

# Australian Signals Directorate

## Agency Resources and Planned Performance

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# AUSTRALIAN SIGNALS DIRECTORATE

## Section 1: ASD Overview and Resources

### 1.1 STRATEGIC DIRECTION STATEMENT

In 2018-19, the Australian Signals Directorate (ASD) will continue to defend Australia from global threats and advance our national interests through the provision of foreign signals intelligence, cyber security and offensive cyber operations as directed by Government.

The Government agreed in July 2017 with the recommendations of the 2017 Independent Intelligence Review that ASD become a statutory agency. Following the passage of the enabling legislation through the Parliament on 28 March 2018, the change to ASD's status to become a statutory agency will occur on 1 July 2018.

As part of this legislation, ASD received three new functions: to provide cyber security advice and assistance to businesses and individuals, to prevent and disrupt offshore cyber enabled crime and to protect the specialised tools ASD uses to fulfil its functions.

These new functions will help ASD address the increasing rate and sophistication of cyber threats that challenge Australia's national interests. The integration of the Australian Cyber Security Centre into ASD – as recommended by the 2017 Independent Intelligence Review – will also assist ASD to respond effectively and at scale to the increasingly threatening cyber security environment.

Overall, from 1 July 2018 ASD's functions will be to:

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

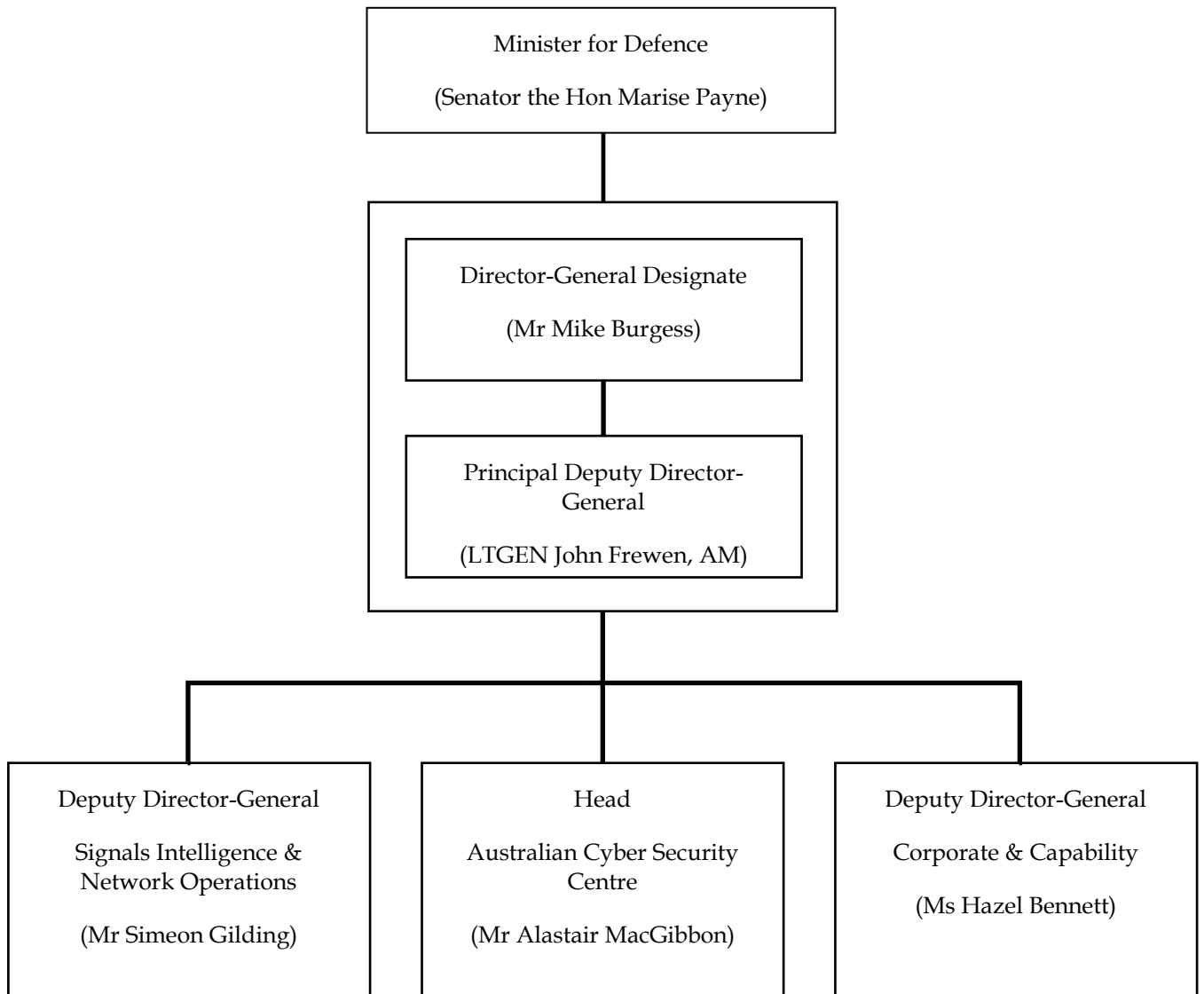
The focus of these new functions on cyber security will not distract from ASD's mission to support Australian Defence Force operations globally and across the Indo-Pacific. The pace of technological change and the introduction of 5th Generation weapons systems in our region necessitate ASD's support to military operations. This support is comprised of in-theatre operational effects, enhanced situational awareness and critical technical counter-measures. Much of this high-end technical support derives from already agreed resourcing for ASD.

The threat of terrorism will continue to present a major security threat globally and in our region. ASD will remain integral to Australia's counter-terrorism response, delivering technological expertise and insight for the national security community to identify and disrupt terrorist threats – especially as they increasingly organise on the internet.

Faced with such complex strategic threats, ASD will place a premium on nurturing strong partnerships with the Australian national security community, its overseas intelligence partners, academia and industry. While these partnerships have always been important to ASD, the strategic environment's complexity and rate of change demand closer integration and collaboration. In line with this direction, ASD will actively assist the new Office of National Intelligence by collaborating on implementing the 2017 Independent Intelligence Review's recommendations for managing the national intelligence community as a genuinely national enterprise.

As recognised in the 2017 Independent Intelligence Review, recruiting and retaining staff has become increasingly difficult due to the private sector competing for the talent ASD needs. ASD will therefore use its transition to a statutory agency as a chance to design new career pathways and employment opportunities that better reflect the kind of work that ASD does, so that it can better recruit, retain, train and develop its specialist staff. By harnessing a uniquely skilled workforce, empowered by partner agencies and innovative technology, ASD is best placed to efficiently deliver trusted intelligence, advice and effects at scale for Australia's national interest in a constrained fiscal environment.

Figure 4: ASD Organisational Structure



## 1.2 ASD RESOURCE STATEMENT

**Table 68: ASD Resource Statement – Budget Estimates for 2018-19**

	2017-18 Estimated Actual \$'000	2018-19 Budget Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services		
Departmental appropriation		721,732
s74 Retained revenue receipts		2,710
Annual appropriations - other services - non-operating		
Equity injection		102,883
Total departmental annual appropriations	-	827,325
<b>Total departmental resourcing</b>	-	<b>827,325</b>
<b>Total resourcing for ASD</b>	-	<b>827,325</b>

### **1.3 BUDGET MEASURES**

There are no budget measures relating to ASD for the May 2018 Budget.

## Section 2: ASD Outcomes and Planned Performance

### 2.1 OUTCOME AND PERFORMANCE INFORMATION

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

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

**Note:**

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced commonwealth performance framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports from October 2016 - to provide an entity's complete performance story.



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

**Outcome 1 Strategy**

**Outcome Expense Statement**

**Table 69: Budgeted Expenses for Outcome 1**

	2017-18 Estimated actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>Program 1.1: Foreign Signals Intelligence, Cyber Security and Offensive Cyber Operations</b>					
Departmental expenses	-	724,447	714,000	743,975	768,065
<b>Departmental total</b>	-	<b>724,447</b>	<b>714,000</b>	<b>743,975</b>	<b>768,065</b>
<b>Total expenses for Program 1.1</b>	-	<b>724,447</b>	<b>714,000</b>	<b>743,975</b>	<b>768,065</b>
	<b>2017-18</b>	<b>2018-19</b>			
<b>Average Staffing Level (number)</b>	-	nfp			

## Contributions to Outcome 1

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

Program 1.1 Objective		
<b>Delivery</b>	Collecting foreign intelligence, and identifying and disrupting potential threats to Australia's national security.  Providing advice, assurance, reporting and services to the Australian Government, government agencies, the Australian Defence Force, and businesses and individuals.	
Performance information		
Year	Performance criteria <sup>[1]</sup>	Targets
2018-19	<i>Effective advice, reporting and services that assist Australian governments, government agencies, the Australian Defence Force and businesses to develop policy, manage security risks (including for individuals) and disrupt threats to Australia's security and interests.</i>	<i>Our stakeholders value the unique insights and support ASD provides to their mission.</i>
2019-20 and beyond	As per 2018-19.	As per 2018-19.
<b>Purposes</b>	Defend Australia from global threats and advance our national interests through the provision of foreign signals intelligence, cyber security and offensive cyber operations, as directed by Government.	
<b>Material changes to Program 1.1 resulting from the following measures:</b> Nil.		

#### Note

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

## Section 3: ASD Explanatory Tables and Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

### 3.1 EXPLANATORY TABLES

**Table 70: Third Party Payments to and from Other Agencies<sup>[1]</sup>**

	<b>Estimated Actual 2017-18 \$'000</b>	<b>Budget Estimate 2018-19 \$'000</b>
Payments made to Department of Defence for provision of services (Departmental)	-	92,274
Receipts from Department of Defence for the provision of services (Departmental)	-	2,647

**Note**

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

## 3.2 BUDGETED FINANCIAL STATEMENTS

### 3.2.1 Budgeted Financial Statements

**Table 71: Comprehensive Income Statement (showing net cost of services) for the period ended 30 June<sup>[1]</sup>**

	2017-18 Estimated actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	-	247,283	267,785	278,360	291,502
Suppliers	-	477,164	446,215	465,615	476,563
<b>Total expenses</b>	-	<b>724,447</b>	<b>714,000</b>	<b>743,975</b>	<b>768,065</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	-	2,714	2,783	2,853	2,922
Rental income	-	1	3	4	2
<b>Total own-source revenue</b>	-	<b>2,715</b>	<b>2,786</b>	<b>2,857</b>	<b>2,924</b>
<b>Gains</b>					
<b>Total gains</b>	-	-	-	-	-
<b>Total own-source income</b>	-	<b>2,715</b>	<b>2,786</b>	<b>2,857</b>	<b>2,924</b>
<b>Net cost of/(contribution by) services</b>	-	<b>(721,732)</b>	<b>(711,214)</b>	<b>(741,118)</b>	<b>(765,141)</b>
Revenue from Government	-	721,732	711,214	741,118	765,141
<b>Surplus/(deficit) attributable to the Australian Government</b>	-	-	-	-	-

#### Note

1. Prepared on Australian Accounting Standard basis.

Table 72: Budgeted Departmental Balance Sheet (as at 30 June)<sup>[1]</sup>

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	-	-	-	-	-
Trade and other receivables	-	5	10	15	20
<b>Total financial assets</b>	-	<b>5</b>	<b>10</b>	<b>15</b>	<b>20</b>
<b>Non-financial assets</b>					
Property, plant and equipment	-	101,567	243,374	375,255	456,585
Intangibles	-	1,311	2,252	2,252	2,252
<b>Total non-financial assets</b>	-	<b>102,878</b>	<b>245,626</b>	<b>377,507</b>	<b>458,837</b>
Assets held for sale	-	-	-	-	-
<b>Total assets</b>	-	<b>102,883</b>	<b>245,636</b>	<b>377,522</b>	<b>458,857</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	-	-	-	-	-
Other payables	-	-	-	-	-
<b>Total payables</b>	-	-	-	-	-
<b>Total liabilities</b>	-	-	-	-	-
<b>Net assets</b>	-	<b>102,883</b>	<b>245,636</b>	<b>377,522</b>	<b>458,857</b>
<b>EQUITY</b>					
Contributed equity	-	102,883	245,636	377,522	458,857
Reserves	-	-	-	-	-
Retained surplus (accumulated deficit)	-	-	-	-	-
<b>Total Equity</b>	-	<b>102,883</b>	<b>245,636</b>	<b>377,522</b>	<b>458,857</b>

**Note**

1. Prepared on Australian Accounting Standards basis.

**Table 73: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)<sup>[1]</sup>**

	2017-18 Estimated actual \$'000	2018-19 Budget Estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	-	721,732	711,214	741,118	765,141
Sale of goods and rendering of services	-	2,710	2,781	2,852	2,919
<b>Total cash received</b>	-	<b>724,442</b>	<b>713,995</b>	<b>743,970</b>	<b>768,060</b>
<b>Cash used</b>					
Employees	-	247,283	267,785	278,360	291,502
Suppliers	-	442,801	463,461	508,282	497,349
<b>Total cash used</b>	-	<b>690,084</b>	<b>731,246</b>	<b>786,642</b>	<b>788,851</b>
<b>Net cash from/(used by) operating activities</b>	-	<b>34,358</b>	<b>(17,251)</b>	<b>(42,672)</b>	<b>(20,791)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	-	137,241	125,502	89,214	60,544
<b>Total cash used</b>	-	<b>137,241</b>	<b>125,502</b>	<b>89,214</b>	<b>60,544</b>
<b>Net cash from/(used by) investing activities</b>	-	<b>(137,241)</b>	<b>(125,502)</b>	<b>(89,214)</b>	<b>(60,544)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	-	102,883	142,753	131,886	81,335
<b>Total cash received</b>	-	<b>102,883</b>	<b>142,753</b>	<b>131,886</b>	<b>81,335</b>
<b>Net cash from/(used by) financing activities</b>	-	<b>102,883</b>	<b>142,753</b>	<b>131,886</b>	<b>81,335</b>
<b>Net increase/(decrease) in cash held</b>	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	-	-	-	-	-
Effect of exchange rate movements on cash and cash equivalents at the beginning of reporting period	-	-	-	-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	-	-	-	-	-

**Note**

1. Prepared on Australian Accounting Standards basis.

**Table 74: Departmental Statement of Changes in Equity – Summary of Movement (Budget Year 2017-18)<sup>[1]</sup>**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2018</b>	-	-	-	-	-
<b>Transactions with owners</b>					
<i>Contributions by owners</i>					
Equity Injection - Appropriation	-	-	-	102,883	102,883
<b>Sub-total transactions with owners</b>	-	-	-	<b>102,883</b>	<b>102,883</b>
Transfers between equity	-	-	-	-	-
<b>Estimated closing balance as at 30 June 2019</b>	-	-	-	<b>102,883</b>	<b>102,883</b>
<b>Closing balance attributable to the Australian Government</b>	-	-	-	<b>102,883</b>	<b>102,883</b>

**Note**

1. Prepared on Australian Accounting Standards basis.

**Table 75: Statement of Asset Movements (2018-19)**

	Other property, plant and equipment \$'000	Computer software and \$'000	Other \$'000	Total \$'000
<b>As at 1 July 2018</b>				
Gross book value	-	-	-	-
Accumulated depreciation/amortisation and impairment	-	-	-	-
<b>Opening net book balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CAPITAL ASSET ADDITIONS</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation equity	43,234	1,311	58,333	102,878
<b>Total additions</b>	<b>43,234</b>	<b>1,311</b>	<b>58,333</b>	<b>102,878</b>
<b>Other movements</b>				
Depreciation/amortisation expense	-	-	-	-
<b>Total other movements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 30 June 2019</b>				
Gross book value	43,234	1,311	58,333	102,878
Accumulated depreciation/amortisation and impairment	-	-	-	-
<b>Closing net book balance</b>	<b>43,234</b>	<b>1,311</b>	<b>58,333</b>	<b>102,878</b>