

Australian Government

Australian Signals Directorate



ANNUAL REPORT 2021-22

Aids to access

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Location of this annual report

Further information about ASD can be found at our website www.asd.gov.au

The direct address to view this annual report and previous annual reports is <u>www.asd.gov.au/annualreports</u>. The annual report can also be viewed at <u>www.transparency.gov.au</u>

Acknowledgment of Country

ASD acknowledges the traditional owners and custodians of Country throughout Australia, and acknowledges their continuing connection to land, sea and community. We pay our respects to the people, the cultures and Elders past, present and emerging. We also acknowledge the contributions of our Aboriginal and Torres Strait Islander employees in support of our mission.





The Hon Richard Marles MP Deputy Prime Minister and Minister for Defence Parliament House CANBERRA ACT 2600

Dear Minister,

Australian Signals Directorate Annual Report 2021–22

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 2021–22. 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

Rachel Noble PSM Director-General Australian Signals Directorate



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Glossary of abbreviations and acronyms

ABS	Australian Bureau of Statistics
ACSC	Australian Cyber Security Centre
ADF	Australian Defence Force
AEC	Australian Electoral Commission
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
ASEAN	Association of Southeast Asian Nations
BMC	Business Management Committee
CHIPs	Cyber Hygiene Improvement Programs
CI-UP	Critical Infrastructure Uplift Program
Co-Lab	ASD-ANU Collaboration Agreement
CMMP	Cyber Maturity Measurement Program
CPR	Commonwealth Procurement Rules
CTIS	Cyber Threat Intelligence Sharing
CUP	Cyber Upskill Program
DFAT	Department of Foreign Affairs and Trade
DFIR	Digital Forensic and Incident Response
DTA	Digital Transformation Agency
DTIC	Data, Technology and Infrastructure Committee
E8	Essential Eight
EL	Executive Level
FOI	Freedom of Information
GST	Goods and Services Tax

GST Goods and Services Tax

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ICT Information and Communications Technology

IGIS	Inspector-General of Intelligence and Security
IRAP	Information Security Registered Assessors Program
ISA	Intelligence Services Act 2001
ISM	Information Security Manual
LGBTQ+	Lesbian, Gay, Bisexual, Transgender and Queer (or Questioning) Plus
LSL	Long Service Leave
MRC	Management Review Committee
NAIDOC	National Aborigines and Islanders Day Observance Committee
NIC	National Intelligence Community
OCC	Operational Compliance Committee
ONI	Office of National Intelligence
PaCSON	Pacific Cyber Security Operations Network
PDNS	Protective Domain Name System
PFADS	Performance Feedback Assessment and Development Scheme
PGPA	Public Governance, Performance, and Accountability
PID	Public Interest Disclosure
PfMO	Portfolio Management Office
PSPF	Protective Security Policy Framework
REDSPICE	Resilience, Effects, Defence, SPace, Intelligence, Cyber, Enablers
SES	Senior Executive Service
STEM	Science, technology, engineering and mathematics
WHS	Work health and safety

CHAPTER 1

DIRECTOR-GENERAL ASD'S REVIEW



I am pleased to present the 2021–22 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 2021–22, 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 threats, including the dismantling of online infrastructure used by foreign cybercriminals targeting Australians. 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 2021–22, Australia was targeted by a range of actors who conducted persistent cyber operations that posed significant threats to Australia, and continued to observe 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 2021–22. 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.

Throughout 2021–22, 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. During the reporting period, the ACSC delivered a significant expansion to its 24-hour Cyber Security Hotline – 1300 CYBER1 – providing Australians with greater access to cyber security help and advice.

A key priority for ASD during 2021–22 has been to continue its engagement with various parliamentary and other oversight bodies, including the Parliamentary Joint Committee on Intelligence and Security (PJCIS); 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 (IGIS), 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 also continued efforts to provide greater transparency of its activities through initiatives such as its proactive declassification program, and public events to celebrate ASD's 75th anniversary, including the DECODED exhibition at the National Museum of Australia.

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.

In March 2022, the Australian Government approved a ten-year investment in new intelligence and cyber capabilities, known as REDSPICE (Resilience, Effects, Defence, SPace, Intelligence, Cyber, Enablers). In the lead-up to its official commencement on 1 July 2022, ASD undertook a range of planning and recruitment activities in support of REDSPICE.

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 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

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, and as outlined in the *ASD Corporate Plan 2021–22*.

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 most secure 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 that reports directly to the Deputy Prime Minister and Minister for Defence, the Hon Richard Marles MP since 23 May 2022.

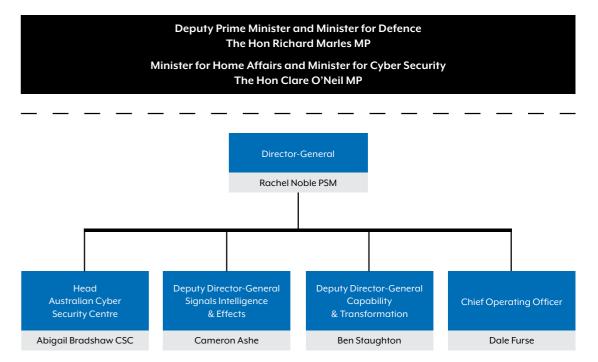


FIGURE 1: ASD's organisational structure as at 30 June 2022

Ms Rachel Noble PSM was Director-General ASD and ASD's accountable authority for the 2021–22 reporting period.

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 specific objectives. ASD's ability to publicly report on its performance is 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 (PJCIS).

As Director-General ASD, and the accountable authority of ASD, I present the 2021–22 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 accurately reflects the performance of ASD in achieving its purpose and complies with section 39(2) of the PGPA Act.

Joch I Dolele

Rachel Noble PSM Director-General Australian Signals Directorate 7 October 2022

ASD's performance

For the 2021–22 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 the 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 2021–22 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 2021–22, ASD continued to mature its performance framework. In the ASD Corporate Plan 2021–22, ASD published its full performance framework for the first time, including the measures that ASD has used to evaluate its performance in this annual report.

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). 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.

Assessing performance

ASD has established a set of seven performance measures to support the evaluation of ASD's performance against its key activities and purpose, replacing the key performance indicators reported in the *Defence Portfolio Budgets Statements 2021–22*. ASD's new performance measures were published in the *Defence Portfolio Additional Estimates Statements 2021–22* under Program 1.1 Foreign Signals Intelligence, Cyber Security and Offensive Cyber Operations, and in the *ASD Corporate Plan 2021–22*.

ASD's performance is measured using a combination of qualitative and quantitative metrics against defined targets based on statistics, stakeholder feedback and case studies that outline demonstrated impact. Each metric is considered equal weight, and the overall result is assessed on balance.

Performance summary

Overall, ASD has achieved its purpose with Performance Measures 1–7 assessed as being met at the end of the reporting period (Table 1).

TABLE 1: ASD's performance measure outcomes summary as at 30 June 2022

Perfo	ormance Measure	Result
1	ASD meets Government's expectations to deliver strategic advantage and enables NIC operations.	Met
2	ASD's foreign signals intelligence products and technical expertise provide effective support for military operations and activities.	Met
3	ASD's cyber security advice, assistance and operational responses prevent, detect and remediate cyber threats to Australia.	Met
4	ASD delivers partnerships, programs and technical capability that strengthen national cyber security or resilience.	Met
5	ASD's offensive cyber operations deliver real-world impact, including providing advantage to military operations.	Met
6	ASD's offensive cyber activities meet whole-of-government security requirements to counter offshore cyber threats.	Met
7	ASD's corporate services, and technology platforms and products support the achievement of mission outcomes.	Met

Key Activity: Foreign Signals Intelligence

Performance Measure I: ASD's foreign si decision-making.	gnals intelligence informs strategic, operat	ional and	tactical
Metric	Target	2021–22	2 Result
1.1 Government expectations to deliver strategic advantage are met.	Government and NIC stakeholders confirm that ASD products have high impact.	\checkmark	Met
1.2 NIC operational requirements are met.	NIC and Defence stakeholders confirm that ASD products have high impact.	\checkmark	Met
Reference: ASD Corporate Plan 2021-22 (page 21)			

Rationale

During 2021–22, ASD continued to generate foreign signals intelligence that provided the Government with insight into global strategic and military developments, enabling effective NIC operational and tactical decision-making. ASD's achievement against this performance measure was evaluated through qualitative assessment of the impact of foreign signals intelligence on Australia's strategic, operational and tactical decision-makers.

During 2021–22, ASD provided intelligence products, technical expertise and advice to the NIC and Government on threats to national security. An example of ASD's activities in this regard would be providing insights into the intentions of foreign adversaries in order to assist the government in making the best decisions for Australia's national interest and to avoid misunderstandings and miscalculations.

ASD frequently engaged with the wider NIC, which enabled ASD to focus its efforts on what is critical to the whole-of-government activities, ensuring relevant and vital contributions with high-impact collection, analysis, data and linguistic support were provided. ASD has embedded liaison officers in key departments who have proven to be valuable in supporting intelligence needs and decision-making.

Feedback from a customer survey confirmed that the NIC and other government agencies considered ASD intelligence to be a critical enabler to their work, and were satisfied with the level of service provided by ASD. ASD supplemented the survey results with assessments of its performance based on regular engagement with its customers who confirmed the results.

Performance Measure 2: ASD's foreign signals intelligence products and technical expertise provide effective support for military operations and activities.

Metric	Target	2021–22 Result	
2.1 ASD's foreign signals intelligence supports the ADF's military operations and activities, technological advantage and capability development.	ADF/Defence stakeholders confirm that ASD products have high impact.	✓	Met

References: ASD Corporate Plan 2021-22 (page 22)

Rationale

During 2021–22, ASD foreign signals intelligence was used to support deployed ADF elements and helped inform tactical and operational decision-making. ASD maintained strong ties to Defence and the ADF and conducted regular engagement to review requirements. This ensured that key Defence and ADF outcomes were well understood and addressed by ASD.

Stakeholders in Defence and the ADF confirmed that ASD's foreign signals intelligence and technical expertise were high-impact, and provided effective and timely support to military operations. Defence and ADF stakeholders confirmed through a customer survey that they were satisfied with services provided by ASD, and these survey results were corroborated through the extensive engagement ASD has with its customers in the ADF. ASD also delivered advanced cyber training to ADF personnel to improve defensive and offensive cyber capabilities.

Key Activity: Cyber Security Services

critical infrastructure and services, busin	igh quality, impactful cyber security services less, families and individuals.	le geven	
Metric	Target	2021–22 Result	
3.1 ASD's cyber security advice and assistance supports stakeholders to improve or maintain their cyber security posture.	Information Security Manual (ISM) and Essential Eight (E8) are updated at least annually.	✓	Met
	Demonstrated impact.	\checkmark	
	Number of Independent Registered Assessors Program (IRAP) assessors remains constant or increases.	✓	
3.2 Systems to support assistance and technical advice are available for use by ASD and relevant stakeholders.	Availability of support assistance and technical advice remains at or above 99%.	✓	Met
3.3 ASD's Top Secret network accreditation and key management services support stakeholders' requirements.	All requests are resolved within timeframes agreed with the stakeholder.	\checkmark	– Met
	Availability remains at or above 99%.	\checkmark	

References: ASD Corporate Plan 2021-22 (page 23)

Rationale

Over the reporting period, ASD delivered whole-of-economy cyber security advice and assistance to Australian government, critical infrastructure and services, business, as well as communities and individuals.

Updates to ISM and E8

During the reporting period, the ISM was updated four times. These updates took place in September 2021, January 2022, March 2022, and June 2022. These include changes to security controls to address changes in the cyber threat environment observed by ASD and its partners.

A major update to the E8 Maturity Model was published in July 2021, followed by a minor update in October 2021, to ensure the model remains contemporary, contestable and actionable. The updates included taking a stronger risk-based approach to implementation, and implementing the strategies as a package rather than individually.

Additionally, 27 technical publications were released to cyber.gov.au, to support government, large organisations, small and medium businesses, and individuals and families to improve their cyber security posture.

Impact to government

Cyber Maturity Measurement Program

During the reporting period, ASD completed six Cyber Maturity Measurement Program (CMMP) engagements with Commonwealth entities. Under the program, specialist ACSC teams undertake cyber maturity measurements of entity networks, providing agencies with a data-driven snapshot of their cyber security posture against the E8 Maturity Model and technical guidance and advice to uplift their cyber security posture.

ASD also undertook eight ACSC Cyber Security Uplift Services for government entities to improve their general cyber security hygiene, cyber security awareness and implement a security roadmap. This was complemented by 13 Cyber Security Aftercare Program follow-up activities where ASD engaged Commonwealth entities on a regular basis to track progress against their Essential Eight Plus (E8+) Sprint or CMMP report, and to offer additional services and assistance.

AUPDNS and website takedowns

ASD continued to operate its scalable cyber security defence capability, the Australian Protective Domain Name System (AUPDNS). The AUPDNS capability seeks to reduce access to malicious domain names by blocking sites confirmed to be hosting malware, ransomware, phishing attacks or other malicious content. AUPDNS blocked more than 24 million malicious domain requests during the reporting period. ASD also initiated takedowns on more than 29,000 brute force attacks against Australian servers through the Domain Takedown Service, helping to prevent cybercrime and fraud. This service has demonstrated success providing agencies with support to identify cyber threats, resulting in improved security measures for partners.

Cyber Hygiene Improvement Programs

ASD continued to run Cyber Hygiene Improvement Programs (CHIPs) scans quarterly, providing reports to over 250 entities. Through CHIPs, the ACSC provides Commonwealth entities with data-driven and actionable information to guide their cyber security efforts, supporting the adoption of common cyber hygiene practices, including the targeted management of ICT system improvements and maintenance. The results of these scans are sent to the entity network owners, providing them with actionable information to help steer their cyber security posture and improvement efforts.

ASD also performed 49 high-priority operational tasking CHIPs scans and generated associated notifications to potentially at-risk agencies. These scans identify critical vulnerabilities relating to specific high-priority threats. Through these activities, CHIPs can quickly build visibility of, and develop insights on, security vulnerabilities across Commonwealth, state and territory, and local governments, and guide uplift initiatives.

In 2021–22, actionable information from CHIPs prevented data breaches, led to the detection of incidents that likely would have otherwise remained undetected, and drove improvement in cyber hygiene across the Australian Government at all levels.

Hunt activities

During the reporting period, the ACSC completed two targeted cyber hunt activities for Commonwealth agencies. Cyber threat hunt activities supported the cyber security uplift of priority Australian networks and events of national significance, via proactive identification of malicious cyber activity and cyber security issues on those networks. Following these two cyber hunt activities, the ACSC provided a list of immediate, medium and long-term recommendations to the Commonwealth entities, designed to improve their cyber security posture. Both entities advised they would implement the recommendations.

CASE STUDY 1: Australian Protective Domain Name System

The AUPDNS enhances the security of government networks by blocking connections to malicious websites that may contain ransomware, malware and other cyber threats. ASD make this service available to all federal, state and territory governments. AUPDNS contributes to threat detection and intelligence gathering, as well as for disrupting or deterring cyberattacks at the reconnaissance phase.

Since the AUPDNS pilot began in March 2020, ASD has analysed abnormal Domain Name System traffic flows to detect possible malicious activity and, through this, either mitigated or reduced the harm of an intrusion for entity customers. AUPDNS has become a significant contributor of indicators of compromise to ASD's Cyber Threat Intelligence Sharing (CTIS) platform.

During the reporting period, AUPDNS processed more than 36 billion queries and blocked more than 24 million domain requests. AUPDNS onboarded 171 organisations, including a number of state and local government agencies.

Impact to critical infrastructure and industry partnerships

Critical Infrastructure Uplift

As part of an initial pilot program, ASD completed two Critical Infrastructure Uplift Programs (CI-UP) for critical infrastructure providers during the reporting period. This program aims to improve ASD's understanding of the cyber security maturity of owners and operators of Critical Infrastructure and Systems of National Significance¹. During CI-UP programs, ASD officers worked with critical infrastructure providers to assess their cyber security posture against the Cybersecurity Capability Maturity Model framework and the E8 Maturity Model and to identify measures to improve the entity's cyber security posture.

Cyber Threat Intelligence Sharing

ASD's CTIS platform allows ASD to disseminate observable indicators of compromise to participating organisations at machine speed, which organisations may then use to identify activity on their own networks. The CTIS platform also allows participating organisations to bi-directionally share indicators of compromise observed on their own network with other CTIS partners. As a result, partners and ASD are better informed about potential compromises to their systems at speed and scale.

CTIS launched in November 2021, with the majority of partners being critical infrastructure entities.

Specialist technical advice and assistance to events

From July to November 2021, ASD provided targeted cyber security advice on whole-of-government digital vaccine certificate initiatives for international and domestic application. This included advice on digital initiatives from the Australian Governments' COVID-19 Recovery Plan:

- the COVID-19 digital certificate Services Australia
- the Domestic Vaccine Certificate integration solution for Check-In Apps Services Australia
- the South Australian Government Home Quarantine Application Pilot Program
- the International COVID-19 Vaccination Certificate Department of Foreign Affairs and Trade (DFAT) and Services Australia
- the Digital Passenger Declaration Department of Home Affairs.

ASD cyber security advice focused on the development phase of digital authentication and proof of vaccination initiatives to ensure they were secure by design. ASD provided cyber security advice to ensure that Government digital vaccine initiatives were developed securely to mitigate malicious actors trying to exploit the pandemic environment through COVID-19 and health-related scams.

ASD worked closely with the Australian Electoral Commission (AEC), including through the AEC-led Electoral Integrity Assurance Taskforce, to help secure networks used to support the 21 March 2022 federal election. This support included cyber security threat intelligence briefings, technical advice and assistance, vulnerability and threat assessments as well as enhanced cyber security incident response support.

CASE STUDY 2: Support to the Australian Census

In August 2021, the Australian Bureau of Statistics (ABS) ran the 18th Census of Population and Housing (the Census) in Australia. From planning through to delivery, ASD provided ABS with cyber security advice, assistance and technical uplift to help ensure the cyber security of the Census and its data.

Prior to the Census, ASD provided ABS with cyber security advice for its procurement process, a cyber security maturity assessment across ABS networks, a review of the platform hosting the Census, and threat intelligence briefings. ASD employed its cyber defence service capabilities to assess and pre-empt malicious cyber activity against the Census.

Throughout the Census, ASD was in constant communication with ABS and conducted passive monitoring of the ABS systems and incident response support to help detect and respond to threats. On Census night, ASD provided on-site operational support to bolster any critical incident response.

ASD found no indication of malicious activity through its assessments, and critical cyber security recommendations were resolved by ABS prior to the Census. The 2021 Census was completed successfully without cyber security incident.

Impact to businesses, families and individuals

Australian Cyber Security Hotline

On 25 November 2021, ASD launched an enhanced capability to uplift the delivery of advice and assistance to the Australian community through the Cyber Security Hotline. The enhancements enable greater support to small-to-medium businesses, individuals and families. The program expansion included an upgrade to both technical capabilities, such as call management and increased staffing. Between July and November 2021, the hotline recorded an average of 1,985 calls per month. Following the expansion, there was a 10.7 per cent increase in calls between December 2021 and June 2022.

The Australian Cyber Security Hotline is a 24/7 hotline available to all Australians seeking relevant cyber security help and advice and wanting to report cyber incidents.

Incident Response

During the reporting period, ASD provided timely advice to Australian individuals and organisations to support them through their cyber security incidents 24 hours a day, seven days a week. This included the provision of awareness, mitigation and response through a variety of products and services. ASD responded to approximately 1,100 cyber security incidents, an average of 21 cyber security incidents per week.

A key element of ASD's response was its Digital Forensic and Incident Response (DFIR) capability that provides specialist services to Australian organisations to support remediation after cyber intrusion. During the reporting period, DFIR led a national-level response to the widespread vulnerability found in the Log4J software. Log4j is a key software element found in a wide variety of Java products such as messaging, productivity and video conferencing applications, and webservers. Due to its widespread use in popular software and hardware platforms, third-party applications were also identified as being vulnerable to exploitation. ASD responded by providing awareness and advice through eight Advisory and Alert publications, supporting information-sharing events with industry and government, and providing direct incident response to affected entities.

Information Security Registered Assessors Program

Under the Information Security Registered Assessors Program (IRAP), ASD endorses suitably qualified cyber security professionals to provide cyber security services to secure broader industry and Australian Government systems and data. The number of IRAP assessors increased by 58 per cent over the reporting period. As a result, IRAP assessors are now more accessible.

Systems to support assistance and technical advice

Cyber.gov.au and ReportCyber

Cyber.gov.au is an ASD, public-facing website providing government, large organisations, critical infrastructure, small and medium businesses and individuals with the latest information and resources relating to cyber security. This website also allows government, businesses, and individuals to report cyber security incidents or cybercrimes, and provides additional assistance and referral pathways, depending on the nature of the report. During 2021–22, the availability of cyber.gov.au and the ReportCyber portal remained at or above 99 per cent.

The Partnership Portal

The ACSC Partner Portal is an online platform where the ACSC shares relevant cyber security advice and information with its partners. During the reporting period, the availability of this platform remained at or above 99 per cent.

Australian Cyber Security Hotline

The availability of the hotline remained at 100 per cent.

Top Secret network accreditation and key management services

During 2021–22, ASD actioned Top Secret network authorisations to operate, and undertook system security and risk assessments in support of providing authorisation to operate for a number of Top Secret systems, within agreed timeframes.

The Australian Key Management Infrastructure transitioned from its initial operating capability to its final operating capability during the 2021–22 financial year. Despite some outages, the availability of key management services to ASD's customers achieved its target of 99 per cent. ASD's key management services provided effective support to ASD's customers.

Performance Measure 4: ASD delivers partnerships, programs and technical capability that strengthen national cyber security or resilience.

Metric	Target	2021–22 R	lesult
4.1 Cyber security information and expertise exchanges with partners help prevent, detect or remediate cyber threats to Australia.	Number of ACSC Partners increases.	\checkmark	Met
	Demonstrated impact.	\checkmark	Mei
4.2 ASD supports emerging cyber security research that may help prevent, detect or remediate cyber threats to Australia.	Demonstrated impact.	\checkmark	Met

Reference: ASD Corporate Plan 2021–22 (page 24)

Rationale

During the reporting period, ASD delivered partnerships, programs and technical capabilities that strengthened national cyber security and resilience. Membership of the ACSC Partnership Program has consistently increased, and ASD has demonstrated impact in supporting domestic and international partners to prevent, detect and remediate cyber threats.

ASD has continued to support emerging cyber security research, including through the joint collaboration agreement with the Australian National University (ANU) known as the 'ASD-ANU Co-Lab', which funds an Honours program for undergraduates.

Membership of the ACSC Partnership Program

The Partnership Program is ASD's main method of engaging and sharing information with our partners. The program includes three tiers of membership: Network, Business and Home. Network partners comprise organisations with responsibility for networks, experts in cyber security, such as academics, and not-for-profit institutions. Business partners comprise businesses, large or small, that would like to be kept up to date with relevant cyber security information for their businesses; while Home partners are individuals and families conscious about cyber security.

At the end of the reporting period, there were:

- over 2,300 Network partners, an increase of 34 per cent since July 2021
- over 3,400 Business partners, an increase of 65 per cent since July 2021
- over 82,800 Home partners, an increase of 8 per cent since July 2021.

Impact of support to domestic partners

Partnership Program

During the reporting period, the ACSC Partnership Program focused on sector-specific engagement. This included delivery of 93 sector-specific activities, with approximately 1,700 attendees across the events. The sectors targeted comprised: Government, Energy, Water, Transport, Mining, Defence Industry, Banking and Finance, Education, Food and Grocery, Health, Information and Communications Technology, Engineering, Construction and Manufacturing.

Feedback from participants was positive overall, with a strong indication that ASD uplifted the cyber awareness and resilience of these sectors. Activities with interactive sessions and case studies were particularly well received, allowing participants to learn in a practical way.

The ACSC Partnership Program supported ASD's launch of online training resources on cyber.gov.au and the expanded Australian Cyber Security Hotline on 25 November, with 38 engagement activities throughout the following week. This week, held in collaboration with 25 Australian organisations and peak bodies, comprised activities targeted to:

- subject matter experts
- the culturally and linguistically diverse community
- older Australians and individuals.

Events were held across five Australian states with over 1,329 attendees, and included tailored cyber awareness briefings and online learning resource demonstrations.

ASD provides up-to-date advice, guidance and products to entities to assist the development, implementation, integration and review of incident response plans, ransomware policies and business continuity plans.

- On 30 January 2022, the ACSC released two documents on cyber.gov.au to support Australian individuals, small businesses, larger organisations and government to build their capability to respond to cyber incidents.
- Between the publication of these two documents and 30 June 2022, the ACSC's Cyber Incident Response Plan Guidance and Template had been downloaded 3,548 times, and the ACSC Cyber Incident Response Readiness Checklist had been downloaded 1,961 times.

CASE STUDY 3: Ransomware

Ransomware is one of the most disruptive threats to Australian organisations. In April 2022, ASD coordinated Exercise Blue Dawn, a simulated ransomware cyber security incident for its Network partners within the ACSC Partnership Program. This exercise was a cross-sector activity that identified participants' strengths and weaknesses, and provided examples on how to improve their holistic organisational responses.

The exercise was conducted for a wide a range of sectors. The 62 participating entities stated that they benefited from learning from each other's expertise and experiences with ransomware, incident response and planning. Participants brought their own organisation's incident response plans to the activity, with the majority having reasonably well-developed plans and procedures already in place.

As a result of the exercise, participants overwhelmingly indicated that they would review and further develop their organisation's incident response and preparedness plans. Of the participants, 98 per cent agreed that Exercise Blue Dawn enhanced their ability to perform their roles under similar circumstances, and that their participation was appropriate and beneficial to their roles.

CASE STUDY 4: AquaEx

ASD coordinates a national cyber security exercise series in partnership with Australian critical infrastructure owners and operators. AquaEx was held in August 2021 and brought together Australia's urban water and wastewater sector and government agencies, with the aim of strengthening industry and government coordinated responses to cyber incidents affecting Australia's urban water and wastewater sector. In total, 48 entities participated in the activity, including four federal, 13 state and local government, and 31 industry partners.

The exercise was an opportunity for industry and government to reflect on existing communication and cooperation arrangements during a cyber incident affecting industry, and how these arrangements can be improved. It involved 14 months of planning, including more than 50 one-on-one planning conferences with participating organisations, delivery of 16 exercise management workshops, four cyber security-related information sessions and the development of a Cyber Incident Response Plan template to assist organisations in developing and updating their cyber incident response plans in preparation for the exercise.

Participation in the exercise enhanced government understanding of the urban water and wastewater sector's cyber security preparedness and response capability when facing cyber security incidents. It also provided government with insights into industry's expectations for advice and/or assistance in the event of a significant national cyber incident, and enabled industry and government to clarify their roles and responsibilities, including reporting responsibilities for organisations affected by a cyber incident. Participants highlighted the strengthening of relationships across the sector and between industry and government as a significant outcome of participating in the exercise.

Due to COVID-19 lockdowns, a number of organisations transitioned from in-person to virtual exercise delivery at very short notice. Despite these impacts, the exercise reached over 750 participants from across industry and government who worked together to strengthen cyber resilience across the nation.

Impact of support to international partners

ASD engages with international partners to increase cyber threat awareness and to uplift cyber security awareness for both the Australian Government and our partners. Cooperation with our partners provides opportunities for leveraging capability, expertise, threat visibility and our industry partnerships. Engagement with partners also provides opportunities to improve regional cyber security and build strategic relationships. Select examples of this cooperation are set out below.

Five-Eyes partners

ASD engaged regularly with national cyber security centres in the US, UK, Canada and New Zealand to collaborate on operational cyber security, cyber threats and to work to improve individual and collective cyber resilience. The Five-Eyes, comprising Australia, Canada, New Zealand, the UK, and the US, is an intelligence alliance established to promote joint cooperation and sharing in signals intelligence.

During the reporting period, ASD contributed to a range of joint products, including the 2021 Top Routinely Exploited Vulnerabilities joint advisory, published in April 2022, and the Protecting Against Cyber Threats to Managed Service Providers and their Customers, published on 11 May 2022. Both products were Five-Eyes, multi-agency, co-badged and demonstrate the beneficial impact of international cooperation in producing enhanced advice for industry.

Non-Five-Eyes partners and multilateral forums

ASD participated in the International Watch and Warning Network, a global partnership of operational cyber security agencies that aims to increase joint global cyber preparedness through information sharing and cooperation.

During the reporting period, ASD conducted a number of cyber security information exchanges with Southeast Asian and Pacific nations as part of whole-of-government efforts to enhance regional cyber security resilience.

ASD supported DFAT to deliver three 'Cyber Bootcamps' to the Association of Southeast Asian Nations (ASEAN) countries, in collaboration with the ANU. In conjunction with each Cyber Bootcamp, the ACSC boosted regional cyber resilience by sharing insights into Australia's cyber security ecosystem and the ASEAN regional threat environment.

ASD participated as an active member of the Asia-Pacific Computer Emergency Response Team (APCERT). APCERT is a community of CERTs and Computer Security Incident Response Teams dedicated to encouraging and supporting cyber security cooperation in the Asia-Pacific region. APCERT comprises 31 national CERTs and cyber security centres from 22 economies. Australia was a member of the APCERT Steering Committee for the 2021–22 reporting period, and throughout this has:

- convened virtually every two months
- participated in a community cyber security drill
- convened the APCERT Policy, Procedures and Governance Working Group to develop policies and procedures for APCERT as well as providing advice on governance issues
- contributed to the APCERT Annual Report 2021, published on the APCERT website on 26 April 2022.

As Secretariat of the Pacific Cyber Security Operations Network (PaCSON), ASD facilitated the sharing of information related to ransomware during this reporting period (see Case Study 5).

CASE STUDY 5: The Pacific Cyber Security Operations Network (PaCSON)

PaCSON is a trusted network of working-level experts across the Pacific region. PaCSON is Australia-led and supported by ASD, focused on facilitating cyber security cooperation and collaboration across the Pacific region. The ACSC is the permanent PaCSON Secretariat and leads the Communications and Partners working groups.

PaCSON member countries include Australia, the Cook Islands, Fiji, Kiribati, the Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, the Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu. The United States Cybersecurity and Infrastructure Security Agency and the Reserve Bank of Fiji are partners.

During this reporting period, the ACSC managed PaCSON community teleconferences and PaCSON Executive Committee meetings every month to facilitate regular cyber threat information sharing. PaCSON also facilitates information-sharing through the Traffic Light Protocol and the ACSC shared several ransomware profiles during this reporting period.

In 2021, the ACSC coordinated the publication of the inaugural PaCSON Annual Report. This was the first time the Pacific has come together to develop a shared understanding of the regional cyber threat landscape. It provides a firsthand account of how cyber security and incident response is managed in the Pacific. Both the final product and the process built a shared understanding of mutual cyber security threats and resulted in strengthened cooperation between PaCSON participants.

During this reporting period, ACSC developed the PaCSON Cyber Upskill Program (CUP), a bespoke cyber security upskilling package combining coursework, visual aids, industry relevant practical activities and resource material designed for Pacific cyber professionals. ACSC was successful in securing funding for the PaCSON CUP and has conducted a tender process to secure assistance from an external program developer. By taking a collaborative approach to co-developing the PaCSON CUP with Pacific partners, the ACSC is emphasising the Australian Government's ongoing commitment to strengthening the Pacific region's cyber security posture. The ACSC has received early positive feedback and keen interest from the Pacific community on this initiative and ACSC training resources more broadly.

Emerging cyber security research

ASD conducted cyber security research into critical and emerging technologies and operational technology environments throughout the reporting period.

The Australian Cyber Security Strategy 2020 committed to protecting the essential services all Australians rely on by uplifting the cyber security and resilience of critical infrastructure.

ASD continues to engage with industry through the Joint Cyber Security Centres to learn more about the challenges facing Australia's critical infrastructure. ASD is utilising these learnings to focus our advice and guidance across operational technology environments.

ASD continues to work with domestic and international partners through leveraging each other's research. For example ASD has supported emerging cyber security research through the ASD-ANU Co-Lab. The Co-Lab fosters the development of science, technology, engineering and mathematics (STEM) skills, and funds an Honours program for undergraduates to further ASD's cyber security research within a collaborative research environment.

ASD has also focused its cyber security research on prioritising critical technologies that have been identified in Australia's national interest. This has resulted in the provision of cyber security advice and assistance to various internal and external stakeholders. This is in addition to the updating of existing technical guidance, and the development of new technical guidance to support adopting appropriate cyber security protections.

Key Activity: Offensive Cyber Operations

Performance Measure 5: ASD's offensive cyber operations provide effective and timely support for military operations and activities.

Metric	Target	2021–22 Result	
5.1 Offensive cyber capabilities provide effective and timely support for ADF military operations and activities.	ADF/Defence stakeholders confirm ASD support had a high impact.	✓	Met

References: ASD Corporate Plan 2021-22 (page 25)

Rationale

Throughout 2021–22, ASD continued to provide offensive cyber operations in support of the ADF's key operational requirements. This includes future enhancements of ASD's cyber security capability to support military preparedness.

Performance Measure 6: ASD's offensiv requirements to counter offshore cybe	ve cyber activities meet whole-of-governmer r threats.	nt securit	у
Metric	Target	2021–2	22 Result
6.1 Offensive cyber operations that counter offshore cyber threats meet whole-of-government requirements.	Government stakeholders confirm ASD support had a high impact.	✓	Met

References: ASD Corporate Plan 2021-22 (page 26)

Rationale

Throughout 2021–22, ASD continued to pivot its offensive cyber capabilities to address emerging threats presented by foreign cybercriminals' malicious activities. Operations focused on disabling online infrastructure used by the foreign cybercriminals and disrupting their exploitation capabilities.

Key Activity: Sustain and Secure Future Capability

Metric	Target	2021–2	2 Result
7.1 ICT infrastructure and services support mission operations and the delivery of	Year-on-year improvement in service.	\checkmark	_
corporate services.	ICT projects delivered to implement ASD's Enterprise Technology Strategy.	\checkmark	
	24/7 ICT support for mission critical systems. Business hours support for non-critical systems. Available across domestic and overseas ASD sites.	✓	Met
	Year-on-year improvement in the percentage of systems developed within agreed interoperability standards.	✓	
7.2 ASD's workforce meets mission requirements.	Year-on-year improvement in delivery.	\checkmark	Met
	Year-on-year improvement in the percentage of staff that have met mandatory training requirements.	✓	
	Year-on-year improvement in the number of staff that have attended leadership and management skills courses.	✓	
	Year-on-year improvement in the number of staff that have attended tradecraft (customised) training courses.	\checkmark	

Rationale

ICT infrastructure and service support

ASD has improved its level of ICT infrastructure and services during the reporting period. ASD has continued to maintain significant reductions in incident resolution times, and improvements to customer satisfaction has been demonstrated by positive feedback.

ASD progressed implementation of its Enterprise Technology Strategy and delivered ICT projects in line with the strategy.

During the reporting period, ASD's ICT support was available for all systems during business hours. ASD also provided effective 24/7 support for mission critical ICT systems. The availability of all core systems maintained by ASD met or exceeded targets during the reporting period, a baseline that will be used in future comparisons.

ASD continues to increase the interoperability of corporate systems, including through the delivery of enhanced governance of enterprise technology during the reporting period.

ASD's workforce

Recruitment

During the reporting period, ASD continued to improve its delivery of initiatives to recruit and retain the workforce it needs to meet mission requirements. In March 2022, ASD commenced a campaign promoting careers at ASD, with a focus on attracting the specialised skillsets required. Throughout the reporting period, ASD developed and piloted a new recruitment model which has attracted high volumes of applications for ASD's priority roles.

ASD has also continued its partnership with the ANU, which has been successful in promoting ASD careers to talented students. During the reporting period, ASD saw an increase in the representation of ANU students within ASD recruitment programs, including an increase in applicants from ANU to the ASD graduate and cadet programs.

Training

During the reporting period, ASD invested in a range of learning and development programs to ensure its workforce had the skills required to meet mission requirements.

ASD staff are required to complete a suite of mandatory awareness training programs on a regular basis. ASD has continued to achieve high levels of compliance with mandatory training requirements, with all proficiency rates either higher or the same as last reporting period (see Table 2).

TABLE 2: ASD mandatory training proficiency rates

Training Program	September 2020	September 2021
Work Health and Safety (annual)	92%	95%
Workplace Behaviour (annual)	93%	95%
Ethics and Fraud (every two years)	97%	97%
Australian Defence Organisation Security Awareness (annual)	93%	95%

During the reporting period, ASD invested in building the leadership and management skills of its employees, and has increased offerings of both in-house courses and external provider training. ASD has also focused on developing the leadership and management skills of its Senior Executive Service (SES) and Executive Level (EL) leaders through the delivery of training programs.

ASD also provided training to address specific skills and knowledge, increasing participation across all tradecraft offerings. ASD facilitated access to specialised training courses, including courses on programming, networking, and cyber security. Of note, ASD continued to see increased enrolments in the Gemini Program, ASD's lower-classification training and mission program designed to uplift analyst skills faster. Overall, there was an increase in the number of staff who attended customised tradecraft training programs. This increase in number is shown by the percentage increases in Table 3.

TABLE 3: Customised tradecraft training programs enrolments

Training program	Increase from 2020–21 to 2021–22
ASD Foundation Training ²	67%
Gemini Program	90%
Online technical and cyber courses ³	95%
Programming, networking, infrastructure and specialist skills	41%
National Intelligence Academy (formally National Centre for Intelligence Training and Education) courses	50%

Report on financial performance

The Government provided ASD with \$887.9 million in appropriation funding for operating costs and a further \$170.0 million for capital investment in the 2021–22 Portfolio Budget process (totalling \$1,057.9 million). Additionally, ASD received \$4.0 million of resources free of charge and \$3.3 million in cost recovery revenue primarily for the provision of Top Secret ICT services.

ASD's financial statements show a total comprehensive loss of \$172.2 million. After adjusting for the impact of depreciation and including the impact of lease payments, ASD has an operating deficit of \$35.8 million. Employee benefits expense was higher than budget due to additional recruitment activities in the lead up to increased staff levels over the coming years. Supplier expenses were higher than budgeted due to additional funding received during the year from Defence for approved projects.

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.

program are: public sector skills, telecommunications, data science and data literacy, geopolitics, and analysis and critical thinking.

3 Including SANS, Red Hat, Pluralsight and Hack the Box training courses.

² The Foundations Training Program provides new starters with an understanding of concepts key to ASD's work. The five pillars of the

CHAPTER 4

MANAGEMENT AND ACCOUNTABILITY

Corporate governance

As a statutory agency in the Defence portfolio, ASD reports directly to the Deputy Prime Minister and Minister for Defence, the Hon Richard Marles 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 Senate Estimates hearings.

Corporate Plan

On 31 August 2021, ASD published its fourth Corporate Plan, covering the period 2021–22 to 2024–25.

The course of the four 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). ASD's governance framework was expanded with the addition of the REDSPICE Advisory Board, which was established to provide advice to the Director-General ASD on the implementation of the REDSPICE Program (see Figure 2). The first meeting of the Board is scheduled for the next reporting period, following the REDSPICE Program's commencement on 1 July 2022.

Due to a change to the organisational structure in March 2022, the titles of some Committee Chairs have been updated since the *ASD Corporate Plan 2021–22*.

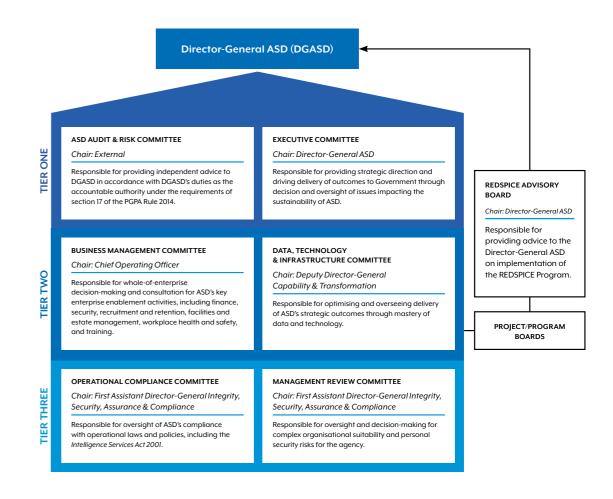


FIGURE 2: ASD governance framework

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 the ultimate decision-making authority on all issues.

The Executive Committee met fortnightly during 2021-22.

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. ASDARC 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.

ASDARC has three members, all of whom are external to ASD. During 2021–22, ASDARC met formally six times.

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 4 provides information in accordance with the audit committee disclosure requirements for Commonwealth entities.

TABLE 4: Positions held on ASDARC during 2021–22

Member name Qualifications, knowledge, skills or experience	Number of meetings attended/Total number of meetings	Total annual remuneration (GST inc.)
Mark Ridley (Chair) Qualifications: Fellow of the Institute of Chartered Accountants and a graduate of the Australian Institute of Company Directors, with bachelor's degrees in commerce and accounting. Notable roles: 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 formally 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.	6/6	\$33,276.01
Sue Bird Qualifications: 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. Notable roles: 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.	6/6	\$11,128.50
Mike Noyes Qualifications: Bachelor of Science (Honours), Master of International Studies, Graduate Diploma Applied Finance. Notable roles: Member of ASDARC since early 2020 and has more than 25 years of experience working in the fields of international affairs and national security.	4/6	\$0 ⁴

⁴ A Commonwealth employee does not receive additional remuneration when serving as a committee member.

REDSPICE Advisory Board

An external REDSPICE Advisory Board has been established to provide the Director-General ASD with independent advice on delivery of the REDSPICE Program. The first meeting of the Board is scheduled for the 2022–23 reporting period, following commencement of the REDSPICE Program on 1 July 2022.

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 Chief Operating Officer (previously chaired by the Deputy Director-General Corporate and Capability). The BMC met eight times during 2021–22.

Data, Technology and Infrastructure Committee

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

The DTIC advises the Executive Committee on significant data and technology investments, capability risk, infrastructure and services lifecycle management, and data management and handling.

The DTIC is chaired by the Deputy Director-General Capability and Transformation (previously chaired by the Deputy Director-General Corporate and Capability). The DTIC met six times during 2021–22.

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 chaired by the First Assistant Director-General Integrity, Security, Assurance and Compliance (previously chaired by the Deputy Director-General Corporate and Capability and Deputy Director-General SIGINT and Network Operations). The MRC met 66 times during 2021–22.

Operational Compliance Committee

The Operational Compliance Committee (OCC) 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 OCC 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 OCC is chaired by the First Assistant Director-General Integrity, Security, Assurance and Compliance (previously the First Assistant Director-General Integrity, Security, Assurance and Corporate). The OCC met quarterly during 2021–22.

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 on major risks to flow up, down and across organisational structures to improve the quality of decisions made to meet strategic and business objectives.

In 2021–22, ASD continued to embed risk-management principles to support timely decision-making and reporting; prioritise resources; increase compliance and efficiency; and improve operations.

Key achievements include:

- quarterly reporting to ASDARC on the status of enterprise-level risks and emerging risks
- annual reporting to senior committees on the effectiveness of enterprise risk management
- running a program of deep-dives into ASD's enterprise-level risk categories.

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.

During 2021–22, ASD undertook a fraud risk assessment and, in February 2022, released a new *Fraud and Corruption Control Plan 2022–24* that ensures ASD takes all reasonable steps to prevent, detect and deal with fraud.

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 third time as a statutory agency.

In 2021–22, ASD identified no perceived or actual instances of fraud. As part of Defence's regular fraud detection activity, a review into the potential misuse of paid Reserve leave was conducted. The activity compared Reserve leave applications with Reserve attendance data from 2017–21 to identify anomalies that may indicate potential misuse of Reserve leave. Discrepancies to 29 employee records were reported, but no instances of fraud were identified.

Ethical model

ASD's ethical structure is shaped around legislation that governs ASD business 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 the organisation's values (Figure 3), which are an integral aspect of ASD's culture.

During the reporting period, ASD launched mandatory integrity training for all staff. This initiative supports the implementation of the APS Commissioner's 2022 Directions.

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 not only provide timely operational compliance advice, policy and training, but also carry 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, propriety and with regard for 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 purpose and direction of the PID Act.

During the reporting period, ASD received five potential public interest disclosures (PIDs) comprising three internal disclosures and two referrals from the Office of the IGIS. Of the five, one was allocated to the Department of Defence, one was closed without investigation due to insufficient information, and the other three were investigated by ASD. All investigations were finalised within the reporting period.

OUR VALUES

Reveal their secrets. Protect our own.

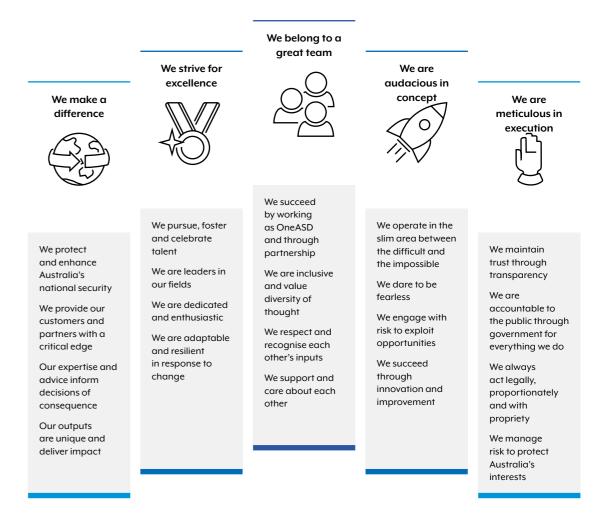


FIGURE 3: ASD values

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.20 (2020–21) – Australian Intelligence Agencies* on 15 February 2022. A hearing was not conducted for this review during 2021–22.

On 29 July 2021, ASD and the Department of Home Affairs appeared 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.

On 1 February 2022, ASD provided a submission to the PJCIS as part of its Review of the National Security Legislation Amendment (Comprehensive Review and Other Measures No. 1) Bill 2021. On 25 February 2022, ASD appeared before the PJCIS at a public hearing as part this Review. Records of ASD's evidence can be found in the Hansard.

On 16 March 2022, ASD appeared before the PJCIS as part of its Review of the Security Legislation Amendment (Critical Infrastructure Protection) Bill 2022. Records of ASD's evidence can be found in the Hansard.

Due to the federal election, all membership of the PJCIS ceased at the dissolution of the House of Representatives on Monday 11 April 2022. Any inquiries that were not completed have either lapsed or will be held over until new members are appointed.

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 for Estimates hearings. ASD testified before the Committee on 27 October 2021, 17 February 2022, and 6 April 2022. 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 2021–22, 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 2021–22, this included ASD providing technical briefings and operational updates, supporting new IGIS-initiated projects and detailing legal advice provided to ASD.

During 2021–22, ASD reported seven breaches of legislation to IGIS.

Upon identification of these breaches, ASD initiated investigations to provide in-depth analysis of the incidents and proposed recommendations to mitigate recurrences. As at 30 June 2022, three of these breaches were reviewed by IGIS who agreed with the outcomes and was satisfied by ASD's remedial actions in relation to the specific incidents. Three of the remaining breaches were still undergoing review by IGIS, and ASD is in the process of finalising one report for IGIS's review.

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 2021–22, the Director-General met with the then-Leader of the Opposition, the Hon Anthony Albanese MP, for this purpose.

Australian National Audit Office

The ANAO supports the Auditor-General by providing 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 period, the ANAO undertook a series of audit activities to provide relevant and reliable information about ASD's financial performance and position.

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 2021–22 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 which the Director-General considers they are consistent with the effective performance of the function of the agency.

In addition, ASD is supported in the delivery of its key activities through an integrated ADF workforce.

During 2021–22, ASD continued to use a shared-service arrangement with the Department of Defence to supplement specialist human resource functions provided internally. During 2021–22, 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.

Recruitment

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

At the end of the 2021–22 financial year, ASD employed 2,472.1 full-time equivalent staff.⁵

The attraction of quality employees with the specialist skills required to deliver ASD's mission will always be one of ASD's top priorities. In March 2022, ASD launched a new recruitment campaign to increase awareness of ASD and position us to be an employer of choice. During the year, ASD continued to strengthen processes which ensure ASD has a pipeline of candidates – in the most efficient manner possible – who are of a high quality, have a career pathway into the agency, and who meet necessary security clearance requirements.

Entry-level programs

In 2021–22, ASD engaged in the whole-of-government Digital Apprentice and Cadet Programs facilitated by the Digital Transformation Agency (DTA). As a result, ASD employed 36 cadets and 22 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 with ASD. During 2021–22, 124 graduates joined ASD.

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, as well as a range of external training.

Due to spacing restrictions related to COVID-19, face-to-face training held during 2021–22 continued to be limited and courses were delivered by other methods when possible.

During 2021–22, ASD facilitated access to specialised training for ASD staff with over 5,000 enrolments on courses which comprised the following:

- programming, networking, infrastructure and specialist skills courses including face-to-face training, eLearning and virtual seminars, totalling over 3,700 student enrolments
- online technical and cyber courses, including SANS, Red Hat, Pluralsight and Hack the Box, totalling over 1,300 student enrolments.

Over 75 ASD staff also enrolled in courses held by the National Intelligence Academy (formerly the National Centre for Intelligence Training and Education).

The Foundations Training Program – which is intended to provide baseline knowledge for ASD staff – continued to provide new starters with an understanding of concepts key to ASD's work. During 2021–22, the program had over 1,500 enrolments.

Gemini Program

The Gemini Program is ASD's lower-classification training and mission program that uplifts analyst skills faster and earlier. Gemini is the first step on a career path to be among 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 effort to meet its significant growth goals over the next decade and is delivering on the requirement to build ASD's analyst capability.

The Gemini Program on-boards intelligence and cyber analysts into ASD missions, including countercybercrime. The program has also established ASD's open source intelligence training mission, which has provided support to the current counter terrorism and support to military operations missions within ASD and our international partner community.

The Gemini Program operated with seven cohorts during 2021-22.

⁵ This number includes all active full-time and part-time, ongoing and non-ongoing employees engaged for a specified term or task.

Leadership

ASD has continued to promote leadership development in 2021–22, including by launching a dedicated Executive Leadership Development Program. Initiatives included running dedicated conferences and learning opportunities through virtual and face-to-face formats.

ASD also commenced the delivery of a cross-organisational staff development program known as Building the ASD Team, which develops leadership skills at all levels.

For the broader workforce, ASD continued to facilitate access to existing training from the Australian Public Service Commission (APSC), Department of Defence and ONI.

ASD staff took part in the following training:

Department of Defence

- Journey: Leading Transformation Program
- Gateway Leadership Program

National Security College

- EL1 National Security Development Program
- Intelligence and Policy: A Powerful Pairing
- SES: Leading through Disruption
- An Introduction to Futures Analysis
- Indo-Pacific Breakfast Series

Other inter-agency programs

- Workshop on Leadership Fundamentals
- NIC EL2 Leadership Development Program
- UNLOCK Leadership Program

Staff consultation

During 2021–22, ASD continued to consult employees and their representatives through the Joint Staff Consultation Group and the 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. Due to an organisational restructure implemented in May 2022, the Joint Staff Consultation Group was dissolved and a call for new nominations was made in June 2022.

Diversity and inclusion

ASD is committed to a respectful and inclusive workplace where it is safe for all 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 2019–22 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 supports a number of internal diversity and inclusion employee networks. ASD's employee networks form an essential part of creating a diverse and inclusive culture, providing peer-to-peer support for staff and championing corporate inclusion initiatives.

ASD has an 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 careers.

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

Gender and sexuality

As of 30 June 2022, ASD's workforce consisted of 39 per cent women and 61 per cent men.

ASD continued to corporately support Diversity and Inclusion events during the year. For this reporting period, ASD provided internal communications and opportunities for staff to take part in events. For example, International Women's Day saw ASD staff take part in a virtual event hosted by UN Women Australia, ASD held training on Gender Awareness for HR professionals, and ASD staff took part in the Sydney Gay and Lesbian Mardi Gras Parade with the Department of Defence.

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 contributes to the national reconciliation journey. ASD has a dedicated working group, which is aiming to create opportunities for, and stronger relationships with First Australians.

In 2021–22, ASD ran its first Indigenous Affirmative Measures recruitment round at the end of 2021 with a small number of applicants applying for positions within ASD. Previously, the Department of Defence ran such activities through which ASD recruited.

During National Aborigines and Islanders Day Observance Committee (NAIDOC) Week, ASD hosted two cultural immersion sessions from Yuraby. ASD also had a staff member take part in the Jawun Program, working with communities in the West Kimberley region.

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 2021–22 reporting period, ASD continued to support its 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 long-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

Australia's Disability Strategy 2021–2031 (the Strategy) is the overarching framework for inclusive policies, programs and infrastructure that will support people with a disability to participate in all areas of Australian life. The Strategy sets out where practical changes will be made to improve the lives of people with a disability in Australia. It acts to ensure the principles underpinning the UN Convention on the Rights of Persons with Disabilities are incorporated into Australia's policies and programs that affect people with disability, their families and carers. All levels of government have committed to deliver more comprehensive and visible reporting under the Strategy. A range of reports on progress of the Strategy's actions and outcome areas will be published and available at https://www.disabilitygateway.gov.au/ads.

ASD's reporting of the number of employees with a disability or chronic illness relies on individuals self-identifying. One of the ongoing challenges is the reluctance to report for fear of stigma and negative stereotypes associated with disability in the workplace. ASD provides support to people who identify as neurodiverse and as differently abled, by connecting them via peer-to-peer support networks. ASD staff are also encouraged to access communities and networks in the 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 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 2021–22, ASD undertook a program of work to embed an organisational culture that proactively manages WHS risk.

Key initiatives during the year included:

- implementing a psychological safety program
- enhancing health and safety management plans to meet the unique requirements of ASD's remote sites
- reviewing and updating ASD's Health and Safety Management Arrangements to further enhance communication, consultation and coordination of WHS matters across the organisation.

These actions demonstrate our commitment and support in sustaining healthy and safe work environments.

Notifiable incident reporting

During 2021–22, one work health and safety incident was 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 well-being, 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 through ASD's embedded Psychology Services team. ASD's team provides counselling and therapeutic interventions, as well training and workshops. ASD psychologists also provide training and presentations to staff on managing exposure to potentially traumatic material, skills for managing stress and anxiety, and building resilience.

In 2021–22, the Psychology Services team streamlined and up-scaled training products. Psychological Safety and Resilience presentations were published online so that the workforce could better access materials at their convenience. Potentially traumatic material training was expanded to include a module for supervisors. The Trauma-Informed Leadership module was developed to assist leaders meet WHS obligations and maintain a psychologically safe workplace. An annual training calendar was published to assist teams across ASD to better plan learning and development. ASD continues to support teams in managing their unique challenges by delivering specialised training packages.

ASD 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 a key body for managing staff well-being 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 enquiries 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, clarifying check-ins and closing conversations that occur continually throughout the performance cycle to discuss particular work activities
- three formal conversations at checkpoints throughout the cycle to set expectations, and review and assess.

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

ASD's non-SES Employment Determination was made on 9 September 2020 by the Director-General under subsection 38A(3) of the ISA. It provides pay increases over a three-year term, with the final increase being September 2022.

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

These two determinations provide 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 5 shows the types of employment arrangements covering SES and non-SES arrangements in ASD as at 30 June 2022.

TABLE 5: SES and non-SES employees by employment arrangement

Employment arrangement type	Headcount
ASD Conditions of Employment (non-SES) Determination	2,644
ASD Conditions of Employment (SES) Determination	38
Other	0

Service allowance non-salary benefits

The ASD Service Allowance continues under the ASD Conditions of Employment (non-SES) Determination 2020 and ASD Condition of Employment (SES) Determination 2018. The ASD Service Allowance is paid at four 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 Group.

Through 2021–22, ASD met its mandatory security obligations under the Protective Security Policy Framework (PSPF). ASD matured its protective security arrangements by modernising internal processes, policies and capabilities. ASD's Security and Integrity Framework is a critical tool in shaping the behaviour of ASD's staff and enables ASD to undertake its mission while meeting its obligations under the PGPA Act and the PSPF.

Portfolio management

The Portfolio Management Office (PfMO) is an essential element in ASD's planning and performance framework and is continuing to consolidate and embed best-practice capability.

The PfMO manages ASD's portfolio of both unapproved and approved capability investments. The PfMO's core focus is to ensure ASD's investment strategy remains aligned with ASD's strategic intent. The PfMO works closely with ASD's mission areas, capability delivery areas, and with the Department of Defence to monitor and report on all aspects of capability definition, development, and delivery, and to encourage the adoption of best practice capability ways of working.

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 2022, ASD had \$1,244.3 million (net book value) of assets under its control, including:

- \$320.1 million of plant and equipment
- \$574.1 million of buildings and infrastructure
- \$72.8 million of intangibles
- \$0.2 million of heritage assets
- \$277.1 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 to fair value.

Procurement

During 2021–22, 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 2021–22. No significant issues have been identified and compliance was acceptable during the reporting period.

Expenditure on reportable consultancy contracts

During 2021–22, 11 new reportable consultancy contracts were entered into involving total actual expenditure of \$1,028,703 (inclusive of GST). In addition, three ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$279,620 (inclusive of GST).

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 2021–22 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 6: Reportable consultancy contracts 2021–22

Reportable consultancy contracts 2021–22	Number	Expenditure (\$'000)
New contracts entered into during the reporting period	11	1,029
Ongoing contracts entered into during a previous reporting period	3	280
Total	14	1,309

TABLE 7: Organisations receiving a share of reportable consultancy expenditure

Organisations receiving a share of reportable consultancy contract expenditure 2021–22	Expenditure (\$'000)
KPMG Australia	642
Deloitte	304
The Nous Group	200
PricewaterhouseCoopers Consulting (Australia) Pty Ltd	63
SME Gateway Pty Ltd	41
Velar	29
ARQ Group Enterprise Pty Ltd	16
Forcefield Services	14

Expenditure on reportable non-consultancy contracts

During 2021–22, 1,350 new reportable non-consultancy contracts were entered into involving total actual expenditure of \$239,227,319 (inclusive of GST). In addition, 646 ongoing reportable non-consultancy contacts were active during the period, involving total actual expenditure of \$184,909,649 (inclusive of GST).

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 8: Reportable non-consultancy contracts

Reportable non-consultancy contracts 2021–22	Number	Expenditure (\$'000)
New contracts entered into during the reporting period	1,350	239,227
Ongoing contracts entered into during a previous reporting period	646	184,910
Total	1,996	424,137

TABLE 9: Organisations receiving a share of reportable non-consultancy contract expenditure

Organisations receiving a share of reportable non-consultancy contract expenditure 2021–22	Expenditure (\$'000)
Boeing Defence Australia Ltd	31,050
VMWare Australia Pty Ltd	25,345
Whizdom Pty Ltd	23,366
Keane Consulting Pty Ltd	18,869
LEIDOS Australia Pty Ltd	18,837
Deloitte	17,331
DATA 3 Group	15,438
Hewlett-Packard Enterprise	12,693
DXC Technology Australia Pty Ltd	12,019
Remote Pty Ltd	11,836

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 2021–22, ASD exempted 87 contracts with the total value of \$246 million.

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 arrangements 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 2021–22, ASD conducted two advertising campaigns: *Act Now, Stay Secure* and a recruitment campaign. ASD's total advertising and market research expenditure was \$2,077,720 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 2021-22 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 2021–22, 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 s 311 A of the *Commonwealth Electoral Act 1918*.

Australian National Audit Office access clauses

Australian standard contract templates and the Commonwealth Contracting Suite include provisions allowing the Auditor-General to have access to the contractor's premises to audit relevant information relating to performance of that contract. During 2021–22, ASD had one contract that did not include the clause providing access to the Auditor-General.

TABLE 10: Contracts that do not include the ANAO access clause

Program and company	2021–22	Purpose
United States Government ⁶	\$3,037,730 ⁷	Software support

Ecological sustainable development and environmental performance

In 2021–22, 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 into landfill.

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

The Defence Environmental Policy⁸ 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 mange 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.

During the reporting period, in conjunction with Defence, ASD implemented the Waste Optimisation Program, which included upgrading office bins to separate general waste from recycling and green waste. Additionally, ASD recycled a significant amount of commercial waste that would have otherwise gone to landfill. This recycling included, approximately:

- eight cubic metres of computer equipment such as keyboards, mice and cables
- three cubic metres of batteries, an increase from half a cubic metre the previous financial year
- 200 cubic metres of bulk scrap metal, including computer carcasses, racks and other metal items
- 250 large garbage bags of printer cartridges through Planet Ark.

⁶ Defence uses the United States Department of Defense's Foreign Military Sales program, which facilitates sales of US arms, defence equipment, defence services and military training to foreign governments. The standard terms and conditions of Foreign Military Sales contracts do not contain ANAO access provision.

⁷ All figures are GST inclusive (where applicable).

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.

CHAPTER 5
APPENDICES

APPENDIX A | AGENCY RESOURCE STATEMENT

Statement by the Director-General and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2022 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

Signe

signed P. A.

Ms Rachel Noble PSM Director-General Australian Signals Directorate

September 2022

Chief Finance Officer Australian Signals Directorate

14 September 2022

APPENDIX B | FINANCIAL STATEMENTS INCLUDING EXPENSES BY OUTCOME

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STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2022

				Original Budge
		2022	2021	2022
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
EXPENSES				
Employee benefits	1.1A	328,172	287,667	308,234
Suppliers	1.1B	598,811	534,185	542,640
Depreciation and amortisation	2.2A	179,119	164,778	180,934
Interest on lease liabilities		8,298	4,826	4,502
Write-down and impairment of assets	2.2A	11,850	34,945	-
Net foreign exchange losses	1.1C	2,552	1,152	-
Total Expenses		1,128,802	1,027,553	1,036,310
OWN-SOURCE INCOME				
OWN-SOURCE REVENUE				
Revenue from contracts with customers	1.2A	3,340	3,336	2,771
Resources received free of charge		4,006	155	153
Total own-source revenue		7,346	3,491	2,924
Gains				
Reversals of write-downs and impairment	2.2A	3,093	724	-
Total gains		3,093	724	-
Total own-source income		10,439	4,215	2,924
Net cost of services		(1,118,363)	(1,023,338)	(1,033,386)
Revenue from Government	1.2B	927,259	805,703	887,888
Deficit attributable to the Australian Government		(191,104)	(217,635)	(145,498)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve	2.2A	18,916	(5,723)	-
Total other comprehensive income		18,916	(5,723)	-
Total comprehensive loss		(172,188)	(223,358)	(145,498)

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 2021–22 Portfolio Budget Statements (PBS) to the 2021–22 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, or 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

Employee Benefits

The increase in employee benefits expense is due to additional recruitment activities in the lead-up to increased staffing levels over the coming years.

Supplier Expenses

Supplier expenses were higher than budget predominantly due to additional funding received during the year from Defence for approved projects.

Write-downs and impairment of assets

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

				Original Budget
		2022	2021	2022
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial Assets				
Cash and cash equivalents	2.1A	28,349	13,398	39,189
Trade and other receivables	2.1B	178,707	185,317	110,862
Total financial assets		207,056	198,715	150,051
Non-Financial Assets ¹				
Buildings and infrastructure	2.2A	574,054	402,686	327,506
Plant and equipment	2.2A	320,141	277,481	438,330
Intangibles	2.2A	72,774	64,822	33,838
Heritage assets	2.2A	244	244	244
Prepayments		70,015	48,374	95,276
Total non-financial assets		1,037,228	793,607	895,194
Total assets		1,244,284	992,322	1,045,245
LIABILITIES				
Payables				
Suppliers		161,591	136,319	94,397
Employee payables	2.3A	7,419	13,674	10,635
Other payables		1,980	815	-
Total payables		170,990	150,808	105,032
Interest Bearing Liabilities				
Leases	2.4A	545,908	385,382	310,113
Total interest bearing liabilities		545,908	385,382	310,113
Provisions				
Employee provisions		104,976	100,310	93,223
Total provisions		104,976	100,310	93,223
Total liabilities		821,874	636,500	508,368
NET ASSETS		422,410	355,822	536,877
EQUITY				
Contributed equity		919,466	681,558	897,108
Reserves		42,579	23,663	29,386
Accumulated deficit		(539,635)	(349,399)	(389,617)
TOTAL EQUITY		422,410	355,822	536,877

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

1 Right-of-use (ROU) assets are included in the following line items: Buildings and infrastructure.

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 mainly due to an increase in appropriations receivable. The increase is also attributable to ASD 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

Building and infrastructure is higher than budgeted primarily due to new property lease arrangements that were not forecast in the budget.

Intangible assets increase is reflective of changing information technology which had not been originally forecast.

Plant and equipment was lower than budgeted for these items due to continuing delays in supply chains.

Prepayments

Prepayments is lower than budget due to a review of key contract arrangements offset by an increase in the number of multi-year software licenses.

Supplier Payables

Supplier payables are greater than budget due to increased procurement activities at year-end resulting in higher than forecast year end accrual balances.

Leases

The lease balance is higher than budget due to the recognition of additional leases during the financial year which had not been forecast in the budget process.

Employee Provisions

Employee Provisions are higher than budgeted due to an increase in recruitment activity and staffing levels.

Equity

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

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2022

				Original budget
		2022	2021	2022
	Notes	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY				
Opening balance		681,558	522,318	727,065
Adjustment for non-financial assets		-	6,557	-
Adjusted opening balance		681,558	528,875	727,065
Distributions to owners				
Return of equity		-	(52,064)	-
Contribution by owners				
Equity injection - Appropriations		192,908	174,747	125,043
Departmental capital budget		45,000	30,000	45,000
Closing balance as at 30 June		919,466	681,558	897,108
RETAINED EARNINGS				
Opening balance		(349,399)	(131,759)	(244,119)
Adjustment for prior period appropriation		-	(5)	-
Prior period error adjustment		868	-	-
Adjusted opening balance		(348,531)	(131,764)	(244,119)
Comprehensive income				
Deficit for the period		(191,104)	(217,635)	(145,498)
Closing balance as at 30 June		(539,635)	(349,399)	(389,617)
ASSET REVALUATION RESERVE				
Opening balance		23,663	29,386	29,386
Comprehensive income				
Other comprehensive income	2.2A	18,916	(5,723)	-
Closing balance as at 30 June		42,579	23,663	29,386
TOTAL EQUITY				
Adjusted Opening balance		356,690	426,497	512,332
Deficit for the period		(191,104)	(217,635)	(145,498)
Other comprehensive income		18,916	(5,723)	-
Transactions with owners		237,908	152,683	170,043
Closing balance as at 30 June		422,410	355,822	536,877

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 increased due to new projects transferred from Defence during the financial year.

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.

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

STATEMENT OF CASHFLOWS

for the period ended 30 June 2022

				Original Budg
		2022	2021	2022
	Notes	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		1,032,705	877,599	887,888
Sale of goods and rendering of services		5,171	4,312	2,771
GST received		45,687	35,335	50,578
Other		20	-	-
Total cash received		1,083,583	917,246	941,237
Cash used				
Employees		(324,301)	(279,077)	(308,234)
Suppliers		(545,730)	(542,399)	(541,245)
GST paid		(49,963)	(35,409)	(50,578)
Section 74 receipts transferred to OPA		(132,369)	(67,917)	-
Other		-	(175)	-
Interest payments on lease liabilities		(8,298)	(4,826)	(4,502)
Total cash used		(1,060,661)	(929,803)	(904,559)
Net cash from/(used by) operating activities		22,922	(12,557)	36,678
INVESTING ACTIVITIES				
Cash used				
Purchase of buildings and infrastructure		(49,968)	(2,132)	-
Purchase of plant and equipment		(120,705)	(91,871)	(158,043)
Purchase of intangibles		(23,284)	(17,012)	(12,000)
Total cash used		(193,957)	(111,015)	(170,043)
Net cash (used by) investing activities		(193,957)	(111,015)	(170,043)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		228,756	107,900	170,043
Total cash received		228,756	107,900	170,043
Cash used				
Principal payments of lease liabilities		(42,771)	(6,561)	(35,436)
Total cash used		(42,771)	(6,561)	(35,436)
Net cash from financing activities		185,985	101,340	134,607
Net increase/(decrease) in cash held		14,951	(22,232)	1,242
Cash and cash equivalents at the beginning of the reporting period		13,398	35,630	37,947
Cash and cash equivalents at the end of the reporting period	2.1A	28,349	13,398	39,189

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.

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

for the period ended 30 June 2022

			Original Budget
	2022	2021	2022
	\$'000	\$'000	\$'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 2022

			Original Budget
	2022	2021	2022
	\$'000	\$'000	\$'000
ASSETS			
Cash and cash equivalents	18,526	33,705	-
Total assets administered on behalf of Government	18,526	33,705	-
LIABILITIES			
Other payables	18,526	33,705	-
Total liabilities administered on behalf of Government	18,526	33,705	-
Net assets	-	-	-

Australian Signals Directorate

ADMINISTERED RECONCILIATION SCHEDULE

for the period ended 30 June 2022

	2022	2021
	\$'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 2022

	2022	2021
	\$'000	\$'000
Cash and cash equivalents at the beginning of the reporting period	33,705	13,088
Cash from the Official Public Account		
Special Accounts	-	34,979
Total cash from the Official Public Account	-	34,979
Cash to the Official Public Account		
Special Accounts	(15,179)	(14,362)
Total cash to the Official Public Account	(15,179)	(14,362)
Cash and cash equivalents at the end of the reporting period	18,526	33,705

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS **Overview**

Objectives of ASD

ASD is an Australian Government-controlled, 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 Government.

Basis of Preparation

The financial statements 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 including simplified disclosures for Tier 2 Entities under AASB 1060 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.

Standard/Interpretation

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities.

Nature of change in accounting policy, transitional provisions, and adjustment to financial statements

AASB 1060 applies to annual reporting periods beginning on or after 1 July 2021 and replaces the reduced disclosures requirements (RDR) framework. The application of AASB 1060 involves some reduction in disclosures compared to the RDR with no impact on the reported financial position, financial performance and cash flow of the entity.

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

ASD has revisited the capitalisation thresholds for a number of asset classes. These changes will be effective from 1 July 2022. The annual impact of the revised thresholds may result in an increase in depreciation and amortisation expense. The final assessment of the impact and the relevant disclosures will form part of the 30 June 2023 financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Financial Performance

This section analyses the financial performance of ASD for the year ended 30 June 2022.

1.1 Expenses

	2022	2021
	\$'000	\$'000
1.1A: Employee benefits		
Wages and salaries	254,326	219,006
Superannuation		
Defined contribution plans	32,675	27,087
Defined benefit plans	11,595	12,091
Leave and other entitlements	23,672	24,593
Separation and redundancies	354	394
Other employee expenses	5,550	4,496
Total employee benefits	328,172	287,667

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.

(d) 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 2%. Liabilities for long term employee benefits are discounted using the 10-year Commonwealth government bond rate of 3.5%.

	2022	2021
	\$'000	\$'000
1.1B: Suppliers		
Goods and services supplied or rendered		
Goods supplied	19,995	23,244
Services rendered	578,207	510,444
Total goods and services supplied or rendered	598,202	533,688
Other suppliers		
Short-term leases	130	83
Workers compensation expenses	479	414
Total other suppliers	609	497
Total suppliers	598,811	534,185

ASD has short-term lease commitments of \$561,819 as at 30 June 2022.

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 (2021: \$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.

	2022	2021 \$'000
1.IC: Net foreign exchange losses	\$'000	\$ 000
Foreign exchange gains		
Non-speculative	(754)	(969)
Foreign exchange losses		
Non-speculative	3,306	2,121
Total net foreign exchange (gain)/loss	2,552	1,152

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

	2022	2021
Own-Source Revenue	\$'000	\$'000
1.2A: Revenue from contracts with customers		
Rendering of services	3,340	3,336
Total revenue from contracts with customers	3,340	3,336
Type of customer:		
Australian Government entities (related parties)	3,004	2,781
Non-government entities	336	555
	3,340	3,336
Timing of transfer of goods and services:		
Over time	3,340	3,336
Point in time	-	-
	3,340	3,336

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.

	2022	2021
	\$'000	\$'000
1.2B: Revenue from Government		
Appropriations		
Departmental appropriations	922,602	805,703
Supplementation Revenue	4,657	-
Total revenue from Government	927,259	805,703

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 2022 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

	2022 \$'000	2021 \$'000
2.1A: Cash and cash equivalents		
Cash on hand or on deposit	28,349	13,398
Total cash and cash equivalents	28,349	13,398

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.

	2022 \$'000	2021 \$'000
2.1B: Trade and other receivables	+ • • • •	<i>Q</i> U U U
Goods and services receivables		
Goods and services	16,259	55,120
Total goods and services receivables	16,259	55,120
Appropriation receivables		
Appropriation receivable	141,895	121,282
Total appropriation receivables	141,895	121,282
Other receivables		
GST receivable from the Australian Taxation Office	9,564	7,130
Other	10,989	1,785
Total other receivables	20,553	8,915
Total trade and other receivables	178,707	185,317

Credit terms for goods and services were within 30 days (2021: 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	Plant and Equipment	Intangibles	Heritage Assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2021					
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 1 July 2021	402,686	277,481	64,822	244	745,233
Additions					
Purchase	253,837	113,821	23,284	-	390,942
Revaluations and impairments recognised in other comprehensive income	-	18,916	-	-	18,916
Write-downs and impairments					
recognised in net cost of services	(527)	(4,051)	(7,148)		(11,726)
Depreciation and amortisation	(23,968)	(82,493)	(18,836)	-	(125,297)
Depreciation on right-of-use assets	(53,823)	-	-	-	(53,823)
Disposals	-	(124)	-	-	(124)
Other movements					
Reversal of previous asset write- downs	873	669	1,550	-	3,092
Transfers	(5,024)	(4,077)	9,101	-	-
Total as at 30 June 2022	574,054	320,142	72,773	244	967,213
Total as at 30 June 2022 represented by					
Gross book value	716,225	373,420	129,429	244	1,219,318
Accumulated depreciation,					
amortisation and impairment	(142,171)	(53,278)	(56,656)	-	(252,105)
Total as at 30 June 2022	574,054	320,142	72,773	244	967,213
Carrying amount of right-of-use assets	518,526	-	-	-	518,526

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 plant and equipment assets in 2021–22.

At 30 June 2022, ASD have contractual commitments for the acquisition of property, plant and equipment and intangible assets of \$103,161,568. 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 do 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:

	2022	2021
Buildings and Infrastructure	3 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 (2021: 2 to 22 years) and the useful lives of ASD's other intangibles are 1 to 6 years (2021: 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 indicators 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 (ROU)

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 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

	2022 \$'000	2021 \$'000
2.3A: Employee payables		
Salaries and wages	6,388	12,928
Superannuation	1,031	746
Total employee payables	7,419	13,674

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

	2022 \$'000	2021 \$'000
2.4A: Leases		
Lease liabilities	545,908	385,382
Total leases	545,908	385,382

Total cash outflow for leases for the year ended 30 June 2022 was \$51,068,817 (2021: \$6,729,017).

	2022	2021
	\$'000	\$'000
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	51,934	42,434
Between 1 to 5 years	210,594	212,354
More than 5 years	345,785	147,922
Total leases	608,313	402,710

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 2021–22

	Annual Appropriation ¹	Adjustments to appropriation ²	Total	Appropriation applied in 2022 (current and prior years)	Variance ³
	s'000	appropriation \$'000	appropriation \$'000	\$'000	\$'000
DEPARTMENTAL	\$ 000	\$000		÷000	\$ 000
Ordinary annual services	922,602	86,885	1,009,487	(972,274)	37,213
Capital budget ⁴	45,000	-	45,000	(41,824)	3,176
Other services					
Equity Injections	186,385	-	186,385	(186,932)	(547)
Total departmental	1,153,987	86,885	1,240,872	(1,201,030)	39,842

Notes

- 1. No amounts of the current year appropriation have been withheld under Section 51 of the PGPA Act or quarantined for administrative purposes.
- 2. Adjustments to appropriations includes adjustments to current year annual appropriations including Advance to the Finance Minister (AFM), PGPA Act Section 74 receipts and PGPA Act section 75 transfers.
- 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 2020-21

				Appropriation	
	Annual Appropriation ¹	Adjustments to appropriation ²	Total 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	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. 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')

	2022	2021
	\$'000	\$'000
DEPARTMENTAL		
Operating		
Act 3 2018–19 ²	-	7,089
Act 1 2019–20 ^{3,4}	5,200	5,200
Act 3 2019–20 ^{3,5,6}	3,905	3,905
Act 1 2020–21 ⁷	2,889	48,384
Act 3 2020–21	-	3,157
Act 1 2021–22	31,922	-
Act 3 2021–22	34,714	-
Total Operating	78,630	67,735
Equity		
Act 4 2018–19 ²	-	2,247
Act 2 2019–20 ^{3,8}	34,244	34,244
Act 4 2019–20 ^{3,9}	360	360
Supply Bill 2 2020–21	-	14,189
Act 2 2020–21 ¹⁰	20,712	72,332
Act 1 DCB 2020-21	-	5,839
Act 2 2021–22	3,921	-
Act 4 2021–22	61,342	-
Act 1 DCB 2021–22	9,015	-
Total Equity	129,594	129,211
Total	208,224	196,946
Cash and cash equivalents	28,349	13,398
Total unspent annual appropriations	236,573	210,344

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.

	2022	2021
	\$'000	\$'000
Total comprehensive income/(loss) - as per the Statement of Comprehensive		
Income	(172,188)	(223,358)
Plus: Depreciation/amortisation expenses not funded through revenue appropriation ¹	125,296	122,244
Plus: Depreciation of right-of-use assets ²	53,823	42,534
Less: Principal repayments - leased assets ²	(42,771)	(6,561)
Net Cash Operating Surplus/(Deficit)	(35,840)	(65,141)

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.

- 2 These balances lapsed on 1 July 2021 in accordance with the repeal date of the underlying Appropriations Acts.
- 3 These balances will lapse on 1 July 2022 when the underlying Appropriation Acts are repealed.
- 4 In 2021, \$5,200,000 of the Appropriation Act (No.1) 2019–20 was permanently quarantined under section 51 of the PGPA Act.
- 5 In 2021, \$3,284,000 of the Appropriation Act (No. 3) 2019-20 was permanently quarantined under section 51 of the PGPA Act.
- 6 In 2020, \$621,000 of the Appropriation Act (No.3) 2019–20 was temporarily quarantined for administrative purposes.
- 7 In 2021, \$2,889,000 of the Appropriation Act (No. 1) 2020-21 was permanently quarantined under section 51 of the PGPA Act.
- 8 In 2021, \$34,244,000 of the Appropriation Act (No. 2) 2019–20 was permanently quarantined under section 51 of the PGPA Act.
- 9 In 2020, \$360,000 of the Appropriation Act (No.4) 2019–20 was temporarily guarantined for administrative purposes.
- 10 In 2021, \$20,712,000 of the Appropriation Act (No. 2) 2020–21 was permanently quarantined under section 51 of the PGPA Act.

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. Head of Australian Cyber Security Centre;
- iv. Deputy Director-General Capability and Transformation;
- vi. Deputy Director-General Signals, Intelligence and Effects; and
- vi. Chief Operating Officer.

Key management personnel remuneration is reported in the table below.

	2022	2021	
	\$'000	\$'000	
Short-term employee benefits	2,057	1,898	
Post-employment benefits	300	321	
Other long-term employee benefits	51	51	
Termination benefits	379	-	_
Total key management personnel remuneration expenses ²	2,787	2,270	

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The total number of key management personnel that are included in the above table are 8 (2021: 6). Acting key management personnel are included in this figure. The Chief Operating Officer was a newly created position during the year.

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.
- **3.** During the year some ASD key management personnel position titles changed from the comparative year due to organisation re-structure changes.

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 2022 there were nil quantifiable contingent assets or liabilities (2021: nil).

Unquantifiable Contingencies

As at 30 June 2022, there were nil unquantifiable contingent assets or liabilities (2021: 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

		2022	2021
	Notes	\$'000	\$'000
5.2A: Categories of financial instruments			
Financial assets at amortised cost			
Cash and cash equivalents	2.1A	28,349	13,398
Trade and other receivables		16,068	56,905
Total financial assets at amortised cost		44,417	70,303
Total financial assets		44,417	70,303
Financial Liabilities			
Financial liabilities measured at amortised cost			
Suppliers		161,591	136,319
Other payables		1,980	815
Total financial liabilities measured at amortised cost		163,571	137,134
Total financial liabilities		163,571	137,134

Accounting Policy

Financial Assets

In accordance with AASB 9 *Financial Instruments*, ASD classifies its financial assets in the following categories:

a. financial assets at fair value through profit or loss;

b. financial assets at fair value through other comprehensive income; and

c. 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:

1. the financial asset is held in order to collect the contractual cash flows; and

2. the cash flows are solely payments of principal and interest on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

(b) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and 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 de-recognition 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).

	2022	2021
	\$'000	\$'000
5.2B: Net gains or losses on financial assets		
Financial assets at amortised cost		
Exchange gains/(losses)	754	969
Net gains/(losses) on financial assets at amortised cost	754	969
Net gains on financial assets	754	969
	2022	2021
	\$'000	\$'000
5.2C: Net gains or losses on financial liabilities		
Financial liabilities measured at amortised cost		
Exchange gains/(losses)	(3,306)	(2,121)
Net gains/(losses) on financial liabilities measured at amortised cost	(3,306)	(2,121)
Net losses from financial liabilities	(3,306)	(2,121)

5.3 Fair Value Measurement

5.3A: Fair value measurement

		Fair value me at the end of tl		
		2022	2021	
	Notes	\$'000	\$'000	
Non-financial assets				
Buildings and Infrastructure	2.2A	55,527	33,677	
Heritage Assets	2.2A	244	244	
Plant and Equipment	2.2A	320,143	277,481	
Total non-financial assets fair value measurement		375,914	311,402	

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

	2022	2021
	\$'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	28,349	13,398
Trade and other receivables	178,707	185,317
Prepayments	45,807	31,648
otal no more than 12 months	252,863	230,363
Nore than 12 months		
Buildings and infrastructure	574,054	402,686
Plant and equipment	320,141	277,481
ntangibles	72,774	64,822
Heritage assets	244	244
Prepayments	24,208	16,726
otal more than 12 months	991,421	761,959
otal assets	1,244,284	992,322
iabilities expected to be settled in:		
No more than 12 months		
uppliers	161,591	136,319
imployee payables	7,419	13,674
Other payables	1,980	815
eases	44,127	37,438
mployee provisions	32,206	27,627
Total no more than 12 months	247,323	215,873
Nore than 12 months		
eases	501,781	347,944
imployee provisions	72,770	72,683
otal more than 12 months	574,551	420,627
otal liabilities	821,874	636,500







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 2022:

(a) comply with:

- Australian Accounting Standards Simplified Disclosures; 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 2022 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 2022 and for the year then ended:

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

Basis for opinion

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

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Director-General is responsible under the *Public Governance*, *Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act. The Director-General is also responsible for such internal control as the Director-General determines is

GPO Box 707 CANBERRA ACT 2601 38 Sydney Avenue FORREST ACT 2603 Phone (02) 6203 7300 Fax (02) 6203 7777 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

Spuelia

Bradley Medina Executive Director Delegate of the Auditor-General

Canberra 15 September 2022

APPENDIX C | WORKFORCE STATISTICS

Employees by location and gender

Current reporting period

TABLE 11: All ongoing employees by location and gender (2021-22)

Location		Male			Female			Indeterminate			
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total		
ACT	1,385	89	1,474	787	134	921	2	0	2	2,397	
Other locations*	100	7	107	58	5	63	0	0	0	170	
Total	1,485	96	1,581	845	139	984	2	0	2	2,567	

*To avoid compromise of ASD's activities, and to comply with the determination issues to ASD under section 105D of the PGPA Act, the location of ASD employees outside of the ACT is classified and has been reported as 'Other locations'.

TABLE 12: All non-ongoing employees by location and gender (2021–22)

Location		Male		Female			Ir	Total		
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
ACT	38	1	39	42	5	47	0	0	0	86
Other locations*	13	1	14	11	3	14	1	0	1	29
Total	51	2	53	53	8	61	1	0	1	115

* To avoid compromise of ASD's activities, and to comply with the determination issues to ASD under section 105D of the PGPA Act, the location of ASD employees outside of the ACT is classified and reported as 'Other locations'.

Previous reporting period

TABLE 13: All ongoing employees by location and gender (2020-21)

Location		Male			Female		Ir	Total		
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
ACT	1,322	73	1,395	682	114	796	0	0	0	2,191
Other locations*	72	5	77	32	3	35	0	0	0	112
Total	1,394	78	1,472	714	117	831	0	0	0	2,303

* To avoid compromise of ASD's activities, and to comply with the determination issues to ASD under section 105D of the PGPA Act, the location of ASD employees outside of the ACT is classified and reported as 'Other locations'.

TABLE 14: All non-ongoing employees by location and gender (2020-21)

Location		Male			Female		Ir	Total		
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
ACT	26	1	27	25	6	31	0	0	0	58
Other locations*	12	0	12	17	4	21	0	0	0	33
Total	38	1	39	42	10	52	0	0	0	91

* To avoid compromise of ASD's activities, and to comply with the determination issues to ASD under section 105D of the PGPA Act, the location of ASD employees outside of the ACT is classified and reported as 'Other locations'.

Employees by classification and gender

Current reporting period

TABLE 15: All ongoing employees by classification and gender (2021–22)

Classification		Male		Female			Ir	Total		
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
ASD SES 3	2	0	2	1	0	1	0	0	0	3
ASD SES 2	7	0	7	1	0	1	0	0	0	8
ASD SES 1	17	0	17	9	1	10	0	0	0	27
ASD EL 2	187	3	190	105	13	118	0	0	0	308
ASD EL 1	421	22	443	214	49	263	0	0	0	706
ASD 6	380	20	400	205	43	248	1	0	1	649
ASD 5	221	11	232	147	16	163	0	0	0	395
ASD 4	141	5	146	94	3	97	1	0	1	244
ASD 3	7	0	7	3	0	3	0	0	0	10
ASD 2	0	0	0	0	0	0	0	0	0	0
ASD 1	0	0	0	0	0	0	0	0	0	0
Trainee/	102	35	177	66	14	80	0	0	0	217
Graduate	102	22	137	66	14	80	0	0	0	217
Total	1,485	96	1,581	845	139	984	2	0	2	2,567

TABLE 16: All non-ongoing employees by classification and gender (2021-22)

Classification	Male				Female		Ir	Total		
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
ASD SES 3	0	0	0	0	0	0	0	0	0	0
ASD SES 2	0	0	0	0	0	0	0	0	0	0
ASD SES 1	0	0	0	0	0	0	0	0	0	0
ASD EL 2	3	0	3	3	1	4	0	0	0	7
ASD EL 1	7	0	7	11	3	14	0	0	0	21
ASD 6	7	0	7	6	1	7	0	0	0	14
ASD 5	6	0	6	8	3	11	0	0	0	17
ASD 4	12	2	14	9	0	9	0	0	0	23
ASD 3	0	0	0	0	0	0	0	0	0	0
ASD 2	16	0	16	16	0	16	1	0	1	33
ASD 1	0	0	0	0	0	0	0	0	0	0
Trainee/	0	0	0	0	0	0	0	0	0	0
Graduate	0	0	0	0	0	0	0	0	0	0
Total	51	2	53	53	8	61	1	0	1	115

Previous reporting period

TABLE 17: All ongoing employees by classification and gender (2020–21)

Classification	Male			Female			Indeterm	inate		Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
ASD SES 3	2	0	2	2	0	2	0	0	0	4
ASD SES 2	5	0	5	1	0	1	0	0	0	6
ASD SES 1	17	0	17	11	0	11	0	0	0	28
ASD EL 2	159	6	165	74	11	85	0	0	0	250
ASD EL 1	372	17	389	181	36	217	0	0	0	606
ASD 6	404	14	418	198	38	236	0	0	0	654
ASD 5	210	9	219	121	18	139	0	0	0	358
ASD 4	132	2	134	69	3	72	0	0	0	206
ASD 3	10	1	11	3	0	3	0	0	0	14
ASD 2	0	0	0	0	0	0	0	0	0	0
ASD 1	0	0	0	0	0	0	0	0	0	0
Trainee/	07	20	112	Ε4	11	CE	0	0	0	177
Graduate	83	29	112	54	11	65	0	0	0	177
Total	1,394	78	1,472	714	117	831	0	0	0	2,303

TABLE 18: All non-ongoing employees by classification and gender (2020-21)

Classification		Male			Female		Ir	ndeterminate	2	Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
ASD SES 3	0	0	0	0	0	0	0	0	0	0
ASD SES 2	0	0	0	0	0	0	0	0	0	0
ASD SES 1	0	0	0	0	0	0	0	0	0	0
ASD EL 2	1	0	1	2	0	2	0	0	0	3
ASD EL 1	7	0	7	6	1	7	0	0	0	14
ASD 6	8	1	9	7	2	9	0	0	0	18
ASD 5	1	0	1	6	4	10	0	0	0	11
ASD 4	7	0	7	5	2	7	0	0	0	14
ASD 3	0	0	0	0	1	1	0	0	0	1
ASD 2	4	0	4	11	0	11	0	0	0	15
ASD 1	0	0	0	0	0	0	0	0	0	0
Trainee/	10	0	10	F	0	-	0	0	0	15
Graduate	10	0	10	5	0	5	0	0	0	15
Total	38	1	39	42	10	52	0	0	0	91

Employees by classification and employment type

Current reporting period

TABLE 19: Employees by classification and employment type (2021–22)

Classification		Ongoing			Non-ongoing		Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
ASD SES 3	3	0	3	0	0	0	3
ASD SES 2	8	0	8	0	0	0	8
ASD SES 1	26	1	27	0	0	0	27
ASD EL 2	292	16	308	6	1	7	315
ASD EL 1	635	71	706	18	3	21	727
ASD 6	586	63	649	13	1	14	663
ASD 5	368	27	395	14	3	17	412
ASD 4	236	8	244	21	2	23	267
ASD 3	10	0	10	0	0	0	10
ASD 2	0	0	0	33	0	33	33
ASD 1	0	0	0	0	0	0	0
Trainee/ Graduate	168	49	217	0	0	0	217
Total	2,332	235	2,567	105	10	115	2,682

Previous reporting period

TABLE 20: Employees by classification and employment type (2020–21)

Classification		Ongoing			Non-ongoing		Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
ASD SES 3	4	0	4	0	0	0	4
ASD SES 2	6	0	6	0	0	0	6
ASD SES 1	28	0	28	0	0	0	28
ASD EL 2	233	17	250	3	0	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	0	1	1	15
ASD 2	0	0	0	15	0	15	15
ASD 1	0	0	0	0	0	0	0
Trainee/ Graduate	137	40	177	15	0	15	192
Total	2,108	195	2,303	80	11	91	2,394

Employees by location and employment type

Current reporting period

TABLE 21: Employees by location and employment type (2021–22)

Location	Ongoing		Non-ongoing	Total	
ACT		2,397		86	2,483
Other locations*		170		29	199
Total		2,567		115	2,682

Previous reporting period

TABLE 22: Employees by location and employment type (2020-21)

Location	Ongoing	Non-ongoi	ng Total	
ACT		2,191	58	2,249
Other locations*		112	33	145
Total		2,303	91	2,394

Diversity of ASD employees

TABLE 23: Indigenous employees by employment type (2021-22 and 2020-21)

Employment type	2021–22	2020-21	
Ongoing		15	20
Non-ongoing		2	0
Total		17	20

TABLE 24: Employees with a disability (2021-22 and 2020-21)

Employment type	2021–22	2020–21	
Number of staff with a disability		27	30
Percentage of the workforce		1.0%	1.3%
Total number of ASD staff		2,682	2,394

Employment arrangements of SES and non-SES employees

TABLE 25: Employment by arrangement (2021–22)

Arrangement	SES	Non SES	Total
ASD Terms and Conditions of Employment (Non-SES) Determination 2020	0	2,644	2,644
ASD Condition of Employmen (SES) Determination 2018	t 38	0	38
Other	0	0	0
Total	38	2,644	2,682

Salary ranges by classification level

TABLE 26: Salary ranges by classification level (2021–22)¹¹

Classification	Minimum salary (\$)	Maximum salary (\$)
ASD SES 3	246,957	419,004
ASD SES 2	198,602	391,592
ASD SES 1	163,668	254,250
ASD EL 2.2	175,927	197,916
ASD EL 2.1	147,829	175,926
ASD EL 2	123,159	147,828
ASD EL 1	106,074	119,651
ASD 6	83,928	95,873
ASD 5	76,611	82,059
ASD 4	69,811	76,215
ASD 3	61,630	67,907
ASD 2	54,105	60,825
ASD 1	47,808	53,667
Trainee/Graduate (technical)	51,620	58,045
Minimum/maximum range	47,808	419,004

Performance pay by classification level

TABLE 27: Performance pay by classification level (2021–22)

Classification	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	0	0	0	0	0
ASD SES 2	0	0	0	0	0
ASD SES 1	0	0	0	0	0
ASD EL 2	144	798,603.94	5,545.86	323.28	25,411.63
ASD EL 1	406	1,607,659.57	3,959.75	145.19	32,904.03
ASD 6	326	1,171,177.04	3,592.57	366.73	26,365.08
ASD 5	151	184,351.45	1,220.87	252.35	13,539.74
ASD 4	94	69,641.07	740.86	142.15	838.38
ASD 3	13	9,425.00	725.00	725.00	725.00
ASD 2	0	0	0	0	0
ASD 1	0	0	0	0	0
Trainee/	0	0	0	0	0
Graduate	0	0	0	0	0
Total	1,134	3,840,858.07	3,387.00	142.15	32,904.03

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 map 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 to 31 August each year.

¹¹ Note: Figures are correct as at 30 June 2022. The salary figures do not include any allowances that are paid to ASD staff. ASD employees are paid a 4 per cent service allowance on their salary.

Name'	Position title	Ŵ	Short-term benefits (\$)	oenefits	Post- employment benefits (\$)	Other long-1 (Other long-term benefits (\$)	benefits (\$)	lotal remuneration ⁴ (\$)
		Base salary²	Bonuses	Other benefits & allowances	Super contributions	Long service Ieave ³	Other long- term benefits		
Rachel Noble	Director-General ASD	616,533	0	0	87,860	14,834	0	0	719,227
Ben Staughton	Deputy Director-General Capability and Transformation	411,589	0	718	65,753	10,461	0	0	488,521
Abigail Bradshaw	Head of the Australian Cyber Security Centre	443,838	0	0	63,025	10,420	0	0	517,283
Cameron Ashe	Deputy Director- General Signals Intelligence and Effects	108,204	0	o	13,769	2,619	0	0	124,592
Dale Furse	Chief Operating Officer	243,435	0	1,887	30,494	4,911	0	0	280,727
Stephen McGlynn	Acting Deputy Director-General Corporate and Capability	215,767	0	o	19,939	5,223	0	0	240,929
Brett Greenshields	Deputy Director-General Corporate and Capability	9,930	0	469	15,862	2,604	0	0	28,865
Linda Geddes	Deputy Director- General Signals Intelligence & Network Operations	727	0	5,549	1,490	0	0	379,093	386,859

APPENDIX D | EXECUTIVE REMUNERATION

have access to executive vehicle Certain personnel Base salary includes annual leave taken plus the net movement in the annual leave balance. Certain pers allowances, this is included as an allowance. Long service leave is equal to LSL taken plus the net movement in the LSL balance. Total remuneration will differ from the remuneration tribunal due to a number of definitional differences. <u>4</u> w 4

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Remuneration band	Number of senior executives	She	Short-term benefits (\$)	enefits	Post- employment benefits (\$)	Other Ic ben	Other long-term benefits (\$)	Termination benefits (\$)	Total remuneration ⁴ (\$)
		Average base salary	Average bonuses	Average other benefits & allowances	Average super contributions	Average Iong service Ieave	Average other long-term benefits	Average termination benefits	Average total remuneration
\$0 - \$220,000	26	73,612	102	8,329	12,789	1,812	0	0	96,644
\$220,001 - \$245,000	4	175,442	739	32,364	25,533	4,676	0	0	238,753
\$245,001 - \$270,000	=	186,484	3,091	29,102	30,464	4,560	0	0	253,701
\$270,001 - \$295,000	9	207,402	0	35,120	35,451	5,200	0	0	283,172
\$295,001 - \$320,000	4	248,552	0	8,796	38,936	5,907	0	0	302,190
\$320,001 - \$345,000	-	255,150	0	26,945	40,967	6,718	0	0	329,780
\$345,001 - \$370,000	-	313,493	0	0	48,403	7,926	0	0	369,822
\$370,001 - \$395,000	0	0	0	0	0	0	0	0	0
\$395,001 - \$420,000	0	0	0	0	0	0	0	0	0
\$ 420,001 - \$ 445,000	0	0	0	0	0	0	0	0	0
\$445,001 - \$470,000	0	0	0	0	0	0	0	0	0
\$470,001 - \$495,000	0	0	0	0	0	0	0	0	0
 The number of senior executives listed above is the number of individuals 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. 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. There are 6 SES who received bonuses prior to being appointed to the SES positions. These bonuses are in line with the ASD Terms 	nior executiv ointed to, or d allowance: (to support r This column ii ho received k	es listed al acted in, c s includes members c includes no onuses pr	bove is the a SES level \wp the value o and their fa on-cash be rior to bein	number of in oosition for a fitems such c milies in remc nefits. g appointed t	dividuals SES no period longer th as housing (inclu ote or overseas k to the SES positic	t the numb an 6 montt ding overs ocations), c orstions), c	ier of SES po ns are includ acs), motor and any assc bonuses are	sitions. Staff w led. vehicle allowa ociated Fringe s in line with the	ho were nce, cost of Benefits Tax e ASD Terms
and Conditions of Employment (non-SES) Determination 2020.	f Employmen	nt (non-SES	s) Determin	ation 2020.					

Remuneration band	Number of other highly	Sh	Short-term benefits (\$)	enefits	Post- employment booofite (\$)	Other long-1 (5	Other long-term benefits (\$)	Termination benefits	Total remuneration4
	paid staff	Average base	Average	Average other	Average super	Average long	Average other	Average termination	Average total
\$235,001 - \$245,000	7	salary 161,089	26,148	allowancesl 16,111	contributions 29,227	sei vice leave 4,148	benefits 0	benefits 0	236,722
\$245,001 - \$270,000	2 L	160,635	10,009	54,098	30,207	4,133	0	0	259,083
\$270,001 - \$295,000	м	182,144	2,761	60,155	27,629	3,455	0	0	276,144
\$295,001 - \$320,000	0	0	0	0	0	0	0	0	0
\$320,001 - \$345,000	-	251,217	0	69,415	30,904	3,795	0	0	355,331
\$345,001 - \$370,000	0	0	0	0	0	0	0	0	0
\$370,001 - \$395,000	0	0	0	0	0	0	0	0	0
\$395,001 - \$420,000	0	0	0	0	0	0	0	0	0
\$420,001 – \$445,000	0	0	0	0	0	0	0	0	0
\$445,001 - \$470,000	0	0	0	0	0	0	0	0	0
\$470,001 - \$495,000	0	0	0	0	0	0	0	0	0

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.

APPENDIX E | LIST OF REQUIREMENTS

PGPA Rule Reference	Description	Requirement	Part of this report
17 AD(g)	Letter of transmittal		
17 AI	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 47 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report	Mandatory	Page 3
17AD(h)	Aids to access		
17AJ(a)	Table of contents	Mandatory	Page 4
17AJ(b)	Alphabetical index	Mandatory	Page 134
17AJ(c)	Glossary of abbreviations and acronyms	Mandatory	Page 6
17AJ(d)	List of requirements	Mandatory	Page 129
17AJ(e)	Details of contact officer	Mandatory	Page 2
17AJ(f)	Entity's website	Mandatory	Page 2
17AJ(g)	Electronic address of report	Mandatory	Page 2
17AD(a)	Review by accountable authority		
17AD(a)	A review by the accountable authority of the entity	Mandatory	Page 10
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	A description of the role and functions of the entity	Mandatory	Page 14
17AE(1)(a)(ii)	A description of the organisational structure of the entity	Mandatory	Page 15
17AE(1)(a)(iii)	A description of the outcomes and programmes administered by the entity	Mandatory	Page 14
17AE(1)(a)(iv)	A description of the purposes of the entity as included in corporate plan	Mandatory	Page 14
17AE(1)(aa)(i)	Name of the accountable authority or each member of the accountable authority	Mandatory	Page 15
17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority	Mandatory	Page 15
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory	Page 15
17AE(1)(b)	An outline of the structure of the portfolio of the entity	Portfolio departments mandatory	Not applicable
17AE(2)	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or the portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change	lf applicable, mandatory	Page 19
17AD(c)	Report on the performance of the entity		
	Annual performance statement		
17AD(c)(i)	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule	Mandatory	Page 19
17AD(c)(ii)	Report on financial performance		
17AF(1)(a)	A discussion and analysis of the entity's financial performance	Mandatory	Page 39
17AF(1)(b)	A table summarising the total resources and total payments of the entity	Mandatory	Page 78

PGPA Rule Reference	Description	Requirement	Part of this report
17AF(2)	If there are 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 has responded to the loss and 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	lf applicable, mandatory	Not applicable
17AD(d)	Management and accountability		
	Corporate governance		
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	Mandatory	Page 48
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory	Page 3
17AG(2)(b)(ii)	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	Page 3
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory	Page 3
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory	Page 42
17AG(2)(d) - (e)	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	lf applicable, mandatory	Not applicable
	Audit committee		
17AG(2A)(a)	A direct electronic address of the charter determining the functions of the entity's audit committee	Mandatory	Page 44
17AG(2A)(b)	The name of each member of the entity's audit committee	Mandatory	Page 45
17AG(2A)(c)	The qualifications, knowledge, skills or experience of each member of the entity's audit committee	Mandatory	Page 45
17AG(2A)(d)	Information about the attendance of each member of the entity's audit committee at committee meetings	Mandatory	Page 45
17AG(2A)(e)	The remuneration of each member of the entity's audit committee	Mandatory	Page 45
	External scrutiny		
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory	Page 52
17AG(3)(a)	Information of judicial decisions and decisions of administrative tribunals and by Australian Information Commissioner that may have a significant effect on the operations of the entity	lf applicable, mandatory	Page 53
17AG(3)(b)	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	lf applicable, mandatory	Not applicable
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period	lf applicable, mandatory	Not applicable
	Management of human resources		
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	Mandatory	Page 54

PGPA Rule Reference	Description	Requirement	Part of this report
17AG(4)(aa)	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	Pages 115-121
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non- ongoing basis; including the following: statistics on staffing classification level statistics on full-time employees statistics on part-time employees statistics on gender statistics on staff location statistics on employees who identify as Indigenous	Mandatory	Not applicable
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the Public Service Act 1999	Mandatory	Not applicable
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c)	Mandatory	Not applicable
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level	Mandatory	Not applicable
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees	Mandatory	Page 63
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay	lf applicable, mandatory	Page 125
17AG(4)(d)(ii)	Information on aggregate amount of performance payment at each classification level	lf applicable, mandatory	Page 125
17AG(4)(d)(iii)	Information on average amount of performance payment, and range of such payments, at each classification level	lf applicable, mandatory	Page 125
17AG(4)(d)(iv)	Information on aggregate amount of performance payments	lf applicable, mandatory	Page 125
	Assets Management		
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	lf applicable, mandatory	Page 65
	Purchasing		
17AG(6)	An assessment of entity performance against the Commonwealth Procurement Rules	Mandatory	Page 65
	Reportable consultancy contracts		
17AG(7)(a)	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	Page 66

PGPA Rule Reference	Description	Requirement	Part of this report
17AG(7)(b)	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	Page 66
17AG(7)(c)	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	Page 66
17AG(7)(d)	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	Page 66
	Reportable non-consultancy contracts		
17AG(7A)(a)	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	Page 67
17AG(7A)(b)	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	Page 67
17AD(daa)	Additional information about organisations receiving amounts und reportable non-consultancy contracts	der reportable cons	ultancy contracts or
17AGA	Additional information, in accordance with section 17AGA, about organisations receiving amounts under the reportable consultancy contracts or reportable non-consultancy contracts	Mandatory	Page 66-67
	Australian National Audit Office clauses		
17AG(8)	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	lf applicable, mandatory	Page 70
	Exempt contracts		
17AG(9)	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	lf applicable, mandatory	Page 68
	Small business		
17AG(10)(a)	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	Page 68

PGPA Rule Reference	Description	Requirement	Part of this report
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises	Mandatory	Page 68
17AG(10)(c)	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."	lf applicable, mandatory	Not applicable
	Financial statements		
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act	Mandatory	Page 76
17AD(f)	Other mandatory information		
17AH(1)(a)(i)	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."	lf applicable, mandatory	Page 69
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect	lf applicable, mandatory	Not applicable
17AH(1)(b)	A statement that "Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."	lf applicable, mandatory	Not applicable
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information	Mandatory	Page 59
17AH(1)(d)	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of the FOI Act can be found	Mandatory	Not applicable
17AH(1)(e)	Correction of material errors in previous annual report	lf applicable, mandatory	Not applicable
17AH(2)	Information required by other legislation	Mandatory	Pages 60, 69

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