training in support of recruitment and upskilling existing ASD staff; and foundational training that is customised for new ASD staff. A new Co-Lab website has also been released to encourage student awareness and to support media opportunities with ANU Open Day, the National Youth Science Forum, and interviews in ANU bulletins. The result is increased interest amongst domestic students in ASD employment, and increased support and interaction for Co-Lab initiatives with an expansion of program awareness into five out of seven ANU schools and colleges.

Key Performance Indicator 8: High quality corporate support required to enable mission outcomes is provided to all parts of ASD and partners (including through Defence shared services arrangements).

ASD provides high quality support to both internal work areas as well as external partners so that mission outcomes are supported. Achievements and activities delivered during 2020–21 include:

- meeting significant onboarding and recruitment targets and implementing the 2020 Employment Determination.
- fulfilling ASD's fraud control and enterprise risk management obligations under the PGPA Act, PGPA Rule, Commonwealth Fraud Control Policy and Framework, and the Commonwealth Risk Management Policy.
- prioritising medium and long-term accommodation planning for ASD, both in Canberra and nationally. This will ensure that ASD staff are appropriately accommodated and provided with the infrastructure required to maximise performance.
- delivering a governance reform program, in particular: implementing a new planning and performance framework; streamlining ASD's enterprise committees; implementing a new policy framework as part of a broader uplift of organisational policy; maturing integrity systems including Public Interest Disclosure arrangements; streamlining and standardising portfolio management governance; and uplifting the governance of facilities and accommodation decision-making.
- continuing to build trust through transparency with the Australian public through strategic content release, media engagement and campaigns. The Head of the ACSC has made a number of keynote public addresses since January 2021, notably interviews with 60 Minutes, ABC Radio Network breakfast and Nine News to help educate the public and raise awareness around cyber security and risk.
- establishing a proactive declassification program (see Case Study 7).

Case Study 7: ASD's records declassification and public release program

ASD's records declassification and public release program proactively releases archived holdings to the public. To date, ASD is the only Australian intelligence agency with a proactive declassification program.

Declassifying highly classified files is a rigorous process that strikes a balance between keeping the secrets needed to ensure ASD's continuing success, and revealing those that can encourage a greater understanding of the nature of our activities. Information relating to national security capabilities, as well as sensitive personal information, is redacted from some documents during the declassification process.

The first release of records occurred on 9 February 2021. This release detailed the support provided by the Defence Signals Directorate – ASD's predecessor organisation – to deployed operations in Vietnam between 1966 and 1971. The records included documents and photographs from the work area at 547 Signals Troop while deployed in Vietnam. Links to the National Archives of Australia records on the UKUSA Agreement and ASD's predecessor organisation's inclusion into this agreement were also included in the 9 February release of documents.

The records declassification and public release program will allow historians and the general public to explore ASD's history.

Report on financial performance

The Government provided ASD with \$805.4 million in appropriation funding for operating costs and a further \$225.5 million for capital investment in the 2020–21 Portfolio Budget process (totalling \$1,030.9 million). Additionally, ASD received \$3.3 million in cost recovery revenue primarily for the provision of TOP SECRET services.

ASD's financial statements show a total comprehensive loss of \$223.4 million. After adjusting for the impact of depreciation and including the impact of lease payments, ASD has an operating deficit of \$65.1 million. ASD Supplier expenses were higher than budgeted due to an increase in activity levels following procurement delays due to COVID-19 in the 2019–20 Financial Year. In addition, the deficit was also driven by activity related to the rectification of legacy asset management issues.

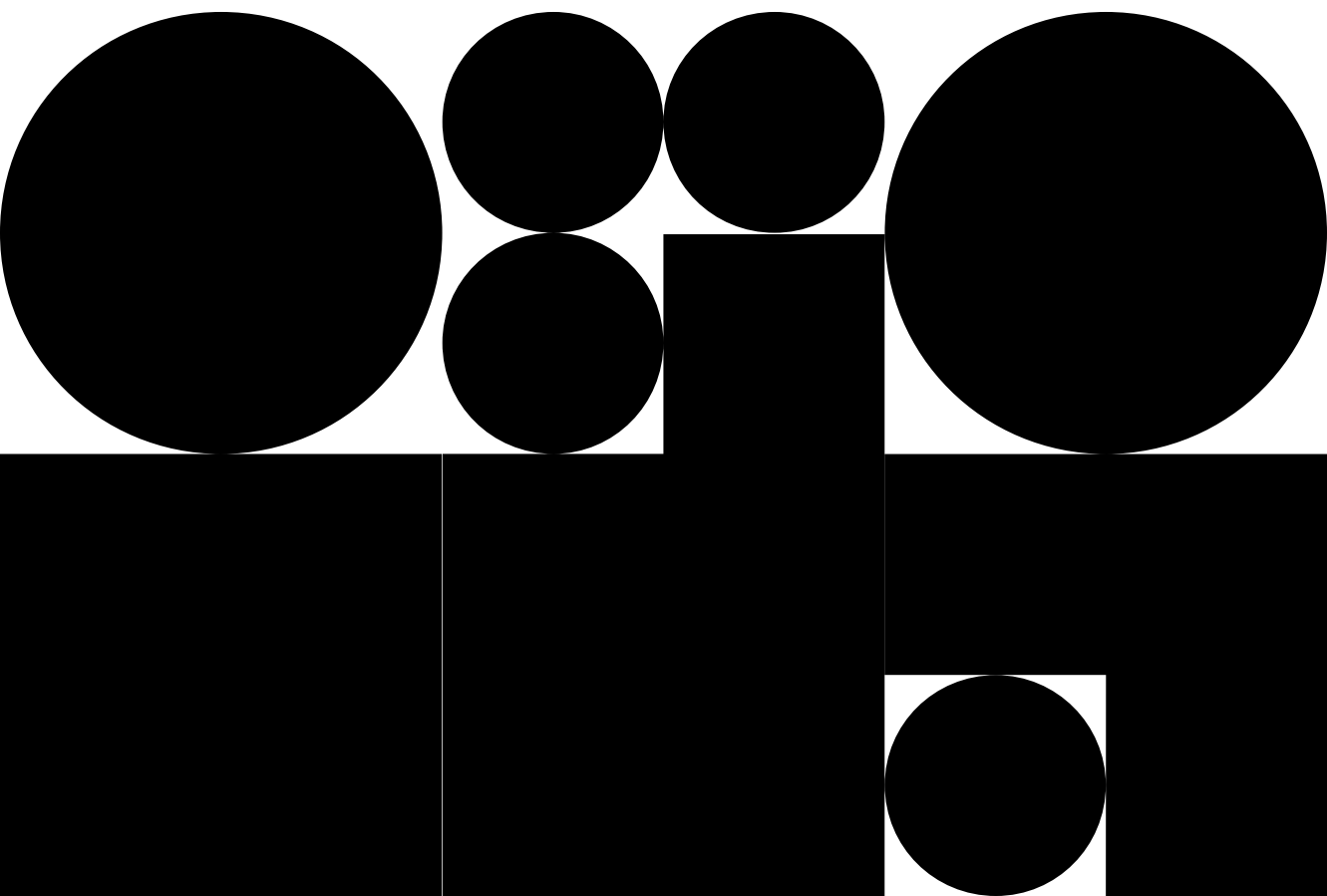
Throughout 2020–21, ASD's management has worked in partnership with the Department of Defence and the Department of Finance to continue to refine ASD's financial management arrangements, given ASD's change in status to an independent statutory agency. A formal review of the shared services arrangements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

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CHAPTER 4 | MANAGEMENT AND ACCOUNTABILITY



Corporate governance

As a statutory agency in the Defence portfolio, ASD reports directly to the Minister for Defence, the Hon Peter Dutton MP. ASD operates under the PGPA Act and the ISA. The Director-General ASD is the accountable authority of ASD.

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

The 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

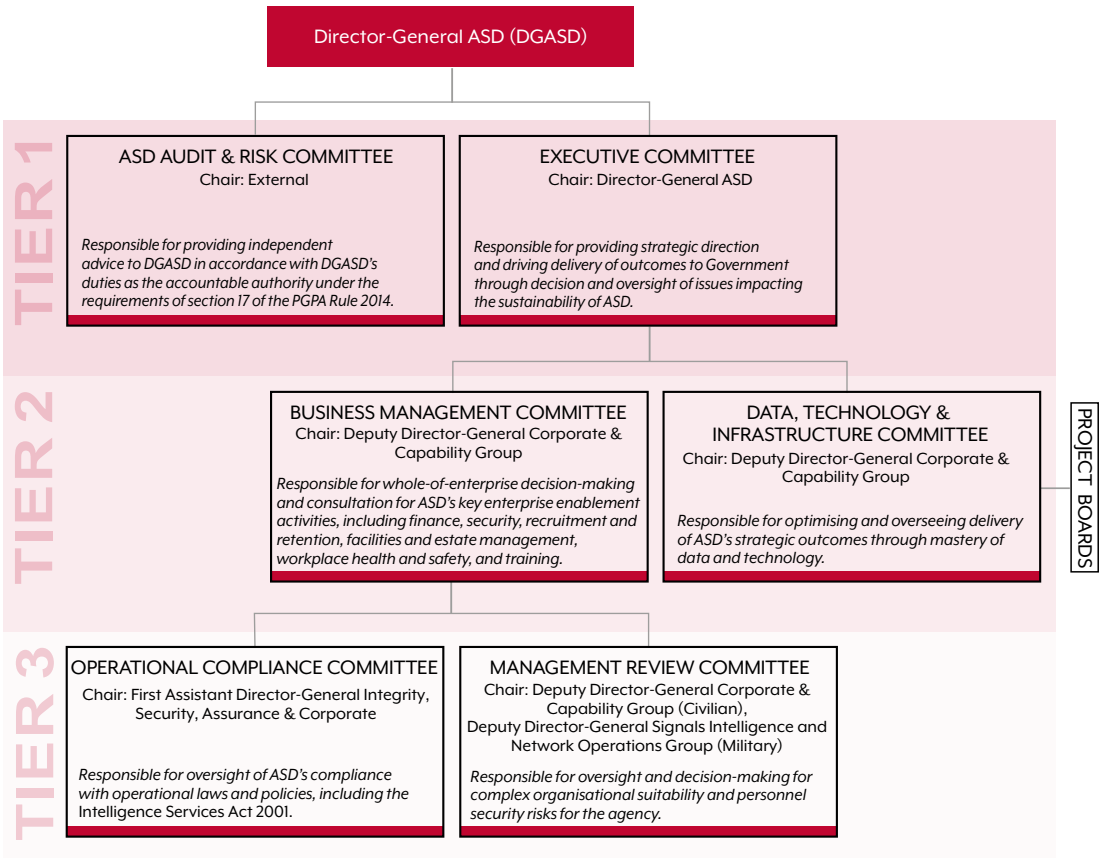
On 31 August 2020, ASD published its third Corporate Plan, covering the period 2020–21 to 2023–24.

The course of the three corporate plans has remained constant as ASD continues to mature 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, its subcommittees and the ASD Audit and Risk Committee (ASDARC); see Figure 3. ASD's governance framework was streamlined during 2020–21 to clarify decision-making processes and ensure clear lines of accountability.

Figure 3: ASD governance framework



Executive Committee

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

The role of the committee is to provide advice to the Director-General, set the strategic direction for ASD, and provide oversight of all ASD activities. The Executive Committee assists the Director-General in ensuring that ASD meets the highest standards of governance, performance and accountability, with the Director-General having ultimate decision-making authority on all issues.

The Executive Committee met fortnightly during 2020–21.

ASD Audit and Risk Committee

In accordance with section 45 of the PGPA Act and section 17 of the PGPA Rule, ASDARC comprises external and internal members. The committee is responsible for monitoring, reviewing, and, where appropriate, making recommendations to the Director-General about financial reporting; performance reporting; systems of risk oversight, including fraud risk assessment, deterrence and prevention; systems of internal control; and internal and external audit.

The committee has five members, three of whom are external to ASD. During 2020–21, ASDARC met formally five times. Informal activities during the year included workshops about ASD's performance and familiarisation tours of key business areas.

An electronic version of the ASDARC charter is available from the ASD website at www.asd.gov.au/publications/governance/audit-and-risk-committee-charter.

Table 1 provides information in accordance with audit committee disclosure requirements for Commonwealth entities.

Table 1: Positions held on ASDARC during 2020–21

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / total number of meetings	Total annual remuneration (GST inc.)
Mr Mark Ridley	<p><i>Qualifications:</i> Fellow of the Institute of Chartered Accountants and a graduate of the Australian Institute of Company Directors, with a bachelor's degrees in commerce and accounting.</p> <p><i>Notable roles:</i> Chair of ASDARC since 1 July 2020 and has served as an independent member and chair of audit and risk committees for several large-sized and medium-sized Commonwealth agencies since 2011, and has also assisted some entities in the oversight of ICT projects. He was formerly a senior partner of PricewaterhouseCoopers with leadership roles in risk advice, internal audit, and ICT project assurance for large financial services companies, other industries and state and federal governments.</p>	5 of 5	\$32,164.00
Ms Sue Bird	<p><i>Qualifications:</i> Graduate of the Australian Institute of Company Directors, holds an honours degree in law from the Australian National University and was admitted to legal practice in 2000. She has received accreditation in PRINCE2 and MSP Project and Program Management and is a certified organisational coach.</p> <p><i>Notable roles:</i> Member of ASDARC since 1 July 2020 and has previously held the position of Chief Operating Officer for the Australian Federal Police. She has also held a number of Chief Legal Counsel roles and is an independent integrity adviser for a large Commonwealth agency.</p>	5 of 5	\$18,959.09
Mr Mike Noyes	<p><i>Qualifications:</i> Bachelor of Science (Honours), Master of International Studies, Graduate Diploma Applied Finance.</p> <p><i>Notable roles:</i> Member of ASDARC since early 2020 and has more than 25 years of experience working in the fields of international affairs and national security.</p>	5 of 5	\$0*
Mr Craig Beutel	<p><i>Qualifications:</i> Masters in Military and Defence Studies.</p> <p><i>Notable roles:</i> Member of ASDARC since late 2019. He brings to the committee 15 years of intelligence, operational and policy experience.</p>	5 of 5	\$0*
Ms Jacinta Harrison	<p><i>Qualifications:</i> Certificate in National Security Policy (ANU) and a certification in Business Continuity Management, Portfolio, Program and Project Management.</p> <p><i>Notable roles:</i> Member of ASDARC since early 2020. She brings to the committee 20 years of intelligence, operational and technical experience.</p>	4 of 5**	\$0*

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

** For one meeting, Ms Harrison was on annual leave.

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

The BMC is chaired by the Deputy Director-General Corporate and Capability. The BMC met ten times during 2020–21.

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 risks, infrastructure and services lifecycle management, and data management and handling.

The DTIC is chaired by the Deputy Director-General Corporate and Capability. The DTIC met eleven times during 2020–21.

Management Review Committee

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

Where required, the MRC considers potential issues of concern related to employee organisational suitability in a manner that 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 co-chaired by the Deputy Director-General Corporate and Capability and the Deputy Director-General Signals Intelligence and Network Operations. The MRC met 19 times during 2020–21.

Operational Compliance Committee

The Operational Compliance Committee is the responsible body for ensuring ASD meets the highest standards of governance, performance and accountability in its operations, achieved through establishing and maintaining best practice compliance and oversight procedures.

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

The Operational Compliance Committee is chaired by the First Assistant Director-General Integrity, Security, Assurance and Corporate, and met quarterly during 2020–21.

Management of risk and fraud

Risk management

Consistent with requirements in the PGPA Act, the PGPA Rule, and the *Commonwealth Risk Management Policy 2014*, ASD has established systems and appropriate internal controls for oversight and management of risk.

Managing risk well enables ASD to achieve its purpose, strategic objectives and to meet government priorities. ASD continues to balance opportunity and accountability while operating with integrity to manage risk as this ensures the Australian public's trust and confidence are maintained.

Effective risk management addresses the need for information regarding major risks to flow up, down, and across organisational structures to improve the quality of decisions in achieving strategic and business objectives.

In 2020–21, ASD continued to embed risk management principles to support timely decision-making and reporting, prioritise resources, increase compliance and efficiency, and continue to improve operations. Key achievements included:

- publishing a new enterprise risk management policy and enterprise risk management framework.
- reporting to senior committees on the effectiveness of enterprise risk management.
- running a program of deep-dives into ASD's enterprise-level risk categories.
- running a series of enterprise risk management workshops for newly appointed risk owners and risk controllers.
- achieving an overall risk maturity rating of 'Embedded' in the Department of Finance Comcover Risk Management Benchmarking Survey 2021.

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 'educate, trust and verify' approach to fraud. Given ASD's role, operating environment, and reliance on partners, the protection of its people, information, and assets is paramount.

In accordance with the Commonwealth Fraud Control Framework 2017, ASD continues to meet its mandatory obligations to prevent, detect and respond to fraud.

In 2021, ASD undertook a fraud risk assessment while its existing Fraud Control Plan continued to ensure that fraud risks were adequately mitigated, monitored, reported, and controlled.

Every two years, ASD staff members complete mandatory training on fraud and integrity awareness. Fraud education is also promoted through activities such as International Fraud Awareness Week and regular messaging to the workforce.

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

In 2020–21, ASD identified perceived or actual instances of fraud. A complex case investigating multiple issues concluded fraud had occurred when a staff member used fraudulent medical certificates for absences. The individual's employment was later terminated on other grounds. Two separate instances of misuse of ASD's ICT capability led to one individual resigning before a sanction could be imposed while the other individual was referred to Defence. A compromise of a Defence credit card belonging to an ASD staff member determined that no loss to the Commonwealth had occurred. A further case of a suspected fraud involving an allegation of breach of non-disclosure agreement, and disclosure of sensitive information, was reported but is yet to be finalised.

Ethical model

ASD's ethical structure is shaped around the legislation that governs ASD business and activities, and is embedded in its organisational values. The structure is supported by ASD's security and integrity framework, which is designed to protect ASD's people, information and assets and promote the effective and efficient delivery of ASD's business. The framework outlines ASD's values and standards and is designed to improve the transparency of how security and integrity issues are managed.

ASD staff are committed to upholding organisational values (Figure 4), which are an integral aspect of ASD's culture and are reflected in the Code of Conduct.

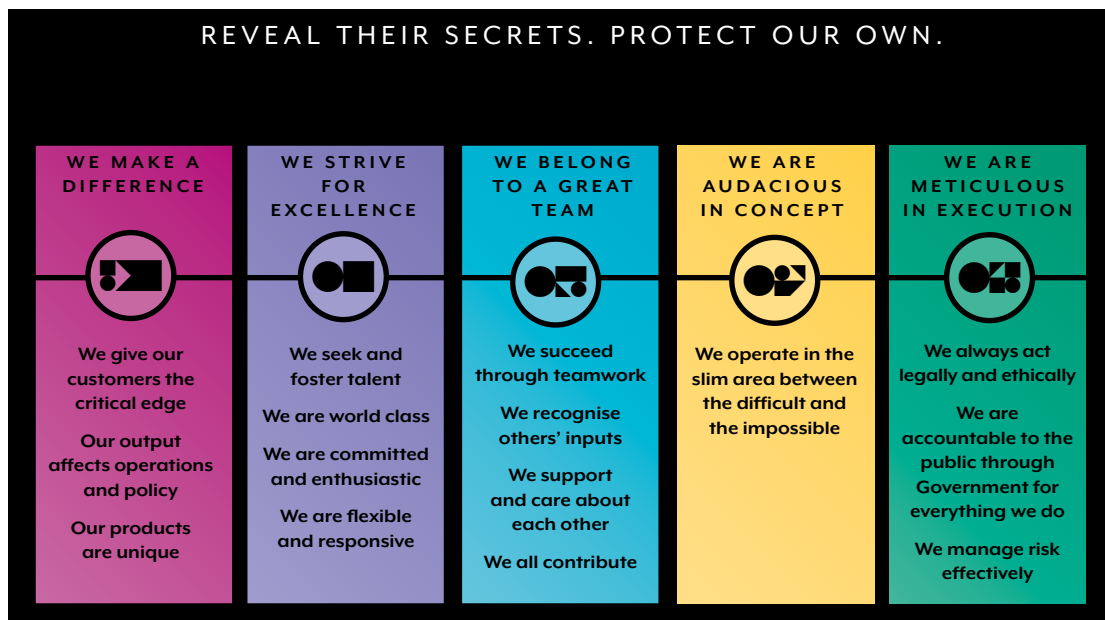
ASD has a robust internal operational compliance and oversight function to ensure it complies with the spirit and letter of the law. ASD's internal programs provide timely operational compliance advice, policy and training, as well as carrying out self-regulatory functions through investigations and 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 IGIS, who provides independent assurance to ministers, the Parliament, and the public that ASD acts with legality and propriety and consistently with human rights.

Public Interest Disclosure

ASD is also subject to the *Public Interest Disclosure Act 2013* (PID Act), which facilitates disclosure and investigation of wrongdoing and maladministration in the Commonwealth public sector. ASD-authorised officers are appointed by the Director-General to fulfil the purposes and direction of the PID Act.

During the reporting year, ASD received seven potential public interest disclosures (PIDs). Of these seven, one had information which informed a PID that was already under investigation, one was allocated to another Commonwealth agency, one was pending a final allocation decision and the other four were investigated by ASD. Of the four investigated by ASD, three investigations were finalised during 2020–21.

Figure 4: ASD values



External scrutiny

Parliamentary Joint Committee on Intelligence and Security

Section 28 of the ISA establishes the PJCIS and section 29 gives the PJCIS the function to review ASD's administration and expenditure.

ASD provided the PJCIS with a classified written submission as part of its *Review of Administration and Expenditure No. 19 (2019–2020) – Australian Intelligence Agencies* on 3 December 2020. ASD appeared before the PJCIS on 15 April 2021 at a classified hearing covering both the *Review of Administration and Expenditure No. 18 (2018–2019)* and *No. 19 (2019–2020)*.

Alongside the Department of Home Affairs, ASD appeared before the PJCIS as part of its Review of the Surveillance Legislation Amendment (Identify and Disrupt) Bill 2020 on 10 March 2021. Records of ASD's evidence can be found in the Hansard. ASD also made a submission to the PJCIS as part of the inquiry.

On 11 June 2021, ASD and the Department of Home Affairs appeared at a public hearing before the PJCIS as part of its Review of the Security Legislation Amendment (Critical Infrastructure Bill) 2020 and *Statutory Review of the Security of Critical Infrastructure Act 2018*. Records of ASD's evidence can be found in the Hansard. ASD also made a submission to the PJCIS as part of this inquiry, and appeared at a classified hearing on 16 March 2021.

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 27 October 2020, 24 March 2021, and 2 June 2021. Records of ASD's evidence to the committee can be found in the Hansard.

Inspector-General of Intelligence and Security

IGIS is an independent Statutory Officer who reviews the activities of the NIC, 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 2020–21, 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 2020–21, this included providing technical briefings and operational updates, support for new IGIS-initiated projects, and details about legal advice provided to ASD.

During 2020–21, ASD reported five 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. Four of these breaches were reviewed by IGIS who agreed with the outcomes and were satisfied by ASD's remedial actions in relation to the specific incidents. As of 30 June 2021, the remaining breach was yet to be reviewed by IGIS. Additionally, on some occasions during lawful interception of foreign communications under warrant, ASD unknowingly and unintentionally intercepts or enables interception of communications other than foreign. This is despite significant ASD safeguards and mitigation efforts to prevent such incidents from occurring. Six such cases were reported to IGIS during the reporting period.

Briefings to the Leader of the Opposition

Section 27D of the ISA requires the Director-General to consult regularly with the Leader of the Opposition in the House of Representatives to keep them informed on matters relating to ASD. During 2020–21, the Director-General 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 the 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 and the Auditor-General to provide information about ASD's activities. During the reporting year, the ANAO undertook a series of audit 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 against the requirements of the Protective Security Policy Framework (PSPF) and the support provided by responsible cyber policy agencies. The ANAO presented its performance audit report to the Parliament on 19 March 2021.

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 2020–21 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 considers they are consistent with the effective performance of the function of the agency.

During 2020–21, ASD continued to use a shared-service arrangement with the Department of Defence to supplement specialist human resource functions provided internally. During 2020–21, ASD continued to develop the role of human resources and its contribution to organisational objectives through a range of recruitment, retention and work health and safety (WHS) activities.

These activities support the attraction, retention and growth of ASD staff.

Recruitment

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

At the end of the 2020–21 financial year, ASD employed 2,165.46 full-time equivalent staff.¹ ASD's ongoing separation rate was 9.2 per cent in 2020–21.

The attraction of quality employees with the specialist skills required to deliver ASD's mission will always be one of ASD's top priorities. During the year, ASD continued to strengthen processes which ensure ASD has a pipeline of candidates – in the most efficient manner possible – who are high quality, have a pathway into the agency, and who meet necessary security clearance requirements.

In parallel, ASD has developed and piloted a recruitment model aimed at identifying high volumes of candidates with specialist skill sets.

In light of the ongoing impact of COVID-19, ASD continued to use selection methods such as online assessments and video interview options, ensuring recruitment and subsequent on-boarding was able to continue.

Entry-level programs

In 2020–21, ASD engaged in the whole-of-government Digital Apprentice and Cadet Programs facilitated by the Digital Transformation Agency (DTA). As a result, ASD employed 41 cadets and 24 apprentices as part-time staff while they completed their studies.

ASD also participated in the Defence Graduate Program (part of the Defence Policy and Intelligence Pathway). The Defence Graduate Program allows graduates across all degree disciplines to apply for permanent employment within ASD. During 2020–21, 89 graduates joined ASD across three streams: 45 analysts, 13 corporate and 31 technologists.

¹ This number includes all active full-time and part-time, ongoing and non-ongoing employees engaged for a specified term or task.

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. Training and learning requirements are reviewed and evaluated regularly to ensure ASD's workforce is suitably skilled to meet current and future capability challenges. Training includes courses focused on intelligence and cyber skills and skill applications unique to the classified environment, together with a range of external training.

Due to COVID-19-related spacing restrictions, face-to-face training held during 2020–21 was very limited and courses were delivered by other methods where possible.

In response to constraints related to COVID-19, ASD liaised with course instructors and external providers to create virtual or online versions of their face-to-face courses. ASD continued to enhance, expand and uplift curated training packages to Learn@Home. This allowed ASD to continue delivering vital training to staff during the periods when face-to-face delivery was not possible.

During 2020–21, the Mission Training Programs Team facilitated access to training for ASD staff with 4,725 enrolments on courses which comprised the following:

- online technical and cyber courses including SANS, Red Hat, Pluralsight and Hack the Box, totalling 702 student enrolments
- programming, networking, infrastructure and specialist skills courses including eLearning and virtual seminars, totalling 2,683 enrolments
- National Centre for Intelligence Training and Education, totalling 52 enrolments in various programs
- Virtual Entry Level Analyst Training, totalling 1,288 enrolments in courses within this new training program designed for entry-level analysts.

The Foundations Training Program continued to provide new starters with an understanding of concepts key to ASD's work and is intended to provide a baseline knowledge for ASD staff. New modules were added including maximising online research and cyber security skills. Since it commenced, 304 unique users accessed the course content with the telecommunications content having the most unique enrolments at 198 participants.

Gemini Program

The Gemini Program uplifts analyst trainee skills faster and earlier, while reducing training overhead on mission areas. Gemini is the first step on a career path to be amongst the best intelligence, language and cyber analysts in the world. Recruits gain vital experience and direct insights to prepare for the analyst work they will be doing at ASD. It underpins ASD's goal of meeting significant growth goals over the next decade and is delivering on the requirement to build ASD's analyst capability.

The Gemini Program commenced as a pilot in October 2020, with cohorts quickly following in February and April taking the recruit numbers on the program to 52. A further 55 recruits are slated for the program in the second half of 2021. The July cohort features the launch of the Counter Cybercrime Training Mission in support of the existing ASD Counter Cybercrime effort.

Leadership

ASD has continued to promote leadership development in 2020–21, focusing on activities to strengthen ASD's Senior Executive Service (SES) capability. For the broader workforce, ASD continued to facilitate access to existing training from the Australian Public Service Commission (APSC), Department of Defence and the Office of National Intelligence.

Staff consultation

During 2020–21, ASD continued to consult with employees and their representatives through the Joint Staff Consultative Group and Workplace Relations Forum on key employment matters such as conditions of employment and policy reform. ASD's two consultative committees play an important role in sharing ideas and information between management and employees, and promoting a constructive workplace culture.

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 participates in annual benchmarking for:

- the Multicultural Access and Equity Report.
- the Australian Workplace Equality Index.

ASD's employee networks form an essential part of creating a diverse and inclusive culture, providing peer-to-peer support for staff and corporate inclusion initiatives.

ASD has an overarching SES champion for diversity and inclusion, and SES champions for established employee networks on Women in Leadership, Aboriginal and Torres Strait Islander peoples, LGBTQ+ inclusion, and parents and carers.

ASD also has emerging employee networks on neurodiversity, multiculturalism and working with a disability.

Gender and sexuality

As of 30 June 2021, ASD's SES comprised 14 women and 24 men.

ASD continued to corporately support Diversity and Inclusion events during the year. For this reporting period, ASD held events to mark National Aborigines and Islanders Day Observance Committee (NAIDOC) Week, Harmony Week, International Day Against Homophobia, Biphobia, Interphobia and Transphobia (IDAHOBIT), and Wear It Purple Day.

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 2020–21, ASD held a flag-raising ceremony when, for the first time, the Aboriginal and Torres Strait Islander flags were raised alongside the Australian national flag in front of ASD's main building in the Russell precinct. The ceremony marked the significance of introducing the Aboriginal and Torres Strait Islander flags at the entrance to ASD's headquarters, in recognition of First Australian people.

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 NIC, wider government and First Australian organisations.

Flexible roles and parenting outreach

In the 2020–21 reporting period, ASD introduced a new Flexible Work Policy to emphasise and normalise the use of home-based work across ASD. ASD is committed to supporting its employees in maintaining a positive work-life balance, and the policy provides employees with a range of flexible work options. In particular, the policy emphasises ASD's expectation that all employees should work flexibly, particularly working from home and ensuring meetings are held at times that support family commitments.

The types of flexible work arrangements currently available in ASD include flexible working hours, time-off-in-lieu, home-based work, 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 in managing 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 differentlyabled, by connecting them via peer-to-peer support networks. ASD staff are also encouraged to access communities and networks in the wider Defence portfolio.

Appendix C provides information on the diversity of ASD's workforce, including statistics on people who identify 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 2020–21, ASD undertook a program of work to embed an organisational culture that proactively manages WHS risks.

Key initiatives during the year included:

- implementing a revised Due Diligence Framework for ASD Senior Executives.
- reviewing and updating ASD's Health and Safety Management Arrangements, thereby strengthening communication, consultation and coordination of WHS matters across the organisation.
- revitalising WHS committee arrangements that are reflective of ASD's geographical footprint, and facilitating robust consultation to support officers in exercising their due diligence obligations.

These actions demonstrate our commitment to fostering attitudes that support and sustain healthy and safe work environments.

Notifiable incident reporting

During 2020–21, seven work health safety incidents were notified to Comcare in accordance with Part 3 of the *Work Health and Safety Act 2011* (WHS Act).

ASD was not issued any notices in accordance with Part 10 or directions under Part 11 of the WHS Act.

Psychological safety

ASD has a strong focus on mental health and wellbeing, which is essential in maintaining an emotionally resilient and high-performing workforce.

ASD staff have access to a wide range of mental health supports through the Department of Defence as well as ASD's embedded Psychological Services Team. ASD's team provides counselling and therapeutic interventions, as well as training and workshops. ASD psychologists provide training and presentations to staff on managing exposure to potentially traumatic material; skills for managing stress and anxiety; and building resilience.

In 2020–21, the Psychological Services Team finalised a policy on *Managing Exposure to Potentially Traumatic Material* in the workplace, and developed new resources for managers and staff working with this material. In 2021, the team also sourced external expertise to provide a series of Mental Health First Aid sessions. The team continues to work with staff across ASD to support recruitment and diversity that includes neurodiversity initiatives.

The Psychological Services Team maintains connections across the NIC, through the NIC Senior Psychology Forum, to stay abreast of relevant issues for staff within the NIC.

In addition, ASD maintains the 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 with appropriate personnel management.

Performance management

ASD employees and their ASD and ADF 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 establish and discuss 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 conversations, between employees and their supervisors, 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-ins and closing conversations that occur continually throughout the performance cycle to discuss particular work activities.
- three formal conversations at checkpoints through the cycle to set expectations, review performance and assess performance that are 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 implemented the 2020 Employment Determination, which was the second determination made by the Director-General under subsection 38A(3) of the ISA.

The Determination was made on 9 September 2020 and provides pay increases over a three-year term. As initiatives to better support its workforce, the determination introduced additional entitlements for employees accessing parental leave, and provisions to cash-out annual leave.

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 2021.

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

Employment arrangement (headcount)	Non-SES	SES
ASD Conditions of Employment (Non-SES) Determination	2,356	0
ASD Conditions of Employment (SES) Determination	0	38
Other	0	0

Service allowance non-salary benefits

The ASD Service Allowance continues under the ASD Conditions of Employment (Non-SES) Determination 2020 and 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 existing appropriation.

Non-salary benefits

ASD offers its staff a number of additional benefits that are not included under the provisions of the Determinations, 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 services to the Defence Intelligence Agencies.

Through 2020–21, ASD met its mandatory security obligations under the PSPF. ASD matured its protective security arrangements by establishing an agency security plan; modernising internal processes, policies and capabilities; and defining a Security and Integrity Framework. ASD's Security and Integrity Framework is a critical tool in shaping the behaviour of ASD's staff. The framework enables ASD to undertake its mission in accordance with sound, risk-based practices and supports its obligations under the PGPA Act and the PSPF.

Security and integrity training provides a strong foundation for reinforcing the importance of a sound security posture and culture. This is done through a mandatory training suite 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 and is continuing to consolidate and embed best practice capability.

The Portfolio Management Office's core focus is to ensure that the organisation's strategic intent remains aligned with organisational governance and with ASD investment priorities. The Portfolio Management Office continues to work closely with ASD's three System Program Offices to monitor the achievement, health and relevance of projects within ASD's investment portfolio.

This financial year has seen the publishing of an on-demand, interactive version of the portfolio register. This encompasses the direction outlined in the portfolio governance framework and is in line with a staged implementation of portfolio management within ASD, which will enable progress towards increased maturity. The financial and supporting data collected in the portfolio register will be expanded over time to assist the continued delivery of portfolio management functions, and will include elements such as benefits management, risk and issue management, prioritisation and dependency management. This will enable the organisation to make informed investment decisions on new and existing priority work such as initiatives, projects or programs within the organisation.

The Portfolio Management function has recently been restructured to more cohesively deliver on capability delivery assurance.

ICT shared services delivery

ASD provides shared services at the TOP SECRET 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 2021, ASD had \$992.3 million (net book value) of assets under its control, including:

- \$277.5 million of plant and equipment
- \$402.7 million of buildings and infrastructure
- \$64.8 million of intangibles
- \$0.2 million of heritage assets
- \$247.1 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'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 has been reviewed and improved this financial year to ensure it is consistent with best practice standards and remains in line with Australian Accounting Standards. ASD assets are valued at fair value.

Procurement

During 2020–21, 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 DTA. ASD also 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 2020–21. No significant issues have been identified and compliance was acceptable during the reporting period.

Internal audits conducted in 2019–20 identified opportunities for improvements to ASD's procurement capability in terms of training and competency, delegation framework and ensuring an overall risk-based approach be adopted in establishing procurement arrangements. These recommendations were implemented during 2020–21.

Expenditure on reportable consultancy contracts

During 2020–21, nine new reportable consultancy contracts were entered into involving total actual expenditure of \$1,194,649. In addition, one ongoing reportable consultancy contract was active during the period, involving total actual expenditure of \$43,864.

ASD's annual report contains information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.

Decisions to engage consultants during 2020–21 were made in accordance with the PGPA Act and related regulations, including the CPRs and relevant internal policies.

ASD primarily engages consultants through the use of available panel arrangements established through an open tender process. In some limited instances, direct contracting is adopted where an essential precondition to effectively perform that particular consultancy has been identified.

Table 3: Reportable consultancy contracts 2020–21

Reportable consultancy contracts 2020–21	Number	Expenditure (\$'000)
New contracts entered into during the reporting period	9	1,195
Ongoing contracts entered into during a previous reporting period	1	44
<i>Total</i>	10	1,239

Table 4: Organisations receiving a share of reportable consultancy expenditure

Organisations receiving a share of reportable consultancy contract expenditure 2020–21	Expenditure (\$'000)
PWC	530
KPMG	297
Jacobs SKM	195
Ernst & Young	170
Callida Consulting	36
Jacobs Group (Australia) Pty Ltd	12

Expenditure on reportable non-consultancy contracts

ASD's annual report contains information about actual expenditure on reportable non-consultancy contracts. Information on the reportable non-consultancy contracts' values are available on the AusTender website.

Table 5: Reportable non-consultancy contracts

Reportable non-consultancy contracts 2020–21	Number	Expenditure (\$'000)
New contracts entered into during the reporting period	1,161	287,084
Ongoing contracts entered into during the reporting period	355	93,872
<i>Total</i>	1,516	380,956

Table 6: Organisations receiving a share of reportable non-consultancy contract expenditure

Organisations receiving a share of reportable non-consultancy contract expenditure 2020–21	Expenditure (\$'000)
Boeing Defence Australia Ltd	30,158
Hewlett Packard Australia Ltd	22,971
Whizdom Pty Ltd	19,797
Red Hat Asia-Pacific Pty Ltd	13,984
Keane Consulting Pty Ltd	13,509
Leidos Australia Pty Ltd	13,445
Oracle Corporation Australia	10,948
Leidos Pty Ltd	10,204
Talent International (ACT) Pty Ltd	9,463
Kinetic Defence Services Pty Ltd	8,718

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 that such information would disclose exempt matters under the *Freedom of Information Act 1982* (FOI Act). During 2020–21, ASD exempted 116 contracts with the total value of \$460m.

Small business

ASD 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.

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

- adoption of standing offers such as the digital marketplace, which provides access to a large number of small and medium-sized enterprises.
- selection of small and medium-sized enterprises, under ASD's standing-offer panel arrangement, to provide contractors with ICT capability and support roles.
- use of the Commonwealth Contracting Suite for relevant procurements valued at less than \$200,000.
- use of electronic systems to facilitate the Department of Finance's Procurement On-Time Payment Policy for Small Business, including payment cards.

Advertising

During 2020–21, ASD conducted three advertising campaigns: *Act Now*, *Stay Secure*, *Stay Smart Online* and advertising relating to the COVID-19 vaccine. ASD's total advertising and market research expenditure was \$695,165.56 excluding goods and services tax (GST).

The Accountable Authority (Chief Executive) Certification for Government Advertising Campaigns for the *Act Now*, *Stay Secure* campaign is published on the ACSC website (cyber.gov.au). The *Act Now*, *Stay Secure* campaign is included in Australian Government campaign advertising reports published on the Department of Finance's website (finance.gov.au).

Grants

ASD did not provide any grants during the 2020–21 reporting period.

Information Publication Scheme

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

Non-compliance with finance law

During 2020–21, ASD did not record any significant instances of non-compliance with the finance law that would require a report to the Minister for Defence and the Minister for Finance in accordance with section 19 of the PGPA Act.

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

Ecological sustainable development and environmental performance

In 2020–21, ASD took steps to actively reduce its environmental footprint and introduce sustainable recycling initiatives. ASD continues to work with a range of industry partners to support sustainable reuse that considerably reduces the amount of waste going to landfill.

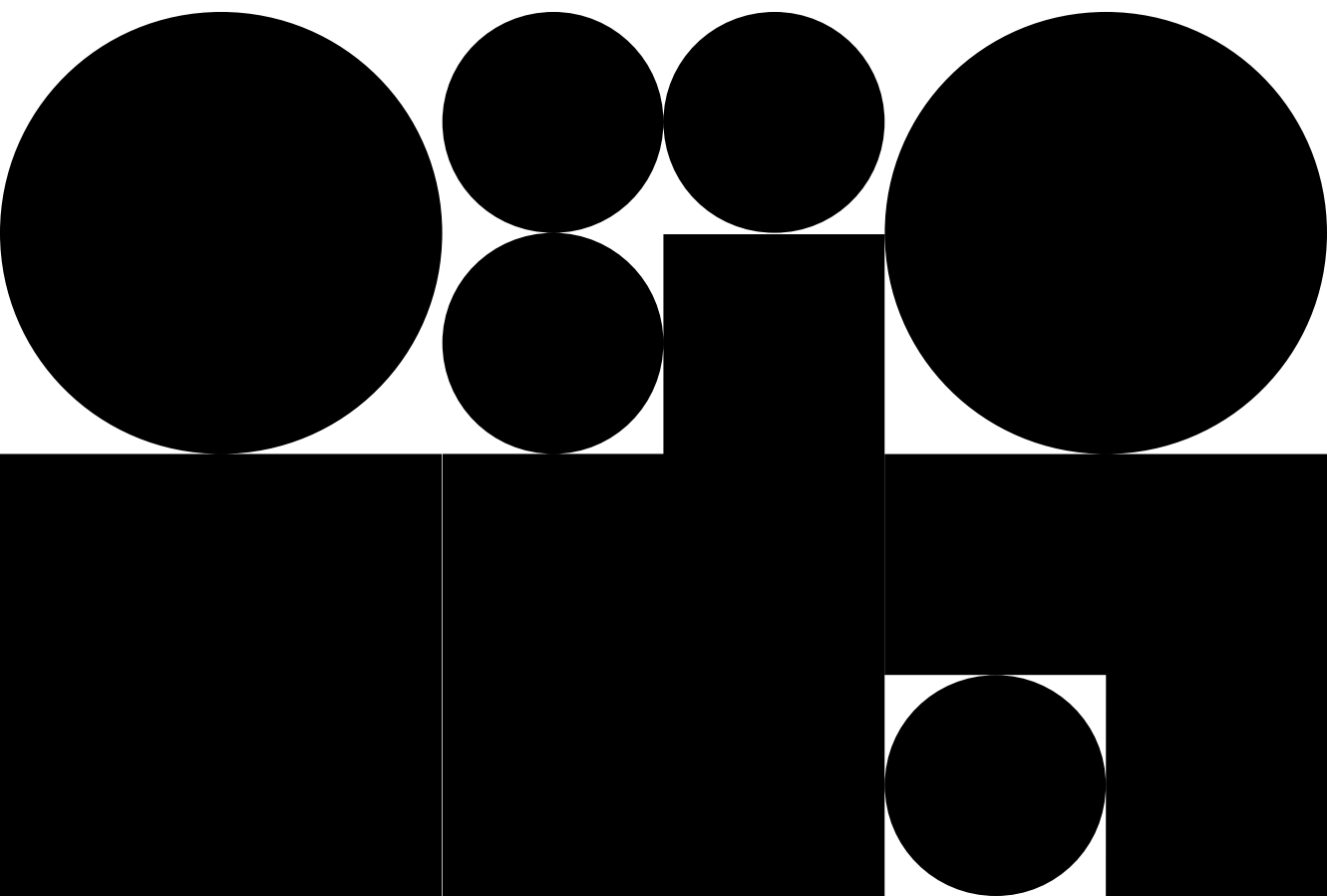
ASD's shared-services agreement with the Department of Defence includes the provision of a range of sustainable property and estate services. Department of Defence's environmental policies and strategies applies to these services.

The Defence Environmental Policy outlines five strategic aims:

- Defence will deliver a sustainable estate across Defence maritime, land and aerospace areas, activities and operations.
- Defence will understand and manage its environmental impacts.
- Defence will minimise future pollution risks and manage existing contamination risks.
- Defence will improve the efficiency of its resource consumption and strengthen resource security.
- Defence will recognise and manage the Defence estate heritage values.

Defence's Environment and Heritage Manual, published in January 2019, provides instruction and policy guidance for all Defence personnel on the Department's legislative obligations and stewardship goals in line with the Defence Environmental Policy and the *Defence Environmental Strategy 2016–2036*.

APPENDIX A |
AGENCY RESOURCE STATEMENT



Australian Signals Directorate**STATEMENT BY THE DIRECTOR-GENERAL AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2021 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, as 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 Abigail Bradshaw CSC
 Ag Director General
 Australian Signals Directorate

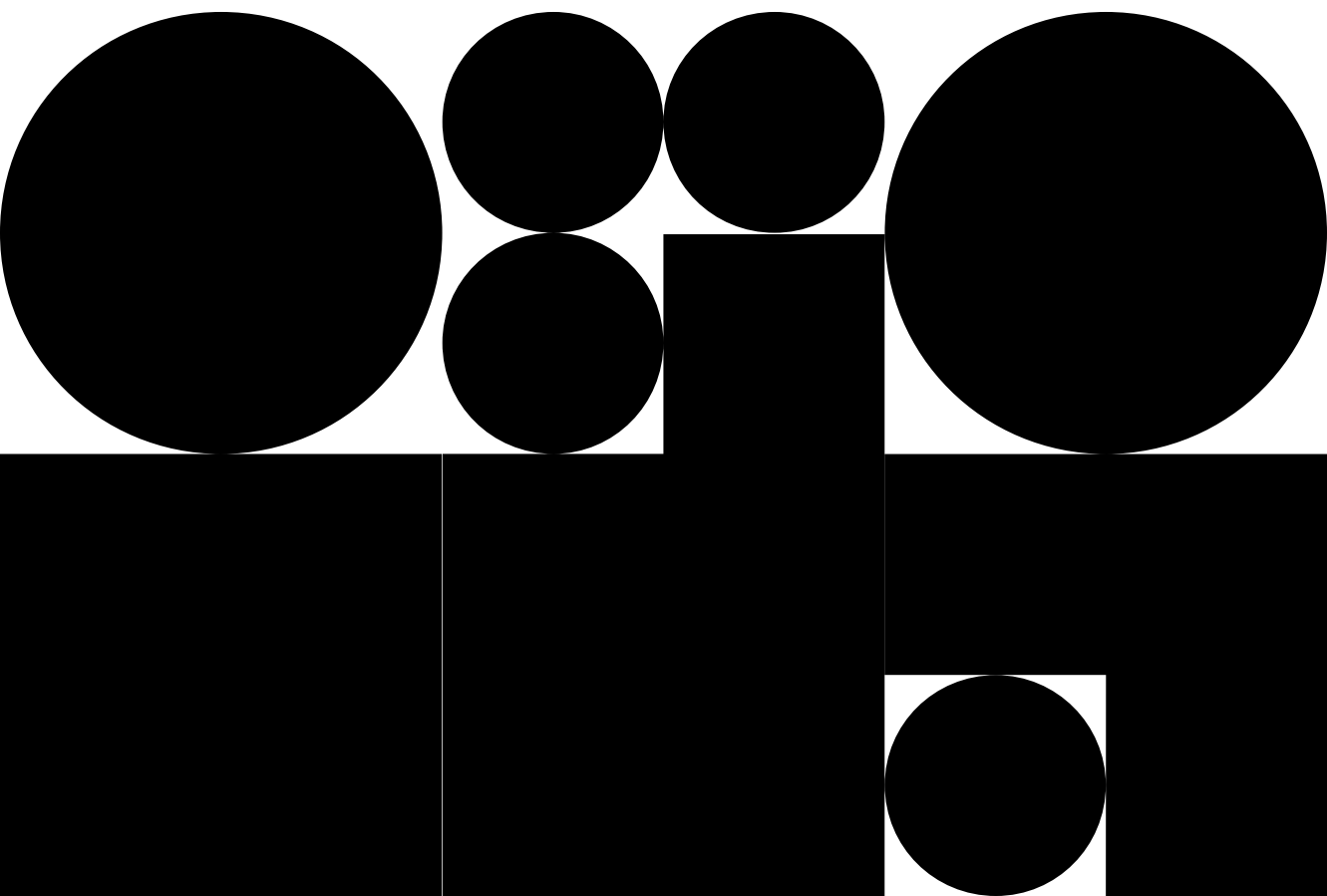
23 Sept '21

Signed..... 

Mr Phillip Davies
 Chief Finance Officer
 Australian Signals Directorate

23 Sept 2021

APPENDIX B |
FINANCIAL STATEMENTS INCLUDING
EXPENSES BY OUTCOME



FINANCIAL STATEMENTS

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Australian Signals Directorate

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2021

		2021	2020	Original Budget 2021
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES EXPENSES				
Employee benefits	1.1A	287,667	262,796	289,522
Suppliers	1.1B	534,185	438,377	479,978
Depreciation and amortisation	2.2A	164,778	131,474	85,000
Finance costs		-	3	-
Interest on lease liabilities		4,826	5,086	4,780
Write-down and impairment of assets	1.1C	34,945	31,109	-
Net foreign exchange losses	1.1D	1,152	28	-
Total Expenses		1,027,553	868,873	859,280
OWN-SOURCE INCOME				
OWN-SOURCE REVENUE				
Revenue from contract with customers	1.2A	3,336	3,031	2,704
Resources received free of charge		155	158	153
Total own-source revenue		3,491	3,189	2,857
Gains				
Reversals of write-downs and impairment	2.2A	724	2,602	-
Total gains		724	2,602	-
Total own-source income		4,215	5,791	2,857
Net cost of services		(1,023,338)	(863,082)	(856,423)
Revenue from Government	1.2B	805,703	763,900	805,435
Deficit attributable to the Australian Government		(217,635)	(99,182)	(50,988)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve	2.2A	(5,723)	18,084	-
Total other comprehensive income		(5,723)	18,084	-
Total comprehensive loss		(223,358)	(81,098)	(50,988)

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 2020–21 Portfolio Budget Statements (PBS) to the 2020–21 final outcome as presented in accordance with Australian Accounting Standards. The Budget is not audited.

Variances are considered '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.

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 assets. Unless the variance is considered 'major' no explanation has been provided.

Statement of Comprehensive Income

Supplier Expenses

Supplier expenses were significantly higher than budgeted due to more robust accounting processes and an increase in activity levels following procurement delays due to COVID-19 in the 2019–20 Financial Year.

Depreciation and amortisation

Depreciation and amortisation was higher than budgeted as the initial budget had not been adjusted for the effects of AASB16. This was corrected in the subsequent budget update.

Write-downs and impairment of assets

No budget was provided for these expenses as they are not reliably estimated.

Australian Signals Directorate

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		2021	2020	Original Budget 2021
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial Assets				
Cash and cash equivalents	2.1A	13,398	35,630	37,946
Trade and other receivables	2.1B	185,317	80,168	80,168
Total financial assets		198,715	115,798	118,114
Non-Financial Assets ¹				
Buildings and infrastructure	2.2A	402,686	466,308	414,978
Plant and equipment	2.2A	277,481	290,638	475,776
Intangibles	2.2A	64,822	26,006	32,657
Heritage assets	2.2A	244	244	244
Prepayments		48,374	95,276	95,276
Total non-financial assets		793,607	878,472	1,018,931
Total assets		992,322	994,270	1,137,045
LIABILITIES				
Payables				
Suppliers		136,319	90,848	93,164
Employee payables	2.3A	13,674	9,775	10,635
Other payables		815	860	-
Total payables		150,808	101,483	103,799
Interest Bearing Liabilities				
Leases	2.4A	385,382	379,619	345,607
Total interest bearing liabilities		385,382	379,619	345,607
Provisions				
Employee provisions		100,310	93,223	93,223
Total provisions		100,310	93,223	93,223
Total liabilities		636,500	574,325	542,629
NET ASSETS		355,822	419,945	594,416
EQUITY				
Contributed equity		681,558	522,318	747,777
Reserves		23,663	29,386	29,386
Accumulated deficit		(349,399)	(131,759)	(182,747)
TOTAL EQUITY		355,822	419,945	594,416

1. Right-of-use (ROU) 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

Cash is drawn from appropriation on demand and fluctuates as the cash needs change.

Trade and other receivables

Trade and other receivables were higher than budgeted due to a reduction in appropriations utilised and a resulting increase in appropriation receivable. In addition, ASD is retaining appropriations receivable to cover future liabilities and capital expenditure formally moved into future financial years as part of the budget process.

Non-financial assets

Plant and equipment was lower than budgeted amounts due to a significant reduction in capital spend as a result of COVID-19 supply chain delays. In addition, there was a reduction due to asset revaluations and write-downs resulting from asset remediation activities which was not forecast in the budget.

Prepayments

Prepayments were less than budgeted due to a maturing in the processes in prepayment recognitions.

Suppliers Payable

Suppliers payable are greater than forecast due to increased procurement activities at year-end resulting in higher than forecast year end accrual balances.

Leases

The lease balance is greater than budgeted due to the recognition of additional leases during the financial year.

Employee Provisions

Employee Provisions are higher than budgeted due to reduced rates of leave being taken across the organisation resulting from the impacts of COVID-19.

Equity

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

Australian Signals Directorate

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000	2021 \$'000
CONTRIBUTED EQUITY				
Opening balance		522,318	345,312	522,318
Adjustment for non-financial assets		<u>6,557</u>	<u>170</u>	-
Adjusted opening balance		528,875	345,482	522,318
Distributions to owners				
Return of equity		(52,064)	-	-
Contribution by owners				
Equity injection - Appropriations		174,747	176,836	195,459
Departmental capital budget		<u>30,000</u>	<u>-</u>	<u>30,000</u>
Closing balance as at 30 June		681,558	522,318	747,777
RETAINED EARNINGS				
Opening balance		(131,759)	(31,315)	(131,759)
Adjustment for prior period appropriation		(5)	(2,804)	-
Adjustment on initial application of AASB 16		-	1,542	-
Adjusted opening balance		(131,764)	(32,577)	(131,759)
Comprehensive income				
Deficit for the period		<u>(217,635)</u>	<u>(99,182)</u>	<u>(50,988)</u>
Closing balance as at 30 June		(349,399)	(131,759)	(182,747)
ASSET REVALUATION RESERVE				
Opening balance		29,386	11,302	29,386
Comprehensive income				
Other comprehensive income	2.2A	<u>(5,723)</u>	<u>18,084</u>	-
Closing balance as at 30 June		23,663	29,386	29,386
TOTAL EQUITY				
Adjusted Opening balance		426,497	324,207	419,945
(Deficit) for the period		(217,635)	(99,182)	(50,988)
Other Comprehensive Income		(5,723)	18,084	-
Transactions with owners		152,683	176,836	225,459
Restructuring		-	-	-
Closing balance as at 30 June		355,822	419,945	594,416

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

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Other Distribution to Owners

The Financial Reporting Rules (FRR) require that distribution to owners to be debited to contributed equity unless it is in the nature of a dividend.

Budget Variances Commentary

Statement of Changes in Equity

Contribution by owners

Equity injections – Appropriations have been reduced in accordance with Section 51 of the PGPA Act for the movement of capital funding and other previously appropriated amounts.

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.

Refer to the Statement of Comprehensive Income for (Deficit) variance explanations.

Australian Signals Directorate

STATEMENT OF CASHFLOWS

for the period ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000	Original Budget 2021 \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		877,599	747,121	805,435
Sale of goods and rendering of services		4,312	-	2,704
Interest		-	-	-
GST received		35,335	33,225	49,026
Other		-	401	(5)
Total cash received		917,246	780,747	857,160
Cash used				
Employees		(279,077)	(248,176)	(289,522)
Suppliers		(542,399)	(405,180)	(478,203)
GST paid		(35,409)	(32,575)	(49,026)
Section 74 receipts transferred to OPA		(67,917)	(46,473)	-
Other		(175)	-	-
Interest payments on lease liabilities		(4,826)	(5,086)	(4,780)
Total cash used		(929,803)	(737,490)	(821,531)
Net cash from/(used by) operating activities		(12,557)	43,257	35,629
INVESTING ACTIVITIES				
Cash used				
Purchase of buildings and infrastructure		(2,132)	(27,521)	-
Purchase of plant and equipment		(91,871)	(108,308)	(212,759)
Purchase of intangibles		(17,012)	(17,528)	(12,000)
Total cash used		(111,015)	(153,357)	(224,759)
Net cash (used by) investing activities		(111,015)	(153,357)	(224,759)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		107,900	179,007	225,459
Total cash received		107,900	179,007	225,459
Cash used				
Principal payments of lease liabilities		(6,561)	(31,037)	(34,012)
Total cash used		(6,561)	(31,037)	(34,012)
Net cash from financing activities		101,340	147,970	191,447
Net increase/(decrease) in cash held		(22,232)	37,870	2,316
Cash and cash equivalents at the beginning of the reporting period		35,630	(2,245)	35,630
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period		-	5	-
Cash and cash equivalents at the end of the reporting period	2.1A	13,398	35,630	37,946

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

Budget Variances Commentary**Statement of Cashflows**

The amounts reported in the statement of cash flows are interrelated with figures disclosed in the statement of comprehensive income and statement of financial position. Consequently, cash flow variances are attributable to the relevant variance explanations provided above.

Australian Signals Directorate

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

for the period ended 30 June 2021

	2021	2020	Original Budget
	\$'000	\$'000	2021 \$'000
NET COST OF SERVICES			
Deficit attributable to the Australian Government	-	-	-
Total comprehensive income/(loss)	-	-	-

Australian Signals Directorate

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES

as at 30 June 2021

	2021	2020	Original Budget
	\$'000	\$'000	2021 \$'000
ASSETS			
Cash and cash equivalents	33,705	13,088	-
Total assets administered on behalf of Government	33,705	13,088	-
LIABILITIES			
Other payables	33,705	13,088	-
Total liabilities administered on behalf of Government	33,705	13,088	-
Net assets	-	-	-

Australian Signals Directorate**ADMINISTERED RECONCILIATION SCHEDULE***for the period ended 30 June 2021*

	2021	2020
	\$'000	\$'000
Opening assets less liabilities as at 1 July	-	-
Closing assets less liabilities as at 30 June	-	-

Australian Signals Directorate**ADMINISTERED CASH FLOW STATEMENT***for the period ended 30 June 2021*

	2021	2020
	\$'000	\$'000
Cash and cash equivalents at the beginning of the reporting period	13,088	19,568
Cash from the Official Public Account		
Special Accounts	34,979	2,449
Total cash from the Official Public Account	34,979	2,449
Cash to the Official Public Account		
Special Accounts	(14,362)	(8,929)
Total cash to the Official Public Account	(14,362)	(8,929)
Cash and cash equivalents at the end of the reporting period	33,705	13,088

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

OVERVIEW

Objectives of ASD

ASD is an Australian Government controlled entity. It is a not-for-profit entity. The objective of ASD is to defend Australia from global threats, and advance the national interest by providing foreign signals intelligence, cyber security and offensive cyber operations, as directed by the Government.

Basis of Preparation

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

The financial statements have been prepared in accordance with:

- *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.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities 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 did not have a material effect on ASD's financial statements.

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 ASD for the year ended 30 June 2021.

1.1 Expenses

	2021	2020
	\$'000	\$'000
1.1A: Employee benefits		
Wages and salaries	219,006	193,570
Superannuation		
Defined contribution plans	27,087	21,614
Defined benefit plans	12,091	11,706
Leave and other entitlements	24,593	29,998
Separation and redundancies	394	285
Other employee expenses	4,496	5,623
Total employee benefits	287,667	262,796

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 benefits 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 the leave is taken, to the extent that the 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) or 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 employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. ASD accounts for these contributions as if they were contributions to defined contribution plans.

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 0.00 per cent. Liabilities for long term employee benefits are discounted using the 10-year Commonwealth government bond rate of 1.5 per cent.

	2021	2020
	\$'000	\$'000
1.1B: Suppliers		
Goods and services supplied or rendered		
Goods supplied	23,244	24,065
Services rendered	510,444	413,671
Total goods and services supplied or rendered	533,688	437,736
Other suppliers		
Short-term leases	83	52
Workers compensation expenses	414	589
Total other suppliers	497	641
Total suppliers	534,185	438,377

ASD has short-term lease commitments of \$307,919 as at 30 June 2021.

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 (2020: \$155,000). No other services were provided by the ANAO.

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 own-source revenue.

	2021	2020
	\$'000	\$'000
1.1C: Write-down and impairment of assets		
Write-down and impairment of property, plant and equipment	32,643	22,928
Write-down and impairment of intangible assets	2,302	8,181
Total write-down and impairment of assets	<u>34,945</u>	<u>31,109</u>

2021	2020
\$'000	\$'000

1.1D: Net foreign exchange losses**Foreign exchange gains**

Non-speculative	(969)	(765)
Foreign exchange losses		
Non-speculative	2,121	793
Total net foreign exchange (gain)/loss	<u>1,152</u>	<u>28</u>

Accounting Policy

Transactions denominated in a foreign currency are converted at the exchange rate on the date of the 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

	2021	2020
Own-Source Revenue	\$'000	\$'000
1.2A: Revenue from contracts with customers		
Rendering of services	3,336	3,031
Total revenue from contracts with customers	3,336	3,031
Type of customer:		
Australian Government entities (related parties)	2,781	2,702
Non-government entities	555	329
	3,336	3,031
Timing of transfer of goods and services:		
Over time	3,336	3,031
Point in time	-	-
	3,336	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 networks 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 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.

2021	2020
\$'000	\$'000

1.2B: Revenue from Government

Appropriations

Departmental appropriations	805,703	763,900
Total revenue from Government	805,703	763,900

Accounting Policy

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government 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 2021 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

	2021 \$'000	2020 \$'000
2.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	13,398	35,630
Total cash and cash equivalents	13,398	35,630

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.

	2021 \$'000	2020 \$'000
2.1B: Trade and other receivables		
Goods and services receivables		
Goods and services	55,120	3,845
Total goods and services receivables	55,120	3,845
Appropriation receivables		
Appropriation receivable	121,282	69,259
Total appropriation receivables	121,282	69,259
Other receivables		
GST receivable from the Australian Taxation Office	7,130	5,611
Other	1,785	1,453
Total other receivables	8,915	7,064
Total trade and other receivables	185,317	80,168

Credit terms for goods and services were within 30 days (2020: 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.

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 2020					
Gross book value	508,717	354,794	50,565	244	914,320
Accumulated depreciation, amortisation and impairment	(42,409)	(64,156)	(24,559)	-	(131,124)
Total as at 1 July 2020	466,308	290,638	26,006	244	783,196
Adjusted total as at 1 July 2020	466,308	290,638	26,006	244	783,196
Additions					
Purchase	38,127	103,667	24,998	-	166,792
Revaluations and impairments recognised in other comprehensive income	478	(6,201)	-	-	(5,723)
Write-downs and impairments recognised in net cost of services	(5,873)	(26,485)	(2,302)	-	(34,660)
Depreciation and amortisation	(30,870)	(79,437)	(11,937)	-	(122,244)
Depreciation on right-of-use assets	(42,534)	-	-	-	(42,534)
Disposals	-	(318)	-	-	(318)
Other movements					
Reversal of previous asset write-downs	166	2,105	(1,547)	-	724
Other movements - Transfer	(23,116)	(6,488)	29,604	-	-
Total as at 30 June 2021	402,686	277,481	64,822	244	745,233
Total as at 30 June 2021 represented by					
Gross book value	466,279	332,753	102,234	244	901,510
Accumulated depreciation, amortisation and impairment	(63,593)	(55,272)	(37,412)	-	(156,277)
Total as at 30 June 2021	402,686	277,481	64,822	244	745,233
Carrying amount of right-of-use assets	369,009	-	-	-	369,009

All revaluations were conducted in accordance with the revaluation policy stated at Note 2.2A (c). ASD's shared service provider, the Department of Defence, engaged JLL Valuation & Advisory to undertake a valuation of ASD's assets. The date of this valuation was 1 June 2021.

All assets were assessed for impairment during 2020–21. Appropriate adjustments to carrying amounts were recognised for impaired assets.

At 30 June 2021, ASD have contractual commitments for the acquisition of property, plant and equipment and intangible assets of \$97,387,000. The Commitments include outstanding contractual payments for items under construction.

Accounting Policy

(a) Individual Asset Recognition Threshold

Purchases of property, plant and equipment including buildings and infrastructure are recognised initially at cost in the statement of financial position. 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. Assets costing below these thresholds are capitalised to the relevant Low Value Asset account in the year of acquisition.

(b) Assets under construction

Assets under construction (AUC) includes 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.

(c) Revaluations

All property, plant and equipment (excluding ROU assets) 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 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.

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.

(d) 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:

	2021	2020
Buildings and Infrastructure	9 to 40 years	9 to 40 years
Plant and Equipment	2 to 40 years	2 to 40 years

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

(e) 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's software are 2 to 22 years (2020: 2 to 22 years) and the useful lives of ASD's other intangibles are 1 to 6 years (2020: 1 to 6 years). All intangible assets are assessed annually for indications of impairment.

ASD recognises its intangible assets initially at cost. 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.

(f) 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 revenue 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.

(g) 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.

(h) Derecognition of Assets

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

(i) Heritage Assets:

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

(j) Lease Right of Use 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.

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, General Government Sector (GGS) and whole-of-government financial statements.

(k) 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.

2.3 Payables

	2021	2020
	\$'000	\$'000
2.3A: Employee payables		
Salaries and wages	12,928	9,245
Superannuation	746	530
Total employee payables	13,674	9,775

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 as at 30 June represents outstanding contributions yet to be paid.

2.4 Interest Bearing Liabilities

	2021	2020
	\$'000	\$'000
2.4A: Leases		
Lease liabilities	385,382	379,619
Total leases	385,382	379,619

Total cash outflow for leases for the year ended 30 June 2021 was \$6,729,017

	2021	2020
	\$'000	\$'000
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	42,434	4,247
Between 1 to 5 years	212,354	212,009
More than 5 years	147,922	190,701
Total leases	402,710	406,957

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B and 2.2A

Accounting Policy

For all new contracts entered into, ASD considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the agency's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or operating result depending on the nature of the reassessment or modification.

3. FUNDING

This section identifies ASD's funding structure.

3.1 Appropriations

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

Annual Appropriations for 2020-21

	Annual Appropriation ¹	Adjustments to appropriation ²	Total appropriation	Appropriation applied in 2021 (current and prior years)	Variance ³
	\$'000	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL					
Ordinary annual services	808,592	32,719	841,311	(864,634)	(23,323)
Capital budget ⁴	30,000	-	30,000	(24,161)	5,839
Other services					
Equity Injections	195,459	-	195,459	(72,446)	123,013
Total departmental	1,034,051	32,719	1,066,770	(961,241)	105,529

Notes

1. In 2021 departmental ordinary annual services appropriations totalling \$18,462,000 of *Appropriation Act (No.3) 2018-19*, *Appropriation Act (No.1) 2019-20*, *Appropriation Act (No.3) 2019-20* and *Appropriation Act (No.1) 2020-21* have been withheld under Section 51 of the PGPA Act. In 2021 departmental other services appropriations totalling \$57,203,000 of *Appropriation Act (No.4) 2018-19*, *Appropriation Act (No.2) 2019-20* and *Appropriation Act (No.2) 2020-21* 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 for departmental ordinary annual services primarily represents the timing difference of payments to suppliers and employees.
4. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Annual Appropriations for 2019-20

	Annual Appropriation ¹	Adjustments to appropriation ²	Total appropriation	Appropriation applied in 2021 (current and prior years)	Variance ³
	\$'000	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL					
Ordinary annual services	763,900	13,418	777,318	(711,247)	66,071
Capital budget ⁴	-	-	-	-	-
Other services					
Equity Injections	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. In 2020 departmental ordinary annual services appropriations totalling \$0.621m of *Appropriation Act (No.3) 2019–20* have been temporarily quarantined. In 2020 departmental other services appropriations totalling \$0.360m of *Appropriation Act (No.4) 2019–20* have been temporarily quarantined.
2. Adjustment 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 for 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.

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

	2021 \$'000	2020 \$'000
DEPARTMENTAL		
Operating		
Act 3 2018-19	7,089	-
Act 1 2019-20	5,200	37,372
Act 3 2019-20	3,905	30,877
Act 1 2020-21	48,384	-
Act 3 2020-21	3,157	-
Total Operating	67,735	68,249
Equity		
Act 4 2018-19	2,247	-
Act 2 2019-20	34,244	-
Act 4 2019-20	360	360
Supply Bill 2 2020-21	14,189	-
Act 2 2020-21	72,332	-
Act 1 DCB 2020-21	5,839	-
Total Equity	129,211	360
Total	196,946	68,609
 Cash and cash equivalents	 13,398	 35,630
 Total unspent annual appropriations	 210,344	 104,239

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.

	2021 \$'000	2020 \$'000
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	(223,358)	(81,098)
Plus: Depreciation/amortisation expenses not funded through revenue appropriation ¹	122,244	89,747
Plus: Depreciation of right-of-use assets ²	42,534	41,727
Less: Principal repayments - leased assets ²	(6,561)	(31,037)
Net Cash Operating Surplus/(Deficit)	(65,141)	19,339

Notes

1. From 2010–11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses of non-corporate Commonwealth entities and selected corporate Commonwealth entities were replaced with a separate capital budget provided through equity injections. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.
2. The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principal repayment amount reflects the impact of AASB 16 Leases, which 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. ASD has determined the key management personnel to be the:

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

Key management personnel remuneration is reported in the table below.

	2021	2020
	\$'000	\$'000
Short-term employee benefits	1,898	2,062
Post-employment benefits	321	368
Other long-term employee benefits	51	42
Total key management personnel remuneration expenses²	2,270	2,472

The total number of key management personnel that are included in the above table are 6 (2020:10).

Notes

1. Note 4.1 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 ASD 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 ASD, 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 2021 there were no quantifiable contingent assets or liabilities (2020: nil).

Unquantifiable Contingencies

As at 30 June 2021 there were no unquantifiable contingent assets or liabilities (2020: 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	2021 \$'000	2020 \$'000
5.2A: Categories of financial instruments			
Financial assets at amortised cost			
Cash and cash equivalents	2.1A	13,398	35,630
Trade and other receivables	2.1B	56,905	5,298
Total financial assets at amortised cost		70,303	40,928
Total financial assets		70,303	40,928
Financial Liabilities			
Financial liabilities measured at amortised cost			
Suppliers		136,319	90,848
Other payables		815	860
Total financial liabilities measured at amortised cost		137,134	91,708
Total financial liabilities		137,134	91,708

Accounting Policy

Financial Assets

In accordance with AASB 9 Financial Instruments, 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 (SPPI) 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 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.

(d) 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).

	2021	2020
	\$'000	\$'000
5.2B: Net gains or losses on financial assets		
Financial assets at amortised cost		
Exchange gains/(losses)	969	765
Net gains/(losses) on financial assets at amortised cost	969	765
Net gains on financial assets	969	765
There was no interest income from financial assets not at fair value through profit or loss.		

	2021	2020
	\$'000	\$'000
5.2C: Net gains or losses on financial liabilities		
Financial liabilities measured at amortised cost		
Exchange gains/(losses)	(2,121)	(793)
Net gains/(losses) on financial liabilities measured at amortised cost	(2,121)	(793)
Net losses from financial liabilities	(2,121)	(793)
There was no interest expense from financial liabilities not at fair value through profit or loss.		

5.3 Fair Value Measurement

5.3A: Fair value measurement

		Fair value measurements at the end of the reporting period	
	Notes	2021	2020
		\$'000	\$'000
Non-financial assets			
Buildings and Infrastructure	2.2A	33,677	63,919
Heritage Assets	2.2A	244	244
Plant and Equipment	2.2A	277,481	290,638
Total non-financial assets fair value measurement		311,402	354,801

Accounting Policy

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

The different levels of fair value are detailed below:

- Level 1: Quoted prices (unadjusted) in an active market for identical assets or liabilities that ASD 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 changed inputs are significant in determining fair value.

6. OTHER INFORMATION

6.1 Current/non-current distinction for assets and liabilities

	2021	2020
	\$'000	\$'000
6.1A: Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	13,398	35,630
Trade and other receivables	185,317	80,168
Prepayment	31,648	77,041
Total no more than 12 months	230,363	192,839
More than 12 months		
Buildings and infrastructure	402,686	466,308
Plant and equipment	277,481	290,638
Intangibles	64,822	26,006
Heritage assets	244	244
Prepayments	16,726	18,235
Total more than 12 months	761,959	801,431
Total assets	992,322	994,270
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	136,319	90,848
Employee payables	13,674	9,775
Other payables	815	860
Leases	37,438	(48)
Employee provisions	27,627	28,589
Total no more than 12 months	215,873	130,024
More than 12 months		
Leases	347,944	379,667
Employee provisions	72,683	64,634
Total more than 12 months	420,627	444,301
Total liabilities	636,500	574,325



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 2021:

(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 2021 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 2021 and for the year then ended:

- Statement by the Director-General and Chief Finance 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

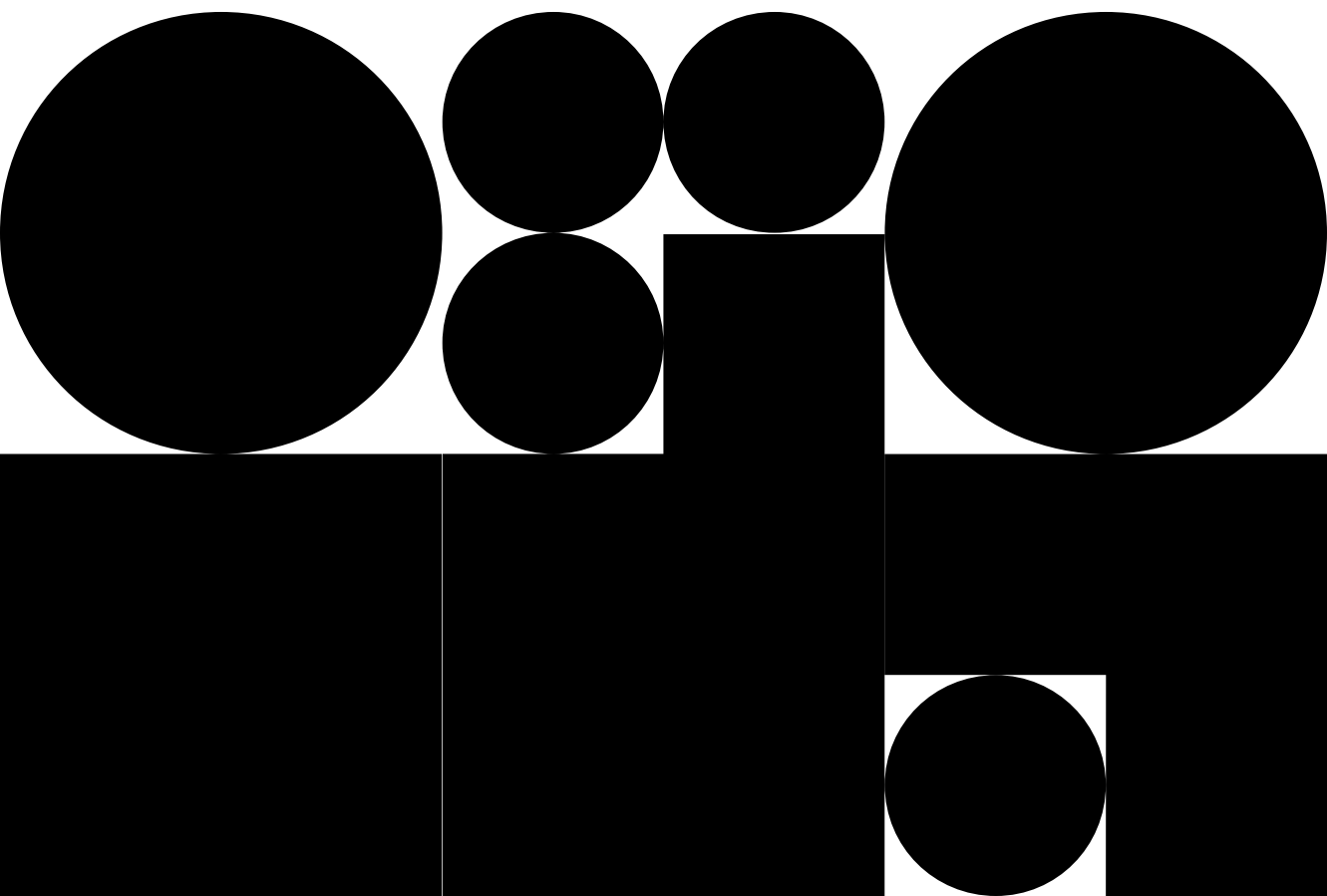


Rebecca Reilly
Executive Director

Delegate of the Auditor-General

Canberra
23 September 2021

APPENDIX C | WORKFORCE STATISTICS



Employees by location and gender

Table 7: Ongoing employees by location and gender (2020–21)

	Male			Female			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	
Canberra	1,322	73	1,395	682	114	796	2,191
Other locations	72	5	77	32	3	35	112
<i>Total</i>	1,394	78	1,472	714	117	831	2,303

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

Table 8: 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
<i>Total</i>	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 9: Non-ongoing employees by location and gender (2020–21)

	Male			Female			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	
Canberra	26	1	27	25	6	31	58
Other locations	12	-	12	17	4	21	33
<i>Total</i>	38	1	39	42	10	52	91

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

Table 10: 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
<i>Total</i>	16	4	20	24	3	27	47

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

Employees by classification and gender

Table 11: Ongoing employees by classification and gender (2020–21)

	Male			Female			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	
ASD SES 3	2	-	2	2	-	2	4
ASD SES 2	5	-	5	1	-	1	6
ASD SES 1	17	-	17	11	-	11	28
ASD EL 2	159	6	165	74	11	85	250
ASD EL 1	372	17	389	181	36	217	606
ASD 6	404	14	418	198	38	236	654
ASD 5	210	9	219	121	18	139	358
ASD 4	132	2	134	69	3	72	206
ASD 3	10	1	11	3		3	14
ASD 2	-	-	-	-	-	-	-
ASD 1	-	-	-	-	-	-	-
Trainee/Graduate	83	29	112	54	11	65	177
<i>Total</i>	1,394	78	1,472	714	117	831	2,303

Figures in this table show substantive headcount numbers.

Table 12: Non-ongoing employees by classification and gender (2020–21)

	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	1	-	1	2	-	2	3
ASD EL 1	7	-	7	6	1	7	14
ASD 6	8	1	9	7	2	9	18
ASD 5	1	-	1	6	4	10	11
ASD 4	7	-	7	5	2	7	14
ASD 3	-	-	-	-	1	1	1
ASD 2	4	-	4	11	-	11	15
ASD 1	-	-	-	-	-	-	-
Trainee/Graduate	10	-	10	5	-	5	15
<i>Total</i>	38	1	39	42	10	52	91

Figures in this table show substantive headcount numbers.

Table 13: 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
<i>Total</i>	1,272	53	1,325	608	101	709	2,034

Figures in this table show substantive headcount numbers.

Table 14: 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	-	-	-	-	-	-	-
<i>Total</i>	16	4	20	24	3	27	47

Figures in this table show substantive headcount numbers.

Employees by classification and employment type

Table 15: Employees by classification and employment type (2020–21)

	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total Ongoing	Full-time	Part-time	Total Non-ongoing	Total
ASD SES 3	4	-	4	-	-	-	4
ASD SES 2	6	-	6	-	-	-	6
ASD SES 1	28	-	28	-	-	-	28
ASD EL 2	233	17	250	3	-	3	253
ASD EL 1	553	53	606	13	1	14	620
ASD 6	602	52	654	15	3	18	672
ASD 5	331	27	358	7	4	11	369
ASD 4	201	5	206	12	2	14	220
ASD 3	13	1	14	-	1	1	15
ASD 2	-	-	-	15	-	15	15
ASD 1	-	-	-	-	-	-	-
Trainee/Graduate	137	40	177	15	-	15	192
<i>Total</i>	2,108	195	2,303	80	11	91	2,394

Figures in this table show substantive headcount numbers.

Table 16: 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
<i>Total</i>	1,880	154	2,034	40	7	47	2,081

Figures in this table show substantive headcount numbers.

Employees by employment type and location

Table 17: Employees by employment type and location (2020–21)

	Ongoing	Non-ongoing	Total
Canberra	2,191	58	2,249
Other locations	112	33	145
<i>Total</i>	2,303	91	2,394

Table 18: Employees by employment type and location (2019–20)

	Ongoing	Non-ongoing	Total
Canberra	1,930	29	1,959
Other locations	104	18	122
<i>Total</i>	2,034	47	2,081

Diversity of ASD employees

Table 19: Indigenous employees (2020–21 compared with 2019–20)

	2020–21	2019–20
Ongoing	20	17
Non-ongoing	-	1
<i>Total</i>	20	18

Table 20: Staff with a disability (2020–21 compared with 2019–20)

	2020–21	2019–20
Number of staff with a disability	30	27
Percentage of the workforce	1.3%	1.3%
<i>Total number of staff</i>	2,394	2,081

Employment arrangements of SES and non-SES employees

Table 21: Employment by arrangement (2020–21)

	SES	Non-SES	Total
ASD Terms and Conditions of Employment (Non-SES) Determination 2020	-	2,356	2,356
ASD Conditions of Employment (SES) Determination 2018	38	-	38
Other	-	-	-
<i>Total</i>	38	2,356	2,394

Salary ranges by classification level

Table 22: Salary ranges by classification levels

	Minimum salary (\$)	Maximum salary (\$)
ASD SES 3	412,000	412,000
ASD SES 2	226,696	312,166
ASD SES 1	160,932	260,000
ASD EL 2	120,744	175,550
ASD EL 1	103,994	152,496
ASD 6	82,282	126,515
ASD 5	75,109	88,495
ASD 4	68,442	82,193
ASD 3	60,422	66,575
ASD 2	53,044	53,044
ASD 1	-	-
Trainee/Graduate	46,871	74,721
<i>Minimum/Maximum range</i>	46,871	412,000

Performance pay by salary level

Table 23: 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	-	-	-	-	-
ASD EL 2	121	633,076	5,232	303	31,357
ASD EL 1	366	1,381,203	3,774	147	31,626
ASD 6	321	1,026,240	3,158	191	25,341
ASD 5	156	191,664	1,229	8	13,015
ASD 4	75	52,639	702	55	806
ASD 3	19	13,481	710	435	725
ASD 2	-	-	-	-	-
ASD 1	-	-	-	-	-
Trainee/Graduate	-	-	-	-	-
<i>Total</i>	1,058	3,298,303	3,106	8	31,626

1. Employees engaged under the ASD Terms and Conditions of Employment (Non-SES) Determination 2020 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 24: Non-SES salary classification structure

Classification	Rates as at 30 June 2021 (\$)	
	Base	Top
Trainee ASD (Technical)	50,608	56,907
ASD Level 1	46,871	52,615
ASD Level 2	53,044	59,632
ASD Level 3	60,422	66,575
ASD Level 4	68,442	74,721
ASD Level 5	75,109	80,450
ASD Level 6	82,282	93,993
ASD Executive Level 1	103,994	117,305
ASD Executive Level 2	120,744	144,929
ASD Executive Level 2.1	144,930	172,476
ASD Executive Level 2.2	172,477	194,035

ASD SES salary classification structure

Table 25: SES salary classification structure

Classification	Minimum salary rate as at 30 June 2021 (\$)
ASD SES Band 1	160,932
ASD SES Band 2	195,282
ASD SES Band 3	242,829

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APPENDIX D |
EXECUTIVE REMUNERATION

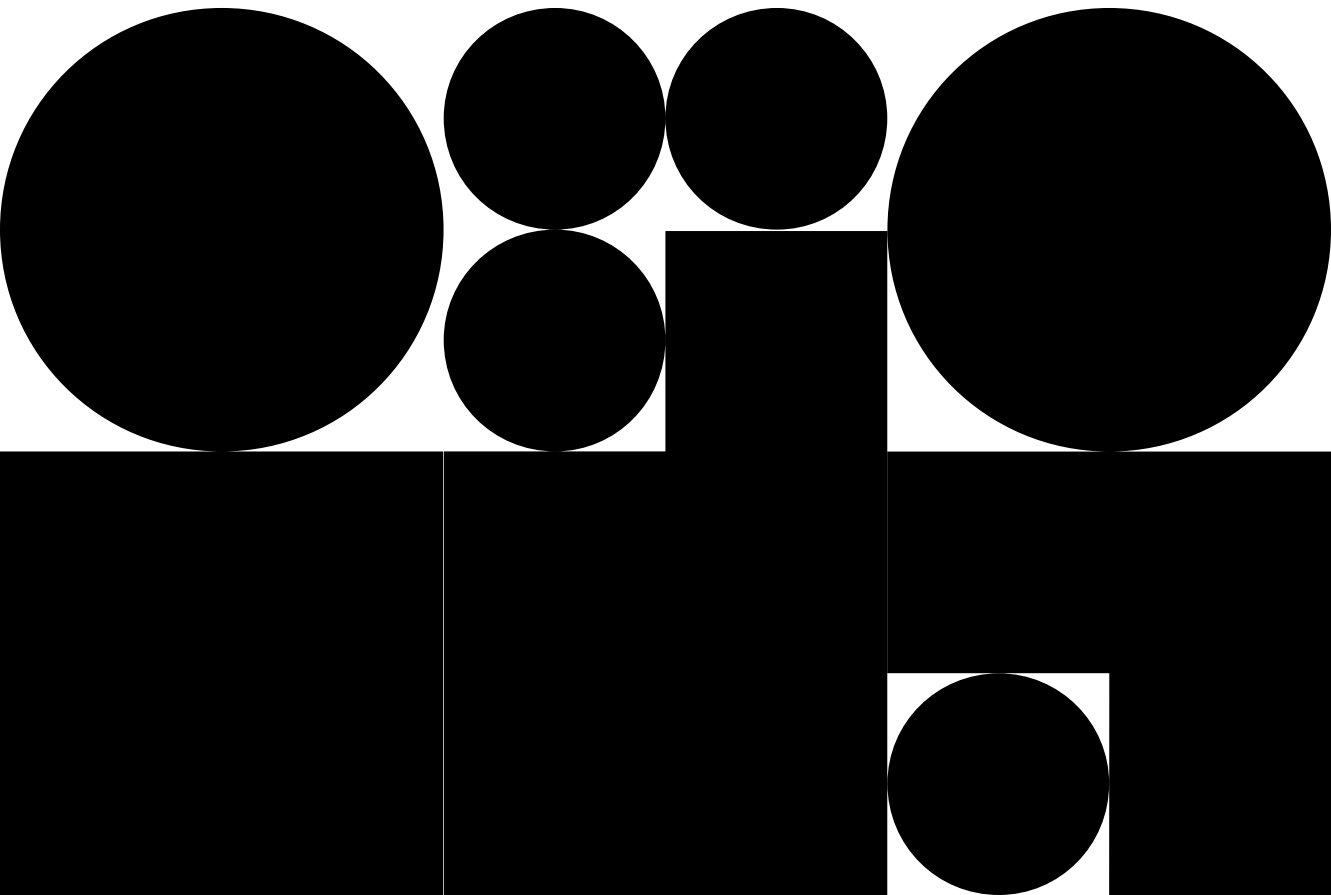


Table 26: Remuneration for key management personnel

Name	Position title	Short-term benefits (\$)				Post-employment benefits	Other long-term benefits (\$)		Termination benefits (\$)	Total remuneration (\$)
		Base Salary	Bonuses	Other benefits & allowances	Super contributions		Long service leave	Other long-term benefits		
Rachel Noble	Director-General ASD	640,091	-	-	86,472	15,131	-	-	-	741,694
Ben Staughton	Deputy Director-General Signals Intelligence & Network Operations	105,942	-	1,567	13,721	2,624	-	-	-	123,854
Brett Greenshields	Deputy Director-General Corporate and Capability	373,690	-	-	67,210	10,300	-	-	-	451,200
Linda Geddes	Deputy Director-General Signals Intelligence & Network Operations	235,373	-	-	77,754	10,300	-	-	-	323,427
Abigail Bradshaw	Head of the Australian Cyber Centre	409,124	-	-	63,555	10,068	-	-	-	482,747
Stephen McGlynn	Acting Deputy Director-General Corporate and Capability	131,556	-	1,106	12,243	2,575	-	-	-	147,480

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 27: 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 & allowances	Average super contributions		Average long service leave	Average other long-term benefits		
\$0- \$220,000	25	82,923	63	11,882	16,997	2,335	0	0	8,594	122,794
\$220,001- \$245,000	9	170,714	614	28,517	31,502	4,231	0	0	0	235,578
\$245,001- \$270,000	8	190,052	1,913	20,554	35,649	4,456	0	0	0	252,623
\$270,001- \$295,000	5	182,605	0	13,354	32,300	4,502	0	0	50,561	283,322
\$295,001- \$320,000	1	246,492	0	17,860	44,489	6,112	0	0	0	314,953
\$320,001- \$345,000	2	273,631	0	13,545	43,476	6,343	0	0	0	336,995
\$345,001- \$370,000	-	-	-	-	-	-	-	-	-	-
\$370,001- \$395,000	1	325,545	0	0	48,258	7,804	0	0	0	381,607
\$395,001- \$420,000	-	-	-	-	-	-	-	-	-	-
\$420,001- \$445,000	-	-	-	-	-	-	-	-	-	-
\$445,001- \$470,000	-	-	-	-	-	-	-	-	-	-
\$470,001- \$495,000	-	-	-	-	-	-	-	-	-	-
\$420,001- \$445,000	-	-	-	-	-	-	-	-	-	-
\$445,001- \$470,000	-	-	-	-	-	-	-	-	-	-
\$470,001- \$495,000	-	-	-	-	-	-	-	-	-	-

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 a 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 allowance, 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.
3. There are 3 SES who received bonuses prior to being appointed to the SES positions. These bonuses are in line with the ASD Terms and Conditions of Employment (Non-SES) Determination 2020.

Table 28: 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 & allowances		Average long service leave	Average other long-term benefits		
\$230,001- \$245,000	6	135,295	5,622	67,309	23,555	3,349	-	-	235,129
\$245,001- \$270,000	5	157,860	20,213	44,356	27,474	3,547	-	-	253,451
\$270,001- \$295,000	1	184,143	1,150	62,814	31,347	3,009	-	-	282,463
\$295,001- \$320,000	-	-	-	-	-	-	-	-	-
\$320,001- \$345,000	1	228,302	-	70,561	29,053	3,565	-	-	331,481
\$320,001- \$345,000	-	-	-	-	-	-	-	-	-
\$345,001- \$370,000	-	-	-	-	-	-	-	-	-
\$370,001- \$395,000	-	-	-	-	-	-	-	-	-
\$395,001- \$420,000	-	-	-	-	-	-	-	-	-
\$420,001- \$445,000	-	-	-	-	-	-	-	-	-
\$445,001- \$470,000	-	-	-	-	-	-	-	-	-
\$470,001- \$495,000	-	-	-	-	-	-	-	-	-

1. Other benefits and allowances includes the value of items such as housing (including overseas), motor vehicle allowance, retention bonuses, performance 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.

Omissions and errors

Table 20: Performance pay by salary level

Table 20 reported one ASD SES 1 officer received a performance payment of \$1,150. This was paid in error and the amount was later recovered.

No ASD SES have a performance bonus provision in their agreement.

Table 24: Remuneration for senior executives

Table 24 incorrectly reported average bonuses of \$115 for the ten SES who received total remuneration between \$220,001 and \$245,000.

This was a result of the incorrect performance payment of \$1,150 to an ASD SES 1 referred to in Table 20.

APPENDIX E |
LIST OF REQUIREMENTS

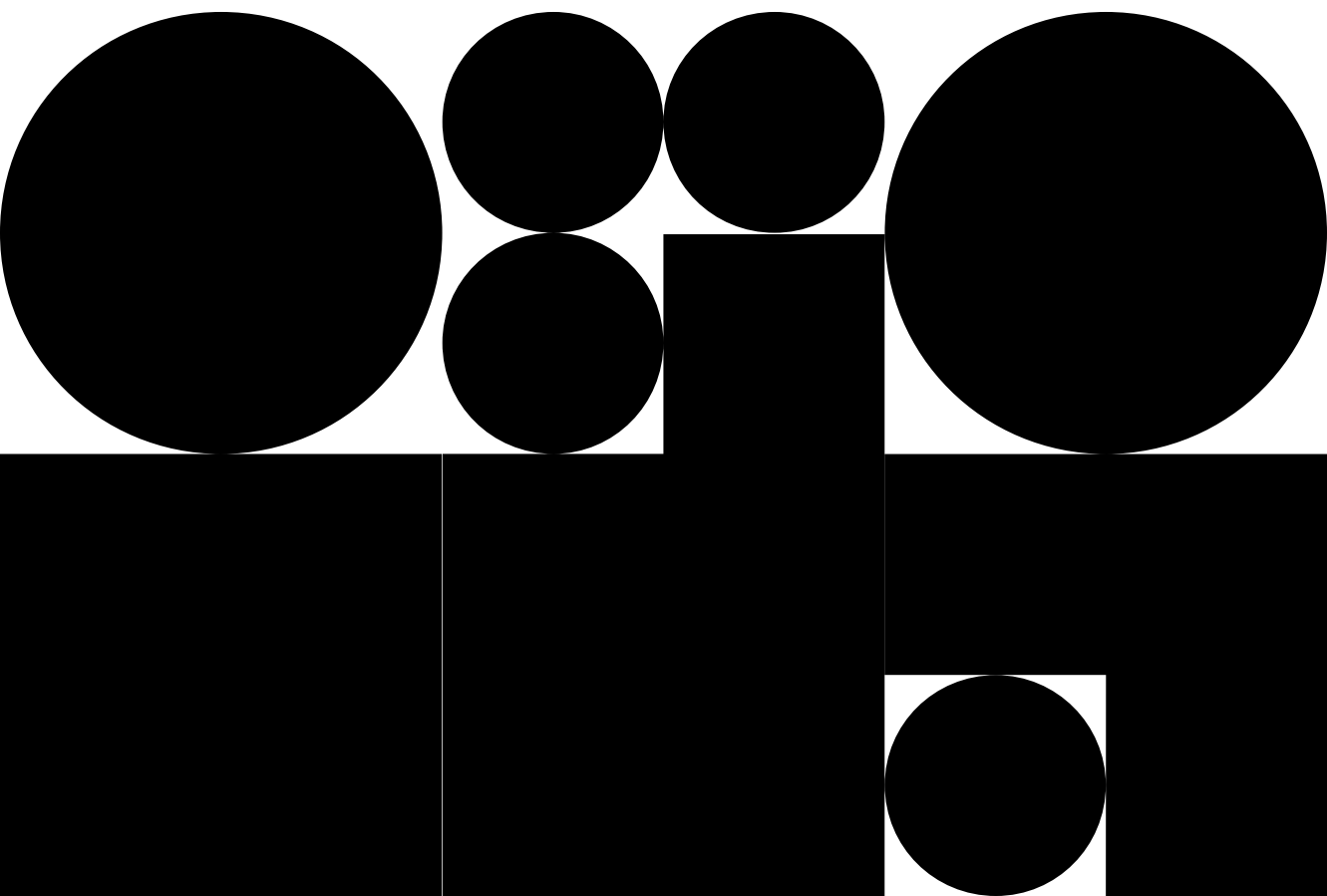


Table 29: List of requirements

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 5	Table of contents.	Mandatory
17AJ(b)	Index Page 123	Alphabetical index.	Mandatory
17AJ(c)	Glossary of Abbreviations and Acronyms Page 9	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	List of Requirements Page 114	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
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 14	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	Chapter 2 Overview of ASD Page 14	Position title of the accountable authority or each member of the accountable authority.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AE(1)(aa)(iii)	Chapter 2 Overview of ASD Page 14	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 programs 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
17AD(c)	Report on the Performance of the entity		
	Annual performance Statements		
17AD(c)(i); 16F	Chapter 3 Report on Performance – ASD's performance Page 20	Annual performance statement in accordance with paragraph 39(l)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	Chapter 3 Report on Performance – Report on financial performance Page 32	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		
	Corporate Governance		
17AG(2)(a)	Chapter 4 Management and Accountability – Management of risk and fraud Page 40	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 40	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
	Audit Committee		
17AG(2A)(a)	Chapter 4 Management and Accountability – Corporate governance Page 35	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

PGPA Rule Reference	Part of Report	Description	Requirement
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
	External Scrutiny		
17AG(3)	Chapter 4 Management and Accountability – External scrutiny Page 42	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	Chapter 4 Management and Accountability – External scrutiny Page 42	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 and Accountability – External scrutiny Page 42	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
	Management of Human Resources		
17AG(4)(a)	Chapter 4 Management and Accountability – People Capability Page 44	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
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

PGPA Rule Reference	Part of Report	Description	Requirement
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: (a) statistics on staffing classification level (b) statistics on full-time employees (c) statistics on part-time employees (d) statistics on gender (e) statistics on staff location (f) statistics on employees who identify as Indigenous.	
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 and Accountability – Performance management Page 49	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 108	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	Chapter 4 Management and Accountability – People Capability Page 44	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	Appendix C ASD's Salary Classification Structure Page 108	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 108	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 108	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 108	Information on aggregate amount of performance payments.	If applicable, mandatory

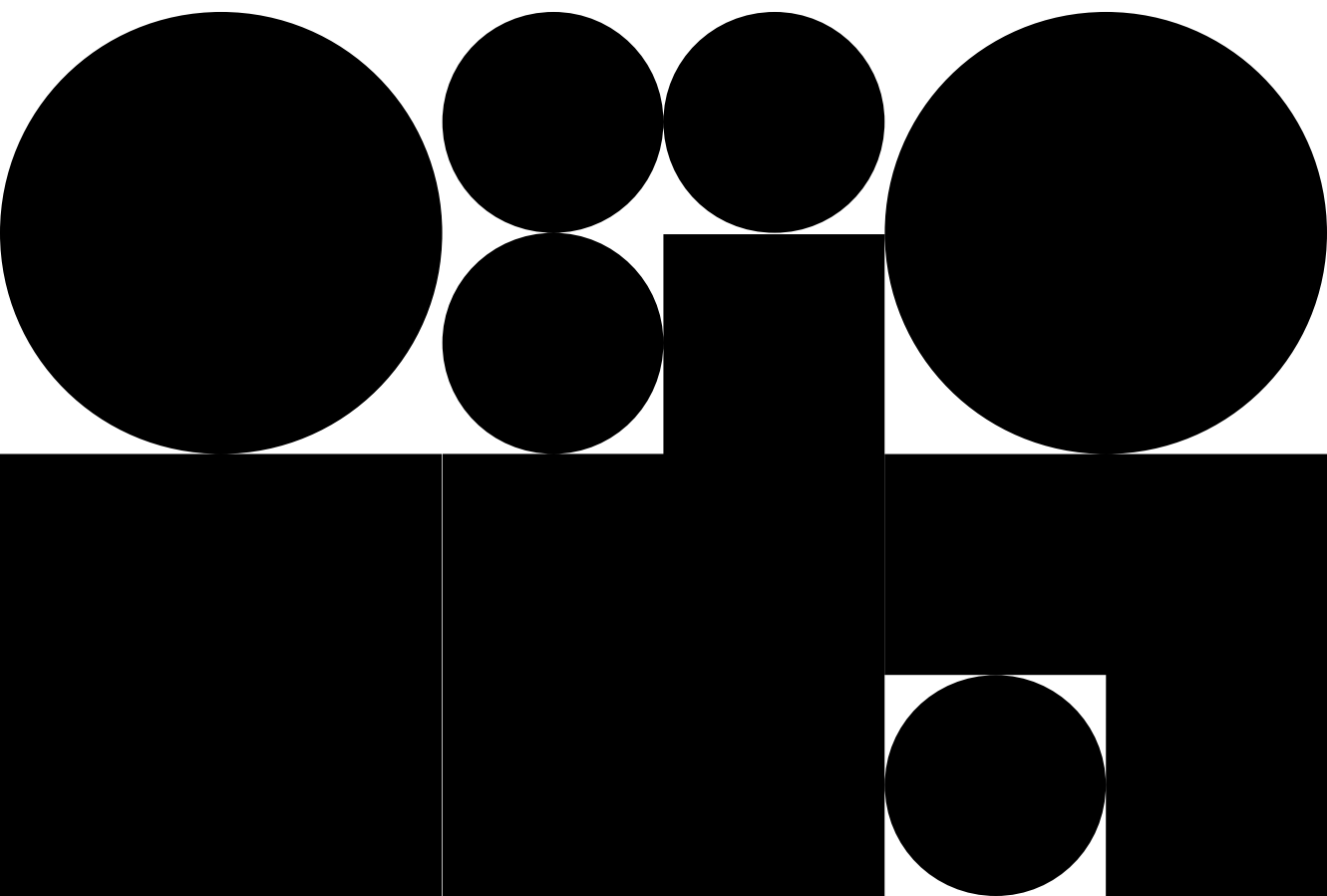
PGPA Rule Reference	Part of Report	Description	Requirement
	Assets Management		
17AG(5)	Chapter 4 Management and Accountability – Asset Management Page 51	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory
	Purchasing		
17AG(6)	Chapter 4 Management and Accountability – Procurement Page 52	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory
	Reportable consultancy contracts		
17AG(7)(a)	Chapter 4 Management and Accountability – Consultancy and non-consultancy contracts Page 52	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 – Consultancy and non-consultancy contracts Page 52	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 52	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
17AG(7)(d)	Chapter 4 Management and Accountability – Consultancy and non-consultancy contracts Page 52	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

PGPA Rule Reference	Part of Report	Description	Requirement
	Reportable non-consultancy contracts		
17AG(7A)(a)	Chapter 4 Management and Accountability – Consultancy and non-consultancy contracts Page 52	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)	Chapter 4 Management and Accountability – Consultancy and non-consultancy contracts Page 52	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	Chapter 4 Management and Accountability – Consultancy and non-consultancy contracts Page 52	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory
	Australian National Audit Office Access Clauses		
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
	Exempt contracts		
17AG(9)	Chapter 4 Management and Accountability – Exempt Contracts Page 54	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

PGPA Rule Reference	Part of Report	Description	Requirement
	Small business		
17AG(10)(a)	Chapter 4 Management and Accountability – Small business Page 54	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 Page 54	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	Chapter 4 Management and Accountability – Small business Page 54	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
	Financial Statements		
17AD(e)	Appendix B Financial Statements including Expenses by Outcome Page 58	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
	Executive Remuneration		
17AD(da)	Appendix D Executive remuneration Page 110	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2.3 of the Rule.	Mandatory
	Other Mandatory Information		
17AH(1)(a)(i)	Chapter 4 Management and Accountability – Advertising Page 54	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
17AH(1)(a)(ii)	Not applicable	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AH(1)(b)	Chapter 4 Management and Accountability – Grants Page 54	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website].”	If applicable, mandatory
17AH(1)(c)	Chapter 4 Management and Accountability – People capability Page 44	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 54	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)	Appendix D Executive Remuneration – Omissions and Errors Page 113	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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