

Report to Parliament 1998–1999

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Australian Security Intelligence Organization

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Office of the Director-General

5 October 1999

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 Organization Act 1979*, I am pleased to submit the annual report on ASIO for the year ending 30 June 1999.

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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ASIO and its Annual Report

About ASIO

The Australian Security Intelligence Organization (ASIO) was established in 1949 and now operates under the *Australian Security Intelligence Organization Act 1979* (the ASIO Act). Its mission is to provide advice to protect Australia and its people from threats to security.

To formulate such advice, ASIO collects and correlates information on groups or individuals who may be engaged in activities that could cause security harm. The ASIO Act defines security as protection from politically motivated violence, the promotion of communal violence, sabotage, attacks on Australia's defence system, espionage and acts of foreign interference.

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

ASIO Central Office is located in Canberra, with other offices in mainland capital cities. In 1998-99 the Organization's net cash expenditure was \$63.269m.

Further information about ASIO is available in the *Corporate Plan 1998-2002* and in the ASIO Act. Both documents are available for sale in Australian Government Info Shops in capital cities. Telephone inquiries can be made to our Media Liaison Office in Canberra on (02) 6249 8381. Contact information for ASIO offices in the States and Territories is listed on page 85 of this report.

Annual report

ASIO's annual report is structured to comply with the updated *Requirements for Departmental Annual Reports* issued by the Department of the Prime Minister and Cabinet. It also addresses specific requirements applying to the annual reports of Australia's intelligence and security agencies.

ASIO produces two versions of its annual report. The first version is classified and contains an account of ASIO's performance during the previous twelve months, including sensitive reporting on security risks and investigative outcomes that cannot be released publicly. That report is provided to the Attorney-General, the Leader of the Opposition, and a small group of other government ministers and senior government officials. In particular, it provides performance information to the Secretaries Committee on National Security, which reports to the National Security Committee of Cabinet.

An abridged version is then prepared for the Attorney-General to table in the Parliament, excluding all sensitive information in accordance with section 94 of the ASIO Act.



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



Mr Dennis Richardson
Director-General of Security

Executive summary

Australian Security Intelligence Organization

Introduction

Report to

Outcomes achieved 1998–99

Parliament

Enhancing capabilities

1998–99

Our priorities 1999–2000

Introduction

This year's annual report reflects a transition from program to outcome reporting. The executive summary describes the environment in which ASIO operates and reports on our achievements against the outcomes set out in ASIO's *Corporate Plan 1998–2002*. The summary also outlines our priorities for 1999–2000. The body of the report sets out achievements under program headings, but in a format indicative of the move to outcome reporting, in accordance with the Department of the Prime Minister and Cabinet (PM&C) reporting requirements.

The executive summary is significantly abridged in the unclassified *Report to Parliament* because of security sensitivity.

The security environment

Several trends are impacting on ASIO's capacity to provide timely security advice to government:

- 4 Activists within Australia can now mobilise protests at very short notice in response to overseas events, placing new pressures on the responsiveness of ASIO and law enforcement agencies.
- 4 Espionage and embassy-based interference in certain communities continues at a significant level. ASIO responds to such interference, working closely with the Australian Federal Police (AFP), the Department of Immigration and Multicultural Affairs (DIMA) and the Department of Foreign Affairs and Trade (DFAT).
- 4 The pace and magnitude of technological change and government regulatory response continues to place a particular demand on our policy management, technical skills and engineering capacities.

These trends are expected to continue, with resourcing pressures exacerbated in the short-term by the demands of the Sydney 2000 Games.

ASIO's response 1998–99

Consistent with government direction, ASIO continued to strengthen its coverage of politically motivated and communal violence. This year we maintained a high level of commitment towards building capabilities—particularly people development.

There was a marked increase in the demand for security intelligence advice and product, especially threat assessments, visa checking and foreign intelligence collection. With downsizing of 30 per cent since 1991–92, these demands have called for increases in productivity.

Net appropriations in 1998–99 equalled \$46.098m. Net cash expenditure was \$63.269m.

Outcomes achieved 1998–99

The corporate plan translates ASIO's higher-level outcome of

'a secure Australia for people and property, for government business and national infrastructure, and for special events of national and international significance'

into three security intelligence-related outcomes.

1) Reduced risk to people and property, including high office holders and internationally protected persons

This outcome remains ASIO's main focus of activity because it has immediate potential impact on the lives of Australian citizens and visitors to Australia, and on the conduct of our international responsibilities. It is also closely linked to the security of the Sydney 2000 Games and the Commonwealth Heads of Government Meeting (CHOGM) in Canberra in 2001.

In the reporting period, ASIO produced 885 threat assessments—a 42 per cent increase over the previous year—enabling police services and other relevant agencies to take appropriate steps where there was prior knowledge of potentially violent protest activity.

2) Reduced risk to the Sydney 2000 Games and the 2001 Commonwealth Heads of Government Meeting

Against our Olympics Project Plan, developed in 1997, we concentrated on recruitment, specialist training, the strengthening of overseas liaison, and the acquisition of specialist infrastructure and equipment.

The Federal Olympic Security Intelligence Centre (FOSIC) was established in ASIO Central Office in Canberra. A program of exercises to test equipment, staffing and processes has commenced.

Recruiting of additional staff continued, but there was some slippage against recruiting targets because of the long lead times in security checks.

We developed a plan to focus foreign liaison collection effort on those partners most able to support our Olympics needs. Through briefings on security measures, we enhanced the awareness of intelligence partners on the Olympics security threat and reinforced confidence in Australia's security measures for the Games.

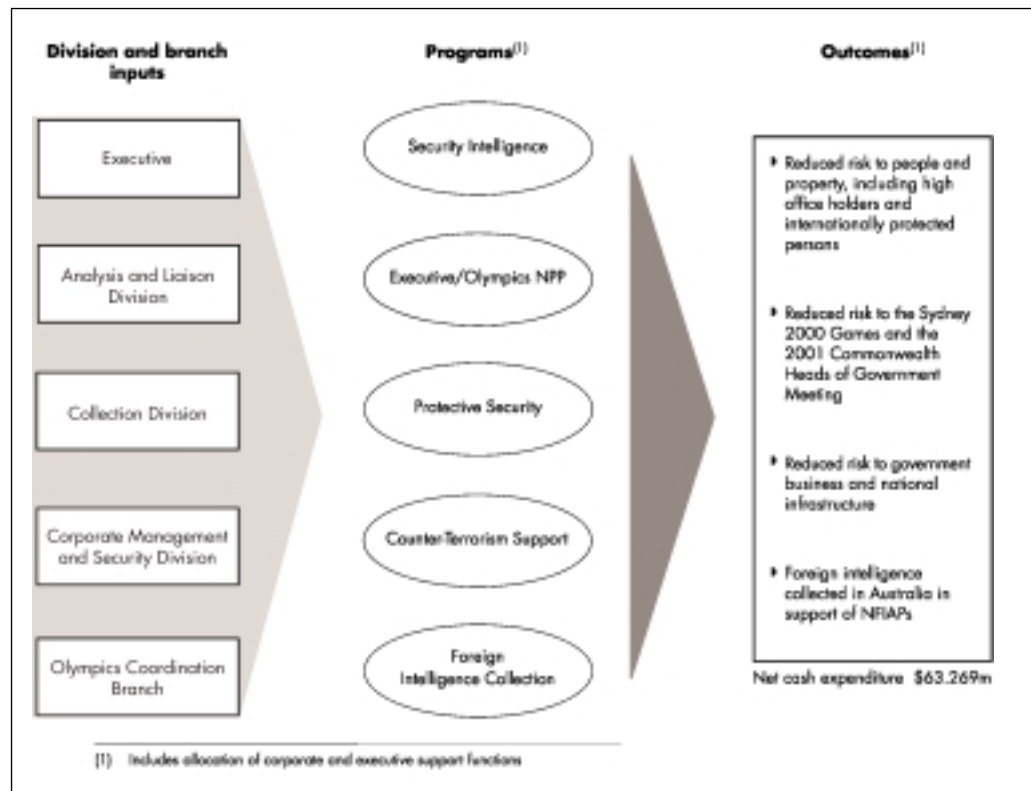
3) Reduced risk to government business and national infrastructure

ASIO continued to meet the high demand for visa advice to DIMA and DFAT and to provide security advice to other Commonwealth departments. Over the reporting period there were 3 per cent more visa security assessments processed than in the previous year, with a small decline (from 11 to 9) in the recommendations against entry on security grounds.

We also dealt with 5 per cent more personnel security assessments in 1998–99 than in the previous year. The number of more complex cases continues to increase. There was a 51 per cent increase in demand for protective security advice (68 assessments in total) over the year.

Figure 1 shows how ASIO's program structures relate to its planned outcomes.

Figure 1:
Relationship
between ASIO's
programs and
outcomes



Enhancing capabilities

During the reporting period, ASIO enhanced capabilities through strategies in people acquisition and development, and other initiatives.

People acquisition and development strategies

Our recruiting process was streamlined, but it remains time consuming because of the need for security assessments and psychological testing. In 1998–99 we recruited 39 temporary employees. Thirty-two permanent staff were also recruited (compared to 18 in 1997–98) to replace departing staff.

We increased expenditure on training, emphasising skills to strengthen our human intelligence (HUMINT) and analysis capabilities and information technology (IT) skills.

Workforce flexibility was enhanced through new mobility and classification arrangements, coupled with a range of more family-friendly workplace policies, all within the framework of our Fourth Workplace Agreement.

Other initiatives

Upgrading our computing network with new personal computers and servers provided a more reliable system. We achieved a 40 per cent improvement in the turnaround in applications for security access certification. This will enhance our capacity to deal with the Olympics demand.

Through investment in an engineering development program, we acquired a range of new technical collection capabilities.

Refurbishment of ASIO Central Office in Canberra was completed on schedule and on budget in April 1999.

Amendments to the ASIO Act, if approved by Parliament, will enable us to further modernise important aspects of our collection capability.

Our priorities 1999-2000

Investigative priorities

ASIO will focus on assessing threats to the safety of Australians in East Timor and the threat of violent protest activity in Australia in response to events in East Timor, particularly the outcome of the ballot on autonomy.

Olympics priorities

Preparation for the Sydney 2000 Games will be a major influence on all activities conducted by ASIO. In view of this, we aim to recruit additional contract staff.

We will complete our pre-Olympics investigative program and in-depth examination of those groups and individuals assessed to pose the most significant security risks to the Games.

New analytical databases and collection technologies (aiding our capacity to deliver intelligence to support an incident or crisis response) will also be incorporated.

Corporate priorities

By reviewing the costs of ASIO's main functions and activities, we will identify the security cost overheads and develop a costing model for future financial planning.

A Fifth Workplace Agreement will be negotiated. (The Fourth Workplace Agreement expires in November 1999 but its provisions will continue until a new agreement is in place.)

The Prime Minister and Attorney-General sharing a light moment during ASIO's 50th anniversary celebrations.





1999: a celebration of fifty years of service

This year ASIO celebrated fifty years of service to the Government and people of Australia. The anniversary was marked with events occurring on and around 16 March 1999; fifty years after Prime Minister Chifley signed a memorandum to Mr Justice Reed, directing him to establish a security service. In 1950, the service formally became the Australian Security Intelligence Organization.

On 16 March 1999 the Prime Minister visited ASIO Central Office in Canberra to address staff and commemorate the anniversary. The Director-General hosted a dinner at Old Parliament House in the evening, bringing together former and serving officers, the Attorney-General and former ministers, and senior representatives of overseas security and intelligence services.

A chronology of significant events in ASIO's history:1949–1999

- 1949 ASIO is established after US-UK cryptographic operation against Soviet diplomatic communications (Operation VENONA) indicate contact between Soviet intelligence officers and government officials in Australia.
- 1954 Defection of Soviet diplomats, Vladimir Petrov and his wife, Evdokia. The Royal Commission into Espionage.
- 1956 ASIO is placed on a statutory footing (the *ASIO Act 1956*).
- 1963 The Australian Government declares Soviet diplomat Ivan Skripov, *persona non grata* for espionage.
- 1973 Attorney-General Murphy makes a highly publicised visit to ASIO headquarters in Melbourne.
- 1977 The Royal Commission on Intelligence and Security (RCIS).
- 1979 In response to the RCIS findings, the *ASIO Act 1956* is repealed and replaced by the *ASIO Act 1979*.
- 1982 The Combe-Ivanov affair.
- 1983 The Security Appeals Tribunal rules that membership of the Communist Party of Australia is not, by itself, reason to deny a person access to classified material.
- 1983–84 The Royal Commission on Australia's Security and Intelligence Agencies (RCASIA).
- 1986 In response to RCASIA, amendments to the *ASIO Act* authorise establishment of the Parliamentary Joint Committee on ASIO. The amendments give ASIO powers to collect foreign intelligence in Australia under ministerial warrant and removes 'subversion' from the definition of 'security'. A separate Act establishes the office of the Inspector-General of Intelligence and Security.
- 1987 ASIO headquarters relocated to Canberra.
- 1992 The Government commissions a review of the Australian intelligence agencies post Cold War.
- 1992 Mujahideen E-Khalq supporters attack the Iranian Embassy in Canberra. There is a government review of the performance of agencies responsible for protective security for diplomatic and consular premises.
- 1993 An ASIO officer is arrested and subsequently charged with several espionage-related offences under the *Crimes Act 1914*. The officer is later convicted of 13 lesser charges involving the removal of ASIO documents.
- 1994 The Government commissions Mr Michael Cook, AO to examine ASIO's security practices.
- 1999 Parliament considers a Bill to amend the *ASIO Act*.

Program reports

Australian Security Intelligence Organization

Security Intelligence Program

Report to

Counter-Terrorism Support Program

Parliament

Olympics Coordination Program

1998-99

Foreign Intelligence Collection Program

Protective Security Program

Security Intelligence Program

'The Security Service is part of the Defence Forces of the Commonwealth and save as herein expressed has no concern with the enforcement of the criminal law. Its task is the defence of the Commonwealth from external and internal dangers arising from attempts at espionage and sabotage, or from actions of persons and organisations, whether directed from within or without the country, which may be judged to be subversive of the security of the Commonwealth.'

Extract from Prime Minister Chifley's 16 March 1949 directive to Mr Justice Reed to establish a security service

ASIO's Security Intelligence Program is managed jointly by the Collection Division and the Analysis and Liaison Division, with support from the Corporate Management and Security Division.

Through collecting and analysing security intelligence information, ASIO provides the following outputs:

- 4 advice and contribution to the external policy framework
- 4 security intelligence reporting and investigative priorities
- 4 threat assessments
- 4 visa security checking
- 4 foreign services support and monitoring.

Much of this program report is excluded from the unclassified *Report to Parliament* because of security sensitivity.

ASIO's advice and contribution to the external policy framework

In addition to providing advice on specific security threats, ASIO is able to draw on its expertise to contribute to the development of policy on security-related matters.

ASIO plays an important advisory and coordinating role—on its own behalf and on behalf of other intercepting agencies—in telecommunications interception policy development. The most important forums are the subcommittees of the Law Enforcement Advisory Committee of the Australian Communications Authority, addressing technical, legal and procedural issues relating to telecommunications.

ASIO is also a member of the Interception Consultative Committee and has a principal role in the Special Networks Committee managing interception projects on behalf of all intercepting agencies.

Security intelligence reporting and investigative priorities

From its collection and analysis of security intelligence information, ASIO prepares assessments, reports and briefings for government decision makers and client agencies. Every six months we produce a security environment report for the most senior levels of government, describing important changes in the environment, and changes in investigative priorities and resource allocation. In these reports we group subjects of investigation according to the broad nature of the threat. The three principal threat categories are:

local politically motivated violence—violence arising from local issues such as restrictions on gun ownership or constitutional change

foreign influenced politically motivated violence—potentially violent responses to events or situations overseas, including action in support of overseas terrorist groups or state sponsors of terrorism

foreign intelligence activity—covert activity conducted on behalf of foreign governments. It includes espionage and attempts to interfere in the lives of people in Australia, or in political processes here or overseas.

Threat assessments

Threat assessments predict the likelihood of security harm affecting people or premises, or arising out of specific events or circumstances. Many focus on public appearances by prominent Australians (generally high office holders) or the safety of foreign dignitaries visiting Australia. Most are prepared for the Protective Security Coordination Centre (PSCC). Police services and other agencies can then make resourcing and deployment decisions to prevent or limit the occurrence of violence.

ASIO also provides longer-term assessments on:

- 4 threats to diplomatic and consular interests in Australia
- 4 threats to ministerial residences and electorate offices, government buildings and defence establishments

- 4 the overall threat from politically motivated violence—we produce a comprehensive biannual assessment for the Standing Advisory Committee on Commonwealth-State Cooperation for Protection Against Violence (SAC-PAV)
- 4 threats to aviation interests—principally to help the Department of Transport and Regional Development carry out its responsibilities in the aviation industry.

Table 1. Threat assessments issued 1994–95 to 1998–99

| Subject of assessment | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 |
|-----------------------------|------------|------------|------------|------------|------------|
| Visiting dignitaries | 216 | 153 | 137 | 106 | 107 |
| Australian dignitaries | 170 | 315 | 254 | 238 | 347 |
| National security | 21 | 21 | 43 | 39 | 30 |
| Demonstration notifications | 105 | 45 | 62 | 71 | 63 |
| Diplomatic premises | 114 | 109 | 90 | 113 | 208 |
| Other threat assessments | 86 | 93 | 58 | 54 | 84 |
| Olympic Games 2000 | | | | | 46 |
| Total | 712 | 736 | 644 | 621 | 885 |

Of the assessments shown in Table 1, 112 related to the 1998 federal election.

The majority of potentially violent demonstrations targeted the Prime Minister, the Deputy Prime Minister and Minister for Trade, and the Minister for Foreign Affairs. There were a number of arrests at demonstrations but most were non-violent.

Of note is a doubling of demand for threat assessments for diplomatic premises; a reflection of the volatility of the international security environment. The occupation of the Greek Consulate General in Sydney by supporters of the Kurdistan Workers' Party (PKK) in February 1999 was the most violent protest. At the start of the Kosovo conflict, members of the Australian Serbian community staged violent demonstrations in Sydney and Melbourne. In April 1999 members of the East Timor community participated in a violent protest against the participation of a leading pro-integrationist at a conference in Australia.

Visa security checking (screening for entry or permanent residence)

ASIO provides security assessments to DIMA and DFAT to assist their decisions on visa issue and rights of residence. From November 1998 ASIO ceased issuing 'adverse' and 'qualified' assessments. This followed a review of the requirements of the ASIO Act and the migration regulations. We now advise DIMA or DFAT on whether a person is a direct or indirect threat to national security.

Of the 18 122 applications for temporary and permanent entry or residence that were referred to ASIO (see Table 2), a total of 95.5 per cent were assessed within the agreed time frame (temporary/permanent—5 working days; students—10 days; diplomatic—15 days). Most of the remaining 4.5 per cent required checks with overseas authorities.

| Type of entry | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| Temporary | 10 695 | 12 037 | 11 929 | 10 364 | 10 015 |
| Permanent | 12 228 | 14 322 | 5 552 | 7 156 | 8 107 |
| Total | 22 923 | 26 359 | 17 481 | 17 520 | 18 122 |

Table 2.
Visa security assessments requested 1994–95 to 1998–99

In 1998–99 we made nine recommendations against entry (shown in Table 3). Four of these involved people assessed as likely to carry out espionage or acts of foreign interference in Australia. The four were refused entry to Australia. The other five applicants were assessed as having links to terrorist or extremist groups overseas. Processing of these five had not been completed as at 30 June 1999.

| Type of entry | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 |
|---------------|-----------|-----------|-----------|-----------|-----------|
| Adverse | 19 | 16 | 15 | 11 | 9 |
| Qualified | 16 | 17 | 40 | 34 | 3 |
| Total | 35 | 33 | 55 | 45 | 12 |

Table 3.
Adverse and qualified assessments for visa applicants 1994–95 to 1998–99

Foreign services support and monitoring

The intelligence contribution of overseas agencies is essential to ASIO's work and we in turn respond to requests for support and information. The decision whether to pass on information about Australian citizens and permanent residents to a foreign service is made after consideration of a range of factors, in particular the foreign government's regard for human rights. Any intelligence communicated must be relevant to the security of the country requesting the information.

Counter-Terrorism Support Program

As part of the national counter-terrorism machinery, ASIO works with State and federal agencies to collect information and to provide reports and advice to government and clients.

Management of the program is split between Analysis and Liaison Division and Collection Division; the latter manages the technical support capability.

Part of this program report is excluded from the unclassified *Report to Parliament*.

Contribution to the external policy framework

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

- 4 *the Special Interdepartmental Committee for Protection Against Violence (SIDC-PAV)*—coordinates federal agencies with responsibilities for countering politically motivated violence
- 4 *the Standing Advisory Committee on Commonwealth-State Cooperation for Protection Against Violence (SAC-PAV)*—coordinates the work of federal agencies with their State partners.

ASIO is also a member of the Counter-Terrorism (Overseas) Response Group which coordinates policy development and management of Australia's response to terrorist incidents overseas involving Australian interests or requests for help from foreign governments.

ASIO contributes more generally to counter-terrorism policy development, preventive arrangements and crisis contingency planning, in support of the National Anti-Terrorist Plan (NATP) and the national crisis management arrangements.

We are currently participating in a review of the NATP, coordinated by the Protective Security Coordination Centre (PSCC). The aim of the review is to amend policies and procedures to enhance national capabilities to respond effectively to contemporary trends in terrorism.

Provision of security intelligence support

Under the NATP, ASIO hosts and maintains the National Intelligence Group, which coordinates intelligence collection and strategic assessment during counter-terrorism exercises and terrorist incidents. Officers from ASIO and other agencies staff the group when it is activated.

Closer to an incident site, ASIO participates in the Joint Intelligence Group, an operational intelligence unit established by the State or Territory police. Its focus is on tactical intelligence collection, assessment and reporting.

ASIO also maintains a Technical Support Unit with specialised equipment and expertise to assist the police incident commander and police technical units in gathering intelligence at the scene of a terrorist incident. The unit is maintained in a state of readiness at all times.

Provision of training support

ASIO provides counter-terrorism training for its staff and participates in the SAC-PAV-sponsored Counter-Terrorism Exercise and Training Program. During 1998–99 we provided:

- 4 Counter-Terrorism Awareness courses to ASIO staff in Sydney, Adelaide, Melbourne and Perth
- 4 instructional staff to the SAC-PAV-sponsored Counter-Terrorism Intelligence Coordinators courses in Brisbane and courses for Joint Intelligence Group officers in Sydney
- 4 planning and conduct support to three SAC-PAV-sponsored counter-terrorism exercises—Operational Response Exercise (OPREX) 'Five Bells' in Tasmania in August 1998, National Exercise (NATEX) 'Centre Ring' in Sydney in November 1998 and NATEX 'Sky Ring' in Sydney in June 1999.

Olympics Coordination Program

The Olympics Coordination Program is managed by the Olympics Coordination Branch, established in September 1997. The Branch Manager works directly to ASIO's Deputy Director-General.

Part of this program report is excluded from the unclassified *Report to Parliament*.

Interaction with Olympics coordination bodies

To ensure efficient execution of our Olympics-related functions, ASIO works closely with the NSW Police Service, and in particular the Olympics Security Command Centre, charged with the responsibility for the overall security of the Games. ASIO is a permanent observer on the Olympics Security Working Committee, which is the main security planning body and chaired by the NSW Police Commissioner. We are also a member of the Intelligence Working Group, which reports to the Working Committee.

At the Commonwealth level, ASIO works closely with the Sydney 2000 Games Coordination Task Force within PM&C. We participate in both the Olympics Security Reference Group, which assists the Task Force in coordinating the Olympics activity of Commonwealth agencies, and the Senior Commonwealth Liaison Group, a forum for high-level strategic oversight of coordination arrangements. To assist the work of the Task Force, we produce monthly status reports advising the progress of our Olympics preparations.

ASIO planning and preparations: 1998–99 outcomes

Significant progress has been made against all ASIO Olympic project plans. We have received \$17.4m in budget supplementation over four years to help meet our Olympics commitment.

Outcomes in 1998–99 included:

- 4 development of an electronic system to facilitate bulk name checking for accreditation purposes
- 4 assistance to the NSW Police Service with risk management for the physical security of venues and surrounding areas
- 4 staffing of 54 Olympic positions through a combination of external recruitment and internal redeployment

- 4 production of 46 Olympic-specific security intelligence reports and threat assessments
- 4 implementation of recommendations flowing from the Australian National Audit Office (ANAO) performance audit of Commonwealth Olympic security planning.

Specific aspects are dealt with more fully below.

Establishment of the Federal Olympic Security Intelligence Centre (FOSIC)

ASIO has established the FOSIC, a distinct unit within its Central Office, to coordinate the national security intelligence contribution to the Sydney 2000 Games. The FOSIC will provide national security intelligence assessments to State and Commonwealth authorities responsible for Games security.

Threat assessments

In 1998–99 we produced 46 threat assessments for the Sydney 2000 Games. Future assessments specific to the Games will focus on the threat to participating teams and events; threats to the Olympics Torch Relay and test events; politically motivated threats to Games-related infrastructure; and threats to the Games from chemical, biological and radiological terrorism. We will also be assessing threats to international interests in Australia.

ASIO produces country threat assessments on each participating nation.

Communication strategy

ASIO has developed an Olympics communication strategy to ensure that domestic and overseas liaison partners are aware of our role in the Olympic intelligence structure. We briefed key partners on progress in Olympic preparations. Recognising the Olympics interests of other States and Territories, ASIO also briefed the Premiers' and Chief Ministers' offices and police organisations in Queensland, Victoria, South Australia and the Australian Capital Territory. Our primary liaison is with the NSW Police Service.



ASIO staff undergoing training in the Federal Olympic Security Intelligence Centre, Canberra.

Foreign Intelligence Collection Program

ASIO collects foreign intelligence under warrant in response to requests from the Minister for Defence or the Minister for Foreign Affairs. This complements the overseas collection effort of the Defence Signals Directorate and the Australian Secret Intelligence Service, and diplomatic reporting. ASIO does not initiate its own foreign intelligence collection, nor does it assess or report on the information it obtains. All such intelligence is passed to the requesting agency. The program is managed by Collection Division.

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

Protective Security Program

ASIO's Protective Security Program provides government and its agencies with advice on protecting Commonwealth assets against security risk. Assets include people, information and property. There are two major streams of advice—protective security advice and personnel security assessments and advice.

The delivery of protective security advice is managed by Analysis and Liaison Division; Corporate Management and Security Division oversees the delivery of personnel security advice.

Part of this program report is excluded from the unclassified *Report to Parliament*.

Protective security advice

Protective security advice is delivered as two categories of outputs:

- 4 security equipment standards
- 4 protective security and risk management advice and training.

Security equipment standards

ASIO staff test security devices, including motion detection systems, alarm panels and communication links, as well as general security hardware such as fences, barriers and locks. The purpose of the program is to ensure minimum quality standards for security products used by the Commonwealth.

Test results are in the *Security Equipment Catalogue* published by ASIO.

Protective security and risk management advice and training

In response to requests, ASIO provided 68 risk assessments for government departments and agencies. This represented a 51 per cent increase over the previous year and resulted in a cost recovery of \$273 601—more than double that of the previous year.

Early delivery of protective security advice when refurbishing or building new government premises can result in considerable savings. Acceptance of security advice at the planning stage contributed to a \$398 000 saving in refurbishment of the Treasury building in Canberra.

We also provided training in protective security as part of courses run by the PSCC.

Personnel security assessments and advice

Before granting a security clearance for a person to work in a 'designated security access position', Commonwealth departments and agencies are required to assess the suitability of the candidate. As part of the security assessment, ASIO conducts name checks and more detailed checks if required.

There were 11 400 applications processed by ASIO in 1998–99 (see Table 4). There was a 40 per cent improvement in turnaround times as a result of process changes introduced in late 1997–98. The process change also allowed us to absorb a 5 per cent workload increase from the previous 4-year average.

| Level of access | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 |
|-----------------|---------------|---------------|--------------|---------------|---------------|
| Confidential | 1 325 | 1 259 | 887 | 1 169 | 1 038 |
| Secret | 5 485 | 5 757 | 5 304 | 5 398 | 5 909 |
| Top Secret | 3 346 | 3 725 | 3 520 | 4 280 | 4 453 |
| Total | 10 156 | 10 741 | 9 711 | 10 847 | 11 400 |

Table 4.
Annual security
clearance
workloads
1994–95 to
1998–99

ASIO seeks to complete 75 per cent of all assessments within 10 working days and 90 per cent within 15 working days. Cases involving overseas checks, where we are dependent on the work of foreign agencies, can slow the delivery rate. Our aim is to have no more than 1 per cent remaining incomplete after 12 weeks.

In 1998–99, 70 per cent were completed in 10 working days and 91 per cent were finalised in 15 working days. Less than 1 per cent of cases received during 1998–99 were not completed within a period of 12 weeks. However, a further 5 particularly complex cases from previous years remain incomplete.

In recent years there has been an upward trend in the number of cases requiring detailed investigation.

One appeal relating to an adverse security access assessment was lodged and heard by the Administrative Appeals Tribunal (AAT) during the reporting period. ASIO's assessment was upheld.

Amendments to the ASIO Act

Amendments to the ASIO Act and to other Acts were introduced into Parliament in the Autumn 1999 sittings. These amendments, if approved, will enhance ASIO's ability to fulfil its statutory functions to advise government on threats to security. The amendments will enable ASIO to carry out its functions in more efficient ways by making better use of technology and authorising its access to new sources of information.

The key issue is ASIO's need to meet the demands and challenges of the current and future intelligence environment.

The amendments are not a response to the challenges posed by a particular threat or a particular event, such as the Sydney 2000 Games. Rather, the amendments are the result of considered examination of ASIO's capacity to meet its continuing responsibilities to government in a changing operational environment, in particular the technological developments in intelligence gathering. The current ASIO Act dates from 1979.

In summary, the amendments mean:

- 4 ASIO will, under warrant from the Attorney-General, be able to use a tracking device, gain access to mail being delivered by a private contractor, or remote access to a computer.
- 4 ASIO will be permitted to enter premises after a warrant has expired, solely for the purpose of removing a listening or tracking device.
- 4 In an emergency the Director-General will be permitted to issue any type of warrant (except a foreign intelligence collection warrant) valid for 48 hours. At present, he can issue an emergency listening device or telecommunications interception warrant.
- 4 ASIO will be permitted to collect foreign intelligence in Australia by means other than those covered by warrants, including for example, human sources.
- 4 ASIO will be allowed to give security assessments for the Olympics direct to a State agency, without communicating the assessment through a sponsoring Commonwealth agency, as is currently required. This amendment has a sunset clause of 31 December 2000.
- 4 ASIO will have access to AUSTRAC and tax information for security purposes only, after negotiation of Memoranda of Understanding and consideration by the Parliamentary Joint Committee on ASIO.

In carrying out its functions, ASIO is subject to comprehensive accountability arrangements, including compliance monitoring by the Inspector-General of Intelligence and Security.

Those arrangements will be enhanced by an amendment to the *Inspector-General of Intelligence and Security Act 1986* to broaden and give statutory effect to that monitoring role.

Enhancing capabilities and security

Australian Security Intelligence Organization

Investigative capabilities

Report to

Corporate capabilities

Parliament

Security assurance

1998-99

Investigative capabilities

Most of this section is classified and therefore excluded from the unclassified *Report to Parliament*.

Telecommunications capabilities

The *Telecommunications Act 1997* requires all carriers and carriage service providers to provide interception capabilities, unless specifically exempted. With deregulation of the industry, there are now 25 licensed telecommunications carriers and over 600 carriage service providers. Case-by-case negotiation is necessary to ensure that facilities are in place for telecommunications interception product as the new services are marketed. ASIO's processing systems also have to be developed or modified to accept the new forms of product.

Analytical and human source collection capabilities

During 1998–99 we continued a program developed in the previous year to build up our skills base in the techniques of human source recruitment and management. Intelligence gathering for the security of major events will place a premium on the development of these skills in ASIO.

International liaison

ASIO's legislation authorises dealings with security and intelligence authorities of other countries where the Attorney-General approves this. These agencies make a significant contribution to ASIO's intelligence product.

ASIO liaison staff develop liaison relationships, service the information requirements and exchange information in their respective regions. At 30 June 1999 ASIO liaised with 212 foreign authorities in 105 countries and territories.

Liaison priorities

A foreign liaison officers' conference in September 1998 examined how to optimise foreign liaison for Olympics security.

Developments in regional relationships

In 1999–2000 we will seek the Attorney-General's approval to establish liaison relationships with eight more foreign security services.

Operational liaison with Australian agencies

ASIO's collection offices depend on liaison with Commonwealth and State departments and instrumentalities. These agencies provide access to databases, aiding in the identification of individuals under investigation. The relationship with DFAT, DIMA and agencies responsible for border control is particularly important at the State level as we seek the earliest possible warning of potential security risks. A close working relationship with State police forces and the AFP is essential because many investigations potentially have a national security and criminal dimension. The ASIO Act, State legislation and the scrutiny of the Inspector-General of Intelligence and Security (IGIS) regulate the sharing of information. Specific benefits from the relationships are summarised below.

State police and the AFP

ASIO pursues common areas of interest with Commonwealth law enforcement agencies through the Commonwealth Law Enforcement Intelligence Consultative Committee.

In particular, information from law enforcement agencies provides vital support to ASIO's collection effort, especially when investigating politically motivated violence. ASIO and AFP senior management meet every six months to provide strategic direction to the relationship.

In 1998–99 ASIO strengthened its relationship with the NSW Police Service. These initiatives enhance intelligence exchange and counter-terrorist responses, and will be particularly valuable during the Olympics and other major events.

DIMA

ASIO is the principal source of advice to DIMA on the entry of people of security significance to Australia. We are represented on the DIMA-chaired Border Control Coordination Group addressing border security and integrity issues for the Olympics.

The development of procedures for security checking Olympic family members prior to DIMA's issue of an Olympics special purpose visa continues.

Open Source Project

During 1998–99 ASIO developed a project to make better use of open source information. When fully developed, the system will:

- 4 monitor the global and strategic environment for international and local developments
- 4 alert analysts and collectors to emerging trends
- 4 research subjects and issues not previously addressed by ASIO
- 4 provide low-level coverage of low priority targets and areas of peripheral interest that are not covered by covert collection strategies
- 4 corroborate, challenge and contextualise information that may already be known.

The first phase involves establishing a centralised capability developed around the ASIO library and establishing 'interest profiles' with several commercial information providers. In 1999–2000, profiles will be established with a broader range of vendors, ASIO's Internet search capabilities will be enhanced and we will develop resource-sharing networks with other agencies.

Dennis Richardson, Director-General of ASIO with the Director of the FBI, Louis Freeh, during his visit to ASIO.



Corporate capabilities

'The Security Service, like the Public Service, cannot hope to attract the ambitious man who wishes to make a large amount of money. Private enterprise can always offer greater rewards to those who are successful, while the Public Service should offer to all its employees security of tenure and a good, though not exalted, standard of living.'

Extract from a 1949 report to Prime Minister Chifley from Mr Justice Reed, ASIO's first Director-General

Underlining ASIO's investment in collection and analytical capabilities is the refinement of corporate strategies and more general support capabilities in accordance with the government guidance. Major initiatives included:

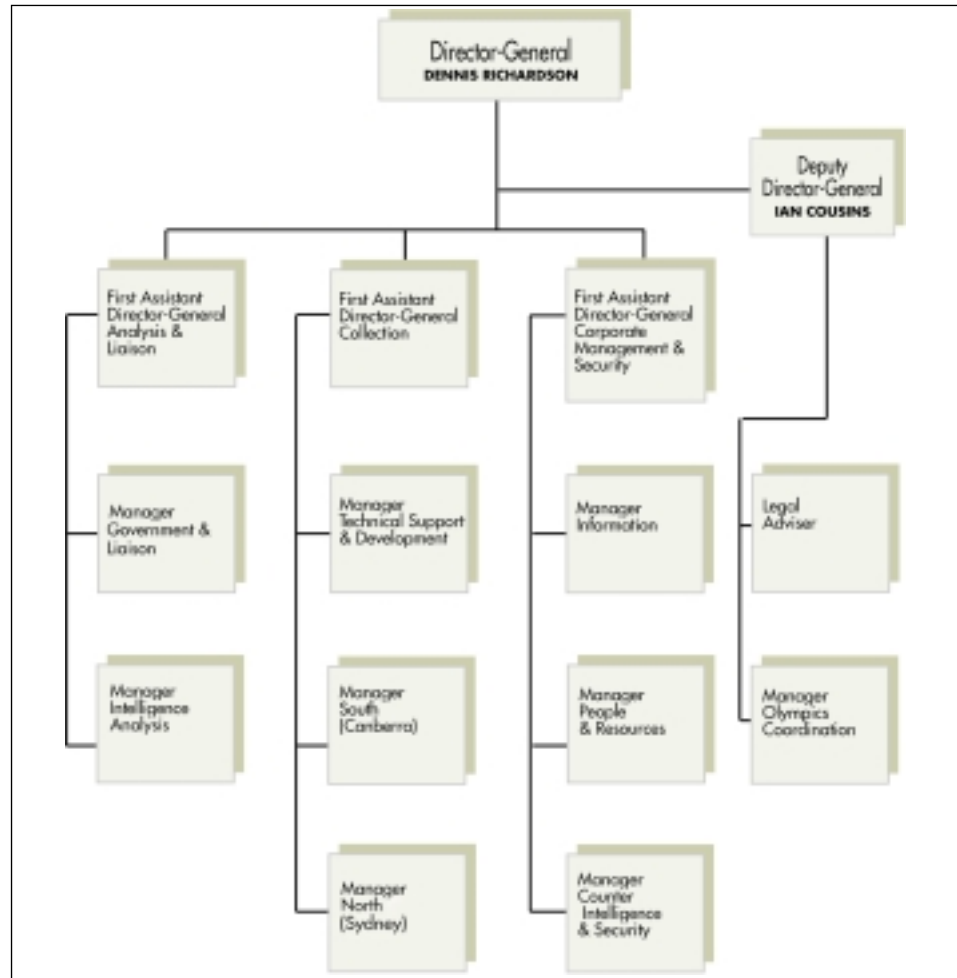
- 4 a program ensuring Year 2000 compliance by October 1999
- 4 revamping corporate management and governance arrangements to make better use of senior executive service (SES) and senior officer expertise at the corporate level
- 4 a more focused program of audit and evaluation
- 4 more flexible working conditions and greater staff mobility
- 4 a continued investment in staff development, particularly in leadership, IT, intelligence collection and accrual management skills
- 4 a revamped recruiting process
- 4 refurbishment of ASIO Central Office in Canberra to make better use of facilities and to provide greater protection for our people and information
- 4 improved financial management through introduction of the FINANCE 1 database and progressive development of an outcomes-based performance management system over the next year.

Further information on these initiatives follows. Some elements have been excluded from the unclassified *Report to Parliament*.

Corporate management and governance

The higher direction of ASIO's activities is managed through the management structure (Figure 2) and corporate committees (Figure 3).

Figure 2.
ASIO's
management
structure at
30 June 1999



ASIO's corporate governance is undertaken through its Corporate Executive (CE). The CE comprises the Director-General and Deputy Director-General, the three First Assistant Directors-General, a branch-level SES officer attending on a four-month rotational basis and the Staff Association President who attends as an observer. Other corporate committees support the CE in ensuring the Organization is managed effectively and is accountable.

Committees overseeing the intelligence, audit and IT functions are chaired by the Deputy Director-General. Membership of the committee is based on management responsibility and the expertise contributed or learnt by an officer. Membership is reviewed annually.

The ASIO Staff Association is represented on the CE, the Security Committee and the Human Resource Development Committee. An ASIO Consultative Committee (ACC) comprising the Staff Association and management representatives meets monthly to consult on employment and conditions of service matters.

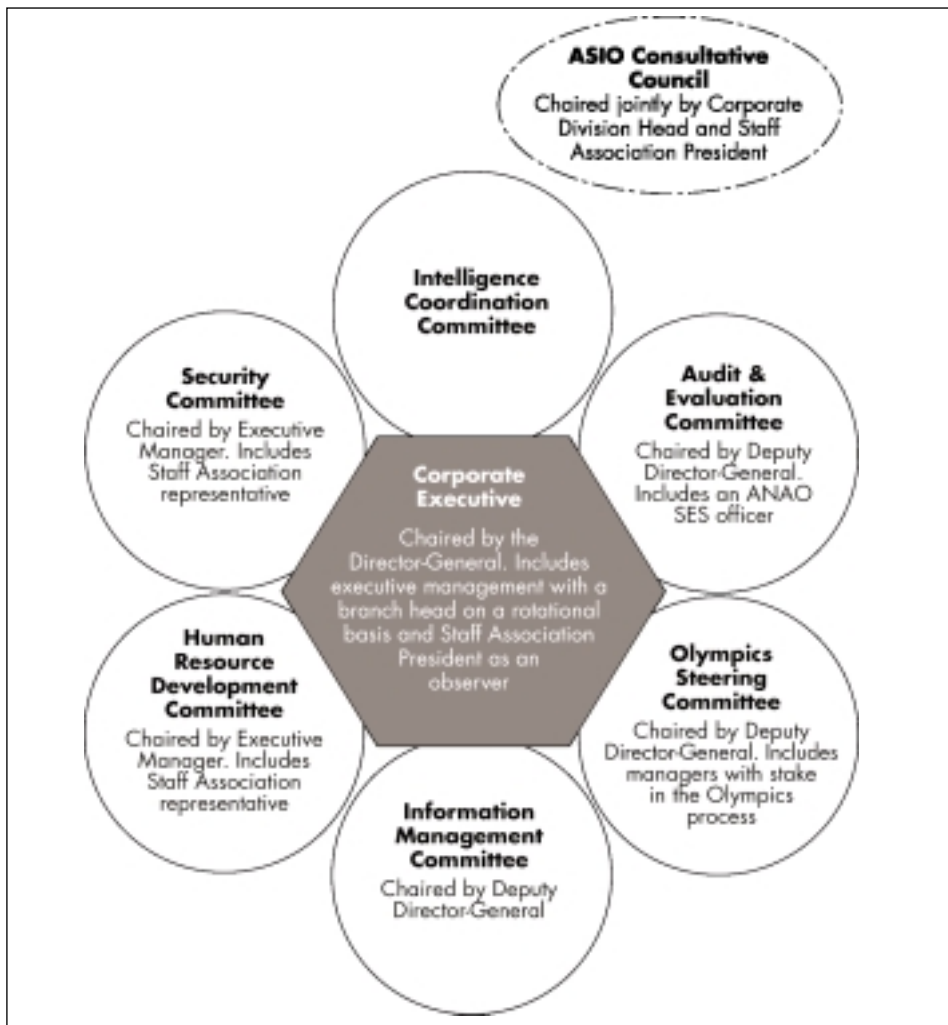


Figure 3. ASIO's corporate committees structure

Evaluation and audit

Modifications to the application of the *Financial Management and Accountability Act 1997* mean that from 1 July 1998 the financial transactions of ASIO are fully open to audit by the Auditor-General. Previously, under section 70D of the *Audit Act 1901*, certain sensitive transactions were exempt from the scrutiny of the Auditor-General.

In addition, the Attorney-General and the Minister for Finance have agreed that ASIO's financial statements must be prepared in accordance with the

Financial Management and Accountability Orders (Amendment) 1998. They have, however, agreed that where explanatory notes could be operationally sensitive they can be removed from the public record.

ASIO's Audit and Evaluation Committee (AEC) has oversight of the audit and evaluation program. An SES officer from Australian National Audit Office (ANAO) is an observer on the AEC.

Internal audits undertaken during 1998–99 were in accordance with the annual audit program approved by the AEC. The most significant included:

- 4 evaluations of foreign intelligence collection and telecommunications interception
- 4 a review of action arising from the ANAO Report 5/98-99 on Commonwealth agencies' security preparations for the Sydney 2000 Games
- 4 an examination of Olympics expenditure
- 4 a review of non-financial assets, undertaken to assist the ANAO audit of the 1997–98 financial statements
- 4 a review of the role of operations advisers
- 4 an audit of the costs of operations in Brisbane, Adelaide, Perth and Darwin.

An evaluation of contingency planning is in progress, with completion scheduled for October 1999.

The audits disclosed some administrative and procedural shortcomings. Remedial action is under way or has been finalised. There was no loss of monies or assets.

External consultants were engaged to audit and test specific high-risk applications for Year 2000 compliance as part of ASIO's Y2K strategy.

People management and development

During 1998–99 most Fourth Workplace Agreement reforms were finalised, the Workplace Diversity Program was refined, expenditure on staff development increased and the recruiting process was streamlined. The incidence of accidents in the workplace reduced. Further details are set out below.

Workplace relations and reform

Implementation of the Fourth Workplace Agreement continued throughout 1998–99. Reformed mobility arrangements and a new classification structure were the two major outcomes.

After a period of review and consultation, the ASIO Consultative Committee (ACC) agreed to new mobility arrangements in January 1999. This should enhance staffing flexibility and ASIO's capacity to respond to changing priorities and resource needs.

In January 1999 the ACC also endorsed a streamlined, agency-specific classification structure.

Other Fourth Workplace Agreement features finalised in 1998–99 included:

- 4 the introduction of flexible remuneration packaging
- 4 changes to rostering arrangements for Canberra-based security attendants
- 4 simplification of security attendants' shift penalty payments through annualised payments
- 4 reform of the recording of hours associated with work-related travel, training and development.

Work continued on the consolidation of ASIO's terms and conditions of employment.

Negotiations for a fifth Agreement began in June 1999. The Management and Staff Negotiating Committee has been established with an external industrial relations consultant assisting the staff representatives.

Workplace diversity

In 1998–99 ASIO implemented a new Workplace Diversity Program. Priority was given to:

- 4 increasing diversity
- 4 increasing the representation of women in management
- 4 eliminating discrimination from the workplace.

We have revised the Equal Employment Opportunity (EEO) policy, produced new guidelines on workplace harassment, strengthened complaint mechanisms and developed a Disability Action Plan. In-house publications and a series of staff and management workshops have further raised awareness of workplace diversity issues and ASIO policy. Work also commenced on a re-orientation program for staff returning from extended leave.

New family-friendly initiatives were implemented in 1999, linked to the new mobility policy. Staff transferring interstate will be entitled to twenty hours childcare during the first two weeks of their transfer, along with access to placement and employment services for their spouse.

ASIO's definition of 'spouse' was broadened to include same-sex couples. Staff in de facto relationships will now have the same entitlements as staff in de jure marriages.

Work began on strengthening ASIO's capacity to monitor and report on workplace diversity issues. Branch contact officers undertook harassment contact officer training and this should improve our capacity to reduce workplace discrimination and harassment. Better coordination of complaint mechanisms will be a high priority in 1999–2000.

The ASIO Women's Network was established in October 1998 with the aim of facilitating informal networking, information sharing and development. Although the overall number of staff in EEO target groups has increased (with the exception of indigenous staff), because of the increase in staff, the proportions of each group remained the same as last year. The percentage of female managers within ASIO remains significantly lower than APS averages. Nonetheless, as Table 5 shows, the gender balance in ASIO does continue to improve each year, albeit slowly. Monitoring of recruitment and promotion rates indicates that application numbers are low for women.

*Table 5.
Percentage
representation of
designated
groups in ASIO
1995–99*

| Group | June 1995 | June 1996 | June 1997 | June 1998 | June 1999 |
|--------------------|-----------|-----------|-----------|-----------|-----------|
| Women ¹ | 35 | 35 | 36 | 37 | 38 |
| NESB | 7 | 7 | 8 | 8 | 8 |
| ATSI | 0.2 | 0.2 | 0.2 | 0.4 | 0.4 |
| PWD | 5 | 4 | 4 | 4 | 4 |

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

Key to abbreviations:

NESB = non-English speaking background; ATSI = Aboriginal or Torres Strait Islander; PWD = people with a disability.

People development

The people development strategy in 1998–99 focused on developing security intelligence analysis and investigation capabilities in readiness for the Sydney 2000 Games and equipping people to work with rapidly changing technologies. Financial management, information technology and leadership development were also priorities.

Corporate investment (including running costs) totalling \$1.976m—about 3 per cent of our budget—was directed at training and staff development.

Major outcomes in 1998–99 included:

- 4 a revamped introductory training for all new staff, including a 12-month traineeship for 10 Generalist Intelligence Officers (GIOs)
- 4 the development and conduct of advanced-level Human Source Recruitment and Management courses and a program of Community Interview Training, both tailored to meet Olympics security needs
- 4 development of a basic awareness of accrual accounting for SES and senior officers and practical skills for those involved in daily accounting processes
- 4 development of a skills base in the use of new software and hardware for intelligence collection and analysis
- 4 participation by all SES officers and the majority of senior officers in a leadership program developed in association with the Australian Graduate School of Management. One senior officer also completed the Senior Women in Management Program.

Further development of the SES and senior officer group is continuing.

Recruitment and staffing

ASIO recruiting increased significantly in 1998–99 to provide temporary staff for the Olympics, to replace separating permanent staff and to meet an increase in the number of contractors and consultants for specific projects. This put increasing pressure on recruitment staff.

The cost of recruitment advertising in the public media in 1998–99 was \$74 400—an increase on the \$71 193 spent in 1997–98.

There were 430 applications for the GIO Traineeship processed in 1997–98, compared with 253 last year. In 1998–99 there were 32 permanent staff appointed, compared with 18 in 1997–98.

In 1998–99 we recruited 39 temporary staff (compared with 23 in 1997–98), 31 of whom were to fill Olympics-related positions. In June 1999 we were seeking to fill 30 more Olympics positions. This Olympics tasking will increase over the next 12 months.

ASIO's recruitment process is longer than most public sector departments and agencies due to the need for security and psychological assessments.

In September 1998 we appointed external consultants to develop streamlined and more flexible processes for handling large numbers of applicants in a shorter timeframe. The report was delivered in November 1998 and the new processes are being put in place. Implementation will be complete early in 1999–2000. Even with these changes, the time taken to recruit staff is still longer than other workplaces, which can have an adverse effect on ASIO's capacity to compete in the marketplace.

There were 35 staff separations (a rate of about 6.5 per cent of the permanent workforce): 24 people resigned, 8 retired due to age, 2 took an offer of voluntary early retirement and 1 person died. The resignation and retirement rate for 1998–99 was consistent with the attrition trend over the last 5 years.

Figures on total average staffing level and the composition of the workforce are contained in Appendix B.

Expenditure on consultants amounted to \$321 617 compared with \$253 000 in 1997–98. A partial list of the 34 consultants employed, excluding names classified for security reasons, is available on request.

Occupational health and safety

ASIO's performance on occupational health and safety (OH&S) improved during the past 12 months (see Table 6). Senior officers received training in the identification and management of stress and we have introduced an improved rehabilitation program, again focusing on early intervention and return to work. The result has been reductions in both the compensation premium paid this financial year and the number and average cost of compensatory claims.

With the refurbishment of ASIO Central Office and the resultant relocation of staff, we selected and trained 9 new OH&S representatives and 5 new First Aid officers.

ASIO's OH&S Agreement is under review. The new agreement will put in place new goals for the next year and a new 'Code of Practice'.

| Nature of accident | 1996-97 | 1997-98 | 1998-99 |
|---|---------|---------|---------|
| Accidents resulting in death | Nil | Nil | Nil |
| Accidents causing serious personal injury | Nil | Nil | Nil |
| Accidents causing incapacity of 5 or more days | 4 | 5 | 3 |
| Dangerous occurrences not resulting in death, serious personal injury or incapacity | 1 | Nil | Nil |

*Table 6.
Reportable
accidents and
dangerous
occurrences
1996-97 to
1998-99*

Facilities refurbishment and management

A major refurbishment of ASIO Central Office commenced in February 1998 and was completed in October 1999 at a cost of \$3.674m. The refurbishment was completed within budget and on schedule. To make best use of office space and facilities in Canberra, ASIO negotiated a shared tenancy arrangement with the Office of National Assessments (ONA). The move by ONA was completed in October 1998.

The refurbishment incorporated modern office technology fit-out with an emphasis on staff OH&S and the use of relocatable internal partitioning to provide future flexibility in office layout. Telephone and data cabling complies with security accreditation standards.

In the next 12 months, \$0.610m will be spent on building fabric maintenance in ASIO Central Office. A total of \$0.340m will be spent as part of a three-year upgrade of ASIO's General Registry compactus units.

Information management and system enhancement

A significant part of ASIO capability is dependent on information technology (IT). Key issues for the Organization in 1998-99 were:

- 4 Year 2000 compliance
- 4 replacement of PCs and desktop applications and the upgrading of servers

Year 2000 compliance in ASIO

In February 1998 ASIO formed a working group to manage Year 2000 compliance activities. Our approach has been to see Year 2000 compliance as a business problem, but with information technology and other process solutions.

Since then we have developed a project plan and undertaken a comprehensive program of testing and remediation to address the business risks arising from the Year 2000 date problem. The plan reflects the threat not only to ASIO's IT, but also to equipment containing an embedded date function. The aim is to ensure an uninterrupted IT and business environment for ASIO after 31 December 1999.

The project is almost complete. By October 1999 we anticipate that all equipment will be certified. We expect that assets and services provided by other agencies and service providers will be compliant by August 1999.

Contingency and business recovery plans are being prepared to ensure business continuity should a business critical system or process fail over the next eight months. Our emphasis is on making sure that we can meet:

- 4 ASIO's OH&S obligations
- 4 delivery of ASIO's product and services
- 4 security of information and assets.

In addition, ASIO played a significant role in Year 2000 activities organised by the Office of Government Online and the Attorney-General's portfolio. ASIO officers presented at a number of workshops on risk management, testing, business continuity planning and project management.

Information technology

During the reporting period ASIO devoted significant investment resources to improving IT capabilities. The most significant of these improvements involved:

- 4 enhancing the storage, retrieval and processing of intelligence information in order to improve the speed and reliability of overall information handling (the TARDIS database project)
- 4 improving the redundancy of our office automation systems to ensure we can operate continuously during the Sydney 2000 Games.

PC and server upgrades—in partnership with PRAXA and Compaq, we replaced all desktop systems (making them Year 2000 compliant) and upgraded ageing servers with new equipment. To ensure availability during the Games, we invested in fault tolerant hardware for Sydney and Canberra offices. (Prior to this installation, our hardware had been suffering significant outages.) This project will be completed by the end of August 1999.

FOSIC communications—FOSIC electronic linkages have been established with a number of external parties including the Australian intelligence and SAC-PAV communities. Equipment and linkages have been trialed and improved to ensure that we will be able to provide appropriate services during the Games.

In 1999–2000 we will further enhance IT capabilities by:

- 4 improving information flow from other sources (including open sources) to the desktop systems
- 4 establishing an ASIO Internet site
- 4 ensuring our systems are stable and proven prior to the Sydney 2000 Games.

Information management

ASIO's IT system complements a paper-based system for the gathering, collation, storage and dissemination of information and security intelligence. We must also provide external access to information by the public, in accordance with the *Archives Act 1983*.

Major outputs in 1998–99 included:

- 4 continued sentencing of material covered by the Records Disposal Authority, formally endorsed by the National Archives of Australia (NAA)
- 4 a 32 per cent increase in safe-hand products and correspondence despatched to external clients
- 4 the initial trial of an open source information system
- 4 establishment of three-monthly meetings with the NAA to ensure a better working relationship for clients seeking access to ASIO records (see page 45).

Finance and resource management

In 1998–99 the focus was on preparing for the transition from cash accounting in a program environment to output-based accrual accounting. This is consistent with the government's requirement to achieve full accrual budget reporting in 1999–2000. ASIO's *Corporate Plan 1998–2002* provides the framework for outcome-based accrual reporting, both for internal and external scrutiny.

Further refinement of FINANCE 1, ASIO's financial management information system, was completed in 1998–99. Preparations were also made to modify ASIO's internal financial management processes and management reporting to accommodate outputs and outcomes in an accrual environment.

Security assurance

Counter-intelligence and internal security measures enhance ASIO's capability by minimising risks from:

- 4 foreign intelligence services seeking to gain access to ASIO information
- 4 unauthorised disclosures of sensitive information by ASIO staff
- 4 targeting of ASIO staff by hostile groups or individuals.

Part of this section has been excluded from the unclassified *Report to Parliament*.

Management of the security and counter-intelligence function

Counter-intelligence and security is managed in the Corporate Management and Security Division. Cross-program coordination is effected through the ASIO Security Committee.

The Security Committee directs five working groups dealing with:

- 4 physical security
- 4 operational security
- 4 administrative security
- 4 IT security
- 4 security culture and awareness
- 4 personnel security.

The Security Management Plan provides corporate focus.

Outcomes of the Security Management Plan

Major features and innovations over the reporting period included:

- 4 *a streamlining of the staff revalidation system*—this involves a refined risk management approach, differentiating between high- and low-risk staff positions and access. Regular psychological revalidation is built into the process. Revalidation staff can now concentrate most effort on higher-risk aspects of corporate business.
- 4 *independent counter-intelligence audits of operations*—these are now undertaken by Counter-Intelligence and Security Branch staff. An operational adviser may recommend an audit if there are grounds for concern, or they may be instigated independently by the Counter-Intelligence and Security staff.

The Wispelaere case

Jean-Philippe Wispelaere, an Australian citizen and former DIO employee, was arrested at Washington's Dulles Airport on 15 May 1999 and charged with attempted espionage. He had tried to sell classified US and Australian documents to a person he thought was an intelligence officer of a foreign country, but who was, in fact, an undercover FBI agent.

The investigation preceding the arrest was conducted jointly by the FBI, ASIO and the AFP.

As of 30 June 1999 a date had not been set for Wispelaere's trial.

Australian Security Intelligence Organization

Accountability

Reporting to government and the Parliament

Report to

Public interfaces

Parliament

1998-99

Reporting to government and the Parliament

'You will take special care to ensure that the work of the Security Service is strictly limited to what is necessary for the purposes of this task and that you are fully aware of the extent of its activities. It is essential that the Security Service should be kept absolutely free from any political bias or influence, and nothing should be done that might lend colour to any suggestions that it is concerned with the interests of any particular section of the community, or with any matters other than the defence of the Commonwealth.'

Extract from Prime Minister Chifley's 16 March 1949 directive to Mr Justice Reed to establish a security service

ASIO's primary line of accountability is to the Attorney-General. During the review period, we provided the Attorney-General with 117 briefing papers and submissions on significant security and ASIO-related issues. The Attorney-General also receives reports from the Inspector-General of Intelligence and Security (IGIS) for all inquiries relating to ASIO generated as a result of complaints from the public.

Reports and submissions also are prepared for the Secretaries Committee on National Security (SCNS) which provides policy direction and oversight of the intelligence and security agencies. SCNS, in turn, advises the National Security Committee of Cabinet and each year scrutinises annual reports.

ASIO's classified *Annual Report* reviews security issues and developments, specifically reporting on important outcomes and capability development. A copy is made available to the Leader of the Opposition, who periodically receives briefings from the Director-General.

ASIO's financial programs are set out in the Attorney-General's Portfolio Budget Statement and scrutinised by the Senate Legal and Constitutional Reference and Legislation Committee ('Budget Estimates'). The Director-General appeared at a Committee hearing on 31 May 1999. Apart from providing responses to 'questions on notice' addressed to the portfolio, the Director-General answered specific questions about ASIO's staffing levels, redundancy payments, Games preparations and expenditure, the Wispelaere case and the report of the Parliamentary Joint Committee on the ASIO Legislation Amendment Bill 1999.

A small portion of this section has been excluded from the unclassified *Report to Parliament*.

Warrant approvals

Legislation grants ASIO special powers to use intrusive methods of investigation such as telecommunications interception, listening devices, entry and search of premises and examination of postal articles. These powers can be used only under the authority of an Attorney-General's warrant. Only the Director-General can seek a warrant. Each warrant must be accompanied by a written statement specifying the grounds on which the Director-General considers it necessary to conduct an intrusive investigation.

Before consideration by the Attorney-General, the warrants and accompanying requests are examined by a senior official of the Attorney-General's Department, who provides independent advice to the Minister on whether the relevant statutory requirements have been met.

Parliamentary Joint Committee on ASIO

The Parliamentary Joint Committee (PJC) on ASIO reviews matters referred by the Attorney-General or the Parliament, providing they are not operationally sensitive and do not relate to individual complaints or foreign intelligence. The PJC can only inquire into matters affecting Australian citizens or permanent residents.

Membership of the PJC is shown in Appendix F

The PJC completed an inquiry in May 1999 into the ASIO Legislation Amendment Bill 1999. The Director-General appeared as a witness before the Committee. The Committee made recommendations affecting the following:

- 4 membership of the PJC
- 4 the test for issuing a warrant
- 4 ASIO's access to computers under warrant
- 4 listening and tracking devices
- 4 memoranda of understanding between ASIO and AUSTRAC, the IGIS and the Commissioner of Taxation
- 4 reporting of access to financial transaction information.

The findings of the PJC were published in *An Advisory Report on the Australian Security Intelligence Organization Legislation Amendment Bill 1999* in May 1999.

In addition, during 1998–99 the Director–General briefed the PJC on:

- 4 aspects of Kurdish demonstrations in Australia after the arrest of Abdullah Ocalan
- 4 security arrangements for the Olympics
- 4 the possible effect of events in Indonesia, including East Timor, on Australia's internal security.

Inspector–General of Intelligence and Security

The IGIS may inquire into matters concerning ASIO either on his own motion, at the request of the Attorney–General or in response to complaints. His role is to ensure that ASIO acts legally and with propriety, complies with ministerial guidelines and directives, and acts with due regard for human rights.

In addition to inquiring into specific complaints, the IGIS undertakes a systematic review of ASIO's activities. This includes:

- 4 regular meetings with the Director–General and senior managers
- 4 reviewing representative samples of operational files
- 4 visiting State offices
- 4 meeting with ASIO clients
- 4 meeting with the President of the ASIO Staff Association.

In his 1998–99 report the IGIS stated that he had received 12 complaints about ASIO which were dealt with formally. This compares with 18 in the previous reporting year. Of the 12 complaints and a further 1 carried over from the previous year, only 3 progressed to full inquiries. A further 14 complaints were dealt with by the IGIS's staff and not referred to ASIO. The Inspector–General found no instance of ASIO acting illegally or without propriety.

In particular, the IGIS *Annual Report* noted that:

- 4 ASIO's records had been kept in good order
- 4 all key accountability requirements had been met
- 4 the systems which exist to ensure that ASIO does not overstep its legal authority appeared to be working well.

Recommendations by the IGIS highlighting minor deficiencies in ASIO practices have been implemented.

Public interfaces

'... it is not usual to discuss detailed activities of a security service. Much of the value of such a service lies in the fact that it works quietly. Members of the organization should not be unduly prominent at cocktail parties, but should devote themselves to the tasks allotted to them.'

Extract from a speech by Prime Minister Chifley to Parliament
3 March 1949

Contact between ASIO officers and members of the public

In recent years some people have falsely presented themselves as ASIO officers to gain credibility while pursuing improper or criminal activities.

Bona fide ASIO officers operate within a strict code of behaviour, particularly when seeking to interview members of the public. The officer must declare their ASIO affiliation and show proof of identity. If the person to be interviewed is still concerned, they should telephone an ASIO office to confirm the identity of the officer. At any time, the interviewee may terminate the discussion without fear of coercion or other inappropriate behaviour from the ASIO officer. A person interviewed may also complain to ASIO or to the IGIS if they have concerns about the behaviour of an ASIO officer.

Members of the public should be suspicious of any approach from people purporting to be ASIO officers or 'operatives' whose behaviour seems inappropriate. If the concerns are serious they should be reported to the police.

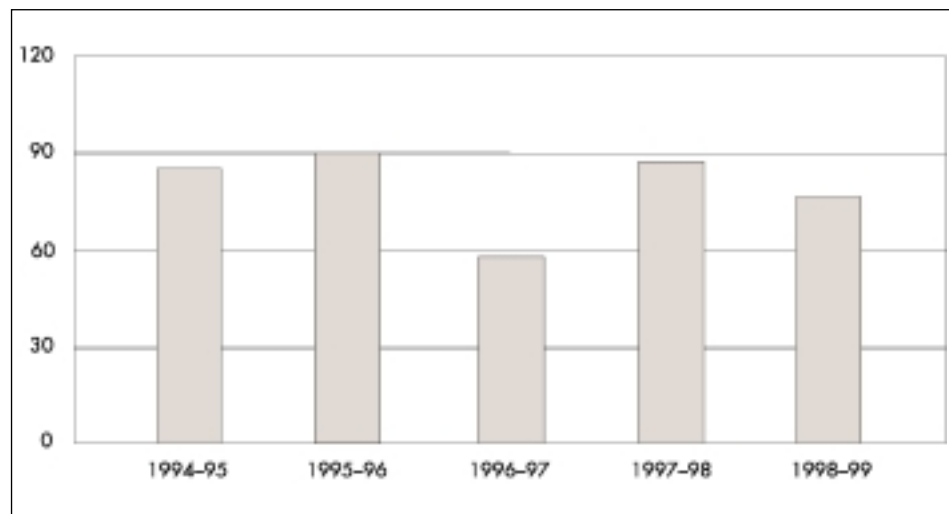
Archival records

Researchers and other members of the public can apply to the National Archives of Australia (NAA) for access to ASIO archival records that are at least 30 years old. During 1998–99 ASIO received 186 requests, covering 328 different subjects. Seventy-five per cent of requests were finalised within 90 days. Of the 14 512 individual folios that were examined during the year, 87 per cent were released either in whole or in part.

Figure 4 shows the performance in the last five review periods. The downturn in performance this year was disappointing—the result of an exceptionally

high request rate in January (31 requests in a single day against an average of 6 requests a week), prolonged absences of staff due to illness, and the need to temporarily shift some resources into Olympics-related work. Performance in the latter part of 1999–2000 may again be affected by the need to move more staff into Olympics positions.

*Figure 4.
Percentage of
archival requests
satisfied within
90 days
1994–95 to
1998–99*



Highest priority continued to be given to requests from people seeking records about themselves or their immediate family. Next came occasional or less complex requests from researchers and requests from other Commonwealth and overseas agencies preparing to release material that included ASIO information. Little progress was made on large and backlogged requests, although 28 per cent of resources were directed to meeting the requests of two researchers.

Public appeal mechanisms

An applicant who is dissatisfied with the exemptions claimed by ASIO can request an 'internal reconsideration' of the initial decision. During the year, there were 10 internal reconsiderations completed, leaving a backlog of 20 separate requests. Some of these resulted in substantial additional releases, while others resulted in minor or no change to the original release decision.

Applicants may then appeal to the Administrative Appeals Tribunal (AAT), which may uphold the original decision or grant access to a record. During 1998–99 an appeal from the previous reporting period was finalised, with the AAT deciding to release an additional 13 words on one folio. The exemptions sought by ASIO for the remaining material were upheld. No new appeals were lodged.

Media policy

ASIO must keep its subjects of investigation, working methods and sources of information out of the public domain, but at the same time, must retain public confidence in the institution and the conduct of its officers. We therefore provide members of the public with non-sensitive information about our role, functions and administration.

'Neither confirm nor deny'

In response to media questions and articles, ASIO has a general policy of 'neither confirm nor deny'. In some circumstances, the Attorney-General (or the Director-General, with the Attorney's agreement) may comment in the media where this may help to promote public confidence in the legality, propriety and effectiveness of ASIO's conduct or management.

Public inquiries

Members of the public can call ASIO's public liaison number (see Appendix G) and request information about the Organization. Information on ASIO will be available on our Internet site in the next reporting period. ASIO also publishes brochures and pamphlets about its work and each year produces a public *Report to Parliament*.

In 1998-99 ASIO received some 250 items of unsolicited correspondence from members of the public. Correspondence generally falls into two categories: an offer of information that might be useful to ASIO or complaints that ASIO had interfered in some way with the wellbeing of an individual.

All correspondence is examined and appropriate action taken. Many letters reflect misconceptions about ASIO's roles and powers. In other cases, complainants are referred to the IGIS. In some cases, discussion with an ASIO representative can clarify issues or resolve concerns.

Australian Security Intelligence Organization

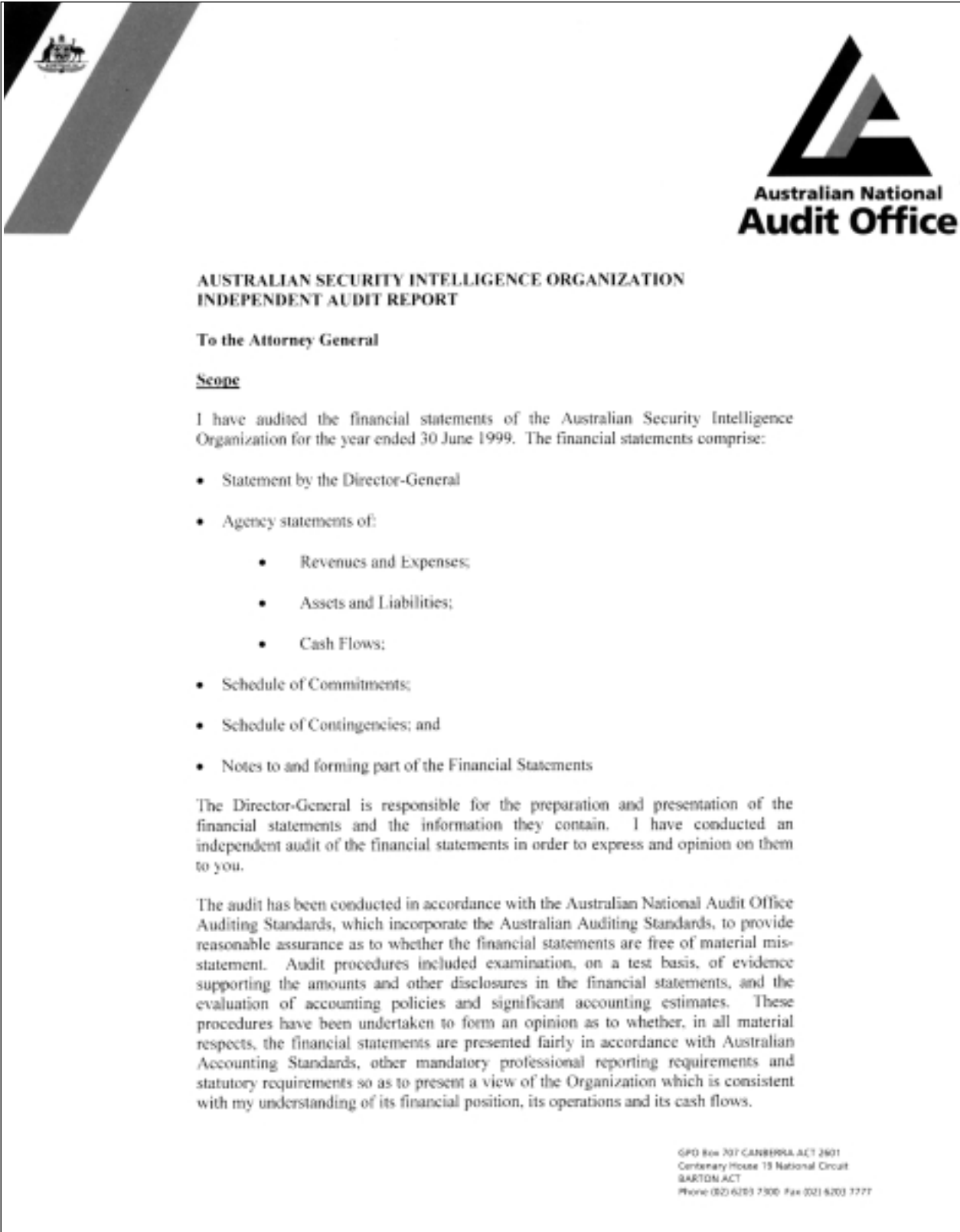
Financial statements

Report to

Parliament

1998-99

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



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

Qualification

In 1997-98 and earlier years, the Attorney-General made a declaration under subsection 70D(1) of the former *Audit Act 1901* that particular parts of the accounts of the Organization are to be treated as exempt accounts which were not subject to audit by the Auditor-General. A certificate was obtained from the Minister under subsection 70D(5) of the former *Audit Act 1901* that moneys allocated to these exempt accounts were properly expended. The audit report on financial statements for the year ended 30 June 1998 was qualified accordingly.

Qualified Audit Opinion

In my opinion, except for the effects on the comparatives for 1998 of such adjustments, if any, as might have been determined to be necessary had the limitation on the scope of the audit as discussed in the qualification paragraph not existed:

- the financial statements have been prepared in accordance with an agreement between the Finance Minister and the Attorney-General, which complies with Schedule 2 of the Finance Minister's Orders; and
- the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory reporting requirements and Schedule 2 of the Finance Minister's Orders, of the financial position of the Australian Security Intelligence Organization as at 30 June 1999 and the results of its operations and its cash flows for the year ended then.

Australian National Audit Office



David C McKean
Executive Director

Delegate of the Auditor-General

27 September 1999

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 2 of the Finance Ministers Orders made under section 63 of the *Financial Management and Accountability Act 1997*.

A handwritten signature in black ink, appearing to read "Dennis Richardson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dennis Richardson
Director-General of Security
27 September 1999

Agency Revenues and Expenses for the year ended 30 June 1999

| | Notes | 1998-99 \$ '000 | 1997-98 \$ '000 |
|---|-------|--------------------|--------------------|
| NET COST OF SERVICES | | | |
| Expenses | | | |
| Employees | 3 A | 35 675 | 33 585 |
| Suppliers | 3 B | 20 964 | 17 244 |
| Depreciation and amortisation | 3 C | 5 656 | 5 364 |
| Write down of assets | 3 D | - | 1 733 |
| Net losses from sale of assets | 3 E | 142 | 134 |
| Total expenses | | <u>62 437</u> | <u>58 060</u> |
| Revenues from independent sources | | | |
| Sales of goods and services | 4 A | 294 | 233 |
| Other | 4 A | 1 740 | 956 |
| Asset adj prior year | 4 B | 125 | - |
| Total revenues from independent sources | | <u>2 159</u> | <u>1 189</u> |
| Net cost of services | | <u>60 278</u> | <u>56 871</u> |
| REVENUES FROM GOVERNMENT | | | |
| Appropriations used for: | | | |
| Ordinary annual services (net appropriations) | | 46 098 | 56 909 |
| Resources received free of charge | 4 C | 706 | 2 266 |
| Total revenues from government | | <u>46 804</u> | <u>59 175</u> |
| Operating surplus/(deficit) | | | |
| Accumulated results at 1 July | | <u>25 946</u> | <u>23 642</u> |
| Accumulated results at 30 June | | <u>12 472</u> | <u>25 946</u> |

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

Agency Assets and Liabilities as at 30 June 1999

| | Notes | 1998-99 \$ '000 | 1997-98 \$ '000 |
|-------------------------------------|-------|--------------------|--------------------|
| <i>PROVISIONS AND PAYABLES</i> | | | |
| Employees | 5A | 11 872 | 9 926 |
| Suppliers | 5B | 1 257 | 476 |
| Total provisions and payables | | <u>13 129</u> | <u>10 402</u> |
| <i>EQUITY</i> | | | |
| Capital of business operations | | 8 928 | - |
| Accumulated results | | 12 472 | 25 946 |
| Reserves | | 2 135 | 1 857 |
| Total equity | 6 | <u>23 535</u> | <u>27 803</u> |
| Total liabilities and equity | | <u>36 664</u> | <u>38 205</u> |
| <i>FINANCIAL ASSETS</i> | | | |
| Cash | 7A | 3 238 | 1 738 |
| Receivables | 7B | 9 085 | 17 344 |
| Total financial assets | | <u>12 323</u> | <u>19 082</u> |
| <i>NON-FINANCIAL ASSETS</i> | | | |
| Land and buildings | 8A,8D | 8 485 | 4 262 |
| Infrastructure, plant and equipment | 8B,8D | 12 471 | 11 620 |
| Intangibles | 8C,8D | 2 998 | 2 758 |
| Other | 8E | 387 | 483 |
| Total non-financial assets | | <u>24 341</u> | <u>19 123</u> |
| Total assets | | <u>36 664</u> | <u>38 205</u> |
| Current liabilities | | 6 202 | 5 090 |
| Non-current liabilities | | 6 927 | 5 312 |
| Current assets | | 12 710 | 19 565 |
| Non-current assets | | 23 954 | 18 640 |

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

Agency Cash Flows for the year ended 30 June 1999

| | Notes | 1998-99 \$ '000 | 1997-98 \$ '000 |
|--|-------|--------------------|--------------------|
| OPERATING ACTIVITIES | | | |
| Cash received | | | |
| Appropriations | | 63 269 | 51 929 |
| Other | | 2 050 | 1 161 |
| Total cash received | | <u>65 319</u> | <u>53 090</u> |
| Cash used | | | |
| Employees | | (33 729) | (34 863) |
| Suppliers | | (19 381) | (14 508) |
| Total cash used | | <u>(53 110)</u> | <u>(49 371)</u> |
| Net cash from operating activities | 9 | <u>12 209</u> | <u>3 719</u> |
| INVESTING ACTIVITIES | | | |
| Cash received | | | |
| Proceeds from sales of property, plant and equipment | | 156 | 337 |
| Total cash received | | <u>156</u> | <u>337</u> |
| Cash used | | | |
| Purchase of property, plant and equipment | | (10 865) | (5 271) |
| Total cash used | | <u>(10 865)</u> | <u>(5 271)</u> |
| Net cash used by investing activities | | <u>(10 709)</u> | <u>(4 934)</u> |
| FINANCING ACTIVITIES | | | |
| Net cash from financing activities | | - | - |
| Net increase/(decrease) in cash held | | 1 500 | (1 215) |
| Add cash at 1 July | | 1 738 | 2 953 |
| Cash at 30 June | | <u>3 238</u> | <u>1 738</u> |

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

Schedule of Commitments as at 30 June 1999

| | Notes | 1998-99 \$ '000 | 1997-98 \$ '000 |
|-------------------------------------|-------|--------------------|--------------------|
| <i>BY TYPE</i> | | | |
| Capital commitments | | | |
| Land and buildings | | 28 | 2 254 |
| Infrastructure, plant and equipment | | 1 303 | 364 |
| Other capital commitments | | 46 | 5 |
| Total capital commitments | | <u>1 377</u> | <u>2 623</u> |
| Other commitments | | | |
| Operating leases | | 10 982 | 7 911 |
| Other commitments | | 11 173 | 12 466 |
| Total other commitments | | <u>22 155</u> | <u>20 377</u> |
| Net commitments | | <u>23 532</u> | <u>23 000</u> |
| <i>BY MATURITY</i> | | | |
| All net commitments | | | |
| One year or less | | 15 050 | 16 810 |
| From one to two years | | 4 896 | 1 736 |
| From two to five years | | 3 176 | 2 921 |
| Over five years | | 410 | 1 533 |
| Net commitments | | <u>23 532</u> | <u>23 000</u> |
| Operating lease commitments | | | |
| One year or less | | 2 500 | 1 721 |
| From one to two years | | 4 896 | 1 736 |
| From two to five years | | 3 176 | 2 921 |
| Over five years | | 410 | 1 533 |
| Net commitments | | <u>10 982</u> | <u>7 911</u> |

There is no formal lease in place in respect of ASIO's Central Office. Annual rental payments amount to \$1 800 000 (1997-98: \$1 800 000)

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

Schedule of Contingencies as at 30 June 1999

| | Notes | 1998-99 \$ '000 | 1997-98 \$ '000 |
|--------------------------|-------|--------------------|--------------------|
| <i>CONTINGENT LOSSES</i> | | | |
| Claims for damages/costs | | — | — |
| Total contingent losses | | — | — |

A claim against ASIO is being arbitrated. It is not possible to provide an estimate of the outcome.

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

Notes to the Financial Statements for the year ended 30 June 1999

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.

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 Orders (Amendment) 1998* except where the disclosure of information in the notes to the financial statements would, or could reasonably be expected to be operationally sensitive. The financial statements are prepared:

- in compliance with Australian Accounting Standards and other authoritative pronouncements of Australian Accounting Standards Boards and the consensus views of the Urgent Issues Group; and
- having regard to Statements of Accounting Concepts.

The financial statements 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.

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. Rounding

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

- transactions of the Consolidated Revenue Fund;
- act of grace payments and waivers;
- remuneration of executives; and
- remuneration of auditor.

C. Taxation

ASIO's activities for 1998–99 and prior years are exempt from all forms of taxation except Fringe Benefits Tax, and sales tax on executive motor vehicles.

D. Appropriations

Appropriations for ASIO's operations other than running costs are recognised as revenue to the extent that the appropriations are spent.

Appropriations for agency running costs have, until 1998–99, been recognised as revenue in the year of appropriation, except to the extent that

- amounts unspent at year end are not automatically carried over into the new financial year, and
- the appropriations involve running costs borrowings, the repayment of which is effected by an appropriate reduction in the appropriation actually received in the year of repayment. (Interest may also be charged on borrowings.)

With the introduction of accrual budgeting by the Commonwealth for 1999–2000, any reappropriation to ASIO of the automatic running costs for 1999–2000 will be by way of capital rather than a revenue appropriation. Accordingly, the carryover is not recognised as revenue but directly in equity in the financial statements for 1998–99.

E. 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.

Currency gains and losses are not recognised in the financial statements as the Department of Finance and Administration assumes responsibility for ASIO's foreign currency exposure. The net amount of such gains and losses is not considered material to the Organization's operations.

F. Insurance

In accordance with the agreement with the Commonwealth, assets are not insured and losses are expensed as they are incurred.

G. 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.

H. Leases

A distinction is made between finance leases which effectively transfer from the lessor to 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. ASIO does not hold any non-current assets under finance lease.

Operating lease payments are charged to the statement of Agency Revenues and Expenses on a basis which is representative of the pattern of benefits derived from the leased assets.

I. 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.

J. Asset capitalisation threshold

Purchases of property, plant and equipment with a historical cost equal to or in excess of \$500 are capitalised in the year of acquisition and included on ASIO's asset register. The value of all such assets is included in the financial statements. Assets with a historical cost under \$500 are expensed in the year of acquisition.

K. Valuation of non-financial assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by ASIO. Cost is determined as the cash amount paid or the fair value of assets transferred or acquired.

Property, plant and equipment is to be progressively revalued in accordance with the 'deprival' method of valuation by 1 July 1999 and thereafter be revalued progressively on that basis every three years.

ASIO has implemented its revaluations program as follows:

- Land and buildings, including leasehold improvements at State Offices, have been revalued as at 30 June 1999. ASIO's Central Office was refurbished during the period February to October 1998 and hence improvements at that office are recorded at original cost.
- 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 at 30 June 1998 and all other equipment items were revalued at 30 June 1999. 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 1999, ASIO had no assets in this situation.

All valuations are independent except where specifically noted otherwise.

L. 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 as follows:

| | 1998-99 | 1997-98 |
|----------------------------|----------------------|---------------|
| Buildings on freehold land | 40 years | 40 years |
| Leasehold improvements | Lease term | Lease term |
| Plant and equipment | 3 to 15 years | 3 to 15 years |

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 3C.

M. Employee entitlements

All vesting employee entitlements, including annual leave and long service leave, have been recognised as liabilities in the financial statements. No provision for sick leave is included as sick leave is non-vesting.

The long service leave provision has been calculated having regard to the probability that long service leave will in the future either be taken or have to be paid even though an employee may not yet have met the qualifying period of ten years. 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 1999. In determining the present value of the liability, account has been taken of attrition rates and pay increases through promotion and inflation.

Provision has been made for annual leave and this item has been split between current and non-current on the basis of past history, and is recognised at the nominal amount.

N. Comparative figures

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

O. Superannuation

Staff of ASIO contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Employer contributions amounting to \$3 428 000 (1997–98: \$3 305 000) in relation to these schemes have been expensed in these financial statements.

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

Employer Superannuation Productivity Benefit contributions totalled \$799 000 (1997–98: \$599 000).

P. Resources received free of charge

Resources received free of charge are recognised as revenue in the Agency Revenues and Expenses statement where the amounts can be reliably measured. Use of those resources is recognised as an expense.

Q. Other Revenue

Revenue from the sale of goods and services is recognised upon the delivery to customers. Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

All revenues described in this note are revenues relating to the core operating activities of ASIO, whether in its own right or on behalf of the Commonwealth, except for gains from the sale of agency assets. Details of revenue amounts are given in Note 4.

R. Administered items

ASIO does not have any administered items.

S. Program statement

ASIO is funded by Parliament as Subprogram 6.8 of the Attorney-General's portfolio and no program statement is required within these financial statements.

| | |
|----------------|---------|
| 1998-99 | 1997-98 |
| \$ '000 | \$ '000 |

NOTE 3: Goods and services expenses

NOTE 3A: Employee expenses

| | | |
|---------------------------|---------------|---------------|
| Basic remuneration | 35 496 | 31 346 |
| Separation and redundancy | 179 | 2 239 |
| | <hr/> | <hr/> |
| Total | <u>35 675</u> | <u>33 585</u> |

NOTE 3B: Suppliers' expenses

| | | |
|------------------------------|---------------|---------------|
| Supply of goods and services | 16 876 | 13 586 |
| Operating lease rentals | 4 088 | 3 658 |
| | <hr/> | <hr/> |
| Total | <u>20 964</u> | <u>17 244</u> |

NOTE 3C: Depreciation and amortisation

| | | |
|--|--------------|--------------|
| Provision for depreciation, | | |
| – buildings on freehold land | 19 | 19 |
| – infrastructure, plant and equipment | 3 537 | 3 530 |
| Amortisation of intangibles | 1 131 | 1 329 |
| Amortisation of leasehold improvements | 969 | 486 |
| | <hr/> | <hr/> |
| Total | <u>5 656</u> | <u>5 364</u> |

NOTE 3D: Write down of assets

| | | |
|---------------------------------------|-------|-------|
| Non-financial assets, | | |
| – infrastructure, plant and equipment | – | 1 733 |
| | <hr/> | <hr/> |

NOTE 3E: Net losses from sale of assets

| | | |
|---------------------------------------|-------|-------|
| Non-financial assets, | | |
| – infrastructure, plant and equipment | 142 | 134 |
| | <hr/> | <hr/> |

| | 1998-99 | 1997-98 |
|--|----------------|---------|
| | \$ '000 | \$ '000 |

NOTE 4: Items credited as revenue

NOTE 4A: Revenues from independent sources

| | | |
|-----------------------------|-------|-------|
| Sales of goods and services | 294 | 233 |
| Other | 1 740 | 956 |
| Total | 2 034 | 1 189 |

The increase in other revenue from independent sources is due to funding of \$909,000 provided by the Office of Government On-line. This funding was provided to enable ASIO to meet costs associated with the Y2K date problem.

NOTE 4B: Revenues from independent sources

| | | |
|--|-----|---|
| Write back of asset cost expensed in 1997-98 | 125 | - |
|--|-----|---|

NOTE 4C: Resources received free of charge

| | | |
|--|-----|-------|
| National Archives of Australia | | |
| Provision of ongoing archival services | - | 14 |
| Australian National Audit Office | | |
| The estimated cost of services provided by the Auditor-General in auditing the Organization's financial statements | 51 | 53 |
| Department of Foreign Affairs and Trade | | |
| Provision of support costs for ASIO staff stationed at overseas liaison posts | 655 | 2 199 |
| Total | 706 | 2 266 |

1998-99 1997-98
\$ '000 \$ '000

NOTE 5: Provisions and payables

NOTE 5A: Employee liabilities

| | | |
|--------------------|--------|-------|
| Salaries and wages | 766 | 595 |
| Leave | 10 696 | 9 151 |
| Superannuation | 67 | 52 |
| Other | 343 | 128 |
| | 11 872 | 9 926 |
| Total | 11 872 | 9 926 |

NOTE 5B: Suppliers

| | | |
|-----------------|-------|-----|
| Trade creditors | 1 257 | 476 |
| | 1 257 | 476 |

NOTE 6: Equity

| | Capital | Accumulated results | Asset revaluation | Total reserves | Total equity |
|---------------------------|---------|---------------------|-------------------|----------------|--------------|
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Balance 1 July 1998 | – | 25 946 | 1 857 | 1 857 | 27 803 |
| Capital injection | 8 928 | | | | 8 928 |
| Operating result | | (13 474) | – | – | (13 474) |
| Net revaluation increases | | – | 278 | 278 | 278 |
| Balance 30 June 1999 | 8 928 | 12 472 | 2 135 | 2 135 | 23 535 |

NOTE 7: Financial assets

NOTE 7A: Cash

| | | |
|--------------|-------|-------|
| Cash at bank | 3 125 | 1 641 |
| Cash on hand | 113 | 97 |
| | 3 238 | 1 738 |
| Total | 3 238 | 1 738 |

| | 1998-99 | 1997-98 |
|--|----------------|---------|
| | \$ '000 | \$ '000 |
| NOTE 7B: Receivables | | |
| Appropriations | 8 928 | 17 171 |
| Goods and services | 157 | 173 |
| Less provision for doubtful debts | - | - |
| | <hr/> | <hr/> |
| Total | 9 085 | 17 344 |
| Goods and services receivables (gross) are aged as follows: | | |
| Not overdue | 140 | 163 |
| Overdue: | | |
| - less than 30 days | 5 | 1 |
| - 30 to 60 days | 4 | 7 |
| - more than 60 days | 8 | 2 |
| | <hr/> | <hr/> |
| | 157 | 173 |
| | <hr/> | <hr/> |

NOTE 8: Non-financial assets

NOTE 8A: Land and buildings

| | | |
|---|-------|-------|
| Freehold land—at cost | - | 549 |
| | <hr/> | <hr/> |
| | - | 549 |
| Freehold land—at June 1999 valuation | 720 | - |
| | <hr/> | <hr/> |
| | 720 | - |
| Buildings on freehold land—at cost | - | 336 |
| Accumulated depreciation | - | (30) |
| | <hr/> | <hr/> |
| | - | 306 |
| Buildings on freehold land—at June 1996 valuation | - | 245 |
| Accumulated depreciation | - | (41) |
| | <hr/> | <hr/> |
| | - | 204 |

| | 1998-99 | 1997-98 |
|---|----------------|--------------|
| | \$ '000 | \$ '000 |
| Buildings on freehold land—at June 1999 valuation | 620 | - |
| Accumulated depreciation | (105) | - |
| | <u>515</u> | <u>-</u> |
| Leasehold improvements—at cost | 7 513 | 5 387 |
| Accumulated amortisation | (922) | (2 287) |
| | <u>6 591</u> | <u>3 100</u> |
| Leasehold improvements—at April 1995 valuation | - | 495 |
| Accumulated amortisation | - | (392) |
| | <u>-</u> | <u>103</u> |
| Leasehold improvements—at June 1999 valuation | 906 | - |
| Accumulated amortisation | (247) | - |
| | <u>659</u> | <u>-</u> |
| Total | <u>8 485</u> | <u>4 262</u> |

NOTE 8B: Infrastructure, plant and equipment

| | | |
|--|---------------|---------------|
| Infrastructure, plant and equipment—at cost | 4 920 | 14 108 |
| Accumulated depreciation | (350) | (8 350) |
| | <u>4 570</u> | <u>5 758</u> |
| Infrastructure, plant and equipment —at June 1998 valuation | 5 838 | 5 862 |
| Accumulated depreciation | (2 255) | - |
| | <u>3 583</u> | <u>5 862</u> |
| Infrastructure, plant and equipment —at June 1999 valuation | 9 261 | - |
| Accumulated depreciation | (4 943) | - |
| | <u>4 318</u> | <u>-</u> |
| Total | <u>12 471</u> | <u>11 620</u> |

| | 1998-99 \$ '000 | 1997-98 \$ '000 |
|--|----------------------------------|--------------------|
| NOTE 8C: Intangibles | | |
| Purchased computer software—at cost | 791 | - |
| Accumulated amortisation | (35) | - |
| | <u>756</u> | <u>-</u> |
| | | |
| Internally developed software—at cost | 580 | - |
| Accumulated amortisation | - | - |
| | <u>580</u> | <u>-</u> |
| | | |
| Purchased computer software—at June 1998 valuation | 2 758 | 2 758 |
| Accumulated amortisation | (1 096) | - |
| | <u>1 662</u> | <u>2 758</u> |
| | | |
| Total | <u>2 998</u> | <u>2 758</u> |

The revaluations as at 30 June 1999 were in accordance with the progressive revaluation policy stated at Note 2 (K) and with the exception of sensitive operational sites were completed by an independent valuer, the Australian Valuation Office. Operational sites were revalued in-house by reference to market information. Revaluation increments of \$74 000 for Land and Buildings and \$204 000 for Infrastructure, Plant and Equipment were transferred to the asset revaluation reserve.

NOTE 8D: Analysis of property, plant and equipment and intangibles

Table A — Movement summary of property, plant and equipment for 1998-99

| <i>Item</i> | <i>Land</i> | <i>Buildings</i> | <i>Total land and buildings</i> | <i>Infrastructure plant and equipment</i> | <i>Intangibles</i> | <i>Total</i> |
|--|-------------|------------------|---|---|--------------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Gross value as at 1 July 1998 | 549 | 6 463 | 7 012 | 19 970 | 2 758 | 29 740 |
| Additions | - | 5 211 | 5 211 | 5 132 | 1 371 | 11 714 |
| Revaluations | 171 | (1 977) | (1 806) | (3 757) | - | (5 563) |
| Disposals | - | (658) | (658) | (1 326) | - | (1 984) |
| Gross value as at 30 June 1999 | 720 | 9 039 | 9 759 | 20 019 | 4 129 | 33 907 |
| Accumulated depreciation/ amortisation as at 1 July 1998 | - | 2 750 | 2 750 | 8 350 | - | 11 100 |
| Depreciation/ amortisation charge for assets held 1 July 1998 | - | 635 | 635 | 3 275 | 1 099 | 5 009 |
| Depreciation/ amortisation charge for additions | - | 353 | 353 | 262 | 32 | 647 |
| Adjustment for disposals | - | (584) | (584) | (378) | - | (962) |
| Adjustment for revaluations | - | (1 880) | (1 880) | (3 961) | - | (5 841) |
| Accumulated depreciation/ amortisation as at 30 June 1999 | - | 1 274 | 1 274 | 7 548 | 1 131 | 9 953 |
| Net book value as at 30 June 1999 | 720 | 7 765 | 8 485 | 12 471 | 2 998 | 23 954 |
| Net book value as at 1 July 1998 | 549 | 3 713 | 4 262 | 11 620 | 2 758 | 18 640 |

NOTE 8D: Analysis of property, plant and equipment

Table B — Summary of balances of assets at valuation as at 30 June 1999

| <i>Item</i> | <i>Land</i> | <i>Buildings</i> | <i>Total land and buildings</i> | <i>Other infrastructure plant and equipment</i> | <i>Intangibles</i> | <i>Total</i> |
|---|-------------|------------------|---|---|--------------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| <i>As at 30 June 1999</i> | | | | | | |
| Gross value | 720 | 1 526 | 2 246 | 15 099 | 2 758 | 20 103 |
| Accumulated depreciation/ amortisation | – | (352) | (352) | (7 198) | (1 096) | (8 646) |
| Other movements | – | – | – | – | – | – |
| Net book value | 720 | 1 174 | 1 894 | 7 901 | 1 662 | 11 457 |
| <i>As at 30 June 1998</i> | | | | | | |
| Gross value | – | 740 | 740 | 5 862 | 2 758 | 9 360 |
| Accumulated depreciation/ amortisation | – | (433) | (433) | – | – | (433) |
| Other movements | – | – | – | – | – | – |
| Net book value | – | 307 | 307 | 5 862 | 2 758 | 8 927 |

NOTE 8E: Other

Prepayments

1998-99
\$ '000

1997-98
\$ '000

387

483

| | 1998-99 \$ '000 | 1997-98 \$ '000 |
|---|----------------------------------|--------------------|
| NOTE 9: Cash flow reconciliation | | |
| Reconciliation of net cost of services to net cash provided by operating activities | | |
| Net cost of services – gain/(loss) | (60 278) | (56 871) |
| Depreciation/amortisation | 5 656 | 5 364 |
| (Profit)/Loss on disposal of non-current assets | 142 | 134 |
| Asset write-off | – | 1 733 |
| Write back asset prior year | (125) | – |
| Revenue from government | 46 804 | 59 175 |
| Changes in assets and liabilities: | | |
| decrease (increase) in receivables | 8 259 | (4 997) |
| decrease (increase) in other assets | 96 | 441 |
| increase (decrease) in creditors | 781 | (25) |
| increase (decrease) in provisions | 1 946 | (1235) |
| increase (decrease) in capital | 8 928 | – |
| Net cash provided by operating activities | <u>12 209</u> | <u>3 719</u> |

| | 1998-99 Budget \$ | 1998-99 Actual \$ | 1997-98 Actual \$ |
|--|-------------------------|---------------------------------------|-------------------------|
| NOTE 10: Receipts of the Consolidated Revenue Fund | | | |
| Section 31 of the <i>Financial Management and Accountability Act 1997</i> – to be credited to running costs – Division 124 | | | |
| | <u>1 451 000</u> | <u>1 231 230</u> | <u>1 531 517</u> |

NOTE 11: Expenditure from Annual Appropriations

| | 1998-99 Budget estimates | 1998-99 Additional appropriations | 1998-99 Total appropriation | 1998-99 Actual expenditure | 1997-98 Actual expenditure |
|--|--------------------------|-----------------------------------|-----------------------------|----------------------------|----------------------------|
| Ordinary Annual Services of Government Appropriation Act | Act No 1 \$ | Act No 3 \$ | \$ | \$ | \$ |
| Division 124 – Administrative 1. Running costs | 68 095 000 | 4 103 000 | 72 198 000 | 64 500 372 | 53 460 517 |

1998-99
\$ '000

1997-98
\$ '000

Reconciliation of agency running costs

Running costs appropriation spent (Div 124-1)
Less: appropriation under FMA Act Section 31

64 500
1 231

53 461
1 532

Add: carry over 30 June
Less: carry over 1 July

63 269
–
17 171

51 929
17 171
12 191

Running cost revenue (included in Statement of Agency Revenues and Expenses)

46 098

56 909

Revenue from government – ordinary annual services
(per Statement of Agency Revenues and Expenses)

46 098

56 909

| | |
|----------------|---------|
| 1998-99 | 1997-98 |
| Actual | Actual |
| \$ | \$ |

NOTE 12: 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:

| | |
|--------|--------|
| 51 400 | 53 000 |
|--------|--------|

NOTE 13: Executive remuneration

The number of executive officers who received or were due to receive a total remuneration package of \$100 000 or more:

| | Number | Number |
|------------------------|---------------|--------|
| \$110 000 to \$120 000 | 10 | 9 |
| \$130 000 to \$140 000 | - | 4 |
| \$140 000 to \$150 000 | 3 | - |
| \$160 000 to \$170 000 | - | 1 |
| \$170 000 to \$180 000 | 1 | - |
| \$190 000 to \$200 000 | - | 1 |
| over \$200 000 | 1 | - |

The aggregate amount of total remuneration of executive officers shown above.

| | |
|-------------|-------------|
| \$1 979 377 | \$1 888 072 |
|-------------|-------------|

The aggregate amount of performance pay paid during the year to executive officers shown above

| | |
|----------|---|
| \$25 700 | - |
|----------|---|

NOTE 14: Act of Grace 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*.

NOTE 15: Average staffing levels

| | 1998-99 Number | 1997-98 Number |
|-------------------------|---------------------------|-------------------|
| Average staffing levels | <u>513</u> | <u>488</u> |

NOTE 16: Financial Instruments

NOTE 16A: Terms, conditions and accounting policies

| <i>Financial Instrument</i> | <i>Notes</i> | <i>Accounting policies and methods (including recognition criteria and measurement basis)</i> | <i>Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)</i> |
|---------------------------------------|--------------|--|--|
| <i>Financial assets</i> | | 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 accrues directly to the Commonwealth. | Not applicable. |
| Receivables for goods and services | 7B | 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 (1997-98: 30 days). |
| <i>Financial liabilities</i> | | 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 | 5B | 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. |

NOTE 16B: Interest rate risk and net fair values

ASIO's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

| | 1998-99 \$ '000 | 1997-98 \$ '000 |
|---|----------------------------------|--------------------|
| Financial assets (non interest bearing) | | |
| Cash | 3 238 | 1 738 |
| Receivables for goods and services | 157 | 173 |
| Total | <u>3 395</u> | <u>1 911</u> |
| The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying values. | | |
| Financial liabilities (non interest bearing) | | |
| Trade creditors | 1 257 | 476 |
| Total | <u>1 257</u> | <u>476</u> |

NOTE 16C: Credit risk exposures

The maximum exposure 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 Assets and Liabilities. ASIO does not have any significant exposures to any concentrations of credit risk.

Australian Security Intelligence Organization

Appendixes

A: Program expenditure

Report to

B: Staffing statistics

Parliament

C: Security intelligence reports

1998-99

D: Significant threat assessments

E: Foreign liaison delegations

F: Membership of the Parliamentary Joint Committee on ASIO

G: Contact information

A: Program expenditure

Tables 7 and 8 in this appendix are excluded from the unclassified *Report to Parliament*.

B: Staffing statistics

ASIO's workforce comprises two main streams:

Generalist Intelligence Officers (GIOs)—with training and experience in collecting and analysing intelligence and preparing assessments and security advice.

Specialist Intelligence Officers (SIOs)—with qualifications or experience in a wide range of professional, technical, managerial and administrative fields.

Staff are employed under the ASIO Act, through contract arrangements between the Director-General and each officer. The terms and conditions of employment in ASIO are similar to those applying in the Australian Public Service.

Staffing numbers

| | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
|---|---------|---------|---------|---------|---------|
| Average staffing level (ASL) for each financial year (FY) | 530 | 551 | 537 | 488 | 513 |
| Full-time staff equivalent (FSE) at end of each FY | 529 | 577 | 524 | 480 | 525 |
| Number of staff at the end of each FY | 585 | 625 | 571 | 536 | 566 |

Table 9.
Staffing levels and numbers at 30 June, 1994-95 to 1998-99

| | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
|--|------------|------------|------------|------------|------------|
| Permanent full-time | 525 | 550 | 519 | 469 | 473 |
| Temporary full-time | 15 | 26 | 16 | 13 | 30 |
| Permanent part-time | 14 | 18 | 18 | 23 | 22 |
| Temporary part-time | 3 | - | - | 3 | 6 |
| Casual | 17 | 15 | 8 | 22 | 21 |
| Non-operational (including unattached and on compensation) | 11 | 16 | 10 | 6 | 14 |
| Total | 585 | 625 | 571 | 536 | 566 |

Table 10.
Composition of the workforce (number at 30 June each year), 1994-95 to 1998-99

SES data

Table 11. SES equivalent staff location, classification and gender (positions at level) at 30 June each year, 1994-95 to 1998-99

| | | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
|-------------------------------|--------|-----------|-----------|-----------|-----------|-----------|
| <i>Central Office</i> | | | | | | |
| Band 1 | Female | 3 | 3 | 2 | 2 | 1 |
| | Male | 4 | 6 | 7 | 6 | 8 |
| Band 2 | Female | 1 | 1 | 2 | 1 | 1 |
| | Male | 1 | 2 | 2 | 2 | 2 |
| Band 3 | Male | 1 | - | 1 | 1 | 1 |
| <i>Seconded</i> | | | | | | |
| Band 3 | Male | - | 1 | - | - | - |
| <i>States and territories</i> | | | | | | |
| Band 1 | Female | - | - | - | - | - |
| | Male | 2 | 1 | 1 | 1 | 1 |
| Band 2 | Male | 1 | - | - | - | - |
| Total | | 13 | 14 | 15 | 13 | 14 |

Workplace diversity statistics

Table 12. Representation of designated groups within ASIO occupational groups at 30 June 1999

| Group | Total staff ¹ | Women ² | NESB | ATSI | PWD | Staff with EEO data ² |
|------------------------------|--------------------------|--------------------|----------------|------------------|----------------|----------------------------------|
| SES ³ | 15 | 2 (13%) | - | - | 1 (7%) | 14 (93%) |
| Senior Officers ⁴ | 97 | 13 (13%) | 4 (4%) | - | 1 (1%) | 94 (97%) |
| AO5 ⁵ | 245 | 81 (33%) | 28 (13%) | 1 (0.45%) | 9 (4%) | 220 (90%) |
| AO1-4 ⁶ | 190 | 115 (61%) | 9 (6%) | 1 (0.65%) | 8 (5%) | 155 (82%) |
| ITO1-2 ⁷ | 14 | 3 (21%) | 1 (10%) | - | 1 (10%) | 10 (71%) |
| ENG1-2 ⁸ | 4 | 1 (25%) | - | - | - | 3 (75%) |
| Other | 1 | - | - | - | - | 1 (100%) |
| TOTAL | 566 | 215 (38%) | 42 (8%) | 2 (0.40%) | 20 (4%) | 497 (88%) |

1 Based on staff salary classifications

2 Percentages for headings 'women' and 'staff with EEO data' based on 'total staff'; percentages for all other groups based on staff for whom EEO data was available. Provision of EEO data by staff is voluntary.

3 The SES staff figure includes one unattached officer that is not indicated in Table.

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

5 The AO5 (ASIO Officer Grade 5) group is equivalent to APS Level 6 and includes ASIO GIOs.

6 The AO1-4 group spans the APS 1-5 salary range. Salaries for GIO Trainees are included in this group (equivalent to APS Level 3).

7 Information Technology Officers Grades 1 and 2.

8 Engineers Grades 1 and 2.

C: Security intelligence reports

Table 13 lists the titles of security intelligence reports published during the reporting period (excluded from the unclassified *Report to Parliament*).

D: Significant threat assessments

Tables 14 and 15 show significant visits to and from Australia on which ASIO provided security advice to government in the form of threat assessments in 1998–99. Table 16 (excluded from the unclassified *Report to Parliament*) shows significant establishments for which National Security Threat Assessments (NSTAs) were issued during the reporting period.

*Table 14.
Significant visits
to Australia for
which threat
assessments were
issued in
1998–99*

| Date | Visitor |
|--------------|--|
| Aug. 98 | Mr Bill Skate, Prime Minister, Papua New Guinea (PNG) |
| Aug. 98 | Mr Chen Hong, Vice Minister, State Ethnic Affairs Commission, the People's Republic of China |
| Sept. 98 | Dr Mary McAleese, President, Ireland |
| Oct. 98 | Mr Oscar Scalfaro, President, Italy |
| Oct. 98 | Mr Noburo Takeshita, former Prime Minister, Japan |
| Nov. 98 | Mr Venizelos, Minister for Culture and Sport, Greece |
| Dec. 98 | Mr Nicholas Saba, Governor of Beirut |
| Jan. 99 | Mr Lakshman Kadirgamar, Foreign Minister, Sri Lanka |
| Feb. 99 | Mr Goncz, President, Hungary |
| Mar. 99 | Mr Goh Chok Tong, Prime Minister, Singapore |
| Mar.–Apr. 99 | Mr Phan Van Khai, Prime Minister, Vietnam |
| May 99 | Mr Said Ben Mustapha, Minister for Foreign Affairs, Tunisia |
| May–June 99 | Mr Mikhail Gorbachev, former Prime Minister, Russia |
| June 99 | General Ergin Celasin, President of the National Security Council, Turkey |

*Table 15.
Significant
Australian
overseas visits for
which threat
assessments were
issued in
1998–99*

| Date | Visitor |
|--------------|---|
| July 98 | Foreign Affairs Minister Downer—visit to Hong Kong and the Philippines |
| Aug. 98 | Defence Industry, Science and Personnel Minister Bishop—visit to PNG |
| Nov. 98 | Defence Minister Moore—visit to Indonesia |
| Nov. 98 | Prime Minister Howard, Deputy Prime Minister Fischer and Foreign Affairs Minister Downer—visit to Malaysia |
| Dec. 98 | Health and Aged Care Minister Wooldridge—visit to India |
| Dec. 98 | Deputy Prime Minister Fischer, Foreign Affairs Minister Downer and Defence Minister Moore—visit to PNG |
| Jan. 99 | Immigration and Multicultural Affairs Minister Ruddock—visit to South Africa, Kenya, Tanzania, Rwanda, Egypt and UK |
| Jan.–Feb. 99 | Communications, Information Technology and the Arts Minister Alston—visit to South Africa, the UK and Switzerland |
| Feb. 99 | Prime Minister Howard—visit to New Zealand |
| Apr. 99 | Prime Minister Howard, Foreign Affairs Minister Downer and Defence Minister Moore—visit to Indonesia |
| Apr.–May 99 | Financial Services and Regulation Minister Hockey—visit to Hong Kong and the Philippines |

E: Foreign liaison delegations

In 1998–99 ASIO hosted visits from 47 delegations from 18 countries. Senior representatives of 6 foreign services attended ASIO's 50th anniversary celebrations in March 1999.

Visitor details are excluded from the unclassified *Report to Parliament*.

F: Membership of the Parliamentary Joint Committee on ASIO

Membership of the PJC at 1 July 1998 comprised:

- 4 Mr David Jull, MP (Fadden, Lib)—Presiding Member
- 4 Senator David MacGibbon (Qld, Lib)
- 4 Senator Sandy Macdonald (NSW, NP)
- 4 Senator Robert Ray (Vic, ALP)
- 4 Mr Noel Hicks, MP (Riverina, NP)
- 4 Mr Stewart McArthur, MP (Corangamite, Lib)

After the general election for the 39th Parliament, the committee was reconstituted. Dates of appointment to the committee are shown in brackets:

- 4 Mr David Jull, MP (Fadden, Lib)—Presiding Member (8 February 1999)
- 4 Senator David MacGibbon (Qld, Lib) (8 December 1998)
- 4 Senator Sandy Macdonald (NSW, NP) (8 December 1998)
- 4 Senator Robert Ray (Vic, ALP) (8 December 1998)
- 4 Mr Stewart McArthur, MP (Corangamite, Lib) (8 February 1999)
- 4 Mr Gary Nehl, MP (Cowper, NP) (8 February 1999)
- 4 Mr Leo McLeay, MP (Watson, ALP) (8 February 1999)

On 8 March 1999, Mr Nehl was replaced by Mr John Forrest, MP (Mallee, NP).

G: Contact information

Written inquiries

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

General inquiries

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

Media inquiries

Media Liaison Officer Telephone: (02) 6249 8381
Facsimile: (02) 6234 1449

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 can call ASIO Central Office toll free | 1800 020 648 |

Australian Security Intelligence Organization

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Report to

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Parliament

General index

1998-99

Glossary of acronyms and abbreviations

| | |
|----------|--|
| AAT | Administrative Appeals Tribunal |
| ACC | ASIO Consultative Committee |
| AEC | Audit and Evaluation Committee |
| AFP | Australian Federal Police |
| ANAO | Australian National Audit Office |
| ASIO | Australian Security Intelligence Organization |
| ASIS | Australian Secret Intelligence Service |
| AUSTRAC | Australian Transaction Reports and Analysis Centre |
| CE | Corporate Executive |
| CHOGM | Commonwealth Heads of Government Meeting |
| DFAT | Department of Foreign Affairs and Trade |
| DIMA | Department of Immigration and Multicultural Affairs |
| DIO | Defence Intelligence Organisation |
| DSD | Defence Signals Directorate |
| EEO | Equal Employment Opportunity |
| FOSIC | Federal Olympic Security Intelligence Centre |
| GIO | Generalist Intelligence Officer |
| HUMINT | Human intelligence |
| IGIS | Inspector-General of Intelligence and Security |
| IT | Information technology |
| LEAC | Law Enforcement Advisory Committee |
| MP | Member of Parliament |
| NAA | National Archives of Australia |
| NATP | National Anti-Terrorist Plan |
| NFIAP | National Foreign Intelligence Assessment Priorities |
| NSW | New South Wales |
| OH&S | Occupational health and safety |
| ONA | Office of National Assessments |
| PJC | Parliamentary Joint Committee (on ASIO) |
| PKK | Kurdistan Workers' Party |
| PM&C | Department of the Prime Minister and Cabinet |
| PSCC | Protective Security Coordination Centre |
| PSPC | Protective Security Policy Committee |
| RCASIA | Royal Commission on Australia's Security and Intelligence Agencies |
| RCIS | Royal Commission on Intelligence and Security |
| SAC-PAV | Standing Advisory Committee on Commonwealth-State Cooperation for Protection Against Violence |
| SCNS | Secretaries Committee on National Security |
| SES | Senior Executive Service |
| SIDC-PAV | Special Interdepartmental Committee for Protection Against Violence |
| SIO | Specialist Intelligence Officer |

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