Australian Security
Intelligence Organisation

Report to Parliament 2001-2002

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23 September 2002

The Hon. Daryl Williams, AM, QC, MP
Attorney-General
Parliament House
Canberra

Dear Attorney-General,

In accordance with section 94 of the *Australian Security Intelligence Organisation Act 1979*, I am pleased to submit the annual report on ASIO for the year ending 30 June 2002.

The distribution of this classified annual report is limited. I also present to you an unclassified version (shorter by about one third) for tabling in the Parliament.

Yours sincerely,

Dennis Richardson
Director-General of Security

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The intelligence edge for a secure Australia

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To provide advice to protect Australia and its people from threats to national security

Our Values

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Respect

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Security

Working Together

The Hon. Daryl Williams
AM, QC, MP
Attorney-General

Mr Dennis Richardson
Director-General of Security

ASIO and its Annual Report

What ASIO does

The Australian Security Intelligence Organisation — ASIO — is Australia's security service. ASIO was established in 1949 and operates under the *Australian Security Intelligence Organisation Act 1979.*

The *ASIO Act* defines security as protection of Australia and its people from espionage, sabotage, politically motivated violence (including terrorism), promotion of communal violence, attacks on Australia's defence system, or acts of foreign interference. These *heads of security* provide the primary direction for ASIO's work.

ASIO provides Government with security intelligence advice, protective security advice, and contributes to Australia's national counter-terrorism response capability. ASIO also collects foreign intelligence within Australia at the request of the Minister for Foreign Affairs or the Minister for Defence.

ASIO's corporate vision, mission and values are contained in the *Corporate Plan* which is available on our website at www.asio.gov.au.

ASIO reports to the Attorney-General. Oversight arrangements include the Inspector-General of Intelligence and Security, the Parliamentary Joint Committee on ASIO, ASIS and DSD, and the Auditor-General.

This Report

ASIO produces two versions of its *Annual Report.*

The first version is classified and contains an account of ASIO's performance during the previous 12 months, including sensitive reporting on security risks and investigative outcomes that cannot be released publicly. That report is provided to the Attorney-General, the Prime Minister, members of the National Security Committee of Cabinet, the Leader of the Opposition, and members of the Secretaries Committee on National Security.

An abridged version is then prepared for tabling in the Parliament, excluding classified information in accordance with section 94 of the *ASIO Act.*

Part 1

Overview

The Year in Review

The Security Environment

The 11 September terrorist attacks in the United States had a profound effect on the environment in which ASIO operates. Following the attacks ASIO commenced round-the-clock operations, which continued for some months. The majority of ASIO's investigative and analytical resources were directed to counter-terrorist investigations. Our work had to be reprioritised, and this will have long-term implications.

Australia's counter-terrorism arrangements were reviewed and ASIO critically examined how we work with other organisations, including the sharing of information.

After 11 September the Government developed legislation and other measures to strengthen Australia's counter-terrorism capabilities. Funding provided in the 2002-03 Budget to enhance counter-terrorism capabilities will enable ASIO to put more investigative resources on the ground, establish a 24-hour alert and monitoring capability, enable the sustainability of effort in key areas and expand overseas liaison.

Counter-terrorism has been mainstreamed as a policy issue and it is highly likely that 11 September will be the strongest driver in our work over the next 3-5 years.

Australia has been relatively free of terrorism, and still does not face the same level of threat as the United States and some other countries. At the same time, our profile has risen with Islamic extremists, increasing the likelihood of Australian interests becoming a terrorist target.

- For many years we operated in the *Very Low* to *Low* zone of the threat spectrum with threat levels occasionally broaching *Medium*. Our normal operating level now is *Low* to *Medium*, with threat levels occasionally reaching *High*.
- The threat to Australian interests overseas has increased, particularly in the Middle East, and parts of South and Southeast Asia. The discovery in Southeast Asia of Jemaah Islamiyah terrorist cells with links to al-Qaida has been of particular concern.
- At home we face a sustained level of threat to US, UK and some other foreign interests. And threat levels have been raised in respect of civil aviation, critical infrastructure and national symbols, and in respect of terrorism using chemical, biological and radiological weapons.

The most significant security threat to Australia continues to be from Islamic extremists, particularly those associated with al-Qaida. While al-Qaida has suffered setbacks since 11 September, the group retains the intent and capability to undertake terrorism around the world.

Protecting people and property

Foreign influenced politically motivated violence remained our key priority in 2001-02, with investigations into Australians with links to al-Qaida absorbing the majority of operational and analytical resources.

- A number of Australians are known to have trained in Afghanistan and/or Pakistan. The level of instruction ranged from basic military training to advanced terrorist training.
- In the immediate aftermath of 11 September ASIO conducted a number of entry and search operations. Warrants for the operations were authorised by the Attorney-General.
- ASIO received more than 5 000 offers of information from the public. All information was assessed and appropriate action taken.
- In December 2001 Singapore authorities uncovered advanced planning by Jemaah Islamiyah for an attack against mainly US targets, but also including the Australian High Commission. ASIO confirmed several Australian visits by key regional Jemaah Islamiyah leaders and members.
- The anthrax attacks after 11 September also highlighted the potential for attack using weapons of mass destruction.
- Ninety percent of clients rated ASIO's product on post-11 September investigations and Islamic Extremism as usually or always useful.

After 11 September, there were reports of harassment of some identifiably Islamic people, including verbal and physical abuse, death and bomb threats and abusive emails. Most seriously, there were six arson attacks against mosques and three attacks against Islamic schools in Brisbane, Sydney and Adelaide, with a mosque in Brisbane destroyed. There were also 13 arson attacks against Christian churches, mainly in Sydney.

The incidence of anti-Jewish harassment increased during 2001-02, particularly after the Israeli military action in April 2002. Graffiti attacks at synagogues and Jewish schools increased and the Parramatta Synagogue in Sydney and the National Jewish Community Centre in Canberra were the targets of petrol bomb attacks.

ASIO issued 1 786 Threat Assessments compared to 1 342 in 2000-01; of these, 312 related to the Federal Election.

We produced Security Intelligence Reports on the threat from local PMV including threats to CHOGM. Our client survey showed Police value highly ASIO reporting.

ASIO is a member of the Greek Olympics Advisory Security Group which was formed by the Greek Government to provide security advice to authorities in relation to the Athens 2004 Olympics.

Protecting Government business and national infrastructure

After falling well short in our performance on personnel security assessments in 2000-01, we came close to achieving all benchmarks in 2001-02. 74.7% of assessments were completed within 14 days, 86% within 21 days, with only 1.3% outstanding after 12 weeks. Technological and process improvements contributed to the result, which should be maintained in 2002-03.

- We issued three adverse and six qualified assessments.

Visa security checks increased a further 15% on top of a 36% increase last year.

- 97.5% of temporary visa applications, and 87.5% of permanent visa applications were assessed within agreed timeframes.
- On our advice two visa applicants were refused entry on espionage grounds and three were refused on terrorism grounds.
- We issued 2 281 security assessments of unauthorised arrivals compared to 3 658 the previous year. No prejudicial assessments were issued.

We continued to work with the Attorney-General's Department, the DPP, the AFP and DIO on aspects of the Lappas/Dowling espionage prosecution.

ASIO participated in a Government/Business Task Force on critical infrastructure in March 2002. We produced 23 Assessments on Infrastructure Protection, compared to 14 in 2000-01.

The Inter-Agency Security Forum chaired by ASIO made significant progress in implementing the recommendations of the *Inquiry into Security Issues* concluded in 2000. Work on a polygraph trial involving volunteers from ASIO continued.

Demand for protective security advice was high, including for the Australian Nuclear Science and Technology Organisation, DIO and for all ASIO offices.

- Eleven information technology companies were accredited through a joint ASIO — DSD program compared with seven the previous year.
- Certification of Top Secret facilities commenced with 21 facilities inspected.
- Technical 'sweeps' of sensitive venues were conducted.

Protecting CHOGM

The changed security environment altered the focus of ASIO's work on security for the Commonwealth Heads of Government Meeting. Before 11 September the main security threat to CHOGM was from possible violent protests. After 11 September the prospect of violent protests declined and the potential terrorist threat rose as Australia and some other Commonwealth countries joined the War on Terrorism.

ASIO worked closely with the CHOGM Task Force, Queensland Police and other Commonwealth agencies to prepare for the protection of CHOGM.

- A risk management strategy was jointly developed and we undertook a risk review of the infrastructure critical to CHOGM.
- We provided 147 assessments to Federal and State clients on the threat to CHOGM countries and infrastructure, including 66 Threat Assessments relating to 51 countries.
- Security assessments were provided on 9 840 people requiring access to CHOGM sites.
- As part of a community liaison program, ASIO maintained contact with 84 communities to provide a channel of communication and to explain ASIO's role in CHOGM security.
- ASIO managed a CHOGM Security Intelligence Centre in Canberra with staffing support from DSD, DIO, ONA, DFAT, AFP, ASIS and PSCC.
- We deployed our counter-terrorism technical capabilities to Queensland.

Queensland Police commended the reliable and accurate intelligence provided by ASIO. Our forecast of the low likelihood of violence provided the police with a sound risk management basis for security planning.

Commonwealth clients found ASIO reporting always or usually useful. It greatly assisted CHOGM Task Force planning and was considered well-tailored to requirements.

Enhancing capabilities

Investment in capabilities remained a priority for ASIO. We invested $1.4m (about 2.2% of budget) on training and development, covering both generic and job-specific skills.

- A Request for Tender was issued for a replacement record-keeping system in May 2002.
- Continuing growth in the number of telecommunications carriers and carriage service providers required significant investment.
- ASIO continued its lead role in working with the telecommunications industry to ensure services can be intercepted.

Management and accountability

The *Intelligence Services Act 2001* established a new Parliamentary Joint Committee on ASIO, ASIS and DSD (the PJC), which replaced the Joint Parliamentary Committee on ASIO. The new PJC has expanded oversight functions and will be able to review aspects of ASIO's activities referred to it by the Minister or by either Chamber. It will also review the administration and expenditure of ASIO and will present an annual report to Parliament.

During 2001-02 the Director-General briefed the PJC, including on the security environment after 11 September, CHOGM, and proposed changes to ASIO's legislation. The Acting Director-General briefed the PJC on ASIO's administration and expenditure.

The Director-General also appeared before the Joint Select Committee on the Intelligence Services at the *Review of the Intelligence Services Bill 2001, the Intelligence Services (Consequential Provisions) Bill 2001 and certain parts of the Cybercrime Bill 2001*; the Senate Legal and Constitutional Legislation Committee at the *Review of Security Legislation Amendment (Terrorism) Bill 2002 and related Bills*; and at Estimates hearings.

ASIO's *Corporate Plan 2002-2006* was completed and identified five areas of business focus:

- Competing for the Best People
- Staying Ahead of Technology
- Maintaining Best Security Practice
- Leveraging Partnerships, and
- Satisfying Clients.

We initiated a review of our management structure following the additional funding approved in the 2002-03 Budget. The new structure will come into effect on 1 March 2003.

Recruitment remained a high priority with 28 graduate trainees recruited (compared to 15 in 2001-02). The separation rate remained too high at 10.4%. In December 2001 we commissioned a Staff Retention Survey to assist in addressing the issue.

An evaluation of the staff security clearance and re-evaluation process was completed. An evaluation of the intelligence officer traineeship was rescheduled following 11 September.

The Outlook for 2002-2003

Our investigative priority will remain the terrorist threat to Australia and Australian links to terrorism.

- New funding provided from 2002-03 will enable ASIO to enhance counter-terrorism capabilities.
- We will continue our efforts to engage liaison partners more closely on counter-terrorism cooperation.
- Human source intelligence requires new effort. We are focusing on additional operational training for officers to improve our skills.
- Development of computer capabilities will continue to be a key technical focus in 2002-03.

Dennis Richardson

Director-General of Security

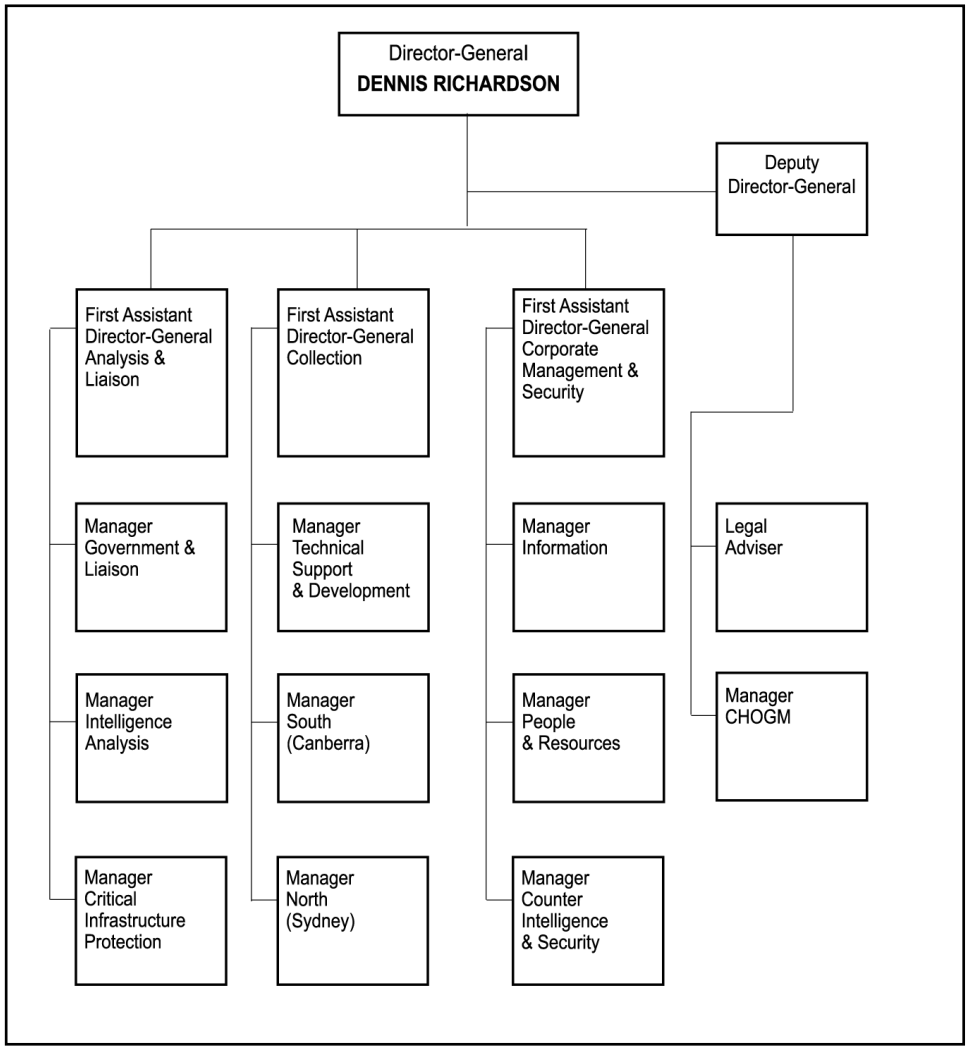
Agency Overview

Organisational Structure

ASIO's chief executive, the Director-General of Security, reports to the Attorney-General. The current Director-General is Dennis Richardson, who was first appointed in October 1996.

ASIO's management structure is at Figure 1.

Figure 1. ASIO's management structure in 2001-02



ASIO's management structure was last reviewed in 1997 following several years of downsizing and in preparation for the Sydney Olympics.

Against the background of the *Inquiry into Security Issues* (by the Inspector-General of Intelligence and Security), the growth in work on critical infrastructure protection and the 11 September terrorist attacks and resultant reviews and additional funding, we commenced a review of our existing management structure in 2001-02. The review will be completed and implemented in 2002-03.

The Government Outcome and ASIO's Outputs

ASIO contributes to the Government Outcome — 'A secure Australia for people and property, for Government business and national infrastructure, and for special events of a national and international significance' which supports the Government's policy aim of 'A secure Australia in a secure region'. To support this Outcome ASIO delivers Output Group 1 — Security Intelligence, which includes four Outputs.

Output 1.1 Security Intelligence Analysis and Advice

This Output includes:

- security intelligence analysis and reporting
- Threat Assessments
- advice on visa entry / archives issues
- advice on deterrence action, and
- contributions to the external policy framework.

Output 1.2 Protective Security Advice

This Output includes:

- advice on personnel security (security clearances)
- advice on physical security, including protective security reporting and risk management
- advice on security equipment standards
- advice on electronic and audio surveillance counter-measures, and
- contributions to the external policy framework.

Output 1.3 Security Intelligence Investigation and Capability

This Output includes:

- information collection from human sources, open sources and by technical means
- surveillance capabilities
- counter-terrorism response capabilities
- technical research and development
- deterrence action
- national and international liaison, and
- contributions to the external policy framework.

Output 1.4 Foreign Intelligence

This Output includes foreign intelligence collected in Australia at the request of the Minister for Foreign Affairs or the Minister for Defence.

Executive Services

The governance, legal advisory, and coordination functions, including high-level coordination and policy advice.

Enabling Services

The corporate functions, including people development and management, financial services, information management, facilities management, internal security and policy advice.

Part 2

Output Performance

ASIO's Performance

The performance of ASIO's four Outputs is the focus of Part 2. ASIO's impact on the Outcome of 'A Secure Australia' is measured by:

- The contribution of ASIO's action and advice to the management and the reduction of risk to:
  - people and property
  - government business and national infrastructure
  - special events of national and international significance
- The security of ASIO's activities

The overall price for our Output Group was $73.827m (see Figure 2).

Figure 2. Price of ASIO's Outputs ($m)

Output	Actual 2000-01	Estimated 2001-02	Actual 2001-02
Output Group 1: Security Intelligence	69.536	69.500	73.827

Counter-Terrorism capabilities

In the wake of 11 September the Government significantly strengthened Australia's counter-terrorism capability. ASIO will receive additional funding of $48.3m over four years, and $14.9m per annum thereafter, enabling us to:

- put more investigative resources on the ground
- establish a 24-hour alert and monitoring capability
- enable the sustainability of effort in key areas
- allow for additional entry checking and security assessments
- acquire essential new capabilities, and
- expand overseas liaison.

Output 1: Security Intelligence Analysis and Advice

ASIO contributes to the Outcome of 'A secure Australia in a secure region' by providing useful and timely security intelligence analysis and advice on:

- foreign influenced politically motivated violence including terrorism
- local politically motivated violence
- threat levels in Australia and to Australian interests abroad
- foreign interference and espionage
- protecting the National Information Infrastructure
- visa security checking, and
- release of archival documents.

ASIO prepares assessments, reports and briefings for Government decision-makers and client agencies to help them manage risks and take appropriate steps to protect people, property, and Government business and infrastructure.

PERFORMANCE

We conducted a survey of customers' satisfaction with the usefulness and timeliness of our reporting. Key clients from Commonwealth departments and police services with responsibilities under the National Anti-Terrorist Plan were surveyed. Interviews were conducted to evaluate the level of satisfaction with ASIO's reporting on the following issues:

- Post-11 September and Islamic Extremism
- Threat Assessments, and
- CHOGM reporting.

Overall, 97% of clients surveyed rated ASIO product as always or usually useful (see Figures 3a and 3b). All customers showed a high level of satisfaction with our post-11 September reporting and our coverage of CHOGM. Police clients rated ASIO Threat Assessments highly, but also expressed a desire for more background and context — a concern that we are seeking to address.

Commonwealth customers had a high level of satisfaction with the timeliness of our product. While all police customers rated ASIO product as always or usually timely, they also noted that there was room for improvement.

Figure 3a. Client feedback survey - usefulness of ASIO product

	Always useful	Usually useful	Sometimes useful	Rarely useful
Commonwealth	25%	71%	4%	0%
Police	27%	73%	0%	0%
Total	26%	71%	3%	0%

Figure 3b. Client feedback survey - timeliness of ASIO product

	Always timely	Usually on time	Sometimes late	Usually too late
Commonwealth	46%	50%	4%	0%
Police	50%	50%	0%	0%
Total	47%	50%	3%	0%

Threat from foreign influenced politically motivated violence

11 September changed the environment in which ASIO operates. Australia has been relatively free of terrorism, and still does not face the same level of threat as the United States and some other countries. At the same time, our involvement in the War on Terrorism raised our profile, increasing the likelihood of Australian interests becoming a terrorist target. The threat to Australian interests overseas has increased, particularly in the Middle East and parts of South and Southeast Asia. At home, we face a sustained high level of threat to US, UK and some other foreign interests, and overall threat levels have been raised in respect of civil aviation, national symbols and attacks involving Chemical, Biological, Radiological and Nuclear weapons.

Investigative and analytical priority

Foreign influenced politically motivated violence remained our key priority in 2001-02, with investigations into Australian links with al-Qaida and Islamic Extremism absorbing the vast majority of operational and analytical resources after 11 September.

PERFORMANCE

Ninety percent of clients rated ASIO's product on post-11 September investigations and Islamic Extremism as usually or always useful.

Usama bin Laden and al-Qaida

The most significant security threat to Australia continues to be from Islamic extremist groups, particularly those associated with al-Qaida. While al-Qaida's leadership and capability have been reduced, the group retains the intent and capability to undertake acts of terrorism around the world.

Usama bin Laden

In Australia there are groups and individuals who have links to or have been trained by al-Qaida or affiliates.

- In the immediate aftermath of 11 September ASIO conducted a number of entry and search operations. Warrants for the operations were authorised by the Attorney-General.
- ASIO received more than 5000 offers of information from the public.

Terrorist training

A number of Australians are known to have trained in Afghanistan and/or Pakistan. The level of instruction ranged from basic military training to advanced terrorist training. It is likely that other Australians have trained in Afghanistan or Pakistan who are not known to us.

David Hicks

David Hicks, an Australian citizen from Adelaide now in detention at Guantanamo Bay, was captured by the Northern Alliance in December 2001 and transferred to US custody on 17 December.

Mr Hicks travelled to Pakistan in 1999 where he trained with the Kashmiri separarist group Lashkar-e-Taiba. He also undertook al-Qaida training courses in Afghanistan.

Mr Hicks was interviewed by ASIO and the AFP in December 2001 and again during May 2002 in Guantanamo Bay. He was also interviewed by US agencies. We continue to investigate Mr Hicks's involvement with al-Qaida.

Mamdouh Habib

Mamdouh Habib, an Egyptian-born Australian citizen from Sydney, was detained in Pakistan in early October 2001, and transferred to Guantanamo Bay on 4 May 2002.

Mr Habib was interviewed by ASIO and the AFP in Pakistan in late October 2001 and again at Guantanamo Bay in May 2002. Mr Habib's activities overseas remain the subject of investigation.

Rialto Towers

In November 2001, Indian authorities advised that a group of pilots who trained in Melbourne in 1997-98 had planned to hijack a plane on 11-12 September 2001 to fly into Melbourne's Rialto Towers.

Mohammed Afroz, who was arrested in India in October 2001, claimed that he was recruited by al-Qaida to fly a plane into the British House of Commons and that the Rialto Tower was also a target.

Indian police visited the UK, US and Australia where they discussed the case with ASIO, the AFP and State Police. None of the allegations relating to Australia could be corroborated, and they were assessed to be lacking in credibility.

Jemaah Islamiyah

Threat to Australian High Commission, Singapore

In December 2001 Singapore authorities uncovered advanced terrorist planning for an attack against mainly US targets, but including the Australian High Commission. Subsequent investigations linked the planned attacks to Jemaah Islamiyah, a Southeast Asian Islamic extremist group with links to al-Qaida. ASIO has confirmed several Australian visits by key regional JI leaders and members.

Attacks on the Islamic Community

Immediately following the 11 September attacks there were reports of harassment of identifiably Islamic individuals and symbols, including abusive emails, verbal and physical abuse, death threats and bomb threats.

Most serious were six arson attacks against mosques and three against Islamic schools in Brisbane, Sydney and Adelaide, with a Brisbane mosque destroyed. There were also 13 arson attacks against Christian churches — some possibly in retaliation for attacks on mosques.

While some of the attacks were almost certainly politically motivated we assessed they were not part of a single organised campaign.

Israeli/Palestinian Conflict

Reported incidents of anti-Jewish harassment increased during 2001-02, particularly after Israeli military action in April. Reports of graffiti at synagogues and Jewish schools increased, and the Parramatta Synagogue in Sydney and the National Jewish Community Centre in Canberra were the targets of petrol bomb attacks.

We assessed the harassment and attacks were not part of an organised campaign.

Terrorist financial investigations

In the wake of the 11 September terrorist attacks, the United Nations Security Council passed Resolution 1373 (2001), requiring member States to take measures — including freezing funds and other assets — to suppress the financing of terrorism. The Government implemented Resolution 1373 through the *Charter of the United Nations (Anti-terrorism Measures) Regulations 2001*.

The *Regulations* allow the Minister for Foreign Affairs to list terrorist entities in the Commonwealth *Gazette*, and require Australian citizens and corporations to freeze any finances or assets within their control that belong to gazetted entities. The first gazettal of terrorist entities was published on 21 December 2001 with subsequent gazettals occurring on a regular basis.

ASIO is a member of the working group established by the Department of Foreign Affairs and Trade to implement the *Regulations*.

Gazetted entities

The 371 entities gazetted to 30 June 2002 include al-Qaida and Taliban-associated persons and entities, Hamas, Hizballah, the Kurdistan Worker's Party, Mujahedin-E Khalq, the Liberation Tigers of Tamil Eelam, the Popular Front for the Liberation of Palestine, and a number of Irish, European and South American groups.

Weapons of mass destruction

Anthrax hoaxes

The anthrax attacks in the US after 11 September highlighted the potential for attacks using weapons of mass destruction (WMD).

Following the anthrax alerts in the US, we reported on the increased likelihood of anthrax hoaxes in Australia and raised the threat level to *medium*. Subsequent hoax letters and public fear led to over 2000 HAZMAT responses in Australia in just a few months. Disruptions lasting from several hours up to several days occurred at Parliament House in Canberra, offices of DIMIA, DFAT and the Australian Taxation Office, and the AFP Headquarters in Canberra. The US Embassy and US consulates were also disrupted.

The remainder of this performance report is excluded from the unclassified *Report to Parliament* because of security sensitivity.

Threat from local politically motivated violence

Investigative and analytical priority

ASIO's investigative priorities in 2001-02 included identifying and providing advice on Australian groups or individuals planning to undertake, or incite others to undertake, acts of violence to support their ideological views.

Early in the reporting period we focused on providing analysis and advice on threats to CHOGM 2001, a focus carried over to CHOGM 2002. The Federal Election in November 2001 required considerable effort as it coincided with heightened threat levels after 11 September. Other issues which came to the fore included potential violence over the mandatory detention of unauthorised arrivals and the War on Terrorism.

PERFORMANCE

We issued Security Intelligence Reports on the threat from local PMV including threats to CHOGM. Our client feedback survey found Police placed high value on ASIO reporting.

In contributing to reducing the threat from local politically motivated violence we produced accurate advice of potential threats to Australian high office holders, community groups, diplomatic posts and visiting dignitaries. In particular:

CHOGM

- We provided analytical reports and Threat Assessments for CHOGM 2002 and associated events such as the visit of HM Queen Elizabeth II and HRH the Duke of Edinburgh. 100% of Commonwealth clients surveyed found ASIO reporting on CHOGM always or usually useful. Queensland Police also rated ASIO's reporting well, with a good focus on their particular requirements.
- We identified a number of individuals involved in advocating or inciting violence in the lead-up to planned protests at CHOGM 2001. These individuals continued to be monitored in the lead-up to CHOGM 2002.

Federal election

- Our forecasts of the low likelihood of violence at CHOGM provided Queensland police with a sound risk management basis for security planning.

War on Terrorism

- We issued reporting and Threat Assessments relating to the Federal Election in November 2001.
- We produced forecasts of the low threat of violence at protests against the War on Terrorism which occurred in late 2001 and early 2002.

Protests against the War on Terrorism, Melbourne, November 2001

The remainder of this performance report is excluded from the unclassified *Report to Parliament* because of security sensitivity.

Threat from foreign interference and espionage

ASIO investigates covert activity conducted by foreign governments, including espionage and attempts to interfere in the lives of people in Australia, or in political processes here or overseas. We advise Government of attempts by foreign intelligence officers to collect sensitive official, military or political information, or scientific and technical equipment and knowledge. We also monitor and report attempts to intimidate people in Australia regarded as dissidents by foreign governments.

Espionage legislation

On 13 March 2002, the Attorney-General introduced the *Criminal Code (Espionage and Related Offences) Bill 2002* into the Parliament. The Bill is designed to strengthen Australia's espionage provisions by updating the range of conduct that constitutes an espionage offence. It will also increase the maximum penalty for espionage from seven years to 25 years imprisonment.

As at 30 June 2002 the legislation was before the Parliament.

PERFORMANCE

This performance report has been excluded from the unclassified *Report to Parliament* in its entirety.

National Information Infrastructure Protection

The National Information Infrastructure comprises the information networks essential to the strategic, political, social and economic well-being of Australia. As society increasingly relies on network technologies there is an increased potential for these systems to be manipulated or damaged. Several nations, as well as terrorist and Issue Motivated Groups, are developing the ability to attack computer systems or are becoming more familiar with computer technology which could lead to an offensive capability.

ASIO is one of several agencies with a role in information infrastructure protection. We worked closely with other Australian and international agencies to develop threat and vulnerability assessments and investigative and response capabilities. And we participated in a Government/Business Task Force in March 2002 to consider strategies to protect the physical and information aspects of Australia's critical infrastructure.

PERFORMANCE

ASIO produced 23 Threat Assessments relating to National Information Infrastructure Protection, compared to 14 in 2000-01. Twenty-two were prepared for Government departments.

Eight Security Intelligence Reports were produced, compared to one in 2000-01.

CHOGM infrastructure

We produced two Threat Assessments relating to CHOGM information infrastructure and conducted a vulnerability study of the physical infrastructure supporting CHOGM venues. Our recommendations — relating to the security and redundancy of CHOGM IT infrastructure and telecommunications, radio communications, aircraft movements, utilities, roads and emergency management — were provided to the CHOGM Task Force and assisted Queensland Police in their security planning.

Outlook

Following two years of special funding for National Information Infrastructure Protection the Government approved ongoing funding for ASIO of $1.351m per annum from 2002-03. This will enable ASIO to enhance its capability to provide security intelligence and protective security advice.

Priority will be given to:

- participating in the Government team responding to the recommendations of the Government/Business Task Force, and
- carrying out a structured program to identify Australia's critical infrastructure assets and high-level vulnerabilities.

The remainder of this performance report has been excluded from the unclassified *Report to Parliament*.

Threat levels in Australia and to Australian interests overseas

Threat Assessments are a key element in Australia's coordinated protective security arrangements. ASIO, as the national threat assessment agency, prepares assessments of the likelihood and probable nature of acts of politically motivated violence (PMV) and other acts prejudicial to security, against specific people, places and events. We also provide longer term assessments on the threat to:

- Australian dignitaries at home or abroad
- foreign dignitaries visiting Australia
- foreign interests in Australia
- aviation interests — principally to help the Department of Transport and Regional Services carry out its responsibilities in the aviation industry
- ministerial residences, government buildings and defence establishments, and
- the overall threat from PMV — two comprehensive assessments each year.

ASIO's threat assessment role occurs within a framework established by the Standing Advisory Committee on Commonwealth/State Cooperation for Protection Against Violence.

The Protective Security Coordination Centre in the Attorney-General's Department coordinates requests for Threat Assessments from Commonwealth and State agencies who are also asked to provide any relevant information to ASIO. We use this information, and intelligence from our own investigations, to provide Threat Assessments to Commonwealth and State agencies. Agencies responsible for protecting potential targets of PMV — including police forces — then allocate resources in response to the threat levels identified in Assessments.

Threat levels in Australia

For many years we operated in the *Very Low* to *Low* zone of the threat spectrum with threat levels occasionally broaching *Medium*. Our normal operating level now is *Low* to *Medium*, with threat levels occasionally reaching *High*.

- We face a sustained high level of threat to the US, UK and Israel and a higher level of threat to some other diplomatic missions and VIP visitors.
- The threat from Chemical, Biological or Radiological terrorist attack was raised from *Low* to *Medium*.
- The threat to aviation interests from politically motivated violence was also raised from *Low* to *Medium*.

- Since 11 September we have had to assess the level of threat to national symbols and key infrastructure, which includes oil production platforms and refineries, water and gas pipelines, electricity generation and transmission facilities, chemical factories, tankers and ships in port, rail and ferry networks, and the National Information Infrastructure.

PERFORMANCE

Eighty percent of Commonwealth clients and 100% of police clients surveyed rated our Threat Assessments always or usually useful. Commonwealth agencies valued Threat Assessments as a basis of advice to Ministers on risk levels and resources. Threat Assessments also helped judgments about ministerial travel within Australia and overseas, visiting dignitaries and special events.

Police used Threat Assessments for similar purposes but looked for more detail and context. Whether threat levels varied for different locations in Australia was also an issue for Police. It was evident that some police clients were not familiar with the threat level definitions. Procedures are under way to obtain more feedback on Threat Assessments and to maximise their effectiveness.

Figure 4. Threat Assessments issued

Subject of assessment	1997-98	1998-99	1999-00	2000-01	2001-02
Visiting dignitaries	106	107	131	79	237
Australian dignitaries	238	347	552	503	834
Australian interests	-	-	-	122	176
Protective security	39	30	34	27	25
Demonstration notifications	71	63	48	100	193
Diplomatic premises	113	208	164	77	108
Other Threat Assessments	54	84	75	51	66
Olympic Games 2000	-	46	342	354	-
CHOGM	-	-	-	29	147
Total	621	885	1346	1342	1786

Trends

The number of Threat Assessments increased significantly, mainly as a result of Australia's involvement in the War on Terrorism. There was a 300% increase in assessments of the threat to Visiting Dignitaries — mainly related to CHOGM — and notable increases in assessments relating to Australian dignitaries, Demonstration Notifications and Diplomatic Premises. We expect the number of Threat Assessments to drop back in 2002-03.

CHOGM Security

147 assessments provided Federal and State clients with advice on the threat to CHOGM member countries and related infrastructure, including 66 Country Threat Assessments relating to 51 countries.

HM Queen Elizabeth II, PM Howard and Commonwealth Leaders at the opening of CHOGM

A small part of this performance report has been excluded from the unclassified *Report to Parliament*.

Visa security checking

Australia's border control mechanisms are an essential tool in minimising the risk of terrorists entering Australia. ASIO is the principal source of advice to DIMIA on the entry to Australia of people of security significance. We assess whether people applying for entry or permanent residence have the potential to conduct terrorist activity, espionage or foreign interference, and provide a security assessment advising whether a person is a risk to national security. ASIO does not conduct assessments of all visa applicants.

PERFORMANCE

In 2001-02, 97.5% of temporary visa applications and 87.5% of permanent visa applications were assessed within agreed timeframes. Delays in assessments were largely caused by extra scrutiny given to certain visa applications as a direct result of investigations into the events of 11 September. The need to conduct checks with overseas authorities and to clarify incomplete applicant information also continued to create delays.

Visa refusals & cancellations

- On ASIO advice three visa applicants were refused entry to Australia because of their assessed involvement in terrorist activities. The visas of two people were cancelled because they were assessed as likely to engage in espionage.
- ASIO provided preliminary advice to DIMIA that it would be advising against issue of a visa to an applicant because of his assessed involvement in politically motivated violence. DIMIA advised the applicant he was unlikely to receive a visa and he withdrew his application before ASIO could issue a prejudicial assessment.

Figure 5. Prejudicial security assessments for visa applicants 1997-98 to 2001-02

	1997-98	1998-99	1999-00	2000-01	2001-02
Prejudicial assessments	11	9	4	5	5

Trends

Excluding unauthorised arrivals, there was a 15% increase in the number of visa security checks in 2001-02. This continued the trend noted over the last few years. The rise this year appears to reflect an increase in travellers to Australia from countries requiring ASIO security checking.

Figure 6. Visa security assessments 1997-98 to 2001-02

Type of entry	1997-98	1998-99	1999-00	2000-01	2001-02
Temporary	10 364	10 015	16 483	26 527	29 437
Permanent	7 156	8 107	8 371	7 392	9 584
Total	17 520	18 122	24 854	33 919	39 021

Note - These figures do not include security assessments of unauthorised arrivals held in detention

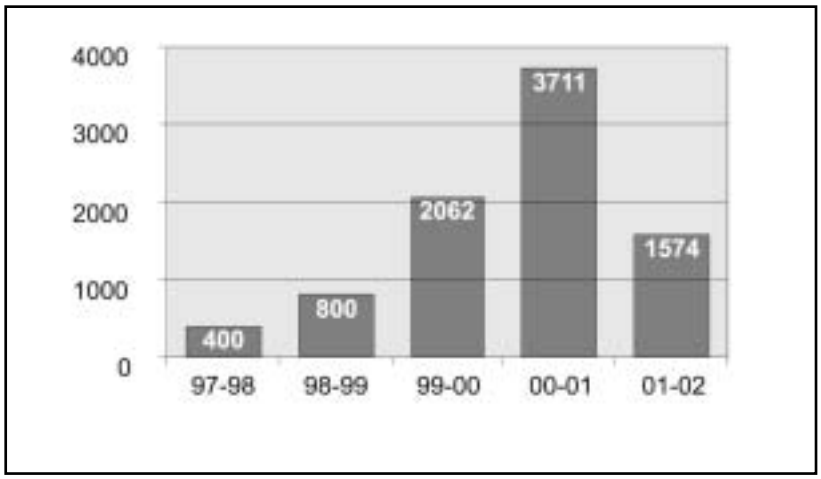
Unauthorised arrivals

Unauthorised arrivals fell significantly from the high level of 2000-01, with 1 212 arrivals by boat and 1 193 by air. Additionally, 1 845 asylum seekers were processed at Cocos and Christmas Islands, Nauru and Papua New Guinea. The majority of unauthorised arrivals claimed to be from Iraq, Afghanistan or Iran — a high proportion of whom required security assessments.

ASIO issued 2 281 security assessments compared to 3 658 the previous year. No prejudicial assessments were issued. As of 30 June 2002, 83 cases were awaiting resolution by ASIO.

We maintained the additional resources deployed against this task and continued, with DIMIA, to introduce efficiencies to minimise the time taken to provide security assessments.

Figure 7. Unauthorised arrivals referred to ASIO for security assessment.



Note - Figures for 97-98 and 98-99 are approximate only

The remainder of this performance report has been excluded from the unclassified *Report to Parliament*.

Release of archival documents

ASIO is an exempt agency under the *Freedom of Information Act 1982*, but is not exempt from the information access provisions of the *Archives Act 1983*.

Access to records

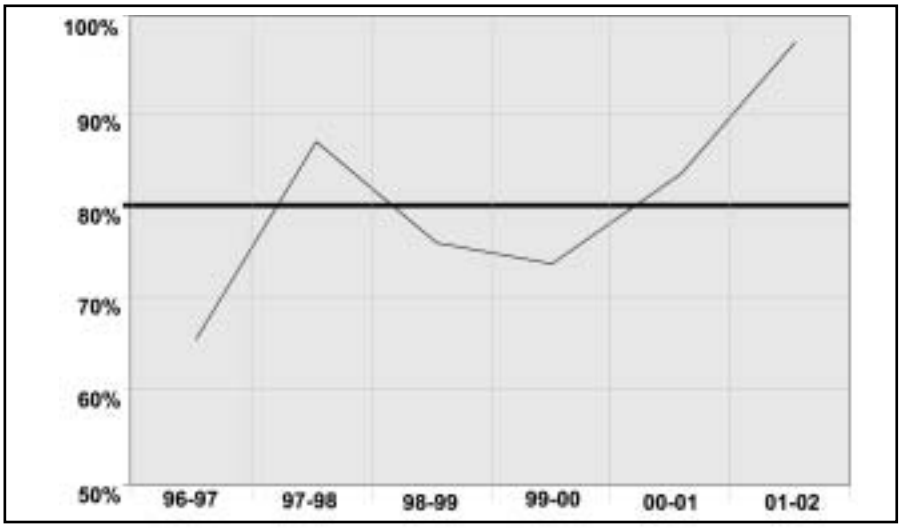
Members of the public can apply to the National Archives of Australia for access to ASIO records that are at least 30 years old. When National Archives does not already hold records on the subject, it passes the access applications to ASIO. We locate and assess relevant records and provide advice to the National Archives about whether they contain information that should be exempted from public release under section 33 of the *Archives Act*.

Applicants who are dissatisfied with the exemptions claimed by ASIO can request an internal reconsideration of the decision. Applicants may also appeal to the Administrative Appeals Tribunal (AAT) which may uphold the original decision or grant access to all or part of a record.

PERFORMANCE

97% of applications due to be completed in 2001-02 were finalised within the statutory timeframe of 90 days, against a benchmark of 80% - see Figure 8. This result was particularly pleasing in light of staff redeployments to other security intelligence priorities after 11 September.

Figure 8. Percentage of archival requests satisfied within 90 days



Trends

We received applications for access to 297 separate items or subjects which were due to be completed in 2001-02 compared to 231 in the previous year.

- 20% were for items that were either not recorded in our indexes or for which there were no ASIO records in the open access period.
- 132 requests were from people seeking records about themselves or members of their family. 99% of these were completed within 90 days.

- Many requests related to ASIO's records on war criminals, aboriginal activists and the peace movement.

An additional 46 requests carried forward from the previous year were also completed.

The total number of folios (pages) examined was 30 550. Figure 9 shows the distribution of exemption decisions made with respect to these folios. ASIO only recommends exemptions where disclosure of the information could damage national security or expose the existence or identity of a confidential source.

The number of folios claimed as totally exempt can vary in response to the types of files examined. For example, policy files typically have a much greater percentage of documents released wholly without exemption than do files relating to ASIO's human sources.

Three of the four applications for internal reconsideration were completed. In all cases they resulted in minor or no change to the original exemption decisions.

Figure 9. Distribution of exemption claims across assessed folios

Subject of assessment	1999-00	2000-01	2001-02
Folios released without exemption	21%	28%	31%
Folios released with part of the text claimed as exempt	60%	58%	57%
Folios claimed as totally exempt and not released	19%	14%	12%
Total folios assessed	100%	100%	100%

One AAT appeal relating to ASIO records was heard in November 2001. The Tribunal affirmed ASIO's exemption claims, and agreed to ASIO's proposal that a further three words on one document be released. No further appeals were lodged during the reporting period.

No part of this performance report has been excluded from the unclassified *Report to Parliament.*

CHOGM Security

Prior to 11 September the main security threat to CHOGM was from potentially violent protests. After 11 September the threat environment changed. Violent protests became less of an issue and the potential terrorist threat increased as Australia and some other Commonwealth countries joined the War on Terrorism.

ASIO worked closely with the CHOGM Task Force, Queensland Police and other Commonwealth agencies to prepare for the protection of CHOGM.

- We worked with the Queensland Police and the CHOGM Task Force to develop a risk management strategy and undertook a risk review of the infrastructure critical to CHOGM.
- 147 assessments issued in 2001-02 (plus a further 29 in 2000-01) provided Federal and State clients with advice on the threat to CHOGM member countries and related infrastructure, including 66 Country Threat Assessments relating to 51 countries.
- In 2000-01 and 2001-02 we provided security assessment advice on 9 840 people requiring access to CHOGM sites.
- As part of a community liaison program, ASIO maintained contact with 84 communities to provide a channel of communication and to explain ASIO's role in CHOGM security.
- ASIO managed a CHOGM Security Intelligence Centre (CHOSIC) in Canberra with staffing support from DSD, DIO, ONA, DFAT, AFP, ASIS and PSCC.
- We deployed our counter-terrorism technical capabilities to the Sunshine Coast for CHOGM.

The Queensland Police Force commended the reliable and accurate intelligence provided by ASIO. Our forecast of the low likelihood of violence at CHOGM provided Queensland Police with a sound risk management basis for security planning.

Commonwealth clients found ASIO reporting on CHOGM always or usually useful. Reporting greatly assisted CHOGM Task Force planning and the Task Force found reporting well-tailored to requirements.

Output 2: Protective Security Advice

ASIO advises Government departments and agencies on the protection of Government business and national infrastructure. Output 2 contributed to the Government Outcome of 'A secure Australia' by:

- Providing advice on personnel security (security assessments for people requiring access to national security classified information or secure places).
- Providing advice on physical security (the security of Government buildings and infrastructure) which includes electronic 'sweeping' of sensitive areas to protect against unauthorised monitoring of Government meetings.

Security in Government

Inter-Agency Security Forum

The Inter-Agency Security Forum (IASF) is chaired by ASIO with senior-level representation from the Australian Intelligence Community and related policy departments — Defence, PM&C, the Attorney-General's Department, Treasury and DFAT. IASF agencies made significant progress in implementing the government-endorsed recommendations made by the Inspector-General of Intelligence and Security in his *Inquiry into Security Issues.*

The Lappas Dowling case

Simon Lappas, a Defence Intelligence Organisation (DIO) employee, was charged in July 2000 with offences under the official secrets provisions of the *Crimes Act 1914*. It was alleged that Lappas removed classified documents from DIO and passed them to Sheryll Dowling with instructions to sell the documents to a foreign embassy in Canberra. Dowling was also charged in relation to the offences.

On 26 November 2001 the ACT Supreme Court aborted a joint trial of both defendants, after ruling that certain documents would be withheld from the jury. A second trial of Lappas was aborted on 21 May 2002, after Lappas's defence team withdrew from the case. A third trial of Lappas is expected to commence in late 2002, after which Dowling will be prosecuted separately. ASIO has continued to work with the Attorney-General's Department, the DPP, the AFP and DIO on aspects of the prosecution.

Personnel security

Before granting a security clearance to a candidate for a 'designated security assessment position' Commonwealth agencies are required to assess the person's general suitability for access. Once that is satisfied, ASIO provides advice to agencies, in the form of a security assessment, on whether anything in the candidate's background or activities is a cause for security concern.

The advice is usually based on an assessment of material provided by the relevant agency. ASIO sometimes interviews people where it is relevant to the resolution of security issues. Psychological testing, if it is part of an agency's procedures, is the responsibility of the agency and does not involve ASIO.

ASIO either advises agencies that it does not recommend against the candidate, or it issues an adverse or qualified assessment.

- An adverse assessment is a recommendation that a person should not be granted the access proposed.
- A qualified assessment does not recommend against access, but provides information ASIO considers may need to be considered in decision-making. Qualified assessments also provide the agency with information to help minimise the potential for the compromise of sensitive information.

The decision to grant or deny a security clearance rests with the relevant agency.

PERFORMANCE

Our performance improved significantly in 2001-02. After disappointing results in 2000-01 we came close to achieving all benchmarks in 2001-02, with 74.7% of assessments completed within 14 days, 86% within 21 days, and only 1.3% outstanding after 12 weeks.

Technological and process improvements contributed to this result and provide a measure of confidence that this level of performance will be maintained in 2002-03.

The backlog of assessments carried forward from the previous reporting period was cleared in September 2002.

Figure 10. Personnel security assessments - performance against benchmarks

Performance measure	Target	Performance			
		1998-99	1999-00	2000-01	2001-02
Complete within 14 days	75%	70%	33%	14.7%	74.7%
Complete within 21 days	90%	91%	43%	15.3%	86%
Incomplete after 12 weeks	1%	1%	8.8%	55.4%	1.3%

Trends

ASIO received 12 355 requests for security assessments, a return to the level of 1999-00. The increase related to Confidential and Secret level assessments, while there was a small reduction in the number of Top Secret assessments.

Three adverse and six qualified assessments were issued.

Figure 11. Personnel security assessments - annual workloads

Level of access	1997-98	1998-99	1999-00	2000-01	2001-02
Confidential	1 169	1 038	1 163	969	1 431
Secret	5 398	5 909	6 658	5 803	6 595
Top Secret	4 280	4 453	4 650	4 335	4 329
Total	10 847	11 400	12 471	11 107	12 355

Figure 12. Adverse and qualified personnel security assessments

	1997-98	1998-99	1999-00	2000-01	2001-02
Qualified assessments	4	4	12	10	6
Adverse assessments	3	1	1	2	3
Total	7	5	13	12	9

Appeals

Individuals have a right of appeal to the Administrative Appeals Tribunal (the AAT) in respect of an adverse or qualified ASIO security assessment. Four appeals were lodged during 2001-02 against one qualified and three adverse assessments. The appeals had not been heard by 30 June 2002.

The AAT heard one appeal which was lodged in the previous reporting period and affirmed the adverse assessment. The Tribunal upheld a qualified assessment in another appeal heard in 2000-01. A third appeal lodged in 2000-01 against a qualified assessment was withdrawn.

CHOGM security

ASIO provided security assessment advice on 9 840 people requiring access to CHOGM sites.

Polygraph trial

Work on preparations for a polygraph trial involving volunteers from ASIO continued in 2001-02. The trial, to be conducted on behalf of the Australian Intelligence Community, was one of the government-endorsed recommendations from the *Inquiry into Security Issues*. On completion of the trial ASIO will prepare a report assessing the utility of the polygraph for security vetting for consideration by Government. There will not be any public reporting on the details of the trial.

Contact Reporting

The revised *Protective Security Manual* requires people working for or on behalf of the Commonwealth to report certain categories of contact with foreign nationals. Agencies pass this information to ASIO so that appropriate action can be taken and counter-measures put in place to lessen the risk to national security. In 2002-03 priority will be given to raising awareness among agencies of the need to report contacts and to identifying trends to guide investigations and threat assessments.

Protective security advice

ASIO provides protective security policy advice to Government, and specific advice to departments and agencies on protective security measures including:

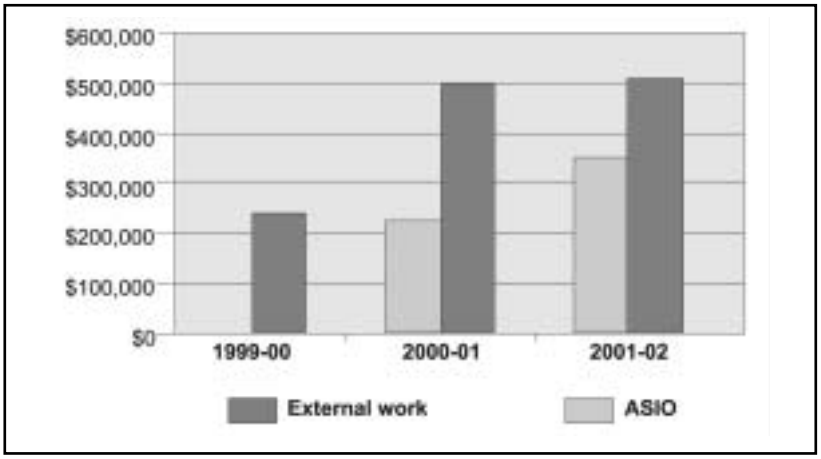
- risk management advice and some specialist protective security training
- security equipment assessment and testing, and
- Technical Surveillance Counter-Measures advice and testing (electronic sweeps).

Cost Recovery

PERFORMANCE

Protective security advice and services are provided on a full cost recovery basis. $507 000 was recovered in 2001-02. In addition, a number of major tasks were undertaken within ASIO for which notional charges of $399 000 were attributed.

Figure 13. Protective security - value of external work and ASIO work



The amount recovered was only marginally higher than in 2000-01. This was partly due to a 58% increase in the amount of work undertaken directly for ASIO as a result of the recommendations in the *Inquiry into Security Issues*, and partly due to the waiving of cost recovery for a small number of external reviews conducted after 11 September.

Business re-engineering

Business management practices

In September 2001 a review by consultants Ernst and Young recommended significant changes to ASIO's protective security business management practices. As a result priority will be given to Australian Intelligence Community clients, key policy departments with sizeable holdings of classified material, Commonwealth and State parliaments, high office-holders, and key Government research and development organisations. Implementation of the recommendations is proceeding well with completion expected by March 2003.

Protective security and risk management advice

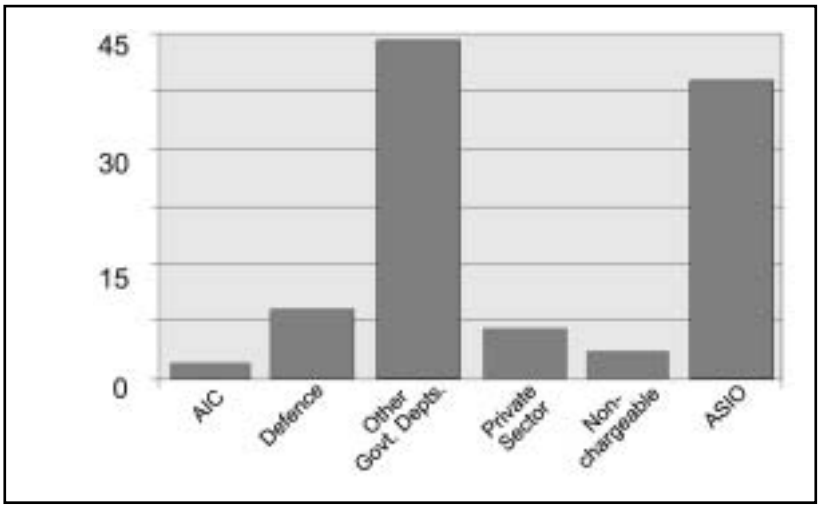
Risk reviews

Risk Reviews continued to be the main element of our protective security work, with 11 September focusing attention on the need to protect Government people, infrastructure and business continuity from violent attack.

Forty-five Risk Reviews were undertaken during 2001-02 compared to 40 the previous year. Significant reviews included:

- Protective security advice for the Australian Nuclear Science and Technology Organisation's Replacement Research Reactor Project. We will continue to review the security of this facility during the construction and commissioning phases.
- Security requirements for DIO's relocation.
- Protective security measures for ONA.
- A risk management model for the CHOGM Task Force and the Queensland Police Force.
- Protective security advice regarding office accommodation for the Royal Commission into HIH and the Royal Commission into the Building and Construction Industry.
- A Risk Review of DIMIA's facilities was commenced including protective security advice for the new DIMIA buildings in the ACT.
- A Protective Security Risk Review of all ASIO offices was finalised.

Figure 14. Protective Security — all services — categories of clients in 2001-02



Accredited Locksmith Scheme

ASIO accredits locksmiths to maintain manifoil combination locks. Accredited locksmiths are required to report compromised locks or suspicious lock outs to ASIO for investigation. Locksmiths also report the discovery of classified or sensitive material in security containers disposed of by agencies and departments. Two instances were reported to ASIO during 2001-02. Both are being investigated by the agencies concerned. ASIO has begun re-evaluating the accreditation system.

Gatekeeper/PKI accreditation

With DSD we conduct Gatekeeper/Public Key Infrastructure accreditation which permits private sector companies to undertake sensitive non-national security electronic data processing work on behalf of government departments and agencies. Four information technology companies were accredited through a joint ASIO — DSD program in 2001-02, compared with seven the previous year. Protective security inspections were carried out on a further three company facilities in support of Gatekeeper and PKI initiatives. Advice was given to five other companies which may result in a request for accreditation at a later date.

Top Secret accreditation

Certification of Top Secret facilities in Australia commenced with 21 facilities inspected. Initial priority is being given to the Australian Intelligence Community and major policy departments. Re-certification of these facilities is required every five years or following significant structural changes.

Protective security training

ASIO continued to provide lecturers on protective security and general security threat topics to PSCC training courses. Risk management training was provided to Close Personal Protection officers of the NSW and Queensland Police Forces which included the development of a risk management model tailored for their particular operational requirements.

Security equipment standards

ASIO tests and evaluates a wide range of security products proposed for use in the security systems of government departments and agencies. The interdepartmental Security Construction and Equipment Committee, which reports to the Protective Security Policy Committee, is responsible for the endorsement of security products. Endorsed products are published in the *Security Equipment Catalogue* produced by ASIO.

ASIO also participated in the Standards Australia committee which finalised and published *Australian Standard 4145.4 - 2002 — Locksets Part 4: Padlocks.*

Equipment testing

Thirty-two security products were tested by ASIO in 2001-02, including:

- biometric access control readers
- document shredders
- electronic combination locks
- security fences and fence detection systems
- glass film
- cyberlocks
- office counters and glazing products
- security containers and equipment racks
- Class A security doors, and
- Safe Hand plastic bags.

Technical Surveillance Counter-Measures

ASIO's Technical Surveillance Counter-Measures (TSCM) team undertakes physical and electronic surveys ('sweeps') and monitoring of government offices and meeting rooms to protect against unauthorised monitoring of sensitive or classified discussions.

The remainder of this performance report is excluded from the unclassified *Report to Parliament* because of security sensitivity.

Output 3: Security intelligence investigation and capability

Investigating threats to national security requires specialised human and technical capabilities, the importance of which has been underlined since 11 September.

Output 3 is delivered through a range of integrated activities, each a key contributor to ASIO's security intelligence collection capability. These include:

- counter-terrorism response capabilities
- warrant operations, which may include:
  - computer access
  - telecommunications interception
  - covert entry and search of premises
  - interception of postal and delivery service articles
  - the use of listening devices and tracking devices
- human source intelligence collection
- surveillance
- collection of information from open sources
- liaison with other Australian stakeholders
- liaison with overseas security and intelligence partners
- technical research and development.

All operational activity by ASIO must comply with the Attorney-General's *Guidelines for the Collection of Intelligence*, which require ASIO to use only methods of investigation that are appropriate to the assessed risk.

The *Guidelines* are available to the public on ASIO's website at www.asio.gov.au.

PERFORMANCE

Output 3 contributed to the Government Outcome of 'A secure Australia' by:

- investigating threats to security — particularly threats from terrorism and other forms of politically motivated violence — to contribute to Output 1 (Security Intelligence Analysis and Advice) and Output 2 (Protective Security Advice)
- maintaining and enhancing investigative capabilities.

A large part of this performance report is excluded from the unclassified *Report to Parliament* because of security sensitivity.

Legislative amendments

Counter-terrorism legislation

After 11 September the Government developed a package of legislation designed to strengthen Australia's counter-terrorism capabilities.

This comprised a series of Bills introduced into Parliament in February and March 2002. Following an inquiry into five of the Bills by the Senate Legal and Constitutional Legislation Committee, they were passed by the Parliament in June 2002, and received Royal Assent on 5 July 2002.

These five Acts include the *Security Legislation Amendment (Terrorism) Act 2002*, the *Criminal Code Amendment (Suppression of Terrorist Bombings) Act 2002*, the *Telecommunications Interception Legislation Amendment Act 2002*, the *Suppression of Terrorist Financing Act 2002, and the Border Security Legislation Amendment Act 2002*. A sixth Bill, the *Criminal Code Amendment (Anti-Hoax and Other Measures) Act 2002*, received Royal Assent on 4 April 2002.

The legislation introduced new offences designed to deter and catch terrorists, and updated provisions on treason. It also enables ASIO to disclose information on financial transactions relating to terrorist activity to foreign intelligence agencies, and empowers the Government to gazette terrorist organisations identified by the United Nations Security Council (see Terrorist Financial Investigations, page 17).

ASIO Bill

The Government also introduced the *Australian Security Intelligence Organisation Legislation Amendment (Terrorism) Bill 2002*, designed to enhance ASIO's capacity to combat terrorism by authorising ASIO to seek warrants for the detention and questioning of persons (before an independent authority) for the purpose of investigating terrorism.

Under the Bill, ASIO would need the Attorney-General's approval and the approval of a prescribed authority for an individual to be detained. If approved, the actual detention would be enacted by the relevant police service, with the individual held in police custody. Any questioning of an individual by ASIO could only be undertaken in the presence of the prescribed authority under conditions determined by the prescribed authority, not ASIO.

The Bill was considered by the Parliamentary Joint Committee on ASIO, ASIS and DSD and by the Senate Legal and Constitutional Legislation Committee, which reported on 5 and 18 June 2002 respectively. Both Committees made a number of recommendations to modify provisions in the Bill. As of 30 June 2002 the legislation was still before the Parliament.

Counter-terrorism response capabilities

SAC-PAV and SIDC-PAV

ASIO is a member of the two major committees coordinating Australia's counter-terrorist capability:

- the Standing Advisory Committee on Commonwealth/State Cooperation for Protection Against Violence (SAC-PAV), and
- the Special Inter-Departmental Committee on Protection Against Violence (SIDC-PAV).

ASIO's role is twofold. We help prevent terrorism through intelligence collection and reporting, and through our participation in counter-terrorism training courses and exercises. We also contribute to counter-terrorism policy development, and crisis contingency planning.

CTORG

ASIO is also a member of the Counter-Terrorism (Overseas) Response Group (CTORG), which includes Commonwealth agencies responsible for responding to overseas terrorist incidents posing a threat to Australians or Australia's interests, or leading to requests for assistance from a foreign government. ASIO coordinates security intelligence support to the CTORG.

Support to the NATP

Under the National Anti-Terrorism Plan (NATP), ASIO assists in the management of a terrorist incident (providing intelligence support to the Commonwealth and State or Territory governments and police) and contributes to Commonwealth and State counter-terrorism policy. As part of its role, ASIO hosts the National Intelligence Group (NIG) - which coordinates intelligence collection and strategic assessments during a terrorist incident.

National anti-terrorist exercises

In 2001-02 we participated in three major counter-terrorism training exercises (in the Northern Territory, South Australia and Victoria) and four nationally coordinated counter-terrorism courses (in Western Australia, Victoria, and two in South Australia).

TSU

ASIO maintains a Technical Support Unit (TSU) which provides technical intelligence support to State and Federal police at the scene of a terrorist incident. In 2001-02 the TSU participated in anti-terrorist exercises in Brisbane, Adelaide and Melbourne.

Warrant operations

Special powers

Legislation enables ASIO, subject to a warrant approved by the Attorney-General, to use intrusive methods of investigation such as telecommunications interception, listening devices, entry and search of premises, computer access, tracking devices and examination of postal and delivery service articles.

Warrant approvals

Only the Director-General can seek a warrant. A written statement, specifying the grounds on which it is considered necessary to conduct an intrusive investigation, must accompany each warrant.

Warrants submitted for the Attorney-General's approval go through a system of checks within ASIO, including examination by the ASIO Legal Adviser. A senior official of the Attorney-General's Department independently advises the Attorney-General on whether the relevant statutory requirements have been met.

Warrants are issued for specified limited periods. At the expiry of each warrant ASIO must report to the Attorney-General on the extent to which the operation helped ASIO carry out its functions.

The number of warrants varies over time, in response to the changing security environment.

Security intelligence warrants

All warrant requests put to the Attorney-General in 2001-02 were approved, although some proposals were rejected or modified before being submitted to the Attorney-General, as part of the normal consideration of warrant requests within ASIO.

External scrutiny

The Inspector-General of Intelligence and Security examines and audits all ASIO warrant documentation. The Inspector-General's Annual Report can be found at www.igis.gov.au

Telecommunications interception

Telecommunications interception can only occur subject to a warrant approved by the Attorney-General.

Telecommunications interception capabilities include:

- interception capabilities within the networks or facilities of telecommunications carriers/carriage service providers (C/CSPs), and
- delivery capabilities to transmit the intercepted communications to ASIO monitoring facilities.

The *Telecommunications Act 1997* requires all C/CSPs, including Internet service providers (ISPs), to provide interception capabilities unless specifically exempted.

The commercial environment

Continuing growth in the number of C/CSPs required significant investment by ASIO. Since 1995, the number of licensed carriers in Australia has increased from three to 97, and there are now approximately 900 carriage service providers (including ISPs).

2001-02 also saw continued foreign investment in the telecommunications sector, including the SingTel acquisition of Optus.

Partnerships with industry

ASIO continued its lead role in working with C/CSPs to ensure services can be intercepted. We negotiate and manage contracts with carriers, and test and accept new capabilities on behalf of all Commonwealth and State intercepting agencies.

Funding

C/CSPs are responsible for the development costs of interception capabilities, with intercepting agencies required to pay for agency-specific delivery capabilities and ongoing delivery costs.

Encryption

Encryption systems are becoming more sophisticated and more widely available, which is expected to pose a major challenge in coming years.

Human source intelligence collection

ASIO collects intelligence by recruiting and managing human sources - people who are willing to provide information about individuals, groups or foreign governments of security interest. We also conduct declared interviews of members of the public or subjects of investigation to assist with our inquiries.

Human source recruitment

Well-placed human sources can provide valuable information about security issues, but they can take a long time to recruit and develop. The events of 11 September reinforced the need to develop and maintain effective human source coverage as a crucial component of intelligence collection. We invest significant resources to develop expert human source management skills in our people.

The Community Interview Program, developed as part of preparations for the 2000 Olympics, also provided the basis of our CHOGM interview program. By March 2002 we had established contact with people from 84 communities to explain our role in CHOGM security and gather information about possible threats.

Human source management

ASIO continually reviews its human source base to ensure maximum benefit is obtained from resource allocations. During 2001-02 the review process resulted in the de-registration of several sources who were no longer providing information relevant to intelligence requirements. The review also provided the opportunity to redirect some sources to new, higher priority targets.

Surveillance

Surveillance operations

ASIO surveillance teams report on people of security interest. In 2001-02, surveillance operations provided useful intelligence in support of ongoing investigations and operational planning.

Open source information collection

ASIO makes use of open source information for its analysis and reporting activities. Information gathered from unclassified publications and electronic sources provides a valuable adjunct to covert collection strategies, particularly in understanding the global and strategic environment, and devising operational responses to emerging security developments.

Liaison with Australian agencies

ASIO relies on cooperative partnerships with Commonwealth and State agencies to advance investigations and provide information on individuals of security interest. Information sharing between ASIO and other agencies is regulated by the *ASIO Act*, and monitored by the Inspector-General of Intelligence and Security.

The 11 September attacks greatly increased interaction between Australian agencies as measures to predict and prevent acts of terrorism were jointly developed and implemented. Significant support was provided to ASIO's 11 September investigations by State police, the AFP, ASIS, DSD, Defence, DFAT, DIMIA, Customs, and a number of communications carriers. Many agencies also contributed staff to the CHOGM Security Intelligence Centre as they did in 2000 for the Sydney Olympics.

ASIO's senior management continued to meet biannually with senior managers from ASIS, DSD and the AFP. The meetings focused on strategic directions, cooperative arrangements, and identifying opportunities to share resources.

Law enforcement agencies

ASIO assists law enforcement agencies by providing operational and intelligence support, technical assistance and training. ASIO officers meet regularly with State and Territory police intelligence and protective security areas and with the AFP. Joint operations are conducted where required, and regular meetings have been held between ASIO and Police Services in the aftermath of 11 September to ensure investigative leads are followed up and resources are properly directed.

Law enforcement agencies provided support for ASIO investigations and operations in 2001-02. In particular:

- NSW Police and the AFP supported overt entry and search operations and provided security for ASIO officers conducting interviews as part of ASIO's investigations following 11 September.
- Victoria Police were kept informed of ASIO's investigations into the claims made by Mohammed Afroz in October 2001 — see Output 1 (Security Intelligence Analysis and Advice — Rialto Towers).
- ASIO provided support to Queensland Police over the pre-CHOGM period and during CHOGM (see CHOGM Security, page 27).
- Following 11 September, ASIO and the AFP jointly investigated specific terrorist threats against targets in Australia.
- ASIO and AFP officers also conducted interviews of Australian citizens detained at US facilities on several occasions in 2001-02.

Defence

Defence staff participated in the CHOGM Security Intelligence Centre.

Liaison with overseas partners

ASIO communicates with the security and intelligence authorities of a range of countries approved by the Attorney-General. The events of 11 September emphasised the importance of these liaison relationships.

Terrorism is an issue that has to be addressed globally and the working relationships between ASIO and international partners are central to this effort. The liaison provides access to security and intelligence information that cannot be obtained by other means, particularly threats that originate offshore.

Strategic relationships

We established five new relationships in 2001-02. As at 30 June 2002 the Attorney-General had approved liaison relationships between ASIO and 233 organisations in 104 countries and territories. ASIO liaison staff also maintain strategic partnerships with agencies in their regions.

Areas of engagement

After 11 September we enhanced liaison on counter-terrorism with intelligence partners. ASIO's responsibilities for critical infrastructure and information infrastructure protection and security coordination are also shaping the focus of our liaison relationships. Maximising the benefit of our intelligence partnerships will remain a key business focus in coming years.

Significant visits

We hosted visits of senior officers from intelligence partners. The visits addressed significant security and corporate issues including CHOGM security, infrastructure protection and post-11 September counter-terrorism investigations.

Olympics support

ASIO is a member of the Greek Olympics Advisory Security Group (OAG). The OAG was formed by the Greek Government and provides security advice to Greek authorities in relation to the Athens 2004 Olympics.

Technical capabilities

ASIO's engineering development group provides rapidly engineered devices, and custom versions of existing devices. More recently, the group has focused on management of outsourced projects, with several projects successfully undertaken in 2001-02.

Technical capabilities maintained and developed during the year included telecommunications interception and related delivery, processing and monitoring systems.

Cooperation with Australian agencies

ASIO maintains productive relationships with other Australian agencies, including DSD, ASIS, the Defence Scientific and Technology Organisation, the AFP and State law enforcement agencies. Cooperation extends from sharing of capabilities and equipment to development of solutions to joint technical problems. Inter-agency cooperation in technical development will remain a focus in 2002-03, particularly in areas relating to combating the threat of terrorism.

Output 4: Foreign Intelligence

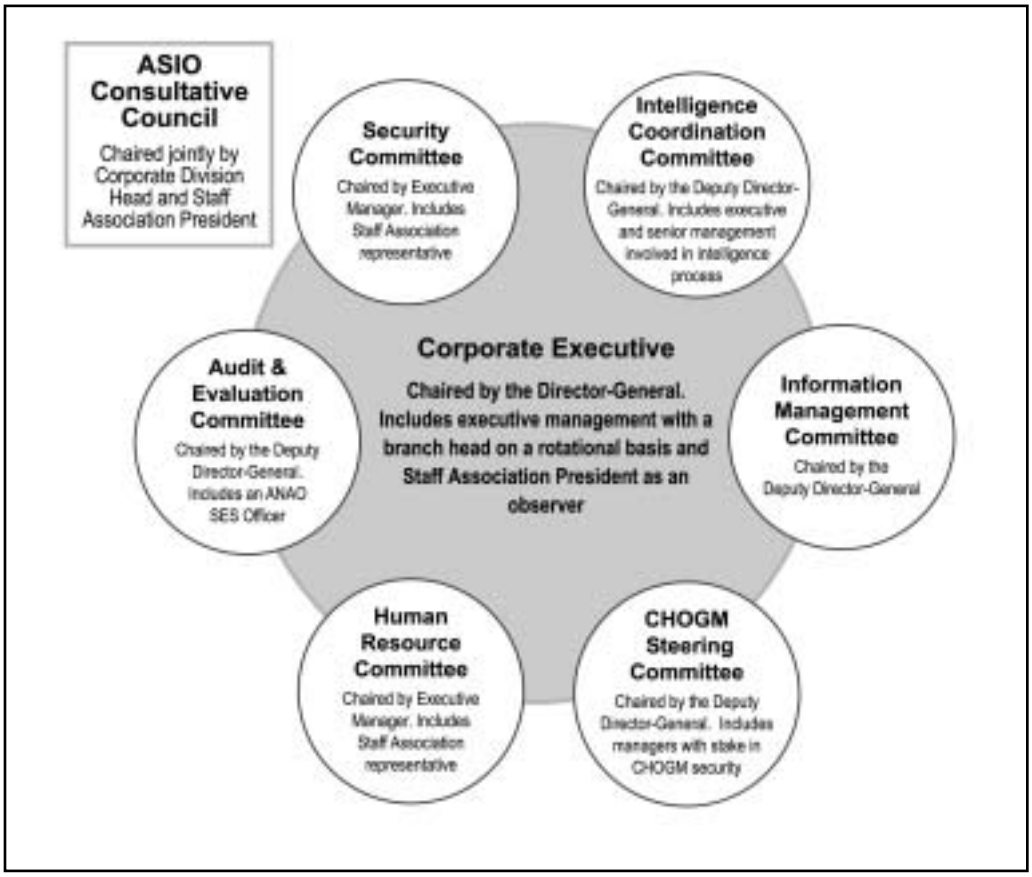
Output 4 contributes to the Government Outcome of 'A secure Australia' by collecting foreign intelligence in Australia on behalf of ASIS and DSD under warrant, and incidentally through ASIO's security intelligence investigations and liaison with overseas partners.

This performance report is excluded in its entirety from the unclassified *Report to Parliament* because of security sensitivity.

Part 3

Management and Accountability

Figure 15. ASIO's corporate committees



Corporate Governance

Central to ASIO's corporate governance is the Corporate Executive, chaired by the Director-General and including the Deputy Director-General, the First Assistant Directors-General, an SES branch head on a rotational basis and the President of the ASIO Staff Association as an observer. The Corporate Executive meets twice monthly and otherwise as required, and supports the Director-General in managing and setting ASIO's strategic direction. A Consultative Council, comprising representatives from management and ASIO staff, provides a forum for employment and conditions of service issues.

The Corporate Executive is supported by the Audit and Evaluation Committee, chaired by the Deputy Director-General and including an SES officer from the Australian National Audit Office. Other corporate committees that review security, intelligence, human resource and information management issues are shown in Figure 15.

ASIO reports annually to the Attorney-General by means of a classified *Annual Report* which is also provided to the National Security Committee of Cabinet, and an unclassified *Report to Parliament*. Financial activities are regularly audited, and certain budgetary details published in the annual Budget Papers.

Corporate planning

ASIO's *Corporate Plan 2002-2006* was completed in 2001-02. It sets the broad framework for how ASIO does its business, measures its performance and achieves outcomes, and will be reviewed again in 2005.

The plan identified five areas of business focus for 2002-2006: competing for the best people, staying ahead of technology, maintaining best security practice, leveraging partnerships, and satisfying customers.

The *Corporate Plan* is a public document, and is available on the ASIO Website at www.asio.gov.au

The *Corporate Plan* is supported by a range of other plans, including:

- The 2000-01 *Information Management Strategy*, to be reviewed in 2003.
- The *Security Management Plan 2001-2004*.
- The *People Management Plan*, which will be revised in 2002-03 and cover the period 2002-2006.

Accountability

ASIO adheres to a range of accountability and safeguard arrangements that govern the way we operate — internal evaluation, audit and fraud control measures and external accountability, including through the Inspector-General of Intelligence and Security.

Audit, Evaluation and Fraud Control

ASIO's program of internal and external reviews and evaluations, overseen by the Audit and Evaluation Committee, continued in 2001-02.

Evaluations

One evaluation was completed in the reporting year:

- ASIO's staff security clearance re-evaluation process was reviewed to assess its effectiveness as an internal security control. The review found that the program compared very favourably with other Australian and international processes. No areas of critical concern were identified.
- Following 11 September, an evaluation of the Graduate Traineeship program was rescheduled and will start in 2002-03.

Audits

Ten internal audits were completed, including:

- the security management plan
- contract management and consultancies
- communication of information on Australian citizens and permanent residents to foreign authorities
- state office administrative procedure review
- personnel security assessments
- CHOGM funding
- compliance with the NSW *Law Enforcement and National Security (Assumed Identities) Act 1998*.

No loss of monies or assets was reported. Remedial action to redress any administrative and procedural shortcomings arising from these audits has been finalised or is continuing.

Fraud Control Plan

Our Fraud Control Plan has been assessed by the Interdepartmental Fraud Control Evaluation Committee, which advises that the plan meets Commonwealth requirements. Two ASIO officers will attend the AFP-accredited Fraud Investigations course in 2002-03.

External Scrutiny

ASIO's activities are subject to external scrutiny through Ministerial oversight, the Inspector-General of Intelligence and Security (the Inspector-General), the Auditor-General and the Parliamentary Joint Committee on ASIO, ASIS and DSD.

The Leader of the Opposition receives a copy of ASIO's classified *Annual Report*, and briefings by the Director-General as required under the *ASIO Act*.

Budget oversight

Our financial program is included in the Attorney-General's Portfolio Budget Statement, which is scrutinised by the Senate Legal and Constitutional Legislation Committee. The Director-General attends Committee hearings.

The Attorney-General

Ministerial oversight of ASIO is the responsibility of the Attorney-General.

- All warrants for the exercise of ASIO's special powers must be approved by the Attorney-General.
- In addition to warrant requests, in 2001-02 we provided the Attorney with 158 briefing papers and submissions on significant security and ASIO-related issues (compared with 149 in 2000-01).
- All operational activity by ASIO must comply with the Attorney-General's *Guidelines for the Collection of Intelligence*, which require ASIO to use methods of investigation which are appropriate to the perceived risk.
- The Attorney-General also receives reports from the Inspector-General on inquiries relating to ASIO, including complaints.

The Inspector-General

The Inspector-General's role is to ensure ASIO acts legally and with propriety, complies with ministerial guidelines and acts with due regard for human rights. He may inquire into matters concerning ASIO on his own motion, at the request of the Attorney-General or the Government, or in response to complaints. The Inspector-General undertakes regular reviews of ASIO's activities, including:

- access to operational files
- use of intrusive powers under warrant
- provision of information to, and liaison with, law enforcement agencies
- official use of alternative documentation to support assumed identities
- access to, and use of financial transaction reporting information obtained from the Australian Transaction Reports and Analysis Centre
- access to, and use of information obtained from the Australian Taxation Office, and
- compliance with the *Archives Act*.

The Inspector-General meets as required with the Director-General, senior managers and the President of the ASIO Staff Association.

In his 2001-02 report the Inspector-General noted he had inquired into 16 new complaints about ASIO (compared with nine in 2000-01, and nine in 1999-00). He conducted preliminary inquiries into 15 matters, and a full inquiry into one complaint. He also dealt with two outstanding matters carried over from 2000-01 and handled a further 23 complaints administratively.

The Inspector-General's *Annual Report* can be found at www.igis.gov.au

The PJC

The *Intelligence Services Act 2001* was passed in September 2001 and came into effect on 29 October 2001. The Act established a new Parliamentary Joint Committee on ASIO, ASIS and DSD (the PJC), which replaced the Joint Parliamentary Committee for ASIO. PJC membership is listed at Appendix A.

The new PJC has expanded oversight functions and is able to review aspects of ASIO's activities referred to it by the Minister or by either Chamber. It has a mandate to review the administration and expenditure of ASIO, and will present an annual report to Parliament.

The Committee's functions do not include review of operationally sensitive matters, intelligence gathering priorities, or individual complaints. The Committee must conduct reviews in private unless the Minister determines otherwise. The Minister may certify that certain evidence should not be provided to the PJC.

The Committee may request the heads of the relevant agencies and the Inspector-General to provide briefings for the purpose of performing its functions.

- During 2001-02 the Director-General provided the PJC with briefings, including on the security environment in Australia after 11 September, CHOGM security, and proposed changes to ASIO's legislation.
- On 31 May 2002 the Acting Director-General briefed the PJC during its first annual review of the administration and expenditure of ASIO.

Other Parliamentary Committees

In 2001-02 the Director-General appeared before other Parliamentary Committees inquiring into intelligence and security matters, and was present as an observer at some public hearings. He gave evidence to:

- The Joint Select Committee on the Intelligence Services on 1 August 2001 at the *Review of the Intelligence Services Bill 2001, the Intelligence Services (Consequential Provisions) Bill 2001 and certain parts of the Cybercrime Bill 2001.*
- The Senate Legal and Constitutional Legislation Committee on 19 April 2002 at the *Review of Security Legislation Amendment (Terrorism) Bill 2002 and related Bills.*
- The Senate Legal and Constitutional Legislation Committee on 18 February 2002 and 28 May 2002 at the Senate Estimates hearings.

Interface with the Public

11 September placed terrorism and security issues at the forefront of public awareness in Australia. Increased community concern was reflected in the generally positive responses ASIO received from community groups in the wake of the attacks. And there was a significant increase in the amount of information voluntarily reported by members of the public. More than 5 000 telephone calls were received in connection with the terrorist attacks. All information was assessed and appropriate action taken.

ASIO interviews

ASIO officers may interview members of the public in the course of investigations. Bona fide ASIO officers operate under a strict code of conduct, particularly when interviewing members of the public. Officers must show proof of identity. If the person to be interviewed is concerned, they can telephone the public ASIO line to confirm the identity of the officer.

A person interviewed may complain to ASIO or to the Inspector-General if they have concerns about the behaviour of an ASIO officer. Complaints about ASIO are carefully evaluated. Some reflect misconceptions about ASIO's roles and powers, and discussion with an ASIO officer can often clarify issues or resolve concerns. In other cases, complainants are referred to the Inspector-General.

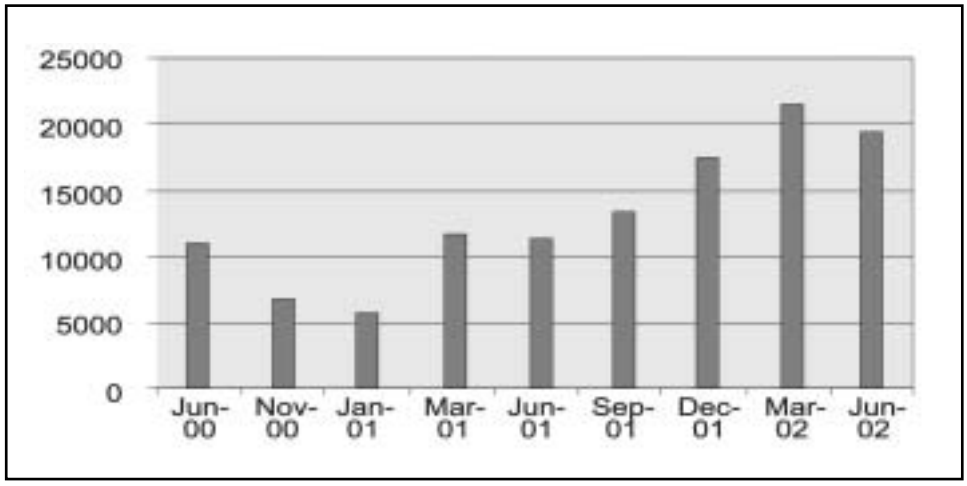
ASIO publishes brochures and pamphlets about its work, in addition to its *Annual Report*. Members of the public can call ASIO's public telephone number (see Appendix B) and request information about the Organisation.

www.asio.gov.au

Interest in the ASIO website remained high. By the last quarter of 2001-02 the site recorded an average of 19 476 hits and 606 visitor sessions per day. The employment pages were clearly the most popular.

- An independent consultant reviewed the site. Implementation of recommendations to improve its use as a communications tool will commence in 2002-03.
- In line with a recommendation by the Parliamentary Joint Committee on ASIO, an updated version of our information brochure *ASIO Now* is being translated into several community languages and will be made available on the website and in hard copy.

Figure 16. Website interest: average hits per day since June 2000 launch



Media Policy

Media profile

While ASIO does not normally comment on matters of national security, in some circumstances the Attorney-General (or the Director-General, with the Attorney's agreement) will provide public comment where this may help to promote public confidence in the legality, propriety and effectiveness of ASIO's conduct.

ASIO's media profile was considerably heightened following 11 September. The Sydney Olympics gave terrorism and security issues a relevance easily understood across the community, but 11 September gave it an unparalleled reality and immediacy. This was reflected in a substantial increase in the

frequency of media requests for information, briefings and interviews, which continued throughout the reporting period.

Advertisements for employment with ASIO generated greater than usual interest from the media. We provided information on ASIO employment in response to media requests. The resulting newspaper articles on employment with ASIO raised interest in our recruitment campaign.

Our People

ASIO's performance is dependent on the quality of its people. People management priorities for 2001-02 included:

- recruiting and training staff to manage the increased workloads during CHOGM and after 11 September
- an expanded development program for existing staff, and
- strategies to retain staff.

People Management Plan

Key drivers of ASIO's *People Management Plan* are:

- the need to attract and retain highly skilled, motivated staff in a changing and competitive employment market with a growing demand for intelligence and security expertise, and
- the need to identify future staffing requirements, and structure our recruitment and development programs to meet these needs.

Workplace Relations and Reforms

ASIO's Fifth Workplace Agreement remains in force until March 2003. All non-SES staff are covered by this Agreement and in March 2002 received the last pay increase of 3% negotiated under the Agreement. All SES officers have individual Workplace Agreements with the Director-General. Early in 2002-03 we will start negotiating the Sixth Workplace Agreement.

Workplace initiatives

Major workplace relations initiatives in 2001-02 included:

- introducing a service allowance of 5% of base salary, to recognise the extra demands imposed by security restrictions applying to ASIO staff
- developing a revised performance management system and probationary arrangements, to be introduced in the second half of 2002
- planning future staffing requirements, and
- completing a review of the pay and conditions process.

Performance Pay

Performance Pay is available to SES officers, with the amount paid based on a percentage range of gross salary. In 2001-02 four officers received Performance Pay to recognise high levels of performance. Payments ranged from $9 517 to $18 572. The average was $11 891, and the total amount paid was $47 563.

Recruitment and Staffing

Staffing profile

In recent years ASIO increased its proportion of temporary staff to meet short-term needs posed by events such as the Sydney Olympics and CHOGM. In the wake of 11 September and its ongoing implications for the security environment, ASIO's priority was improving its long-term capability to meet the challenges of terrorism. Consequently, employment of permanent staff became the primary aim of our recruitment effort in 2001-02, although we continued to make use of contract employees to meet short-term needs.

At 30 June 2002, 16% of staff were temporary employees compared to 17% at 30 June 2001. Temporary staff comprised 61 full time personnel, 18 part time staff and 21 casual employees. See Appendix C for staffing statistics.

Staff retention

ASIO's attrition rate remained relatively low compared to the APS and to the general workforce. However, at 10.4% it is a continuing concern. In December 2001 we commissioned a Staff Retention Survey of current and recently departed staff members. The results of the survey indicated over 80% of current and former staff thought ASIO was a good place to work.

The major reasons for current staff contemplating leaving ASIO were better promotion opportunities, increased remuneration, greater job satisfaction, better training and development opportunities and greater rewards and recognition. Staff listed job satisfaction, management support, a good work and family balance, and commitment to the national interest as reasons to remain at ASIO. Action is being taken to address issues raised.

Recruiting

Early in the reporting period we focused on recruiting engineering and specialist electronics technical staff to bolster intelligence collection capabilities, and linguists to support CHOGM security activity. We continued to recruit analysts to boost our ability to provide security assessments relating to unauthorised arrivals, and for the creation of a 24-hour research and monitoring function.

ASIO recruited 28 graduate trainees, compared to 15 the previous year. We will continue to have two trainee intakes a year for at least the next couple of years. We commenced our national recruitment campaign for 2002-03 in February 2002 and received double the applications we received the previous year — probably due to heightened public interest in security intelligence issues since 11 September.

Advertising

We continued to make diverse use of advertising to recruit the best people from the widest field. Our website attracted the interest of applicants, and we employed national recruitment companies to assist in our larger campaigns.

Advertising costs, mainly in the print media, were $250 851 compared to $180 000 in 2000-01.

Developing our people

ASIO invested $1.4 million (about 2.2% of budget) on training and development in 2001-02, including both corporately funded training and job-specific courses funded by individual work groups. Significant on-the-job training was also provided to staff. All formal training and development activities are evaluated, and the information gathered is used to improve training programs.

Individual Development Plans

All staff are encouraged to prepare Individual Development Plans (IDPs) to guide their training and education, as well as helping to shape the direction of ASIO's future corporate training strategies. In 2002-03 the IDP process will be incorporated into the performance management process to more effectively link performance management with personal development needs.

ASIO's training and development program in 2001-02 focused on management and leadership skills, investigative and analytical skills, technical and counter-terrorism response capabilities, and information management.

Leadership and management development

Leadership development was a priority for staff with management and leadership responsibilities, including all SES and Senior Officers. Skills were enhanced through a range of training activities combining 'time-outs', formal in-house and external courses, and support for tertiary education.

- All SES and Senior Officers attended 'time-outs' focusing on lessons learned from CHOGM, ASIO's post-11 September priorities, and development of leadership capabilities.
- 16 Senior Officers took part in the Senior Officer Leadership Program, while ten staff completed the Frontline Management in Action Program. A further 16 commenced the Frontline Management program.
- Staff with direct responsibility for training people or managing teams attended Coaching and Team-building Skills for Managers and Supervisors.
- Specialised financial and contract management courses, and fraud awareness seminars enhanced business skills.
- 45 people were provided with support for tertiary studies.

Analytical and operational skills

Enhancement of our analytical and operational skills continued to be a key priority, with a range of in-house training and external courses — some in cooperation with foreign intelligence partners — provided for significant numbers of our people.

Staff attended Ethics Awareness Programs, including the Role and Responsibility of the Inspector-General (delivered by the Inspector-General), Organisational and Individual Accountability, Ethics in Operations, and Organisational Values.

Technical intelligence collection skills remained a key priority for ASIO.

Counter-Terrorism

Our counter-terrorism response capabilities received attention, with 90 officers participating in counter-terrorism response training including in National Anti-Terrorism Exercises.

Managing corporate information

Information management skills were enhanced through training provided by the National Archives of Australia on record-keeping principles and policies, and by the Australian Government Solicitor on the legislative framework for record-keeping.

Training to improve computer literacy and accuracy in data-retrieval was provided to 300 people.

Intelligence Officer Traineeship

The graduate traineeship program was expanded from one to two intakes in 2001-02. The traineeship programs run for twelve months and involve a mix of formal coursework and a three month placement in each of ASIO's Divisions.

Intensive two-day Introduction to ASIO Programs, which are compulsory for all new starters, ensure people who join ASIO are integrated into the Organisation as quickly and seamlessly as possible.

Secondments

Secondments and exchanges of personnel with other agencies continued.

Workplace Diversity

ASIO issued a revised policy on a harassment free workplace in late 2001. An education campaign was conducted in conjunction with the release of the policy, culminating in elections for Workplace Diversity and Harassment Contact Officers. Specialised training has been arranged for the new officers.

Family-friendly initiatives

We offered assistance rebates to staff members who had to make alternative childcare arrangements as a result of shiftwork during CHOGM. And we continued to offer staff a range of family-friendly initiatives including:

- job sharing
- designing jobs (where possible) to allow officers to work outside normal office hours or in different geographic locations
- the ability to purchase extra leave, and
- personal leave arrangements that include provision for staff to care for sick family members and meet other unforeseen family commitments.

Workplace diversity

Our workplace diversity figures remained relatively unchanged. The percentage of ASIO employees with disabilities and from non-English speaking backgrounds remained low.

There was a marginal increase in the number of female staff and some growth in the percentage of female senior officers — although at 18% it remains well below the APS average of 35%. 21.4% of SES officers are women.

Annexes C, D and E provide statistical data about ASIO staffing numbers, workforce profile, representation of designated workgroups and salary structure.

Disability Strategy

Disability initiatives

ASIO's Disability Strategy and associated action plan, scheduled for completion in 2001-02, was delayed and will be completed in the next reporting period. However, ASIO already has in place some of the elements outlined by the Office of Disability in its guide for agencies.

ASIO's policies and initiatives to assist those with disabilities include:

- being an equal opportunity employer
- providing access for all staff to formal and informal complaints mechanisms, including through the ASIO Staff Association, the ASIO Ombudsman, and access to external review mechanisms
- considering the needs of those with disabilities in all internal policies, and
- raising awareness of workplace diversity through internal training courses and publications.

Occupational Health and Safety

OH&S initiatives

ASIO's Occupational Health and Safety sub-committee oversaw the continued implementation of our OH&S Agreement, including six Occupational Health and Safety audits.

Health and safety initiatives included:

- an annual Health Week aimed at improving health, managing stress and educating staff on health and safety issues
- influenza vaccinations to promote health in the workplace and reduce absenteeism
- selecting and training first aid and health and safety representatives, including the OH&S Coordinator, and
- the Internal Auditor, in conjunction with the OH&S Coordinator prepared a *SafetyMap* checklist to assess OH&S management systems. We will use the checklist in 2002-03 to identify any shortcomings in our OH&S policies or procedures.

Reportable Incidents

There were no accidents causing death or serious personal injury recorded during the reporting period. There were no incidents involving incapacity of 30 days or more as a result of accident, incident or disease arising out of an employee's work. No dangerous occurrences were reported.

Compensation claims

In 2001-02 there were nine claims for compensation, of which liability was admitted for seven, compared with eight in 2000-01.

Information Management

ASIO's capacity to access intelligence information and disseminate advice relies on efficient and secure information management systems. As a result, information technology and information management remains a high priority.

The Information Management Strategy developed in 2000-01 focuses on IT Connectivity, New Technologies, Consolidation, and Maintenance. The strategy has directed the agenda for significant IT projects undertaken in 2001-02 and remains relevant to addressing challenges over the next year. The strategy will be reviewed in 2003.

The events of 11 September and the requirements of CHOGM tested our information management systems. Since 11 September we have been working to enhance existing and future information management systems to ensure they can cope with any eventuality.

Intelligence systems

ASIO's intelligence database was refined in concert with business process improvements to streamline data entry tasks. We will continue to improve the database to deal with the significant increase in data following the 11 September attacks.

CHOGM infrastructure and information management support were also high priorities in 2001-02.

- CHOGM accreditation checking was automated, with electronic responses coordinated through the Queensland Police. This measure improved our checking efficiency, and enhanced our liaison capabilities.

Intranet systems were upgraded in 2001-02 to facilitate access to and storage of administrative and procedural information.

Infrastructure development

Our current computing infrastructure will be replaced by the end of 2002 through upgrades to hardware, operating systems and office automation.

Records management

We released a Request for Tender for a replacement record-keeping system on 31 May 2002. The Request for Tender includes functionality for management of hard copy files, and eventually, electronic records.

Security of ASIO

Application of rigorous internal security policies and procedures is essential to our ability to function as an effective and credible security intelligence organisation. ASIO has a strong security culture based on well-established and documented security policies, procedures and practices.

Our security includes protecting classified information, ASIO sources, operational tradecraft, IT systems and, most importantly, ASIO staff.

Security Management Plan

ASIO's *Security Management Plan 2001-2004* sets out objectives and strategies to maintain security within ASIO. The plan conforms with the principal themes of the *Inquiry into Security Issues* and fulfils the Commonwealth *Protective Security Manual* requirement for all departments and agencies to have a security plan that supports the agency's goals through security risk management.

The plan is supported by a range of internal policies and procedures. These range from basic measures such as electronic pass checking and random bag searches, to more complex practices, including the isolation of ASIO computer networks from outside contact, and the security clearance and re-evaluation of all staff. These strategies aim to minimise risk from:

- foreign intelligence services attempting to penetrate ASIO or gain access to ASIO information
- unauthorised disclosure of information by ASIO staff, and
- targeting of ASIO by hostile groups or individuals.

Security clearance re-evaluation

Staff security clearances are re-evaluated every five years — more often if needed — through detailed background checks, financial checks, police checks, referee interviews, psychological assessments, annual supervisor security assessments and interviews of the officers. 53 re-evaluations were completed in 2001-02. In addition, all new staff members are interviewed six months after joining ASIO.

Supporting our staff

New employees receive a personal briefing emphasising the availability of support on personal and professional matters that may have security implications. ASIO provides this support, as well as psychological counselling and other assistance, to ensure that issues with the potential to affect security are properly managed before they become a serious security concern.

Physical security

A Protective Security Risk Review was undertaken of all ASIO offices in 2001-02 to ensure security practices across ASIO meet the *Protective Security Manual* and DSD standards and comply with audit requirements flowing from the *Inquiry into Security Issues*. The review also enabled ASIO to audit its security for the annual Protective Security Policy Committee's security assessment survey.

Perimeter security was upgraded for our Central Office after 11 September.

Security audits

ASIO conducts regular security audits of access to offices and staff operations to ensure they conform to the policies and procedures governing ASIO's operational activity. The audits examine security, tradecraft, documentation and consistency. ASIO conducted 196 operational audits in 2001-02. A program of audits for physical, personnel, administrative and IT security is also in place.

Security policies

Policies to enhance our internal security and heighten awareness of security issues were developed or revised in 2001-02. These were circulated to all staff and made available on our Intranet. Topics included:

- appropriate authority to remove classified material — to ensure proper accountability and responsibility for classified material outside official premises
- the handling of unknown samples suspected or claimed to be chemical, biological, radioactive or nuclear material, and
- ASIS and DSD rules to protect the privacy of Australians — to ensure there are no breaches of privacy rules.

Building Management

Market testing

In line with the Government's review of operations in accordance with Performance Improvement in Corporate Services, in-house office services and building maintenance were market tested against commercially tendered services in 2001. The review established that in-house services were the most cost efficient and effective option for ASIO.

Refurbishment activities in our Central Office over 2001-02 included planning and commencement of refurbishment to accommodate additional staff and functions as a consequence of recent Budget decisions.

Ecologically sustainable development and environmental performance

ASIO engaged Asset Services to conduct an Energy Audit on the Thermal Plant, High Voltage Alternate Current (generators) and Lighting systems in use within its Central Office. The preliminary report makes recommendations to optimise the use of electricity and gas consumption for the building.

Energy demand in Central Office increased markedly during CHOGM and for a period after 11 September when staff worked extended hours. Our building energy management system provided the flexibility to meet these additional energy requirements within managed parameters which kept waste to a minimum.

Environmental initiatives

A range of recycling, waste and water management initiatives were introduced to minimise ASIO's impact on the environment. These initiatives included:

- raising computer room temperature 1º to 21ºc
- trial installation of auto transformers on 11 lighting circuits
- recycling of paper and cardboard (where security requirements permit)
- the use of electronic forms via the Intranet to reduce paper use in the print-room
- staff awareness of ASIO's environmental responsibilities, and
- progressively re-balancing the complete ventilation and air-conditioning systems.

Purchasing

All purchasing activity within ASIO is conducted in accordance with the Chief Executive Instructions. These are designed to ensure that, as far as security restrictions permit, all Commonwealth Procurement and Best Practice Guidelines are met. As far as possible, value for money is achieved through a process of competitive quotations or restricted tenders, evaluated on a whole-of-life basis of the item being procured.

While ASIO does not notify procurement information in the Purchasing and Disposal Gazette, details of contracts can be made available to Members of Parliament as a confidential briefing or to the Joint Parliamentary Committee on ASIO, ASIS and DSD.

In 2001-02 our annual investment program continued. Our purchasing objectives focused on investment in key business areas, including technical capabilities, information technology infrastructure and protective security measures.

Consultants and Contractors

Expenditure on consultancy contracts in 2001-02 rose to $0.771m compared with $0.548m in 2000-01. This increase resulted primarily from a project to upgrade our computer infrastructure.

In 2001-02 external consultants were again used primarily for the development of information technology projects and various management and infrastructure reviews. The scope for outsourcing was limited due to national security considerations.

A list of the 22 consultancy contracts, excluding elements removed for security reasons, is available on request.

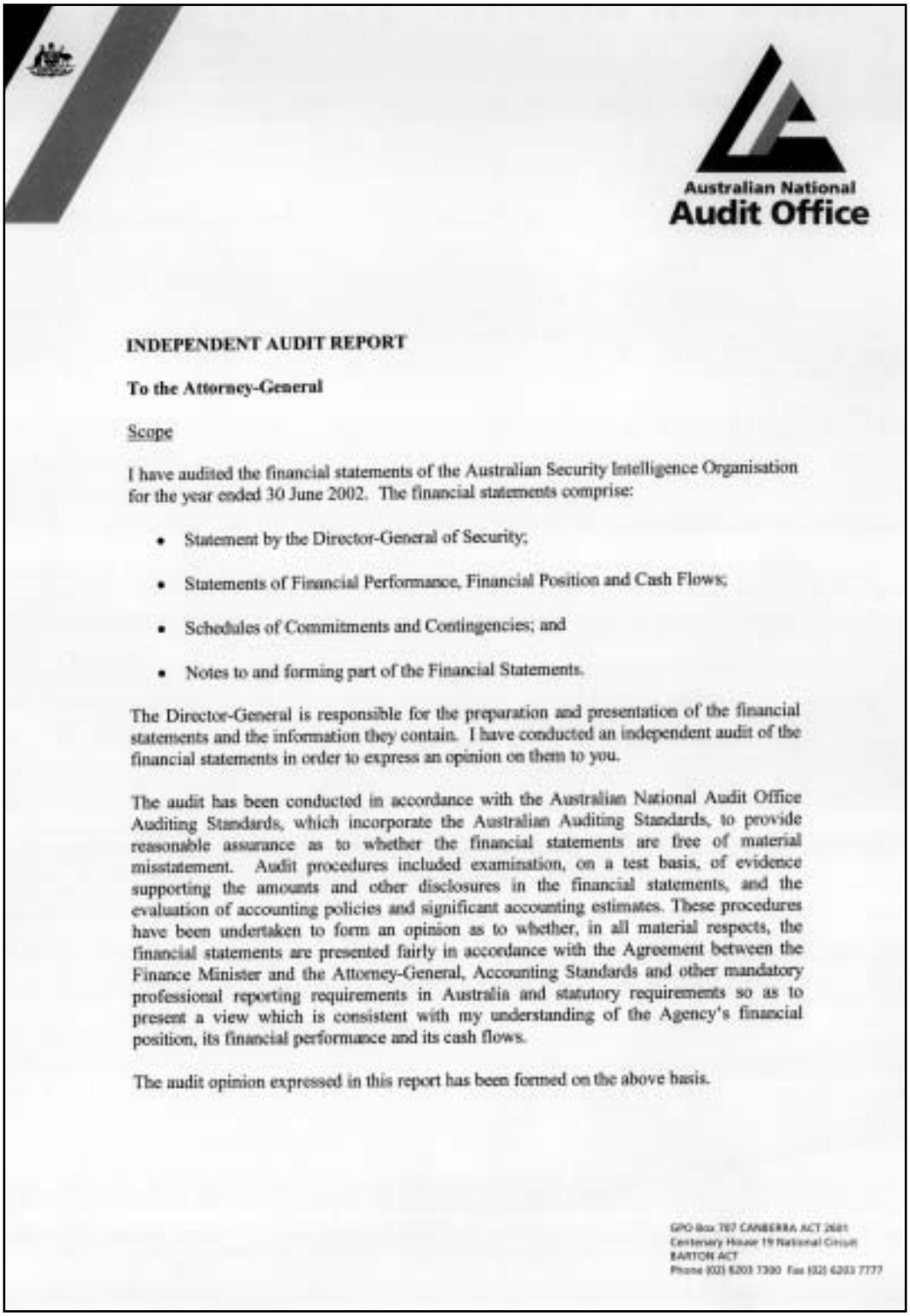
In 2002-03 we will enhance our contract management skills by establishing a specialised position to manage contracts and the contracting process.

A small part of this report is excluded from the unclassified *Report to Parliament* because of security sensitivity.

Part 4

Financial Statements

Audit Report on the Financial Statements of the Australian Security Intelligence Organisation



Australian National
Audit Office

INDEPENDENT AUDIT REPORT

To the Attorney-General

Scope

I have audited the financial statements of the Australian Security Intelligence Organisation for the year ended 30 June 2002. The financial statements comprise:

- Statement by the Director-General of Security;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements.

The Director-General is responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with the Agreement between the Finance Minister and the Attorney-General, Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Agency's financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

GPO Box 707 CANBERRA ACT 2601
Centenary House 19 National Circuit
BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

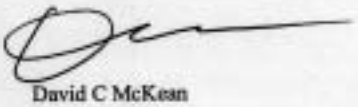
Audit Opinion

In my opinion the financial statements:

(i.) have been prepared in accordance with the Agreement between the Finance Minister and the Attorney-General and Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and

(ii.) give a true and fair view, in accordance with the Agreement between the Finance Minister and the Attorney-General, applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of the Australian Security Intelligence Organisation as at 30 June 2002 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



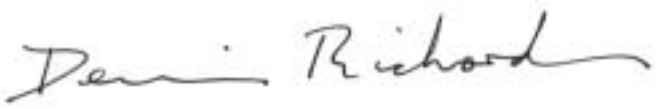
David C McKean
Executive Director

Delegate of the Auditor-General

Canberra
30 September 2002

Statement by the Director-General of Security

In my opinion, the attached financial statements have been prepared in accordance with an agreement between the Finance Minister and the Attorney-General which complies with Schedule 1 of the Financial Management and Accountability (Financial Statements 2001-2002) Orders made under section 63 of the *Financial Management and Accountability Act 1997*.



Dennis Richardson
Director-General of Security

30 September 2002

Statement of Financial Performance for the year ended 30 June 2002

	Notes	2001–02 $ '000	2000–01 $ '000
Revenues from ordinary activities			
Revenues from Government	3A	65 682	64 152
Sales of goods and services	3B	6 851	3 345
Interest		210	431
Other		1 084	1 022
Total revenues from ordinary activities		73 827	68 950
Expenses from ordinary activities (excluding borrowing cost expense)			
Employees	4A	41 959	41 937
Suppliers	4B	24 786	27 552
Depreciation and amortisation	4C	6 606	6 369
Write-down of assets	4D	947	111
Net losses from sale of assets	4E	153	38
Total expenses from ordinary activities (excluding borrowing cost expense)		74 451	76 007
Borrowing cost expense		58	76
Net operating surplus (deficit) from ordinary activities		(682)	(7 133)
Net surplus or (deficit)		(682)	(7 133)
Net surplus (deficit) attributable to the Commonwealth		(682)	(7 133)
Net credit (debit) to asset revaluation reserve	11	4 349	(205)
Total revenues, expenses and valuation adjustments attributable to the Commonwealth and recognised directly in equity		4 349	(205)
Total changes in equity other than those resulting from transactions with owners as owners		3 667	(7 338)

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

Statement of Financial Position as at 30 June 2002

	Notes	2001–02 $ '000	2000–01 $ '000
ASSETS			
Financial assets			
Cash	5A	6 631	2 944
Receivables	5B	741	2 037
Capital use receivable		—	331
Total financial assets		7 372	5 312
Non-financial assets			
Land and buildings	6A, 6D	11 981	7 441
Infrastructure, plant and equipment	6B, 6D	19 460	17 023
Intangibles	6C, 6D	2 219	2 320
Other	7	377	819
Total non-financial assets		34 037	27 603
Total assets		41 409	32 915
LIABILITIES			
Interest bearing liabilities			
Leases	8	533	711
Total interest bearing liabilities		533	711
Provisions			
Capital use charge		468	—
Employees	9A	13 068	12 708
Total provisions		13 536	12 708
Payables			
Suppliers	10A	3 339	1 880
Other	10B	—	21
Total payables		3 339	1 901
Total liabilities		17 408	15 320
Net Assets		24 001	17 595
EQUITY			
Parent entity interest			
Contributed equity		17 452	13 168
Reserves		6 279	1 930
Retained surpluses or accumulated deficits		270	2 497
Total parent entity interest	11	24 001	17 595
Total equity	11	24 001	17 595
Current liabilities		9 672	7 527
Non-current liabilities		7 736	7 793
Current assets		7 749	6 131
Non-current assets		33 660	26 784

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

Agency Statement of Cash Flows for the year ended 30 June 2002

	Notes	2001–02 $ '000	2000–01 $ '000
OPERATING ACTIVITIES			
Cash received			
Appropriations		64 996	62 695
Interest		210	527
Other		9 210	2 262
GST refunds		2 163	1 508
Total cash received		76 579	66 992
Cash used			
Employees		41 599	42 251
Suppliers		24 362	26 728
Borrowings costs		58	76
Total cash used		66 019	69 055
Net cash from/(used by) operating activities	12	10 560	(2 063)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		225	184
Proceeds from maturity of term deposits		—	—
Total cash received		225	184
Cash used			
Purchase of property, plant and equipment		10 458	5 741
Total cash used		10 458	5 741
Net cash used by investing activities		(10 233)	(5 557)
FINANCING ACTIVITIES			
Cash received			
Proceeds from equity injections		4 284	240
Total cash received		4 284	240
Cash used			
Repayment of debt		178	167
Capital use paid		746	4 840
Total cash used		924	5 007
Net cash from/(used by) financing activities		3 360	(4 767)
Net increase/(decrease) in cash held		3 687	(12 387)
Cash at the beginning of the reporting period		2 944	15 331
Cash at the end of the reporting period		6 631	2 944

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

Schedule of Commitments as at 30 June 2002

	Notes	2001–02 $ '000	2000–01 $ '000
BY TYPE			
Capital commitments			
Land and buildings		—	—
Infrastructure, plant and equipment		520	2 245
Other capital commitments		—	—
Total capital commitments		520	2 245
Other commitments			
Operating leases		41 728	33 654
Other commitments		2 383	516
Total other commitments		44 111	34 170
Commitments receivable		7 776	6 020
Net commitments		36 855	30 395
BY MATURITY			
All net commitments			
One year or less		5 599	3 822
From one to five years		12 243	10 717
Over five years		19 013	15 856
Net commitments		36 855	30 395
Operating lease commitments			
One year or less		4 127	2 902
From one to five years		15 937	10 717
Over five years		21 664	15 856
Net commitments		41 728	29 475

Commitments are GST inclusive where relevant.

Operating leases included are effectively non-cancellable and comprise:

Nature of lease	*General description of leasing arrangement*
leases for office accommodation	Various options apply to the review of lease payments: • Annual review based on upwards movement in Consumer Price Index (CPI) • Biennial review based on CPI • Biennial review based on market appraisal

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

Schedule of Contingencies as at 30 June 2002

	Notes	2001–02 $ '000	2000–01 $ '000
CONTINGENT LOSSES			
Claims for damages/costs		—	—
Total contingent losses		—	—

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

Notes to the Financial Statements for the year ended 30 June 2002

NOTE 1: Objective

To provide advice, in accordance with the *ASIO Act* to Ministers and appropriate agencies and authorities, to protect Australia and its people from threats to national security.

ASIO is structured to meet the following Outcome:

> A secure Australia for people and property, for government business and national infrastructure, and for special events of national and international significance.

NOTE 2: Summary of significant accounting policies

A. Basis of accounting

The financial statements are required by *section 49* of the *Financial Management and Accountability Act 1997* and are a general purpose financial report. The financial statements have been prepared in accordance with the agreement between the Finance Minister and the Attorney-General. This agreement states that ASIO's financial statements must be prepared in accordance with the *Financial Management and Accountability (Financial Statements 2001-2002) Orders* except where the disclosure of information in the notes to the financial statements would, or could reasonably be expected to be operationally sensitive. Subject to the requirements of the agreement, the financial statements are prepared:

- in compliance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Consensus Views of the Urgent Issues Group; and

- having regard to the Statement of Accounting Concepts and the Explanatory Notes to Schedule 1 and Finance Briefs issued by the Department of Finance and Administration.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with the historical cost convention except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an Accounting Standard. Liabilities and assets, which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

The continued existence of ASIO in its present form, and with its current programs, depends on Government policy and on continuing appropriations by Parliament.

B. Revenue

The revenues described in this Note are revenues relating to the core operating activities of the Agency. Details of revenue amounts are given in Note 3.

Revenues from Government

The full amount of the appropriation for departmental outputs for the year (less any savings offered up at Additional Estimates and not subsequently released) is recognised as revenue. This is a change in accounting policy caused by the introduction of a new requirement to this effect in the Finance Minister's Orders. (In 2000-01, output appropriations were recognised as revenue to the extent the appropriations had been drawn down from the Official Public Account).

The change in policy had no financial effect in 2001-02 as the full amount of the output appropriation for 2000-01 had been drawn down in that year.

Resources Received Free of Charge

Services 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.

Other revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Revenue from the rendering of a service is recognised by reference to the stage of completion of contracts or other agreements to provide services to other government bodies. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

C. Transactions by the Government as Owner

From 1 July 2001, Appropriations designated as 'Capital - equity injections' are recognised directly in Contributed equity according to the following rules determined by the Finance Minister:

- to the extent that the appropriation is not dependent on future events, as at 1 July; and
- to the extent that it is dependent on specified future events requiring future performance, on drawdown.

(In 2000-01, all equity injections were recognised as contributed equity on drawdown).

The change in policy has no financial effect in 2001-02 because the full amounts of the equity injections in both 2000-01 and 2001-02 met the criteria now required by the Finance Minister.

D. Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are amortised over the estimated useful life of the asset. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets.

E. Cash

Cash includes notes and coins held and any deposits held at call with a financial institution.

F. Acquisition of assets

Assets are recorded at cost on acquisition. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Asset recognition threshold

Purchases of property, plant and equipment with a historical cost equal to or in excess of $2000 are capitalised in the year of acquisition and included in the financial statements. Assets with a historical cost under $2000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). This represents a change in policy during 2001-02 with assets previously being capitalised when the historical cost exceeded $500. Assets with an historical cost between $500 and $2000 have been written-off during 2001-02 *(see Note 4D)*.

Revaluations

Land, buildings, infrastructure, plant and equipment are revalued progressively in accordance with the 'deprival' method of valuation in successive three-year cycles so that no asset has a value greater than three years old.

ASIO has implemented its revaluations program as follows:

- Land and buildings, including leasehold improvements at State offices, have been revalued as at 30 June 2002.

- Infrastructure, plant and equipment comprises computing and communications equipment, technical and operational equipment, office furniture, office equipment and motor vehicles. Computing and communications equipment was revalued during 2000-2001 and all other equipment items were revalued at 30 June 2002. Motor vehicles are changed over every two years and their value is disclosed at cost of acquisition.

Assets in each class acquired after the commencement of the progressive revaluation cycle will be reported at cost until the next progressive revaluation.

The financial effect of the move to progressive revaluations is that carrying amounts of assets will reflect current values and that depreciation charges will reflect the current cost of the service potential consumed in each period.

With the application of the deprival method, ASIO values its land at its current market buying price and its other assets at their depreciated replacement cost. Any assets which would not be replaced or are surplus to requirements are valued at net realisable value. At 30 June 2002, ASIO had no assets in this situation.

All valuations are independent except where specifically noted otherwise.

Recoverable amount test

Schedule 1 requires the application of the recoverable amount test to departmental non-current assets in accordance with *AAS 10 Accounting for the Revaluation of Non-Current Assets*. The carrying amounts of these non-current assets have been reviewed to determine whether they are in excess of their recoverable amounts. In assessing recoverable amounts, the relevant cash flows have been discounted to their present value.

G. Depreciation of non-financial assets

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to ASIO using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised on a straight line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

	2001–02	2000–01
Buildings on freehold land	**25-40 years**	25-40 years
Leasehold improvements	**Lease term**	Lease term
Plant and equipment	**3-15 years**	3-15 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4C.

H. Intangibles

ASIO's intangibles comprise purchased software. The asset is carried at cost.

The carrying amount of each non-current intangible asset is reviewed to determine whether it is in excess of the asset's recoverable amount. If an excess exists as at the reporting date, the asset is written down to its recoverable amount immediately. In assessing recoverable amounts, the relevant cash flows, including the expected cash inflows from future appropriations by the Parliament, have been discounted to their present value.

No write-down to recoverable amount has been made in 2001-02.

Intangible assets are amortised on a straight-line basis over their anticipated useful lives.

Useful lives are:

	2001-02	2000-01
• Purchased software	**3-4 years**	3-4 years

I. Employee entitlements

Leave

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the annual sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2002 and is recognised at the nominal amount.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2002. In determining the present value of the liability, ASIO has taken into account attrition rates and pay increases through promotion and inflation.

Superannuation

Staff of ASIO contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Employer contributions amounting to $3 670 000 (2000–2001: $3 856 000) in relation to these schemes have been expensed in these financial statements.

No liability is shown for superannuation in the Statement of Financial Position as the employer contributions fully extinguish the accruing liability which is assumed by the Commonwealth.

Employer Superannuation Productivity Benefit contributions totalled $734 000 (2001–2002: $725 000).

J. Taxation

The Agency is exempt from all forms of taxation except fringe benefits tax and the goods and services tax.

K. Capital usage charge

A capital usage charge of 11% is imposed by the Commonwealth on the net departmental assets of the agency. The charge is adjusted to take account of asset gifts and revaluation increments during the financial year.

L. Foreign currency

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

Associated currency gains and losses are not considered material to the Organisation's operations.

M. Insurance

In accordance with the agreement with the Commonwealth, assets are not insured and losses are expensed as they are incurred. Workers Compensation is insured through Comcare Australia.

N. Bad and doubtful debts

Bad debts are written off during the year in which they are identified.

Where necessary, provision is raised for any doubtful debts based on a review of all outstanding accounts as at year end.

O. Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

P. Rounding

Amounts have been rounded to the nearest $1 000 except in relation to the following items:

- appropriations
- act of grace payments and waivers
- remuneration of executives, and
- remuneration of auditor.

Q. Administered items

ASIO does not have any administered items.

R. Changes in accounting policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2000-01, except in respect of:

- output appropriations (refer to *Note 2B*);
- equity injections (refer to *Note 2C*); and
- asset capitalisation (refer to *Note 2F*).

S. Borrowing costs

Borrowing costs appearing in the Statement of Financial Performance relate to interest charges on leased communications equipment. Refer *Note 2D* and *Note 8*.

	2001-02 $ '000	2000–01 $ '000
NOTE 3: Operating revenues		
NOTE 3A: Revenues from Government		
Appropriations for outputs	64 996	62 695
Resources received free of charge	686	1 457
Total	65 682	64 152
NOTE 3B: Sales of goods and services	6 851	3 345
NOTE 4: Operating expenses		
NOTE 4A: Employee expenses		
Basic remuneration	39 061	38 946
Separation and redundancy	407	750
Total remuneration	39 468	39 696
Other employee expenses	2 491	2 241
Total	41 959	41 937
NOTE 4B: Suppliers' expenses		
Supply of goods and services	18 934	21 461
Operating lease rentals	5 852	6 091
Total	24 786	27 552

	2001–02 $ '000	2000–01 $ '000
NOTE 4C: Depreciation and amortisation		
Depreciation of property, plant and equipment	6 486	6 171
Amortisation of leased assets	120	198
Total	6 606	6 369
The aggregate amount of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:		
Buildings	43	42
Leasehold improvements	1 018	922
Plant and equipment	4 503	4 391
Intangibles	1 042	1 014
Total	6 606	6 369
NOTE 4D: Write down of assets		
Non-financial assets		
– Plant and equipment written down due to change in capitalisation policy	729	—
– Plant and equipment written off at stocktake	210	—
– Plant and equipment — other	8	—
– Plant and equipment — revaluation decrement	—	111
Total	947	111
NOTE 4E: Net losses from sale of assets		
Non financial assets - Infrastructure, plant and equipment		
Revenue (proceeds) from sale	1 088	586
Net book value of sale	(1 241)	(624)
Net loss	(153)	(38)

	2001–02 $ '000	2000–01 $ '000

NOTE 5: Financial assets

NOTE 5A: Cash

Cash at bank and on hand	6 631	2 944
All cash is recognised as a current asset		

NOTE 5B: Receivables

Goods and services	299	1 665
GST receivable	442	372
Less provision for doubtful debts	—	—
Total	741	2 037
All receivables are current assets		
Receivables (gross) are aged as follows:		
Not overdue	638	1 796
Overdue:		
– less than 30 days	84	7
– 30 to 60 days	3	190
– 60 to 90 days	1	7
– more than 90 days	15	37
	741	2 037

NOTE 6: Non–financial assets

NOTE 6A: Land and buildings

Freehold land—at 1999-2002 valuation	944	720
	944	720
Buildings at cost	—	100
Accumulated depreciation	—	(4)
	—	96

	2001–02 $ '000	2000–01 $ '000
Buildings on freehold land—at 1999-02 valuation	1 441	965
Accumulated depreciation	(521)	(281)
	920	684
Leasehold improvements—at cost	1982	7 981
Accumulated amortisation	(86)	(2 440)
	1 896	5 541
Leasehold improvements—at 1999-02 valuation	15 917	949
Accumulated amortisation	(7 696)	(549)
	8 221	400
Total	11 981	7 441

NOTE 6B: Infrastructure, plant and equipment

Plant and equipment—at cost	11 143	8 196
Accumulated depreciation	(967)	(1 056)
	10 176	7 140
Plant and equipment—at 1999-02 valuation	10 054	7 197
Accumulated depreciation	(5 822)	(5 105)
	4 232	2 092
Plant and equipment—at 2001-04 valuation	16 964	17 848
Accumulated depreciation	(11 912)	(10 057)
	5 052	7 791
Total	19 460	17 023

	2001–02 $ ’000	2000–01 $ ’000
NOTE 6C: Intangibles		
Purchased computer software—at cost	6 639	5 698
Accumulated amortisation	(4 420)	(3 378)
Total	2 219	2 320

NOTE 6D: Analysis of property, plant and equipment and intangibles

Table A — Movement summary for 2001–02 for all assets irrespective of valuation basis.

Item	*Land*	*Buildings*	*Buildings-Leashold Improve-ments*	*Total buildings*	*Total land and buildings*	*Plant and equipment*	*Intangibles*	*Total*
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross value as at 1 July 2001	720	1 065	8 930	9995	10 715	33 241	5 698	49 654
Additions-purchases	—	—	1 975	1 975	1 975	8 405	943	11 323
Disposals	—	—	—	—	—	(1 506)	—	(1 506)
Revaluations	224	376	6 994	7 370	7 594	787	—	8 381
Write-offs	—	—	—	—	—	(2 766)	(2)	(2 768)
Gross value as at 30 June 2002	944	1 441	17 899	19 340	20 284	38 161	6 639	65 084
Accumulated depreciation/ amortisation as at 1 July 2001	n/a	285	2 989	3 274	3 274	16 218	3 378	22 870
Disposals	n/a	—	—	—	—	(266)	—	(266)
Depreciation/ amortisation charge for the year	n/a	42	1 019	1 061	1 061	4 503	1 042	6 606
Revaluations	n/a	194	3 774	3 968	3 968	64	—	4 032
Write-offs	n/a	—	—	—		(1 818)	—	(1 818)
Accumulated depreciation/ amortisation as at 30 June 2002	n/a	521	7 782	8 303	8 303	18 701	4 420	31 424
Net book value as at 30 June 2002	944	920	10 117	11 037	11 981	19 460	2 219	33 660
Net book value as at 1 July 2001	720	780	5 941	6 721	7 441	17 023	2 320	26 784

Table B — Summary of balances of assets at valuation as at 30 June 2002

Item	*Land*	*Buildings*	*Buildings-Leashold Improve-ments*	*Total buildings*	*Total land and buildings*	*Plant and equipment*	*Intangibles*	*Total*
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 30 June 2002								
Gross value	944	1 441	15 917	17 358	18 302	27 018	—	45 320
Accumulated depreciation/ amortisation	—	521	7 696	8 217	8 217	17 734	—	25 951
Net book value	944	920	8 221	9 141	10 085	9 284	—	19 369
As at 30 June 2001								
Gross value	720	965	948	1 913	2 633	25 045	—	27 678
Accumulated depreciation/ amortisation	—	281	550	831	831	15 162	—	15 993
Net book value	720	684	398	1 082	1 802	9 883	—	11 685

The revaluations as at 30 June 2002 were in accordance with the progressive revaluation Policy stated at *Note 2F*. All revaluations with the exception of two operational properties were carried out by independent valuers. The operational properties were valued in-house.

Table C — Summary of balances of assets held under finance lease as at 30 June 2002

Item	*Land*	*Buildings*	*Buildings-Leashold Improve-ments*	*Total buildings*	*Total land and buildings*	*Plant and equipment*	*Intangibles*	*Total*
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 30 June 2002								
Gross value	—	—	—	—	—	841	—	841
Accumulated depreciation/ amortisation	—	—	—	—	—	289	—	289
Net book value	—	—	—	—	—	552	—	552
As at 30 June 2001								
Gross value	—	—	—	—	—	987	—	987
Accumulated depreciation/ amortisation	—	—	—	—	—	198	—	198
Net book value	—	—	—	—	—	789	—	789

	2001–02 $ '000	2000–01 $ '000
NOTE 7: Other non-financial assets		
Prepayments	377	819

All other non-financial assets are current assets

	2001–02 $ '000	2000–01 $ '000

NOTE 8: Interest bearing liabilities

Finance lease commitments		
Payable:		
within one year	240	240
in one to five years	364	600
Minimum lease payments	604	840
Deduct: future finance charges	(71)	(129)
Lease liability	533	711
Lease liability is represented by:		
Current	202	182
Non-current	331	529
	533	711

A finance lease exists in relation to certain communications equipment. The lease is non-cancellable and for a fixed term of five years ASIO guarantees the residual values. There are no contingent rentals.

NOTE 9: Provisions

NOTE 9A: Employee provisions

Salaries and wages	1 056	900
Leave	11 600	11 396
Superannuation	98	99
Other	314	313
Total	13 068	12 708
Current	5 663	5 444
Non-current	7 405	7 264

	2001–02 $ '000	2000–01 $ '000

NOTE 10: Payables

NOTE 10A: Supplier payables

Trade creditors	3 339	1 880
All supplier payables are current liabilities		

NOTE 10B: Other payables

Prepayments received	—	21
All other payables are current liabilities		

NOTE 11: Equity

	Accumulated results		*Asset revaluation reserves*		*Total reserves*		*Contributed equity*		*Total equity*	
	2001/02 $000	2000/01 $000	2001/02 $000	2000/01 $000	2001/02 $000	2000/01 $000	2001/02 $000	2000/01 $000	2001/02 $000	2000/01 $000
Balance 1 July 2001	2 497	10 978	1 930	2 135	1 930	2 135	13 168	12 928	17 595	26 041
Net surplus/(deficit)	(682)	(7 133)	—	—	—	—	—	—	(682)	(7 133)
Equity injection — Appropriation	—	—	—	—	—	—	4 284	240	4 284	240
Capital use charge	(1 545)	(1 348)	—	—	—	—	—	—	(1 545)	(1 348)
Net revaluation Increments/decrements	—	—	4 349	(205)	4 349	(205)	—	—	4 349	(205)
Balance 30 June 2002	270	2 497	6 279	1 930	6 279	1 930	17 452	13 168	24 001	17 595

	2001–02 $ '000	2000–01 $ '000

NOTE 12: Cash flow reconciliation

Reconciliation of Cash per Statement of Financial Position to Statement of Cash Flows:		
• Cash at year end per Statement of Cash Flows	6 631	2 944
• Statement of Financial Position items comprising above cash: 'Financial Asset — Cash'	6 631	2 944
Reconciliation of operating surplus/(deficit) to net cash provided by operating activities:		
Net surplus (deficit)	(682)	(7 133)
Depreciation/Amortisation	6 606	6 369
Write down of assets	1 100	149
(Increase)/Decrease in receivables	1 296	(1 775)
(Increase)/Decrease in prepayments	442	336
Increase/(Decrease) in employee liabilities	360	(314)
Increase/(Decrease) in suppliers liability	1 459	539
Increase/(Decrease) in other liabilities	(21)	(234)
Net cash provided/(used) by operating activities	10 560	(2 063)

	2001–02 $	2000–01 $

NOTE 13: Services provided by the Auditor–General

Financial statement audit services are provided free of charge to ASIO.		
No other services were provided by the Auditor-General.		
The fair value of audit services provided was:	51 000	51 000

NOTE 14: Executive remuneration

The number of executive officers who received or were due to receive a total remuneration package of $100 000 or more (including performance pay and separation and redundancy payments):

	2001–02 Number	2000–01 Number
$100 000 to $110 000	1	—
$120 000 to $130 000	—	1
$130 000 to $140 000	3	4
$140 000 to $150 000	4	3
$150 000 to $160 000	1	1
$160 000 to $170 000	3	1
$170 000 to $180 000	—	1
$210 000 to $220 000	1	1
$260 000 to $270 000	—	1
$290 000 to $300 000	—	1
$330 000 to $340 000	—	1
$340 000 to $350 000	1	—

The aggregate amount of total remuneration of executive officers shown above.	$ 2 292 071	$ 2 692 132
Total remuneration includes:		
The aggregate amount of performance pay paid during the year to executive officers shown above	$ 47 563	$ 99 053
The aggregate amount of separation and redundancy payments made during the year to executive officers shown above	—	$ 327 609

NOTE 15: Act of Grace payments, Waivers and Defective Administration Scheme payments

No Act of Grace payments were made during the reporting period.

No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of *the Financial Management and Accountability Act 1997*.

No payments were made during the reporting period under the Defective Administrative Scheme.

	2001–02 Number	2000–01 Number

NOTE 16: Average staffing levels

Average staffing levels	575	560

NOTE 17: Appropriations

Note 17A: Appropriations Acts (No 1/3) 2001-2002

Particulars	Total
Year ended 30 June 2002	$
Balance carried from previous year	2 943 632
Appropriation for reporting period (Act 1)	64 790 000
Appropriation for reporting period (Act 3)	206 000
GST refunds (FMA *s30A*)	2 162 819
Annotations to 'net appropriations' (FMA *s31*)	9 645 337
Available for payments	79 747 788
Payments made	73 116 480
Balance carried to next year	6 631 308
Year ended 30 June 2001	
Available for payments 2001	72 047 632
Payments made 2001	69 104 000
Balance carried forward to 1 July 2001	2 943 632

FMA = *Financial Management and Accountability Act 1997*
Act 1 = *Appropriations Act (No 1) 2001-2002*
Act 3 = *Appropriations Act (No 3) 2001-2002*

There were no savings offered-up during the year and there have been no savings offered-up in previous years that were still on-going.

Note 17B: Appropriations Acts (No 2/4) 2001-2002

Particulars	Departmental Capital			Total
	Equity $	Loans $	Carryovers $	$
Year ended 30 June 2002				
Balance carried from previous year	—	—	—	—
Current Appropriation(Act 2)	4 284 000	—	—	4 284 000
Available for payments	4 284 000	—	—	4 284 000
Payments made	4 284 000	—	—	4 284 000
Balance carried to next year	—	—	—	—
Year ended 30 June 2001				
Available for payments 2001	4 240 000	—	6 459 000	10 699 000
Payments made 2001	4 240 000	—	6 459 000	10 699 000
Balance carried forward to 1 July 2001	—	—	—	—

NOTE 18: Reporting of Outcomes

NOTE 18A: Total Cost/Contribution of Outcomes (Whole of Government)

	Total	
	Actual $'000	Budget $'000
Net cost of outputs	65 678	65 674
Net cost to Budget outcome	65 678	65 674

NOTE 18B: Major Revenues and Expenses by Output Group

	Total	
	2001-02 $'000	2000-01 $'000
Operation revenues		
Revenues from government	65 682	64 152
Sale of goods and services	6 851	3 345
Other non-taxation revenues	1 294	1 453
Total operating revenues	73 827	68 950
Operating expenses		
Employees	41 959	41 937
Suppliers	24 844	27 628
Depreciation and amortisation	6 606	6 369
Other	1 100	149
Total operating expenses	74 509	76 083

NOTE 18C: Major Classes of Assets and Liabilities by Output Group

	Total	
	2001-02 $'000	2000-01 $'000
Output specific assets		
Goods and services receivable	299	1 665
Net GST receivable	442	372
Less: provision for doubtful debts	—	—
Land	944	720
Buildings	11 037	6 721
Plant and Equipment	19 460	17 023
Intangibles	2 219	2 320
Other	377	819
Total output specific assets	34 778	29 640
Other assets		
Cash at bank and on hand	6 631	2 944
Cash on deposit	—	—
Term deposits	—	—
Capital use charge	—	331
Total other assets	6 631	3 275
Output specific liabilities		
Leases	533	711
Employees	13 068	12 708
Suppliers	3 339	1 880
Total output specific liabilities	16 940	15 299
Other liabilities		
Capital use charge	468	—
Employees	—	—
Other	—	21
Total other liabilities	468	21

NOTE 19: Financial Instruments

NOTE 19A: Terms, conditions and accounting policies

Financial Instrument	*Notes*	*Accounting policies and methods (including recognition criteria and measurement basis)*	*Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)*
Financial assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash – deposits at call		Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	ASIO invests funds with the Reserve Bank of Australia. Monies in the Agency's bank accounts are swept into the Official Public Account nightly and interest is earned on the daily balance at rates based on money market call rates. Rates have averaged 3.0% for the year.
Receivables for goods and services	5A	These receivables are recognised at the nominal amounts due less any provision for bad or doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days (2000–01: 30 days).
Accrued revenue		Interest is credited to revenue as it accrues. Interest on ASIO's operating bank account is payable quarterly. Interest on fixed interest deposits is payable on maturity.	Interest: as for cash.
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade creditors	10A	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.
Finance lease liabilities	8	Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the leases.	At reporting date, ASIO had one finance lease with a term of 5 years. The interest rate implicit in the lease is 7.08%. The lease assets secure the lease liabilities.

NOTE 19B: Interest rate risk: agency

Financial Instrument	*Notes*	*Floating Interest Rate*		*Fixed Interest Rate*						*Non-Interest Bearing*		*Total*		*Weighted Average Effective Interest Rate*	
				1 year or less		*1 to 5 years*		*> 5 years*							
		2001-02 $'000	00-01 $'000	2001-02 $'000	00-01 $'000	2001-02 $'000	00-01 $'000	2001-02 $'000	00-01 $'000	2001-02 $'000	00-01 $'000	2001-02 $'000	00-01 $'000	2001-02 %	2000-01 %
Financial Assets															
Cash at bank		6 631	2 944	—	—	—	—	—	—	—	—	6 631	2 944	3.0	4.9
Receivables for goods and services	5A			—	—	—	—	—	—	75	23	75	23	n/a	n/a
Total Financial Assets (Recognised)		6 631	2 944	—	—	—	—	—	—	75	23	6 706	2 967		
Total assets												41 409	32 915		
Financial Liabilities															
Finance lease liabilities	8	—	—	202	182	331	529	—	—	—	—	533	711	7.08	7.08
Trade creditors	10A	—	—	—	—			—	—	2 961	1 880	2 961	1 880	n/a	n/a
Total Financial Liabilities (Recognised)		—	—	202	182	331	529	—	—	2 961	1 880	3 494	2 591		
Total liabilities												17 408	15 320		

NOTE 19C: Net fair values of financial assets and liabilities

	Note	2001-02 Total carrying amount $'000	2001-02 Aggregate net fair value $'000	2000-01 Total carrying amount $'000	2000-01 Aggregate net fair value $'000
Departmental Financial Assets					
Cash at bank	5A	6 631	6 631	2 944	2 944
Receivables for goods and services	5B	75	75	23	23
Total Financial Assets		6 706	6 706	2 967	2 967
Financial Liabilities (Recognised)					
Finance lease liabilities	8	533	533	711	711
Trade creditors	10A	2 961	2 961	1 880	1 880
Total Financial Liabilities (Recognised)		3 494	3 494	2 591	2 591

Financial assets

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

Financial liabilities

The net fair value of the finance lease is based on discounted cash flows using current interest rates for liabilities with similar risk profiles. (Where the liability is on a floating rate of interest, the method returns the principal amount).

The net fair values for trade creditors are short-term in nature and are approximated by their carrying amounts.

NOTE 19D: Credit Risk Exposures

The Agency's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

ASIO has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

NOTE 20: Assets held in trust
Comcare Trust Account

During 2001-2002 compensation payments made by Comcare amounted to $143,134. This represented reimbursement of expenses previously paid by ASIO to staff and health care professionals.

Part 5

Appendixes

Appendix A

Membership of the Parliamentary Joint Committee on ASIO, ASIS and DSD

Membership of the PJC during the reporting year comprised:

Hon David Jull, MP (Chair)	(LP, Fadden, QLD)
Senator Sandy Macdonald	(NP, NSW)
Senator Paul Calvert	(LP, TAS)
Senator the Hon Robert Ray	(ALP, VIC)
Hon Kim Beazley, MP	(ALP, Brand, WA)
Mr Stewart McArthur, MP	(LP, Mallee, VIC)
Hon Leo McLeay, MP	(ALP, Watson, NSW)

Appendix B

Contact information

Written inquiries

The Director-General of Security
ASIO Central Office
GPO Box 2176
CANBERRA ACT 2601

General inquiries

Central Office switchboard	Tel:	02 6249 6299
		1800 020 648 (toll free)
	Fax:	02 6257 4501

Media inquiries

Media liaison Officer	Tel:	02 6249 8381
	Fax:	02 6262 9547

Collection Office telephone inquiries

Australian Capital Territory	02 6249 7415
Victoria	03 9654 8985
New South Wales	02 9281 0016
Queensland	07 3831 5980
South Australia	08 8223 2727
Western Australia	08 9221 5066
Northern Territory	08 8981 2374
Tasmanian residents may call	
ASIO Central Office toll free	1800 020 648

Website www.asio.gov.au

Appendix C

Staffing statistics

Table A. Staffing levels and number at 30 June, 1997-98 to 2001-2002

	97-98	98-99	99-00	00-01	01-02
Average staffing level (ASL) for each Financial Year (FY)	488	513	538	560	575
Full time staff equivalent (FSE) at end of each FY	480	525	565	551	597
Number of staff at the end of each FY	536	566	605	584	618

Table B. Composition of the workforce (number at 30 June each year)

	97-98	98-99	99-00	00-01	01-02
Permanent full-time	469	473	469	453	497
Temporary full-time	13	30	77	63	58
Permanent part-time	23	22	20	26	25
Temporary part-time	3	6	10	14	18
Casual	22	21	22	25	19
Non-operational (including unattached and on compensation)	6	14	7	3	1
Total	536	566	604	584	618

Table C. SES equivalent staff location, classification and gender (positions at level) at 30 June each year

		97-98	98-99	99-00	00-01	01-02
Band 1	Female	2	1	1	1	2
	Male	7	9	9	9	8
Band 2	Female	1	1	1	1	1
	Male	2	2	2	2	2
Band 3	Male	1	1	1	1	1
Total		13	14	15	14	14

Note - Figures do not include the Director General.

Appendix D

Workplace diversity statistics

Table A. Representation of designated groups within ASIO occupational groups at 30 June 2002

Group	Total staff[1]	Women[2]	Race/ Ethnicity	ATSI	PWD	Staff with EEO data[2]
SES	14	3	0	0	0	12
Senior Officers[3]	105	19	4	0	1	89
AO5[4]	237	88	32	1	4	166
AO1-4[5]	233	134	7	2	9	123
ITO1-2[6]	29	6	2	0	0	7
ENG1-2[7]	0	0	0	0	0	0
TOTAL	618	250	45	3	14	397

1 Based on staff salary classifications recorded in CHRIS, ASIO's computerised personnel system.

2 Provision of EEO data by staff is voluntary.

3 The Senior Officer group are the equivalent to the APS EO1 to EO2 classifications and includes equivalent officers in the Engineer and Information Technology classifications.

4 The AO5 (ASIO Officer Grade 5) group is equivalent to APS Level 6 and includes ASIO Generalist Intelligence Officers.

5 The AO1-4 group spans the APS 1-5 salary range. Salaries for Generalist Intelligence Officer Trainees are included in this group (equivalent to APS grade 3).

6 Information Technology Officers grades 1 and 2.

7 Engineers Grades 1 and 2.

Table B. Percentage representation of designated groups in ASIO 2001-02

Group	June 1998	June 1999	June 2000	June 2001	June 2002
Women[1]	37	38	40	40	40
Race / Ethnicity	8	8	8	6	11
ATSI	0.4	0.4	0.4	0.3	0.75
PWD	4	4	4	3	4

1 Percentages for women based on total staff; percentages for other groups based on staff for whom EEO data was available.

Key to abbreviations:

R or E Race or Ethnicity (previously NESB - Non-English speaking background)

ATSI Aboriginal and Torres Strait Islander

PWD People with a disability

Appendix E

ASIO salary classification structure at 30 June 2002

ASIO MANAGERS

SES Band 3	135 880		minimum point
SES Band 2	107 675		minimum point
SES Band 1	90 225		minimum point
AEO2.2	82 267		
AEO 2	74 557	to	79 761
AEO 1	65 648	to	70 925

ASIO OFFICERS

ASIO Officer 5	49 865	to	57 874
ASIO Officer 4	41 847	to	47 185
ASIO Officer 3	36 492	to	39 321
ASIO Officer 2	32 136	to	35 547
ASIO Officer 1	28 483	to	31 399

ASIO ITOs

SITOA	82 267		
SITOB	74 557	to	79 761
SITOC	65 648	to	70 925
ITO2	50 738	to	57 874
ITO1	39 321	to	45 179

ASIO ENGINEERS

SIO(E)5	83 587		
SIO(E)4	70 925	to	79 761
SIO(E)3	65 648	to	67 377
SIO(E)2	50 738	to	56 378
SIO(E)1	34 218	to	47 689

Appendix F

Assumed identities

Commonwealth Legislation

Part 1AC of the Commonwealth *Crimes Act 1914* entered into force on 12 October 2001. This legislation establishes a Commonwealth scheme for the acquisition and use of assumed identities by members of intelligence and law enforcement agencies. ASIO is a participating agency under the legislation. ASIO did not issue any authorisations under the legislation during 2001-02.

New South Wales Legislation

During the year 33 assumed identity approvals were granted in accordance with the NSW *Law Enforcement and National Security (Assumed Identities) Act 1998*. One approval was varied and none were revoked.

The general nature of the duties undertaken by officers under the assumed identities concerned:

- surveillance duties
- intelligence officer duties, and
- support officer duties.

The most recent audit required in accordance with Section 11 of the Act was conducted in August 2002 for the preceding financial year. The audit did not disclose any fraudulent or other criminal behaviour.

Glossary of acronyms and abbreviations

AAT	Administrative Appeals Tribunal
ADF	Australian Defence Forces
AFP	Australian Federal Police
AIC	Australian Intelligence Community
APS	Australian Public Service
ASIS	Australian Secret Intelligence Service
CBRN	Chemical/Biological/Radiological/Nuclear
C/CSP	Carrier/Carriage Service Provider
CHOGM	Commonwealth Heads of Government Meeting
CTORG	Counter-Terrorist Overseas Response Group
DFAT	Department of Foreign Affairs and Trade
DIMIA	Department of Immigration and Multicultural and Indigenous Affairs
DIO	Defence Intelligence Organisation
DPP	Department of Public Prosecutions
DSD	Defence Signals Directorate
ISP	Internet Service Provider
NATP	National Anti-Terrorist Plan
NIG	National Intelligence Group
NSC	National Security Committee of Cabinet
OH&S	Occupational Health and Safety
ONA	Office of National Assessments
PJC	Parliamentary Joint Committee (on ASIO, ASIS and DSD)
PM&C	Department of Prime Minister and Cabinet
PMV	Politically Motivated Violence
PSCC	Protective Services Coordination Centre
SAC-PAV	Standing Advisory Committee on Commonwealth-State Cooperation for Protection Against Violence
SIDC-PAV	Special Interdepartmental Committee for Protection Against Violence
SES	Senior Executive Service
TSCM	Technical Surveillance Counter Measures
TSU	Technical Support Unit

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