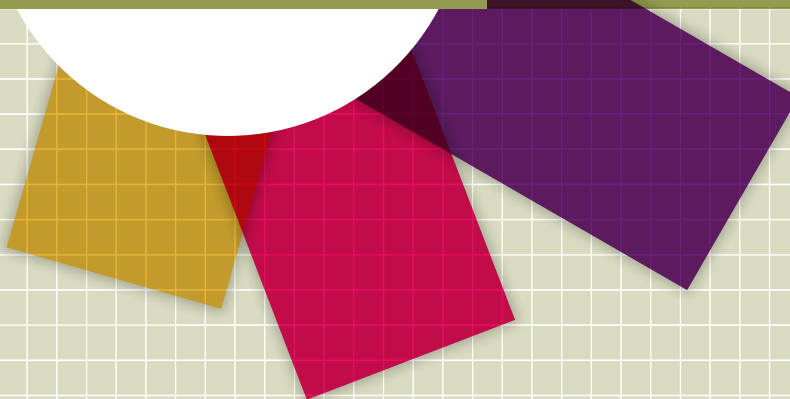




# ANNUAL REPORT

2012-2013



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The Hon Tony Abbott MP  
Prime Minister  
Parliament House  
CANBERRA ACT 2600

Dear Prime Minister

I am pleased to present my annual report for the period between 1 July 2012 and 30 June 2013.

This report has been prepared in accordance with section 35 of the *Inspector-General of Intelligence and Security Act 1986* and reflects the *Requirements for annual reports – for departments, executive agencies and FMA Act bodies* (as approved by the Joint Committee of Public Accounts and Audit, updated June 2013).

Each of the agencies within my jurisdiction has confirmed that those components of the report which relate to them will not prejudice security, the defence of Australia, Australia's relations with other countries, law enforcement operations or the privacy of individuals. The report is therefore suitable to be laid before each House of Parliament.

The report includes my office's audited financial statements as required by section 57 of the *Financial Management and Accountability Act 1997*.

As required by the Commonwealth Fraud Control Guidelines, I certify that my office has undertaken a fraud risk assessment and has a fraud control plan, both of which are reviewed periodically. I further certify that appropriate fraud prevention, detection, investigation and reporting procedures are in place which comply with the guidelines applying in 2012-13, and that the office has responded to the annual survey for fraud control data.

Yours sincerely



Vivienne Thom  
Inspector-General

3 October 2013

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## GLOSSARY

AAT	Administrative Appeals Tribunal
AHRC	Australian Human Rights Commission
AIC	Australian Intelligence Community
AML/CTF Act	<i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i>
APS	Australian Public Service
ASIO	Australian Security Intelligence Organisation
ASIO Act	<i>Australian Security Intelligence Organisation Act 1979</i>
ASIS	Australian Secret Intelligence Service
AUSTRAC	Australian Transaction Reports and Analysis Centre
DIGO	Defence Imagery and Geospatial Organisation
DIAC	Department of Immigration and Citizenship
DIO	Defence Intelligence Organisation
DIR	Data inquiry request
DSD	Defence Signals Directorate
GCSB	Government Communications Security Bureau
GST	Goods and services tax
IGIS	Inspector-General of Intelligence and Security
IGIS Act	<i>Inspector-General of Intelligence and Security Act 1986</i>
IMA	Irregular maritime arrival
ISA	<i>Intelligence Services Act 2001</i>
MA	Ministerial authorisation
MOU	Memorandum of understanding
OIGIS	Office of the Inspector-General of Intelligence and Security
ONA	Office of National Assessments
ONA Act	<i>Office of National Assessments Act 1977</i>
SES	Senior Executive Service
TIA Act	<i>Telecommunications (Interception and Access) Act 1979</i>
WHS Act	<i>Work Health and Safety Act 2011</i>

# PART ONE: OVERVIEW

## The role of the Inspector-General of Intelligence and Security

The Inspector-General of Intelligence and Security (IGIS) is an independent statutory office established by the *Inspector-General of Intelligence and Security Act 1986* (IGIS Act) which commenced on 1 February 1987. Dr Vivienne Thom was appointed as Inspector-General for a term of five years from 19 July 2010.

The Office of the IGIS is situated within the Prime Minister's portfolio and at 30 June 2013 reported to the Minister for the Public Service and Integrity for administrative purposes.

As an independent statutory office holder, the IGIS is not subject to general direction from the Prime Minister, the Minister for the Public Service and Integrity, or other Ministers on how responsibilities under the IGIS Act should be carried out.

The role of the IGIS is set out in the IGIS Act and is, broadly, to assist Ministers in the oversight and review of the legality and propriety of the activities of the Australian Intelligence Community (AIC) agencies; to assist Ministers in ensuring that these activities are consistent with human rights; and to assist the Government in assuring the Parliament and the public that intelligence and security matters relating to Commonwealth agencies are open to scrutiny.

The IGIS Act provides the legal basis for regular inspections of the AIC agencies so as to identify issues, including the governance and control



*Dr Vivienne Thom,  
Inspector-General*

frameworks within agencies, before there is a requirement for major remedial action.

The inspection role of the IGIS is complemented by an inquiry function. In undertaking inquiries the IGIS has strong investigative powers, akin to those of a royal commission, including the power to compel persons to answer questions and produce documents, to take sworn evidence, and to enter agency premises.

The IGIS can also investigate complaints, including complaints by members of the public or staff of an AIC agency, about an action taken by an intelligence agency.

The IGIS also has a role under the *Archives Act 1983* and the *Freedom of Information Act 1982* to provide expert evidence to the Administrative Appeals Tribunal and the Information Commissioner in relation to national security, defence, international relations and confidential foreign government communications exemptions.

The role and functions of the IGIS are an important part of the overall accountability framework to which the AIC agencies are subject. While the focus of the IGIS is on the operational activities of the AIC agencies, the agencies are also subject to review by the Parliamentary Joint Committee on Intelligence and Security as well as the Australian National Audit Office.

## The agencies of the Australian Intelligence Community

### Australian Security Intelligence Organisation (ASIO)

ASIO's role is to collect and assess intelligence on threats to security, both in Australia and overseas, and to provide advice to protect Australia, its people and its interests.

ASIO's functions are set out in the *Australian Security Intelligence Organisation Act 1979* (ASIO Act). It is also subject to guidelines issued by the Attorney-General under the ASIO Act.

Security is defined in the ASIO Act as the protection of the Commonwealth and the States and Territories and the people in them, and in relation to Australia's responsibilities to any foreign country, from:

- espionage
- sabotage
- politically motivated violence
- the promotion of communal violence
- attacks on Australia's defence system
- acts of foreign interference

and the protection of Australia's territorial and border integrity from serious threats.

ASIO collects information using a variety of intelligence methods including the use of human sources, special powers authorised by warrant, through authorised liaison relationships, and from published sources.

The Attorney-General is responsible for ASIO.

### Australian Secret Intelligence Service (ASIS)

ASIS's primary function is to obtain and communicate intelligence which is not readily available by other means, about the capabilities, intentions and activities of individuals or organisations outside Australia. Its functions are set out in the *Intelligence Services Act 2001* (ISA) and include communicating secret intelligence in accordance with government requirements, conducting counter-intelligence activities and liaising with foreign intelligence or security services.

ASIS generally relies on human sources to collect relevant foreign intelligence. This intelligence information is transformed into intelligence reports and related products which are then made available to key policy makers and select government agencies with a clear and established need to know.

ASIS's activities are regulated by a series of ministerial directions, ministerial authorisations and privacy rules, made pursuant to the ISA.

The Minister for Foreign Affairs is responsible for ASIS.

### Office of National Assessments (ONA)

ONA is established by the *Office of National Assessments Act 1977* (ONA Act) and provides 'all source' assessments on international political, strategic and economic developments to the Prime Minister and the Government. Its sources for reporting are other intelligence and government agencies, diplomatic reporting and open sources including the media.

The ONA Act charges ONA with responsibility for coordinating and reviewing Australia's foreign intelligence activities and issues of common interest among Australia's foreign intelligence agencies. ONA is also responsible for evaluating the effectiveness of Australia's foreign intelligence effort and the adequacy of its resourcing.

The Prime Minister is responsible for ONA.



## Defence intelligence agencies

Three of the six intelligence agencies which comprise the AIC are administered by the Department of Defence (Defence), namely, the Defence Intelligence Organisation (DIO), the Defence Imagery and Geospatial Organisation (DIGO), also known as Australian Geospatial-Intelligence Organisation, and the Defence Signals Directorate (DSD), also known as Australian Signals Directorate.<sup>1</sup> These three agencies sit within the Intelligence and Security Group in Defence. DSD's and DIGO's functions are set out in the ISA and their activities are regulated by a series of ministerial directions, ministerial authorisations and privacy rules.

### *Defence Intelligence Organisation (DIO)*

The functions of DIO are to provide intelligence assessment and advice on the strategic posture, policy and intent and the military capabilities of countries relevant to Australia's security. It provides advice to the Government, the Australian Defence Force and senior Defence officials, policy makers and planners on weapons of mass destruction, military capabilities, defence economics and global military trends.

### *Defence Imagery and Geospatial Organisation (DIGO)*

DIGO provides imagery and geospatial intelligence to support Australia's defence and national interests. It also provides a range of geospatial services (including mapping).

### *Defence Signals Directorate (DSD)*

DSD is Australia's national authority for signals intelligence and for information security. DSD collects foreign signals intelligence and produces and disseminates reports based on the intelligence information it collects. These reports are provided to key policy makers and select

government agencies with a clear and established need to know the information.

The Minister for Defence is responsible for these Defence agencies.

## The year in review

### Highlights

This year the office experienced a heavy inquiry workload with five full inquiries commencing in the reporting period including one at the request of the Prime Minister.

In last year's annual report I noted the need to review our activities to ensure we focussed on areas of priority and used our limited resources efficiently. In this reporting period we reviewed a number of our practices. For example:

- we revised our approach to ASIO inspections – partly as a response to ASIO systems changes – to focus on complete investigations rather than inspecting classes of activities
- for DSD and DIGO we recognised that there were advantages in using a concurrent inspection model to examine their activities
- we limited interstate inspection visits by inspecting files remotely
- we re-assessed training requirements, enrolling four staff members in Certificate IV courses and enhancing our internal training program
- we reviewed our outreach program to focus on key target groups.

Despite increases in average staffing costs and the efficiency dividend, our staffing complement remained constant. This was achieved by removing the international travel budget, limiting interstate travel, and reducing consultancy and legal costs to negligible amounts. Further savings in these areas will not be possible: domestic and international travel is essential to continue to provide appropriate oversight of AIC agencies.

<sup>1</sup> The 2013 Defence White Paper announced changes to the names of the Defence Signals Directorate and the Defence Imagery Geospatial Organisation to the Australian Signals Directorate and Australian Geospatial-Intelligence Organisation respectively. At the end of the reporting period these changes had not been incorporated into legislation.

## Looking ahead

At end-June 2013 the office is conducting three inquiries:

- an inquiry into use of weapons and self-defence techniques in ASIS initiated in April 2013
- an inquiry into the attendance of legal representatives at ASIO interviews initiated in May 2013 following a complaint
- an inquiry into the actions of Commonwealth agencies in respect of an Egyptian irregular maritime arrival initiated in June 2013 following a request by the Prime Minister.

All of these inquiries should be completed by the end of 2013 and will be reported in next year's annual report.

A major project for 2013-14 will be the implementation of the Australian Government's Public Interest Disclosure Scheme due to commence in January 2014. The IGIS has a significant role in respect of AIC agencies.

The Parliamentary Joint Committee on Intelligence and Security tabled its *Report of the Inquiry into Potential Reforms of Australia's National Security Legislation* in May 2013. It is possible that there will be reforms of national security legislation that could lead to further responsibilities for this office. A continuing challenge will be to identify areas of risk in agencies and to focus our efforts accordingly as well as being alert and able to respond to emerging issues.

## Legislative Changes

### **Foreign Affairs Portfolio Miscellaneous Measures Act 2013**

This legislation makes two changes that affect ASIS:

- It creates a mechanism to allow ASIS employees to move to an Australian Public Service (APS) agency in the same way that APS employees can voluntarily transfer from one APS agency to another.

- It also amends the *Work Health and Safety Act 2011* (WHS Act) to enable the Director-General of ASIS, with the approval of the Minister responsible for the WHS Act, to make a declaration that specified provisions of the WHS Act do not apply, or apply subject to modification in relation to persons carrying out work for the Director-General of ASIS.

The IGIS will oversight any declarations that are made.

### **Public Interest Disclosure Bill 2013**

The Public Interest Disclosure Bill 2013 passed both Houses on 26 June 2013 and received Royal Assent shortly after the end of the reporting period.

This legislation establishes the first stand-alone whistleblower protection scheme for federal public sector employees and former employees (including contractors) who report wrongdoing within the Commonwealth public sector. The role of the IGIS within the scheme includes the provision of assistance to both AIC agencies and persons who wish to disclose information relating to the conduct of an intelligence agency; oversight of the operation of the scheme within the AIC; conducting education and awareness programs; and contributing to an annual report to the Parliament (which will be prepared by the Commonwealth Ombudsman).

### **Privacy Rules**

Section 15 of the ISA requires that the relevant Ministers make rules for ASIS, DSD and DIGO regulating the communication and retention of intelligence information concerning Australian persons (Privacy Rules). The Privacy Rules for each of these agencies were changed during this reporting period. ONA and DIO amended their administrative Privacy Guidelines in line with the changes to the rules. The Privacy Rules are publicly available on agency websites.

In accordance with s. 15(6) of the ISA, I offered to brief the Parliamentary Joint Committee on Intelligence and Security on the effect of the new Privacy Rules.

## Parliamentary oversight

On 15 October 2012 I appeared before the Senate Finance and Public Administration Legislation Committee during the 2012-13 Supplementary Budget Estimates hearings.

report she commented favourably about the Australian oversight framework and concluded that incorporating elements of the Australian IGIS model would provide strengthened oversight of GCSB.

## Submissions to inquiries and reviews

On 30 November 2012 I appeared before the House of Representatives Standing Committee on Social Policy and Legal Affairs at a hearing on its inquiry into the Public Interest Disclosure (Whistleblower Protection) Bill 2012.

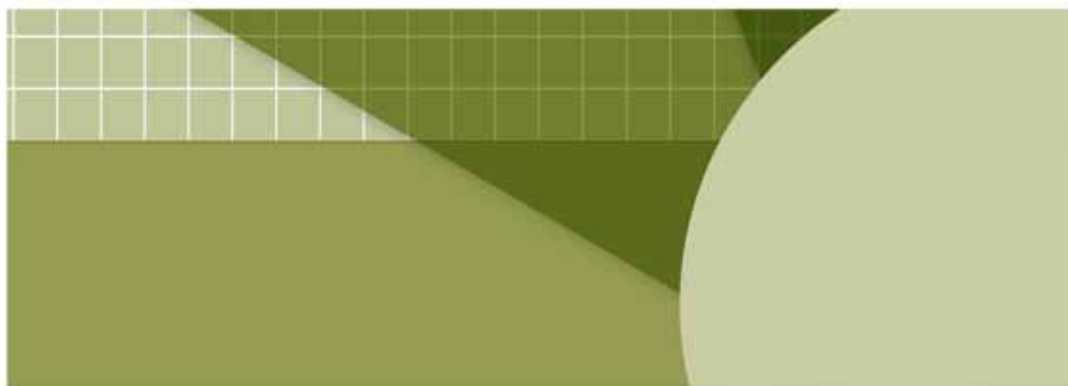
On 23 August 2012 I made a submission to the Parliamentary Joint Committee on Intelligence and Security's inquiry into potential reforms of Australia's national security legislation. On 21 September 2012 I appeared before the Committee at a private hearing.

On 25 January 2013 I made a submission to the Parliamentary Joint Committee on Intelligence and Security for the *Review of Administration and Expenditure No. 11 (2011-12) Australian Intelligence Agencies*.

On 19 April 2013 I made a submission to the House of Representative Standing Committee in Social Policy and Legal Affairs inquiry into the Public Interest Disclosure Bill 2013. On 26 April 2013 I made a submission along similar lines to the Senate Legal and Constitutional Affairs Legislation Committee's inquiry into the Public Interest Disclosure Bill 2013. On 24 May 2013 I appeared before the Senate Committee at a public hearing.

On 7 December 2012 I made a submission to the review of the Freedom of Information laws conducted by Dr Allan Hawke. I met with Dr Hawke on 16 April 2013 to discuss the submission.

In March 2013 the New Zealand Government released a review of compliance at New Zealand's Government Communications Security Bureau (GCSB). I met with the reviewer, Ms Rebecca Kitteridge, in December 2012 to brief her about my role. She also met with AIC agencies. In the



## Part Two: Performance

### Outcomes and outputs

In 2012-13 the Portfolio Budget Statement outlined a strategic direction statement with one planned outcome for the Office of the Inspector-General of Intelligence and Security. That outcome was:

Independent assurance for the Prime Minister, senior ministers and Parliament as to whether Australia's intelligence and security agencies act legally and with propriety by inspecting, inquiring into and reporting on their activities.

The key strategies employed to achieve this outcome were:

- to continue and expand inspection activities, which involve proactively monitoring and reviewing the activities of the AIC agencies
- where appropriate, to initiate 'own motion' inquiries and investigate complaints or referrals about the activities of the AIC agencies
- at the request of the Prime Minister, to inquire into an intelligence and security matter of a non-AIC agency.

The single program outcome reflects the small size of the agency and the relatively narrow focus of its activities.

### Performance indicators

The effectiveness of the office is assessed against several key performance indicators. The following measures take into account the unique role and functions of the office as a specialised review body:

- the breadth and depth of inspection work undertaken
- the timeliness of completion of inquiries or complaint resolution
- the level of acceptance by agencies, complainants and ministers of findings and recommendations of inquiries conducted
- the extent to which there has been change within the agencies as a result of the activities of the office.

### Agency engagement

I meet regularly with AIC agency heads and their senior staff to discuss current issues or concerns, and to highlight issues arising from our inspection and inquiry activities. These discussions are typically used by the agencies to brief me on emerging risks or potential concerns and how they plan to respond to these challenges.

These discussions provide me with good awareness of the operational environment of each AIC agency and also provide a forum to resolve

issues informally where appropriate without the need for extended, time consuming or unnecessary correspondence.

Each agency has also identified regular points of contact to facilitate our visits and to coordinate our various requirements, while within the office, there are designated lead officers to handle interactions with each AIC agency. The designation of these coordination points does not limit my capacity to speak to whoever I need to, and indeed goes a long way to ensuring that our requirements are met in a full and prompt manner. I would like to express my appreciation to our regular points of contact within each agency for assisting the work of my office during the 2012-13 reporting period.

## Outreach

Each year, my staff and I deliver presentations to staff in AIC agencies. These presentations provide a good opportunity to explain the role and functions of the office and to discuss matters relating to professionalism, accountability and ethical conduct. In the reporting period we delivered seventeen presentations to staff in AIC agencies including in regional offices and other sites outside of Canberra.

During the reporting period, we reviewed our outreach program to ensure it continues to be effective. Following the review, we identified target groups including agency leadership, regional operational staff, and staff newly appointed to roles that hold higher levels of risk. In addition, we continued to conduct ad hoc presentations to address particular issues or brief on the outcome of inquiries. Feedback has been positive and I am pleased with the level of interaction with staff during these presentations.

In the reporting period I was invited to speak to the senior executive officers of the Defence intelligence agencies and ASIS. I continued my practice of meeting with ASIS heads of station and ASIO officers before they are posted overseas to remind them of the functions of the office and explore any particular challenges they anticipate depending on the particular locations and operations at their post.

Throughout the year, I receive various invitations to speak at forums outside the AIC agencies. I am unable to agree to every invitation, but I accept these opportunities where time permits, and where the audience is likely to intersect with the AIC.

In July 2012, I spoke at the University of Canberra as part of the National Security Lecture Series.<sup>2</sup> In September 2012, I spoke to the Law Society of NSW on the Rule of Law and Terrorism in their Thought Leadership series.

The Assistant Inspector-General, Mr Jake Blight, presented to the Department of Defence Senior Intelligence Managers Course and to students of the National Security Legislation course at the Australian National University.

Further presentations of a similar kind are planned in the coming year.

## Inquiries

Preliminary inquiries provide an avenue to write to an AIC agency head in order to formally raise a matter of concern and request relevant information. Preliminary inquiries assist in resolving:

- whether a particular matter is within jurisdiction
- whether the agency can demonstrate that it acted lawfully and properly in respect of the matter raised or, if the concern was substantiated, whether the agency has already taken remedial action
- whether sufficient issues of concern remain to justify a more comprehensive inquiry.

Full inquiries can arise from complaints, of my own motion, or in response to a ministerial request. During such inquiries the IGIS Act provides for the use of strong coercive powers, as well as giving certain immunities and protections. These powers include the power to compel the production of information and documents, to enter premises occupied or used by a Commonwealth agency,

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<sup>2</sup> The presentation is available at [igis.gov.au/public\\_statements/speeches.cfm](http://igis.gov.au/public_statements/speeches.cfm).

to issue notices to persons to attend before me to answer questions relevant to the matter under inquiry, and to administer an oath or affirmation when taking such evidence.

In instances when I use these coercive powers, the IGIS Act provides protections to a person who has given me information. That is, the person will not be subject to any penalty under the provision of any law of the Commonwealth or a Territory by reason only of giving information to me or answering a question put by me, where I have required them to do so.

An agency's responsible Minister is advised when I commence a full inquiry and is also advised of any conclusions or recommendations that I may make at the completion of the inquiry. I also provide opportunities for Ministers, agency heads and affected individuals to comment during the course of an inquiry.

## Full inquiries

During 2012-13 I commenced five full inquiries:

- an inquiry into a complaint by an ASIO employee about the loss of their security clearance
- an inquiry into the attendance of legal representatives at ASIO interviews
- an inquiry into the use of weapons and self-defence techniques in ASIS
- an inquiry into the analytic independence of assessments by ASIO, DIO and ONA
- an inquiry into the actions of Commonwealth agencies in respect of an Egyptian irregular maritime arrival who was placed in immigration detention and was the subject of an Interpol red notice.

### **Inquiry into a complaint by an ASIO employee about the loss of their security clearance**

An ASIO employee lodged a complaint disputing the grounds upon which the Director-General of Security had issued them with a notice of intention to withdraw their security clearance. This decision would have the effect of terminating the complainant's employment.

After a preliminary review of ASIO's records relating to this matter, I decided to inquire both specifically into the complaint made by the employee, and more broadly into matters relating to their management by ASIO.

In relation to withdrawal of the security clearance, I found that the decision to withdraw the employee's clearance was not inappropriate.

Three recommendations were made in respect of ASIO's staff management processes:

- Two related to classified security vetting and risk management matters, which cannot be detailed in this report. ASIO has advised me that one recommendation has been fully implemented and the other is being actively progressed through the Australian Government Inter-Agency Security Forum.
- The third recommendation concerned the creation and retention of performance appraisal records for ASIO staff. ASIO advised me that a new IT system was introduced in late 2012 which is intended to hold performance expectations and capability plans for every staff member. In early 2012, approximately 60 per cent of ASIO employees had documented performance expectation records. By the end of 2012-13, this figure had risen to 76 per cent.

## **Analytic independence of ASIO, DIO and ONA**

During the reporting period I conducted an inquiry into the analytic independence of ASIO, DIO and ONA.

My office has previously conducted this type of inquiry in respect of ONA and DIO. This is the first such review of ASIO's assessment activities, providing a baseline that will inform future inquiries.

The inquiry included:

- examination of relevant agency policy and procedures
- a self-assessment by each agency of their performance relating to assessment activities
- examination of a selection of intelligence assessments and associated records
- examination of staff surveys
- an open letter inviting analysts to contribute to the inquiry.

The general picture of the independence of assessment activities across the three agencies is a positive one. There was no evidence of inappropriate pressure being placed on any of the agencies to reach a particular position.

While the overall finding is positive, the inquiry found inconsistent recordkeeping and source referencing in ASIO and DIO. The inquiry recommended improvement to policies, procedures and training in ASIO and DIO so that these agencies can consistently demonstrate that their assessments are free from interference or bias. Both agencies have accepted these recommendations.

DIO is expecting to implement a new electronic intelligence production system in July 2013. Provided that the new system is consistently utilised to capture records in the way in which it has been designed, there should be a significant improvement in DIO recordkeeping.

As a result of this inquiry, ASIO is developing a new policy on referencing and has made improvements to electronic records systems to make it easier for analysts to consistently record supporting documentation. Training for analysts has also been revised to incorporate methods for documenting the material that has been considered when making assessments.

The inquiry also noted that ASIO and DIO did not conduct formal reviews of key judgements to see whether there were any lessons that could be learnt and did not have written policies relating to the management of dissent. In response to this inquiry, both agencies have taken steps to formalise their processes for taking account of dissenting views and are considering possible mechanisms for the review of key judgements.

No recommendations were made with regard to ONA.

Details of the two full inquiries which were completed in the reporting period can be found on pages 8 and 9. Three full inquiries remained open at the end of the reporting period; information on the reasons these inquiries commenced is outlined below and I will report further on my conclusions and recommendations from these inquiries in my annual report for 2013-14.

## Effecting change in agencies

In inquiries where I made recommendations, I also sought a response from the agency concerned indicating whether they were accepted, and if so, advice of their implementation. Where appropriate, I also followed up at the end of the reporting period the progress of outstanding recommendations including those from previous years. I am pleased with the agencies' high level of acceptance and implementation of my recommendations.

## Inquiries commenced but not completed in 2012-13

### *Inquiry into the attendance of legal representatives at ASIO interviews*

ASIO cannot prevent an individual requiring the presence of their lawyer at a voluntary interview. Where an interviewee requires the presence of their lawyer, ASIO requests the contact details of the lawyer and their firm, as well as an undertaking of confidentiality. However, if interviewing officers assess that the presence of the lawyer is counterproductive to the conduct of the interview, they may inform the interviewee and, if appropriate, terminate the interview.

In last year's annual report, I reported on a complaint by a state legal aid commission that a client had been denied the right to a legal representative during an ASIO visa security assessment interview. I noted that the complaint highlighted ASIO's responsibility to clarify the role of any support person. In March 2013 I received a separate complaint alleging arbitrary decision making by ASIO officers in relation to the attendance of legal representatives at security assessment interviews.

I conducted a preliminary inquiry into the new complaint, to identify if ASIO procedures had changed since my previous inquiry and to ascertain whether ASIO's decisions were being carefully considered and documented in each instance, with sufficient notice of interview arrangements being given to interviewees.

I identified some inconsistencies between ASIO records and those of the complainant, and some potential issues in relation to communication between ASIO and the Department of Immigration and Citizenship (DIAC) and consequently decided to initiate a full inquiry.

The inquiry was ongoing at the end of the reporting period and will be reported in the 2013-14 IGIS annual report.

### *Inquiry into the use of weapons in ASIS*

It has now been almost ten years since the *Intelligence Services Amendment Act 2004* was passed permitting the Minister for Foreign Affairs to approve the provision of a weapon or training in the use of a weapon or in self-defence techniques to a specified staff member or agent of ASIS, or the holder of a specific position in ASIS.

In April 2013 I commenced an inquiry into the provision of weapons and the training in and use of weapons and self-defence techniques in ASIS.

This inquiry has not been prompted by any particular concern; rather, it was always intended that this provision be subject to close oversight by my office. The inquiry will review compliance by ASIS with the legislation and relevant guidelines and will examine:

- authorisations
- training
- procurement, issuing, storage, transportation and carriage of weapons
- reportable incidents.

Further details of the inquiry will be included in the 2013-14 IGIS annual report.



### *Inquiry into the matter of an Egyptian irregular maritime arrival*

On 5 June 2013, the then Prime Minister wrote to me requesting that I conduct an inquiry into the matter of an Egyptian irregular maritime arrival who arrived in Australia in May 2012, was placed in immigration detention in Australia and was the subject of an Interpol red notice. The Prime Minister also requested that I consider and make recommendations more generally on the management by Australian agencies of persons seeking asylum who present complex security issues.

I commenced the inquiry on 6 June 2013 and notified relevant ministers and agency heads of the inquiry, as required by the IGIS Act. My letters to the Director-General of Security, the Commissioner of the Australian Federal Police and the Secretary of the Department of Immigration and Citizenship included a notice requiring that they produce relevant documents.

The purpose of the inquiry is not to establish whether the identified individual posed a threat to security but rather to look at whether the relevant agencies had, and followed, appropriate procedures to identify, assess and manage any such threat.

At the end of the reporting period the inquiry was at an early stage.

### **Preliminary inquiries**

I commenced five preliminary inquiries into matters raised in complaints. These comprised:

- a complaint by an AIC employee in receipt of an adverse security assessment, which would have the effect of terminating their employment. I closed this preliminary inquiry after determining that there had been no unreasonable action by any AIC agency
- an allegation of detriment to a member of the public arising from an interview by ASIO (see page 12)
- an anonymous complaint about lack of action by ASIS management on allegations of misconduct (see page 12)
- a complaint about delay following an *Archives Act 1983* request for access to ASIO files
- a complaint by a refugee advocacy service alleging arbitrary decision making by ASIO officers in relation to the attendance of legal representatives at security assessment interviews. I closed this preliminary inquiry after deciding that the matter could be more appropriately considered under the powers and protections of a full inquiry.

### **Employment related matters**

One of the five preliminary inquiries and one of the five full inquiries listed above commenced following concerns raised by a current AIC employee about their own employment (compared to three last year). Sections 8(5) and 8(7) of the IGIS Act limit the capacity of the IGIS to investigate what might be regarded as individual employment-related grievances within the six AIC agencies – essentially those relating to promotion, transfer or reduction, termination, discipline, remuneration or other terms and conditions of service.

When a complaint to the office relates to this type of grievance, our usual practice is to refer the matter, at least in the first instance, back to the agency concerned to be addressed through its internal grievance mechanisms or through procedures for reporting alleged breaches of the relevant Code of Conduct (where this is applicable).

The Code of Conduct provisions under the *Public Service Act 1999* apply to employees of DIGO, DIO, DSD and ONA, while similar arrangements are separately established by determinations made under the ASIO Act and the ISA for employees of ASIO and ASIS respectively.

### **Preliminary inquiry into allegations of detriment arising from contact with ASIO**

A member of the public complained that their employer had changed their place of work after they participated in an interview with ASIO. I established that ASIO had interviewed the complainant, and subsequently had discussed the complainant's case with the state government employer; although it did not make any adverse comments about the person or discuss the confidential details of the interview.

After I had commenced my investigation, the complainant informed my office that they were reinstated to their previous duties, but remained concerned about possible damage to their reputation.

Notwithstanding this, I was concerned about the application of section 40(2) of the ASIO Act in this case which requires that:

The organisation shall not:

- a. ... communicate directly to a State or an authority of a State, whether in the form of an assessment or otherwise, any information ... concerning a person which the Organisation knows is intended or likely to be used ... in considering prescribed administrative action in relation to that person

A 'prescribed administrative action' includes an action affecting access by a person to any place which is controlled or limited on security grounds.

Documentary records were not sufficient to indicate whether ASIO should reasonably have known that a change in the complainant's duties was a likely outcome in the circumstances. This outcome was inconclusive but considering that the complainant had been reinstated to their previous duties, I did not pursue the matter further. I advised ASIO that I would be concerned if a similar situation arose in future, without ASIO officers actively turning their minds to the likely outcome for the person concerned and the legal implications.

### **Preliminary inquiry into an anonymous complaint about ASIS**

In January 2013 I commenced a preliminary inquiry following an anonymous complaint about lack of action by ASIS management in relation to a number of allegations of misconduct. Concerns had been raised with senior management when the first of the alleged incidents occurred in late 2010 and again in April 2012.

The preliminary inquiry found that ASIS was in the process of examining some, but not all of the allegations. Following my initial inquiries, ASIS expanded their investigations and by the end of the reporting period all matters had been finalised.

I informed ASIS that I was concerned about lapses of proper administration demonstrated by senior managers. In particular, their failure to keep proper records led to uncertainty about personnel responsibilities, and their failure to follow up meant these matters were not resolved at the time they were first raised.

I noted at the time my preliminary inquiry was finalised in June 2013, that if the Government policy on Public Interest Disclosure was to take effect as expected, ASIS would likely have only three months from the time a matter is first raised to finalise such an investigation.

## Complaints and contacts

The complaints functions of my office are set out in ss. 10 to 14 of the IGIS Act. Complaints can be made orally or in writing, on matters that relate to the functions laid down in s. 8 of the IGIS Act. Broadly speaking, complaints are limited to matters that relate to the activities of AIC agencies.

Each contact made to my office is assessed to determine whether it falls within the functions of my office and what is the most appropriate course of action. Where it is assessed that a complaint justifies further action, it will be handled administratively in the first instance.

An administrative inquiry is the most efficient means of handling straightforward concerns. It reduces the procedural burden of a preliminary or full inquiry when a simple discussion with an agency can resolve the matter. An administrative inquiry can provide information that helps decide whether to pursue more formal inquiries into a complaint, and generally allows for a timely response to be provided to the complainant. When it is clear that a complaint has raised complex issues or serious concerns, I may decide at the outset to initiate a preliminary or full inquiry under the IGIS Act.

Notwithstanding how a matter is handled, all persons contacting my office are advised of the actions of my office, and the outcomes, to the extent possible.

Matters raised with my office during 2012-13 were grouped within three broad categories:

- security assessments for visa applicants
- credible allegations of illegality or impropriety within the AIC
- matters falling outside the functions of the office or lacking credibility.

### Security assessments for visa applicants

We do not assess the merits of any particular security assessment. Nor do we request a change in the priority of processing of cases, or request that any particular case be expedited. However, where visa applicants have reasonable concerns

that an error may have occurred, we examine ASIO's processes.

In the reporting period we received a total of 361 complaints about visa security assessments (including the matters referred by the Australian Human Rights Commission described below), most concerned with delays. Where the visa application was lodged more than 12 months previously, we asked ASIO whether they had been asked to undertake security assessments and, if so, sought details of ASIO's handling of the matter. In each case, we looked at whether ASIO had acted unreasonably or had made a processing error including any delay where a case was not being actively progressed.

My office does not ordinarily advise complainants that they have or have not been the subject of a security assessment by ASIO, unless this has already been confirmed to them by DIAC, or where we have found a significant issue of concern involving ASIO which would justify this office doing so. Where I am satisfied that there is no evidence of error by ASIO, my staff will advise complainants to seek an update on the progress of their case from DIAC (which is the agency with overall responsibility for the administration of applications for Australian visas). Where we do find an error for which ASIO is responsible, we request that it rectify the matter.

While the incidence of error which we have identified in visa security assessments in the reporting period has been low, any undue delay in ASIO's completion of security assessments is of serious concern. In 2011-12, I flagged an intention to conduct regular inspections of ASIO's case management and quality control processes in order to identify any underlying systemic issues requiring attention. This work was initially delayed while the Australian National Audit Office conducted a review of ASIO's security assessment processes. However, towards the end of 2012 I conducted a pilot inspection activity, and commenced regular inspections of a sample of visa security assessments in February 2013. These inspections are in addition to following up individual complaints.

Initial inspections raised a number of recordkeeping and procedural issues, and identified nineteen cases where long periods of time had elapsed between actions indicating that cases were not being actively progressed. More recent reviews have shown an improvement in this area.

In respect of ASIO's security assessments for visa applicants, the work of this office complements the work of the Commonwealth Ombudsman who has jurisdiction to investigate matters relating to DIAC. During the reporting period my office liaised with the office of the Commonwealth Ombudsman on a number of occasions to address complaints. An example of this is demonstrated in the following case.

### **Working with the Commonwealth Ombudsman**

My office received a request for advice from the Commonwealth Ombudsman regarding a visa applicant who was dissatisfied with the outcome of their application. The Office of the Commonwealth Ombudsman had conducted some enquiries but found that, due to national security considerations, it was unable to examine information from intelligence agencies that may have contributed to the assessment.

My office was able to examine the classified documents to provide advice as to whether the relevant AIC agencies had acted appropriately.

After liaising with the relevant intelligence agencies my office determined that there had been appropriate consideration of the individual circumstances of the applicant, and appropriate advice had been provided by the AIC agencies.

### **Referrals from the Australian Human Rights Commission**

The Australian Human Rights Commission (AHRC) is required to refer human rights and discrimination matters relating to an act or practice of intelligence and security agencies to the IGIS. In this reporting period the AHRC referred seventeen cases relating to the question of whether a failure to provide reasons for an adverse security assessment by ASIO was a breach of human rights. Shortly after most of these cases were referred, the government announced that as part of a new process of review to be conducted by the Independent Reviewer of Adverse Security Assessments, applicants would be provided an unclassified summary of reasons. In light of this I decided not to inquire into these cases.

The AHRC also referred eight cases concerning delay by ASIO in the processing of security assessments for refugee/humanitarian visas. Seven of the cases were resolved by ASIO following initial inquiries by my office. I was satisfied that the remaining case was being investigated appropriately. Although each of the cases was either resolved or was being appropriately actioned, I also looked at the arrangements in place within ASIO and between ASIO and DIAC that may have contributed to delays. Previously, cases such as these were looked at by ASIO in the order in which they were received from DIAC, subject only to individual cases being escalated as priority cases by DIAC. This meant that simple cases could be held up behind complex cases. ASIO advised me that it had made a decision to dedicate resources to ensure that simple cases were processed more quickly. ASIO expects that this measure will speed up the time taken to process assessments for many applicants.

ASIO is reliant on DIAC providing it with certain mandatory information about each applicant. In seven of the eight cases ASIO had, at an earlier point, referred the case back to DIAC because mandatory information was missing. In the process of looking at these cases, I was advised that ASIO and DIAC had recently introduced a quality control system to check that mandatory information is

included earlier in the referral process. ASIO advised that it expects that this system should reduce the overall time taken by ASIO to process these cases.

The AHRC also referred one further case that I ultimately decided concerned matters outside the jurisdiction of the IGIS.

### **Credible allegations of illegality or impropriety**

An approach from a member of the public is registered as a complaint in my office if it involves a credible allegation about illegality or impropriety by a member of the AIC. That is, there is a reasonable basis for the person believing that an intelligence agency or one of its employees has done something wrong.

I received fourteen complaints in the reporting period, eight of which were resolved administratively.

Six complaints to my office led to inquiries. (One progressed to a full inquiry immediately; one progressed to a full inquiry after being the subject of a preliminary inquiry; and the remaining four were handled as preliminary inquiries.) This compares to four preliminary inquiries and one full inquiry arising from complaints in 2011-12. Details of this year's inquiries can be found in this chapter under 'Inquiries'.

### **Other contacts with the office**

In addition, my office received over two hundred contacts – via telephone, email, online complaint form, letter and fax – by individuals who were seeking advice or expressing concern about matters affecting them that were assessed to be outside the jurisdiction of my office or as lacking credibility.

In response, we provided written or verbal advice on 112 occasions. Approximately 90 matters were not within our jurisdiction and, where possible, these were redirected to other complaint-handling bodies, the police or the National Security Hotline. In cases where there had been previous contact with my office about matters that had already been assessed, my office took no further action.

Statistics on matters raised with my office can be found at Annex 1 – Summary of inquiries and complaints.

## **Numbers and trends**

We recorded a total of 375 complaints in 2012-13, compared with 439 in 2011-12, a reduction of about fourteen per cent.

Since a peak in 2010-11 of 1111 visa security complaints, the number of complaints of this type has continued to fall, with 430 in 2011-12 and 361 in the 2012-13 reporting period. These complaints primarily concern delay.

This decline in complaints about visa security assessments may be due to a number of factors. Since 2011, access to community detention for certain groups of irregular maritime arrivals (IMAs) has increased, and we no longer receive the high number of complaints from IMAs in immigration detention centres. In addition, changes within ASIO, including the reallocation of resources, have enabled ASIO to reduce the number of outstanding security assessments.

The number of preliminary and full inquiries in 2012-13 was about the same as in 2011-12. Ten inquiries commenced in 2012-13 compared with nine in the previous reporting period. Of these, five were preliminary inquiries, all of which were closed in the reporting period. I commenced five full inquiries in the reporting period, comprising one at the request of the Prime Minister, one arising from a complaint by an AIC employee and three 'own motion' inquiries. Three full inquiries remained open and have been carried over to the next reporting period.

The heavy inquiry load in the latter half of the reporting period meant that to some extent resources within the office were diverted from lower priority ongoing inspection activities to inquiries. While I do not believe this short-term adjustment has compromised the effectiveness of our oversight, this continuing inquiry workload will need to be carefully managed.

## **Timeliness**

Complaints to the office were assessed promptly and initial responses were made within two weeks of receipt. Most administrative inquiries were completed within two weeks of the complaint being received.

Two full inquiries and five preliminary inquiries were completed during the year. The complexity of the subject matter and the individual circumstances of each inquiry were factors affecting timeliness, which ranged from a few days for a preliminary inquiry into a sensitive personnel matter to 226 days for the inquiry into the analytic independence of three AIC agencies.

## Inspections

### Overview of inspection activities

The office regularly examines selected agency records to ensure that the activities of the AIC agencies comply with the relevant legislative and policy frameworks and to identify issues before there is a need for major remedial action.

These inspections largely focus on the activities of ASIO, ASIS, DSD and DIGO. This is because each of these agencies has access to intrusive powers and investigative techniques which can only be used lawfully when specifically approved by their responsible Minister. In addition:

- the Attorney-General's Guidelines for ASIO require that any means used by ASIO to obtain information must be proportionate to the gravity of the threat and the probability of its occurrence, and inquiries and investigations into individuals or groups should be undertaken using as little intrusion into individual privacy as is possible. Where such intrusions are unavoidable, the distribution of any information obtained should be limited to persons or agencies with a demonstrable 'need to know'.
- ASIS, DSD and DIGO are each subject to Privacy Rules authorised by their responsible Minister. The Privacy Rules set out the circumstances in which intelligence information about Australian persons can be retained and shared with partner agencies.

Inspection activities relating to DIO and ONA are generally limited to ensuring that their assessments comply with administrative Privacy Guidelines (which have a similar effect to the Privacy Rules which apply to ASIS, DSD and DIGO).

Inspection activities consider whether or not each agency is acting in accordance with its statutory functions, any guidance provided by the responsible minister and its own internal policies and procedures.

### Inspection activities relevant across AIC agencies

#### Access to sensitive financial intelligence information

The *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (the AML/CTF Act) provides a legal framework in which designated agencies are able to access and share financial intelligence information created or held by the Australian Transaction Reports and Analysis Centre (AUSTRAC). All AIC agencies and the office of the IGIS are designated agencies for the purposes of the AML/CTF Act.

The office is party to a memorandum of understanding (MOU) with AUSTRAC. This MOU establishes an agreed understanding of IGIS's role in monitoring agencies' access to, and use of, AUSTRAC information.

In overseeing the AIC agencies' use of AUSTRAC information, we ensure that there is a demonstrated intelligence purpose pertinent to the agencies' functions, that access is appropriately limited, searches are focussed, and information passed to both Australian agencies and foreign intelligence counterparts is correctly authorised.

During 2012-13, in accordance with the MOU, I sent an annual statement to the Attorney-General and the Minister for Foreign Affairs on the outcome of my compliance monitoring activities in ASIO and ASIS respectively, concerning their access to, and use of, AUSTRAC information in the previous reporting period. (The other AIC agencies did not access AUSTRAC information in the relevant period.)

Based on the results of my inspections, I concluded that during 2011-12 ASIO was generally compliant with its obligations under the AML/CTF Act, but did not comply with AUSTRAC's guidelines on the storage of AUSTRAC information. ASIO has advised that it is working with AUSTRAC to secure a waiver for the storage requirements in these guidelines.



I advised the Minister for Foreign Affairs that ASIS had been deficient in 2011-12 in some of its obligations under the AML/CTF Act. ASIS have since advised they have updated their procedures to ensure compliance with the AML/CTF Act. I also advised the Minister that I was concerned about administrative processes in ASIS for the management of AUSTRAC material. ASIS subsequently undertook to finalise standard operating procedures to rectify this issue.

### Use of assumed identities

ASIO and ASIS are required to provide me with reports about authorities for assumed identities and compliance with the relevant Commonwealth and State legislation.

The Director-General of Security and the Director-General of ASIS provided me with reports covering the activities of their respective agencies for the 2011-12 reporting period. There was nothing in the reports which caused me any concern.

### Inspection of ASIO activities

The ASIO Act empowers ASIO to obtain, correlate and evaluate intelligence information relevant to security. ASIO's activities are also governed by the Attorney-General's Guidelines and internal policies and procedures.

During 2012-13 ASIO transitioned to a new model for managing investigations. In response, we implemented a new inspection regime to ensure that we maintained, and in many cases enhanced, the oversight of ASIO's investigative activities.

In the past, IGIS staff conducted discrete paper-based reviews of each separate class of ASIO authorisation. Since October 2012, we have transitioned to conducting these reviews using ASIO's electronic records. This has allowed us to take a more coordinated approach to each case. We have also added two new inspection activities to our program; reviewing a range of submissions made by ASIO to the Attorney-General on operational matters, and undertaking more regular and focused reviews of the manner in which ASIO manages human source intelligence collection.

Individual investigative activities are inspected in the context of the case history. This approach

has the benefit of providing greater insight into whether ASIO is applying the principle of proportionality to its investigation; beginning with less intrusive methods (where possible) and progressing to increasingly intrusive methods only as required.

Each month my staff selected a sample of investigative cases to review:

- the justification and objectives provided for the investigation
- whether investigative activities were appropriate
- whether investigations were subject to formal approval and periodic review.

Sample selection is oriented to those cases utilising more intrusive investigative methods, for example, cases with warrants approved by the Attorney-General, access to sensitive financial information or prospective data authorisations. More detail on issues particular to these matters is set out below.

A focus of inspections during this reporting period was to ensure that ASIO's transition to a new IT platform did not impact on standards of recordkeeping or on the quality of guidance provided by authorising officers to more junior staff.

With the exception of a few cases during the early stages of the transition, we found that each proposed investigation was appropriately authorised and its nexus to security clearly demonstrated. As in previous years, I looked to authorising officers to demonstrate that the individual circumstances of each case had been considered and specific and relevant guidance provided to case officers.

I am satisfied that ASIO's new processes for initiating, conducting and reviewing security related investigations are appropriate and rigorous.

I am also satisfied that our inspection work in ASIO continues to draw the agency's attention to standards of better practice in recordkeeping and decision making; thereby encouraging and effecting incremental improvements within ASIO in these areas.

## ASIO warrants

ASIO can access a range of telecommunications interception capabilities and special powers following the issue of warrants for these purposes by the Attorney-General. The authority for these warrants derives from the ASIO Act and the *Telecommunication (Interception and Access) Act 1979* (TIA Act).

In the 2012-13 reporting period, we reviewed approximately one-third of the warrant operations conducted by ASIO. Previously, warrants were reviewed at the conclusion of each warrant operation, however the changes introduced to our oversight mechanisms during this reporting period required a revised approach. Warrants are now reviewed as part of the whole-of-investigation review, providing context to the warrant operation and greater insight into the proportionality of, and requirement for, the warrant.

During 2012-13 I noted a relatively small number of cases where errors, either by ASIO or by the relevant telecommunications carrier, had occurred in the execution of ASIO warrants. ASIO proactively advised me of significant issues arising from each case.

Most errors related to telecommunications interception warrants executed under Part 2.2 of the TIA Act and could be attributed to the often dynamic nature of modern telecommunications, or to human error. Errors of these kinds included:

- inadvertent collection of third-party communications under a valid warrant
- typographical errors, or identification of an incorrect service, entered into warrant documentation
- telecommunications service provider administrative error.

General issues arising with other types of warrant included a small number of instances where there were:

- delays in notifying the Attorney-General where a warrant was discontinued
- typographical errors entered into warrant documentation.

Where issues were identified, further information was obtained from ASIO as to the underlying cause of the issue and any remediation that had occurred. In nearly all cases I was satisfied that appropriate remedial action was taken and finalised. However, there was one matter which had not been subject to full remediation by the end of the reporting period. In that case, ASIO received a relatively significant quantity of warranted telecommunications data in September 2012, which had been contaminated with unwarranted data due to an error by a telecommunications service provider. While I was satisfied that ASIO implemented appropriate measures to quarantine all of the affected data at the earliest opportunity, isolation and destruction of the unwarranted data had not been finalised at the end of the reporting period, due to technical complexities. After the reporting period, ASIO advised that full remediation had occurred.

In addition to the compliance issues noted above, my staff identified a number of administrative concerns. In each of these cases my staff provided feedback to ASIO to contribute to ASIO's culture of continuous improvement.

Although the incidence of errors across the range of ASIO warrants is low, having regard to the overall number of warrants issued, I intend to further refine our oversight of warrant operations in the next reporting period, given the significant consequences that may arise from errors.

Section 30 of the ASIO Act requires that when the grounds upon which a warrant has been issued cease to exist, the Director-General shall inform the Minister forthwith. Delays in meeting this requirement were the subject of discussions between my office and ASIO in 2011-12. New processes were put in place in 2012-13 to ensure that the Attorney-General was advised in a more timely manner, if the grounds for a warrant changed in any material way and prior to any formal revocation action occurring. I am satisfied that this new process addresses the relevant legislative requirements.

The legal authorities under which warrants are issued require that a report on the value of the warrant or authority be provided to the responsible Minister following the expiry or revocation of the warrant



or authorisation. I identified no instances where requisite reporting was not provided within statutory timeframes during this reporting period.

### *Questioning and detention warrants*

No questioning, or questioning and detention warrants were sought by, or issued to, ASIO during the reporting period.

### **Access to telecommunications locational information or subscriber data**

The TIA Act provides the legal authority for a specified group of ASIO senior managers to authorise collection of prospective and historical telecommunications data from telecommunications carriers or carriage service providers. Prospective data authorisations provide near real-time location and other subscriber information for the period that an authorisation is in force. As with all ASIO authorisations for intrusive methods, a request for telecommunications data may only be made once less intrusive methods have been attempted, or considered and determined to be insufficient. A prospective authorisation cannot exceed 90 days in duration.

ASIO's requests for access to prospective telecommunications data are reviewed as part of the regular inspection of investigative cases. Due to their intrusive nature, prospective telecommunications data authorisations are reviewed in a similar manner to telecommunications interception warrants. Some of the issues identified during the period include:

- human error in transposing a mobile phone service resulted in the collection of an incorrect service
- an oversight in the authorisation process, compounded by conflicting advice from a telecommunications carrier, resulted in the collection of data from an incorrect service.

In both instances remedial action was effected in a timely manner, and all erroneously collected data was removed from ASIO's systems. In addition, internal systems were amended to minimise the risk of reoccurrence of these errors.

Overall, I am satisfied that prospective data authorisations were endorsed by an appropriate senior officer, and that ASIO is using this

method of inquiry responsibly, with appropriate internal controls.

### **Access to taxation information**

Section 355-70 of Schedule 1 to the *Taxation Administration Act 1953* provides for a taxation officer authorised by the Commissioner of Taxation or delegate to disclose protected information to an authorised ASIO officer if the information is relevant to the performance of ASIO's functions.

This access to sensitive information is further governed by a MOU between the Commissioner of Taxation and the Director-General of Security, the Attorney-General's Guidelines and ASIO's internal guidelines and procedures, ensuring that a request for taxation information can only be made when less intrusive means have been exhausted and not yielded the required information.

ASIO rarely requests access to this type of information. My office reviews all of ASIO's access to sensitive financial information, including:

- ASIO requests for information to the ATO
- spontaneous disseminations from the ATO to ASIO
- disseminations of information from ASIO to a law enforcement agency.

In 2012-13, ASIO reported that no requests had been made to access ATO information. During this reporting period my staff also conducted a review of ASIO access to sensitive tax information carried over from the previous financial year. I did not identify any matters of concern.

### **Exchange of information with foreign liaisons**

ASIO posts a small number of liaison officers to a range of nations with the knowledge and consent of the host countries, in order to obtain, correlate and communicate intelligence information that is relevant to Australia's security interests.

ASIO lawfully exchanges information with a number of foreign authorities that have been approved by the Attorney-General. In general, the types of foreign authorities that are approved by the Attorney-General perform similar functions to ASIO,

and include security and intelligence authorities, law enforcement, immigration and border control, and government coordination bodies.

Internal ASIO policy governs the exchange of information with foreign governments, including the consideration of potential human rights issues.

During 2012-13 my office inspected authorisation documentation and correspondence in relation to ASIO's exchange of information with approved foreign government organisations through regular inspection of investigative cases, as well as via dedicated inspection projects. I identified no issues of concern.

## ISA agencies

Any activity to produce intelligence on an Australian person by Australia's foreign intelligence collection agencies requires ministerial approval. Ministers may also direct that other activities require ministerial approval. In DIGO's case, any intelligence collected over Australian territory requires authorisation by the head of the agency. The use of these powers is approved at senior levels because their use is sensitive and they may

be used on Australian persons, or in activities which could expose Australia's national interests to significant levels of risk.

## Inspection of ASIS activities

### *Ministerial authorisations*

The majority of ASIS ministerial submissions reviewed were of a high standard. On one occasion we identified that incorrect grounds for an authorisation were put forward to the Minister by ASIS which rendered the authorisation invalid. However, while the authorisation was invalid, ASIS did not produce intelligence on the subject.

ASIS is required to inform the Minister when the grounds on which an authorisation was issued have ceased to exist. While there were no instances identified where ASIS had conducted activities after the grounds ceased to exist, our inspection activities identified that not all authorisations had been cancelled promptly via formal advice to the Minister.

Another issue identified was in relation to the period of effect of authorisations. On one occasion

### **Inspection review of the reported actions of the Australian Intelligence Community in relation to Mr Ben Zygier**

On occasion I may initiate a special inspection activity on a matter of high public interest.

In early 2013 there were various reports in the media relating to an Australian/Israeli dual citizen, Mr Ben Zygier including:

- alleged contact by ASIO with Mr Zygier
- the purported passage of information by ASIO to foreign authorities
- alleged contact by 'an Australian intelligence officer' with an Australian journalist
- actions taken by ASIO following confirmation to Australian authorities of Mr Zygier's detention by Israeli authorities
- liaison by ASIO with other Australian Government agencies.

In light of these allegations I spoke with senior Australian intelligence officials and reviewed the relevant records.

Based on the information that I considered, I came to the conclusion that there was no evidence that ASIO acted improperly or unlawfully in this matter. Consequently I advised the Attorney-General, the Hon Mark Dreyfus QC, that I did not intend to initiate a formal inquiry into this matter. I also placed a statement to this effect on the IGIS website.

the language used in an authorisation resulted in the renewal taking effect the day after it was signed rather than the day it was signed. The result was that there was a gap of one day between the expiration of one authorisation and the renewal taking effect.

ASIS has since developed guidelines on MAs to address these and other issues. ASIS has also established a new compliance team, whose functions will include training staff in relation to MAs.

In all cases where ASIS seeks to produce intelligence on an Australian person on the grounds that the person is or is likely to be involved in activities that are or are likely to be a threat to Australia's security, the agreement of the Attorney-General is also required. While there is no specific limit provided in the ISA I was concerned about the currency of one agreement from the Attorney-General. Following discussions with this office, ASIS proposed that as a general rule exceptional circumstances would be required for ASIS to rely on the agreement where more than three months have elapsed since the Attorney-General's approval was obtained.

The ISA requires the Director-General of ASIS to report to the Minister for Foreign Affairs on the authorised activities within three months of the expiry or revocation of the authorisation. Two occasions were identified where this report was made after the three month period.

### *Protecting the privacy of Australian persons*

We meet with ASIS staff bi-monthly to discuss Privacy Rules issues and undertake inspections of the distribution of information about Australian persons by ASIS. In early 2013 ASIS modified its training on producing intelligence on Australian persons to specifically address issues raised by this office.

### *Review of operational files*

Senior members of my staff visited ASIS several times a month during 2012-13 to review ASIS's operational case files.

ASIS activities involve the use of human sources and ASIS officers are deployed in many countries to support a wide range of activities including

counter-terrorism, efforts against people smuggling and support to military operations. These activities are often high-risk and sensitive. During the reporting period we reviewed files relating to ASIS's operational activities in a diverse range of countries where ASIS has a presence.

In 2013 we reviewed our strategy for conducting operational file inspections at ASIS. The new strategy involves sampling files from a broader range of operational activities to ensure greater coverage of high risk areas. This review activity provides a deeper insight into the operational environment in which field staff operate, the extent to which staff in ASIS headquarters evaluate risk and guide sensitive activities, and often also reflects on the health of inter-agency relations.

While the sensitive nature of ASIS's operational activities means that I cannot specifically detail the nature and range of issues arising from these inspections in a public report, I can advise that these reviews are thorough and rigorous and something in which I take a keen personal interest. I personally participated in these inspections on a number of occasions throughout 2012-13.

### *Authorisations relating to the use of weapons*

Schedule 2 of the ISA requires the Director-General of ASIS to provide the IGIS with:

- copies of all approvals issued by the Minister for Foreign Affairs in respect of the provision of weapons and the training in and use of weapons and self-defence techniques in ASIS
- a written report if a staff member or agent of ASIS discharges a weapon other than in training.

This reporting requirement was met during this reporting period and I am satisfied that the need for limited numbers of ASIS staff to have access to weapons for self-defence in order to perform their duties is genuine. I am also satisfied that appropriate controls are in place to limit the circumstances in which weapons may be used.

In September 2012 my staff conducted an inspection of records relating to the provision by ASIS of training in the use of self-defence techniques and weapons.

This inspection identified a number of instances of non-compliance with the relevant guidelines. The instances of non-compliance were largely in relation to the lack of formal approval for exemptions of mandatory training pre-requisites and a small number of occasions where qualifications lapsed.

ASIS acknowledged the discrepancies identified and implemented improved administrative processes to avoid reoccurrence. ASIS also updated their guidelines to provide greater clarity about the requirement for obtaining and maintaining weapons qualifications and the new guidelines were issued by the Director-General on 12 December 2012.

A further inspection of documents relating to the provision by ASIS of training in the use of weapons and self-defence techniques will be conducted as part of the current Inquiry into the use of weapons by ASIS as outlined on page 10.

### **Inspection of Defence intelligence collection functions**

#### *Ministerial authorisations in DSD and DIGO*

In early 2013, we revised our approach of reviewing the activities conducted by DSD and DIGO, enabling activities by both agencies to be reviewed and reported on concurrently where appropriate. This approach allowed for an effective examination of DSD and DIGO's application of legislative and policy regimes, including consideration of:

- calculation of time periods in authorisation instruments in accordance with the *Acts Interpretation Act 1901*
- cooperative arrangements between DSD and DIGO for responding to compliance and intelligence collection issues
- administrative arrangements in DSD and DIGO for individually monitoring compliance with conditions placed on ministerial authorisations by the Minister for Defence
- coordination and other governance arrangements for managing reports to the Minister on authorised activities under s. 10A of the ISA.

While the detailed findings of these reviews are necessarily classified, feedback was provided to DSD and DIGO on several administrative or procedural issues where it was identified improvements could be made. Where appropriate, system audits were undertaken by the legal and compliance areas in DSD and DIGO to confirm that no unauthorised collection or reporting had occurred due to administrative errors. At end June 2013, both DSD and DIGO had improved governance and administrative arrangements to address the issues identified. I am satisfied with the actions taken and the level of responsiveness demonstrated by both DSD and DIGO to date, and will continue to monitor in 2013-14.

Overall the revised approach to reviewing joint activities of DSD and DIGO has proved to be an effective method for identifying gaps in mechanisms for managing compliance risks, particularly in more complex cases.

During 2013-14, my office will consider extending the cross-agency approach to inspections of DSD and DIGO to examine MAs raised by both agencies in cooperation with ASIS and ASIO.

#### *Inspection activities specific to DSD*

##### **Oversight of collection capabilities**

Throughout 2012-13, we continued to monitor DSD's databases, including collection systems, for compliance with the ISA, Privacy Rules, and internal DSD policy.

##### **DSD compliance incidents and privacy incident notifications**

DSD informs my office when it conducts an internal compliance investigation. DSD reported two compliance incidents involving unauthorised collection, one incident was still under investigation at the end of the reporting period. DSD also informed me that there were a number of other compliance incidents awaiting investigation at the end of the reporting period. Our review of these will be reported in the 2013-14 annual report.

### Applying the Privacy Rules: oversight by the IGIS

The Privacy Rules regulate the communication and retention of intelligence information concerning Australian persons by DSD. When applying the Rules, the agency presumes that a person within Australia is an Australian person and a person outside Australia is not an Australian person unless there is evidence to the contrary.

If DSD makes a presumption of nationality which at a later stage proves to be incorrect, or if a breach of the rules is identified, any collection or receipt of reporting from partner agencies is ceased immediately, and an investigation is undertaken by DSD. Under the Rules, DSD must advise the IGIS of the incident and measures taken to protect the privacy of the individual.

The IGIS reviews the full report of the DSD investigation into the incident to determine whether the actions taken by DSD to protect the privacy of the Australian person were sufficient. Every 'overturning' of a presumption of nationality is reviewed by IGIS to ensure appropriate standards are applied to the protection of a person's privacy.

During the reporting period, I found the measures taken by DSD were generally appropriate where a presumption of nationality under the Rules was found to be incorrect. On two occasions I considered that the original basis for determining nationality was not sound, and on three further occasions I suggested further action be taken by DSD and conducted follow up inspections to ensure remedial action taken by DSD was appropriate. On four occasions I found there was an excessive delay in notifying other ISA agencies or other DSD teams that a person had been identified as an Australian person. Overall, I was satisfied with the actions taken by DSD to address the issues identified.

### Visit to the Joint Defence Facility Pine Gap

In May 2013 IGIS officers conducted an on-site inspection of DSD operations at the Joint Defence Facility Pine Gap (JDFPG). Staff were briefed on several compliance aspects of activities and administrative arrangements, including the intelligence cycle, inter-agency coordination, physical and personnel security, and environmental and workplace health and safety. The facility has well-developed systems and procedures in place for managing compliance. Discussions held in private with a number of staff demonstrated the importance of close coordination between agencies, including DIGO staff at the facility, and reflected a strong culture of compliance at all levels. One of the issues raised following the visit concerned the adequacy of mandatory compliance training and testing at the facility. It is important that compliance testing regimes target areas of high compliance risk at the facility, and are appropriately updated in line with changes to DSD's compliance framework and the role and functions of DSD. DSD have agreed to develop mandatory compliance training specifically for use at the facility.

### Inspection activities specific to DIGO *Director authorisations*

The Minister for Defence has directed that the Director of DIGO must personally approve DIGO activities intended to obtain and communicate geospatial or imagery intelligence of Australian territory. A director's authorisation (DA) cannot be made for more than 12 months. In addition to reviewing all ministerial authorisations issued to DIGO, we also examined all DAs for imagery related tasking and collection activities authorised and reported on by DIGO during 2012-13.

During the reporting period I noted one issue relating to a DA which was approved for a period greater than 12 months. DIGO's internal policy setting out requirements for DAs was subsequently amended to remove any ambiguity, limiting the authorisation timeframe for DAs to 12 months. Some minor administrative issues relating to compliance with DIGO's internal policy were also identified, however I am satisfied that DIGO is taking appropriate steps to monitor and respond to issues where identified.

There remains a high level of interaction between DIGO policy and compliance staff with my inspection team to identify improvement opportunities and ensure there is a common understanding of intent for new policies and procedures.

### **Liaison visit to Geospatial Analysis Centre Bendigo**

In May 2013 a liaison visit was conducted at the Geospatial Analysis Centre in Bendigo, Victoria. My staff provided a presentation on the IGIS roles, functions and powers and joined a training session on compliance contributing commentary and insight into my expectations. Discussions were also held with a range of staff covering all facets of production at the facility. I did not identify any significant compliance issues following the visit.

### **Monitoring DIO**

DIO is not subject to the ISA but it has in place administrative Privacy Guidelines which have a similar effect to the Privacy Rules. We conduct four inspections per year to review adherence to the guidelines. The inspection program reviewed how DIO staff apply the Privacy Guidelines in DIO reporting. Only minor administrative issues were identified.

Updated Privacy Guidelines were implemented in line with the changes to the Privacy Rules in late 2012. Training on the changes was implemented and has been completed by the majority of staff.

### **Monitoring ONA**

ONA also applies Privacy Guidelines to its reporting as it is not subject to the ISA. During 2012-13, ONA was assessed as applying the Guidelines appropriately with only minor administrative issues raised.

ONA also updated the Guidelines in line with the changes to the Privacy Rules.

## **IGIS role in Freedom of Information and Archives matters**

The *Freedom of Information Act 1982* (FOI Act) sets out various exemptions to the requirement for government agencies to provide documents. One of the exemptions applies to documents affecting national security, defence or international relations. Before deciding that a document is not exempt under this provision the Administrative Appeals Tribunal (AAT) and the Information Commissioner (IC) are required to seek evidence from the IGIS. There are equivalent provisions in the *Archives Act 1983* (Archives Act) for the AAT.

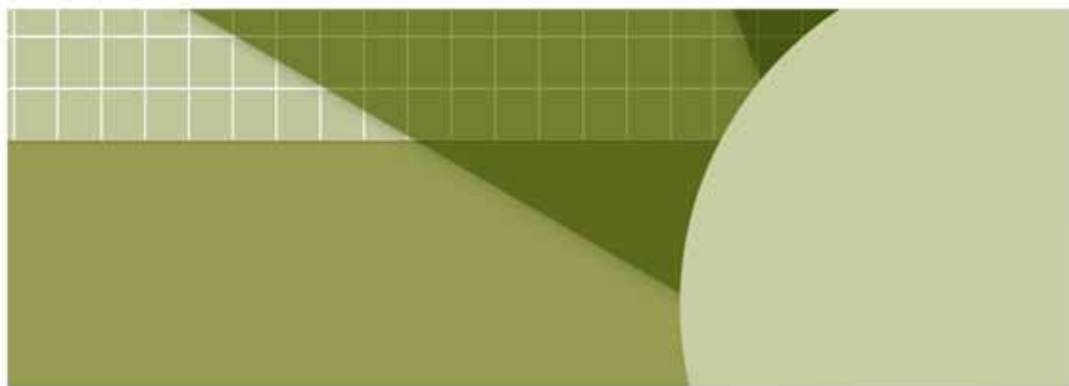
In October 2012 the IGIS and the AAT entered into an MOU intended to streamline the process for the AAT seeking evidence from the IGIS. The President of the Tribunal subsequently issued a Practice Direction to give effect to the agreed approach.<sup>3</sup>

In this reporting period I was called on twice by the IC to give evidence in FOI matters. This compares with no cases in the previous year. In one case, after reviewing all of the documents, I decided that I was not qualified to give evidence. In deciding whether I am qualified to give evidence I take into account my functions under the IGIS Act. In the other case I provided detailed evidence to the IC on a significant number of documents. The IC had not published a decision in that matter at the end of the reporting period.

I was notified by the AAT of three new FOI cases where I may be required to give evidence. At the end of the reporting period I had not been called to provide evidence in any of these cases. One FOI case was carried over from the previous reporting period. That case was heard at the start of the reporting period, and before the MOU with the AAT was signed. My office devoted considerable resources to examining documents and preparing evidence but I was not ultimately called by the Tribunal. I was also notified of one new Archives Act case and was involved in the preparation of evidence in another case that had carried over from the previous reporting period. That case was withdrawn by the applicant prior to hearing.

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<sup>3</sup> Practice Direction on Timing of requests under section 50A of the *Archives Act 1983* or section 60A of the *Freedom of Information Act 1982*, 5 December 2012.



## Part Three: Management and Accountability

### Corporate governance

#### Organisational structure

Senior positions occupied during 2013-13 were as follows:

#### Inspector-General of Intelligence and Security (Statutory officer)

Dr Vivienne Thom

#### Assistant Inspector-General of Intelligence and Security (SES Band 1)

Mr Jake Blight

#### Senior management committees

The OIGIS Audit Committee is the only senior management committee for the agency. The functions of this committee are detailed in the 'Internal Audit and Risk Management' section of this chapter.

#### Corporate and operational planning

OIGIS's corporate and operational planning processes are straightforward in nature, reflecting the small size and specialist function of the office.

The office addresses these matters through:

- an annual forward planning process to set strategic priorities

- weekly meetings between the IGIS and senior staff members, to review and document operational priorities
- monthly meetings between the IGIS and all office staff, during which internal guidelines, procedures and governance issues are discussed
- a forward plan for inspection activities in each AIC agency, which is determined in consultation with the relevant agency head (in accordance with s. 9A of the IGIS Act).

#### Internal audit and risk management

The membership and functions of the Audit Committee are structured according to the guidance in s. 46 of the *Financial Management and Accountability Act 1997* and the Financial Management and Accountability Regulations 1997. At 30 June 2013 the members were Mr Matthew King (Treasury) as Chair, Mr Trevor Kennedy (Attorney-General's Department) and Mr Jake Blight (OIGIS) as members. The Inspector-General attends the meetings as an observer.

The Audit Committee meets on a periodic basis to consider matters including:

- risk management
- internal control



- financial statements
- compliance requirements
- internal audit
- external audit
- governance arrangements.

The Committee reviews the Risk Management Plan annually based on its assessment of the office's risk performance over the period. The Risk Management Plan includes controls designed to mitigate risks including the following:

- personnel related risks
- accidental or intentional loss of information
- segregation of duties
- failure or compromise of information technology systems
- physical security of the office and facilities
- corporate liability
- fraud prevention, detection and management
- corporate compliance requirements.

Through its various mitigation strategies, the residual risk accepted by the office is maintained within the low-medium levels in each of the categories listed above.

### **Implementation of the revised Protective Security Policy Framework**

The Australian Government's Protective Security Policy Framework (PSPF) provides a structure for Australian government agencies to effectively manage the risk to their people, information and assets, and provide assurance to the Government and the public that official resources and information provided to agencies are safeguarded. The governance arrangement and core policies in the PSPF describe the high level protective security outcomes and identify the mandatory protocols, standards and guidelines for managing personnel, physical and information security. My office is required to comply with these mandatory requirements and report on compliance with the framework annually to the Attorney-General.

Following significant updates to the PSPF introduced progressively from December 2010 to December

2012, my office introduced a new framework of internal protective security policies and procedures for managing personnel, physical and information security. The framework includes specific policies and procedures to ensure the office is compliant with PSPF requirements in all areas of business responsibility.

At 30 June 2013, we were fully compliant with 31 requirements of the 33 mandatory requirements and partially compliant with 2 of the mandatory requirements. Risk mitigation strategies are in place for the partially compliant elements. I anticipate these areas will be addressed in the next six months resulting in full compliance with all requirements by early 2014.

### **Ethical standards and fraud control**

While the Risk Management Plan is comprehensive in that it includes fraud prevention, detection and management, the office also maintains a separate Fraud Control Plan which explores in greater detail risks of that type and how they are dealt with. This is updated annually.

### **Employment of SES Officers**

The office has one SES position filled by Mr Jake Blight. The terms and conditions of Mr Blight's employment, including salary, are set out in a s. 24(1) determination and are based broadly on SES remuneration within the Department of the Prime Minister and Cabinet.

### **Employment of persons for a particular inquiry**

Section 35(2AA) of the IGIS Act requires me to report on the employment under s. 32(3) of any person to perform functions and exercise powers for the purposes of a particular inquiry, and any delegation under s. 32AA to such a person. No person was employed under s. 32(3) in the reporting period.

### **External scrutiny**

#### **Decisions by the judiciary or tribunals**

There were no judicial decisions or decisions of administrative tribunals made in 2012-13 which had, or may have, a significant impact on the operations of the office.



## Reports by the Auditor-General, Parliamentary Committees and the Commonwealth Ombudsman

There were no reports on the operation of the office (other than the report on financial statements) by any of the above bodies. It should be noted that the office is not within the jurisdiction of the Commonwealth Ombudsman.

The office has received an unqualified audit report from the Australian National Audit Office (ANAO) in relation to its financial statements.

Further details of OIGIS interaction with parliamentary committees are available in the *Overview* section of this report.

## Management of human resources

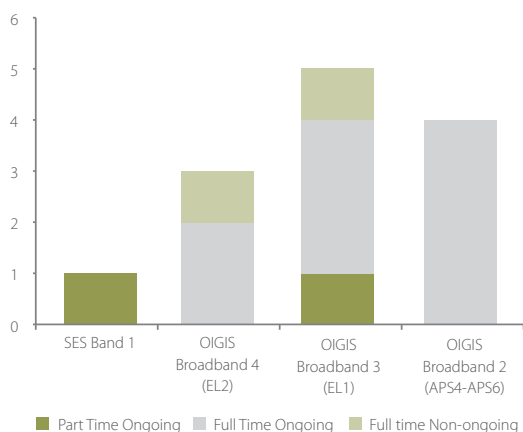
### Organisational profile

At 30 June 2013, the office had 11 ongoing and 2 non-ongoing APS employees located in the Australian Capital Territory (not including the Inspector-General). Two employees worked part-time.

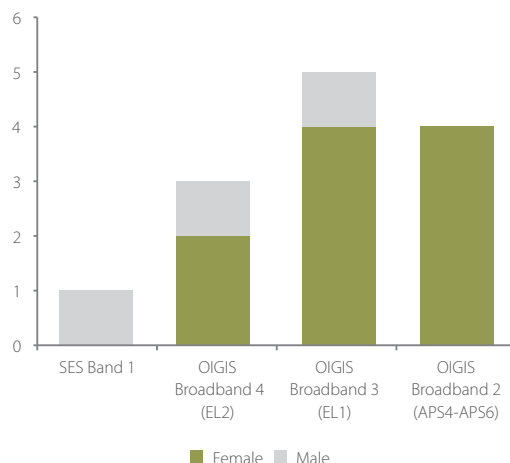
This compares to 13 ongoing APS employees located in the Australian Capital Territory at 30 June 2012.

The profile of the organisation is summarised in the following two graphs:

**Organisational Profile as at 30 June 2013  
(employment level and status)**



**Gender Balance as at 30 June 2013  
(by employment level)**



### Employment frameworks

At 1 July 2012, all non-SES staff were employed under OIGIS Enterprise Agreement 2011 – 2014. One SES staff member was employed under a s. 24(1) determination.

The salary range available to APS employees in OIGIS throughout 2012-13 is provided at Annex 2.

The only notable non-salary benefit for OIGIS non-SES staff is a taxable annual allowance in recognition of the requirement to undergo regular and intrusive security clearance processes necessary to maintain a Top Secret Positive Vet clearance, as well as other restrictions placed on employees as a result of reviewing the activities of the AIC. The annual allowance was \$1,061 per annum as at 30 June 2013.

### Training and staff development

We continued the internal training program introduced in early 2012. The program of short training sessions, run once a fortnight, ensures that staff develop and maintain specialised knowledge and skills, and supplements on the job training. Topics covered in 2012-13 included:

- recordkeeping
- the role of the IGIS in Archives and FOI matters
- ASIO's questioning and detention warrants
- IGIS Act inquiry powers

- prohibition on torture – policies and rules
- public interest immunity
- the role of the National Security Legislation Monitor.

Four staff members enrolled in Certificate IV courses. Staff were also provided with regular opportunities throughout 2012-13 to attend other training courses and seminars relevant to their roles. A studies assistance scheme is also available to reimburse employees for approved courses of study.

### Performance pay

OIGIS does not have a performance based pay scheme.

## Other information

### Purchasing

All procurement and purchasing activities conducted by the office were in accordance with the Commonwealth Procurement Rules.

### Consultants

Generally a small number of consultants may be engaged each year by the office on an 'as-required' basis. Consultants are used where short term resources are inadequate or specialist expertise is required. The security requirements of the office and the specialist nature of the consultancy work often means that consultants are directly sourced.

Where the work is more general in nature the office will, where appropriate, access consultants selected by PM&C through an open tender or panel selection process.

The decision to engage a consultant is made in accordance with the *Financial Management and Accountability Act 1997* and related regulations including the Commonwealth Procurement Rules and relevant internal guidelines.

Total actual expenditure on consultancy contracts for 2012-13 was \$7000 (GST inclusive) for one new consultancy contract completed during the reporting period for legal advice. This compares to consultancy expenditure of \$35 934 (GST inclusive) in 2011-12.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website

### ANAO Access Clauses

No contracts for greater than \$100 000 were entered into during the reporting period which did not provide for the Auditor-General to have access to the contractor's premises.

### Exempt contracts

No contracts have been entered into during the reporting period that have been exempt from publishing on AusTender.

### Legal services

Expenditure on legal services fluctuates from year to year and is largely dependent upon the nature of the inquiries undertaken. The recruitment in January 2012 of a legally qualified SES Band 1 to fill the role of Assistant Inspector-General of Intelligence and Security has significantly reduced expenditure on legal services.

In 2012-13 one legal advice was obtained from Australian Government Solicitors, at a total cost of \$7000 (GST inclusive). The total expenditure compares to \$19 934 (GST inclusive) in 2011-12.

### Changes to disability reporting in annual reports

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007-08, reporting on the employer role was transferred to the Australian Public Service Commission's *State of the Service Report* and the *APS Statistical Bulletin*. These reports are available at [www.apsc.gov.au](http://www.apsc.gov.au). From 2010-11, departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by a new National Disability Strategy which sets out a ten year national policy framework for improving life for Australians with disability,

their families and carers. A high level report to track progress for people with disability at a national level will be produced by the Standing Council on Community, Housing and Disability Services to the Council of Australian Governments and will be available at [www.fahcsia.gov.au](http://www.fahcsia.gov.au).

The Social Inclusion Measurement and Reporting Strategy agreed by the Government in December 2009 will also include some reporting on disability matters in its regular *How Australia is Faring* report and, if appropriate, in strategic change indicators in agency Annual Reports. More detail on social inclusion matters can be found at [www.socialinclusion.gov.au](http://www.socialinclusion.gov.au).

### Information Publication Scheme

The Information Publication Scheme (IPS) applies to Australian Government agencies that are subject to the *Freedom of Information Act 1982* (FOI Act). The IPS specifies categories of information that agencies must publish online. Agencies can also choose to publish other information under the IPS. As an exempt agency under the FOI Act, the scheme does not apply to OIGIS.

Indexed file lists were published on OIGIS's website in the reporting period in accordance with the Senate Continuing Order No 10 (Harradine Order).

### Work health and safety

Due to its small size, the office does not have a Health and Safety Committee. Instead, health and safety matters are addressed at all-staff meetings, Audit Committee meetings, and, as the need arises, directly with me through team leaders and the Health and Safety Representative.

No notifiable incidents resulting from undertakings carried out by the office that would require reporting under the *Work Health and Safety Act 2011* (WHS Act) have occurred during the year.

No investigations were conducted relating to undertakings carried out by the office and no notices were given to the office under Part 10 of the WHS Act.

### Freedom of information

This office is an exempt agency for the purposes of the *Freedom of Information Act 1982*.

### Advertising and market research

OIGIS did not incur any expenditure on recruitment advertising, advertising campaigns, market research, polling or direct mailing during the reporting period.

### Ecologically sustainable development and environmental performance

The office, through its co-location with PM&C, continues to benefit from that Department's commitment to energy saving measures. This includes the large number of energy and water saving measures, designed to reduce greenhouse emissions, which are incorporated into the building in which we are among the occupants (One National Circuit). These measures include, but are not limited to, energy efficient lighting, heating and cooling.

Due to the small size of the office, PM&C does not separately measure the utilities used by OIGIS and provides these utilities free of charge. For this reason, ecologically sustainable development and details of environmental performance are not specifically quantified in this report.

Nonetheless, the office is committed to ensuring that its activities are environmentally responsible. While the majority of the office's infrastructure is provided and maintained by PM&C, there are a number of areas for which I am directly responsible in which I take into account the environmental impact and act accordingly to minimise it. These include:

- recycled paper was used for 98 per cent of the office's photocopying, facsimile reports and document printing in 2012-13
- staff configure printers to default to double-sided print
- all unclassified office paper and cardboard waste is recycled
- empty toner cartridges are recycled, except where security considerations apply
- where there is no operational impact, office equipment is 'shut-down' overnight, rather than being placed on 'stand-by'.

## Summary of financial performance and resources for outcomes

OIGIS received an unqualified audit report from the Australian National Audit Office for its 2012-13 financial statements.

The office operated within available resources in 2012-13 and ended the year with a small surplus of \$37 423.

In relation to expenditure the most significant budget variances consisted of \$18 000 allocated for potential security clearances for ongoing staff members, \$13 000 allocated for software licenses and \$6000 allocated for losses on the disposal of assets. Training expenses, which are demand driven, were also underspent by \$7000. The impact of the change in the government bond rate resulted in a \$34 000 downward revision of OIGIS's reported leave liabilities and consequently reduced employee expenses for the year.

Appropriation funding reduced from \$2 241 000 in 2011-12 to \$2 180 000 in 2012-13. This reduction was due to the additional inquiry funding obtained in 2011-12 as well as the additional savings required during 2012-13.

Net equity increased from \$1 364 464 in 2011-12 to \$1 401 888. Movements in equity included a \$37 423 increase in retained surplus.

The following tables can be found in Annex 3:

Table 3.1 – Agency Resource Statement and Resource for Outcomes 2012-13, and

Table 3.2 – Expenses and Resources for Outcome 1.

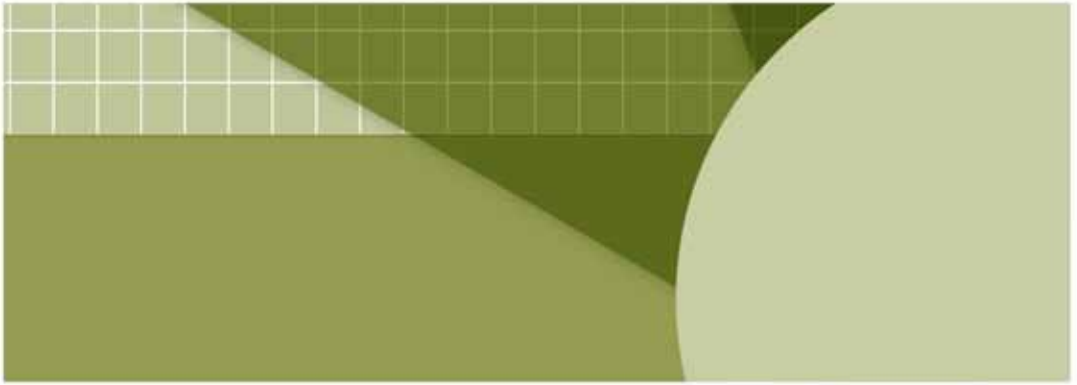
OIGIS has one outcome and one output.

### Trends in finances

Significant changes to the finances of the office during 2012-13 include:

- A \$90 577 decrease in other gains which represents the value of resources received free of charge in 2011-12 from DSD as part of the secure IT system upgrade.
- A \$192 375 decline in own-source revenue due to the significant s. 31 funding received in 2011-12 to cover inquiry costs.
- A \$210 410 decrease in supplier expenses, mainly due to the additional inquiry related expenditure in 2011-12.
- A \$46 156 reduction in employee provisions, approximately \$32 000 of which was due to movements in the government bond rate and the consequent impact on the accrued leave liabilities. The remaining \$14 000 reduction was due to staff movements and leave taken during the year.

	2012-13 OUTCOME 1 \$'000	2011-12 OUTCOME 1 \$'000	Change from previous year
Revenue from government	2 180 000	2 241 000	-3%
Other income	200 247	483 199	-60%
<b>TOTAL INCOME</b>	<b>2 380 247</b>	<b>2 724 199</b>	
Employee expenses	2 062 633	2 041 602	+1%
Supplier expenses	240 583	450 993	-47%
Other expenses	39 608	41 701	-5%
<b>TOTAL EXPENSES</b>	<b>2 342 824</b>	<b>2 534 296</b>	
<b>OPERATING RESULT</b>	<b>37 423</b>	<b>189 903</b>	
Financial assets	2 106 737	2 090 096	+1%
Non-financial assets	89 984	127 434	-29%
Liabilities	794 833	853 066	-7%
<b>NET ASSETS = A + B - C</b>	<b>1 401 888</b>	<b>1 364 464</b>	



## PART FOUR: FINANCIAL STATEMENTS



## INDEPENDENT AUDITOR'S REPORT

### To the Prime Minister

I have audited the accompanying financial statements of Office of the Inspector-General of Intelligence and Security for the year ended 30 June 2013, which comprise: a Statement by the Inspector-General of Intelligence and Security; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; and Notes to and forming part of the Financial statements including a Summary of Significant Accounting Policies.

### *Inspector-General of Intelligence and Security's Responsibility for the Financial Statements*

The Inspector-General of the Office of the Inspector-General of Intelligence and Security is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Office of the Inspector-General of Intelligence and Security's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Inspector-General of Intelligence and Security's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Inspector-General of the Office of the Inspector-General of

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Intelligence and Security, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Independence***

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

### ***Opinion***

In my opinion, the financial statements of the Office of the Inspector-General of Intelligence and Security:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Office of the Inspector-General of Intelligence and Security's financial position as at 30 June 2013 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



David Gray

Executive Director

Delegate of the Auditor-General

Canberra

3 October 2013

### STATEMENT BY THE INSPECTOR-GENERAL OF INTELLIGENCE AND SECURITY

In my opinion, the attached financial statements for the year ended 30 June 2013 are based on properly maintained financial records and give a true and fair view of the matters as required by the Finance Minister's orders made under the *Financial Management and Accountability Act 1997*, as amended.



Vivienne Thom  
Inspector-General of  
Intelligence and Security

3 October 2013



**OFFICE OF THE INSPECTOR-GENERAL OF INTELLIGENCE AND SECURITY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the year ended 30 June 2013*

	<b>Notes</b>	<b>2012-13</b> \$	<b>2011-12</b> \$
<b>EXPENSES</b>			
Employee benefits	3A	2 062 633	2 041 602
Supplier	3B	240 583	450 993
Depreciation and amortisation	3C	39 608	33 799
Loss on asset disposal	3D	-	7 902
<b>Total Expenses</b>		<u>2 342 824</u>	<u>2 534 296</u>
<b>LESS:</b>			
<b>OWN-SOURCE INCOME</b>			
<b>Own-source revenue</b>			
Other revenue	4A	<u>75 702</u>	<u>268 077</u>
<b>Total own-source revenue</b>		<u>75 702</u>	<u>268 077</u>
<b>Gains</b>			
Other gains	4B	<u>124 545</u>	<u>215 122</u>
<b>Total gains</b>		<u>124 545</u>	<u>215 122</u>
<b>Total own-source income</b>		<u>200 247</u>	<u>483 199</u>
<b>Net Cost of services</b>		<u>2 142 577</u>	<u>2 051 097</u>
Revenue from Government	4C	<u>2 180 000</u>	<u>2 241 000</u>
<b>Surplus attributable to the Australian Government</b>		<u>37 423</u>	<u>189 903</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not subject to subsequent reclassification to profit or loss</b>			
Changes in asset revaluation surplus		<u>-</u>	<u>-</u>
<b>Total comprehensive income attributable to the Australian Government</b>		<u>37 423</u>	<u>189 903</u>

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

**OFFICE OF THE INSPECTOR-GENERAL OF INTELLIGENCE AND SECURITY**  
**BALANCE SHEET**  
*as at 30 June 2013*

<b>Balance Sheet</b>	<b>Notes</b>	<b>2012-13 \$</b>	<b>2011-12 \$</b>
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	<b>5A</b>	203 783	197 352
Trade and other receivables	<b>5B</b>	1 902 954	1 892 744
<b>Total financial assets</b>		<u>2 106 737</u>	<u>2 090 096</u>
<b>Non-Financial Assets</b>			
Property, plant and equipment	<b>6A &amp; 6B</b>	86 643	126 250
Intangibles	<b>6C &amp; 6D</b>	-	-
Other	<b>6E</b>	3 341	1 184
<b>Total non-financial assets</b>		<u>89 984</u>	<u>127 434</u>
<b>Total Assets</b>		<u>2 196 721</u>	<u>2 217 530</u>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	<b>7A</b>	4 958	19 562
Other	<b>7B</b>	52 808	50 281
<b>Total payables</b>		<u>57 766</u>	<u>69 843</u>
<b>Provisions</b>			
Employee provisions	<b>8A</b>	737 067	783 223
<b>Total provisions</b>		<u>737 067</u>	<u>783 223</u>
<b>Total Liabilities</b>		<u>794 833</u>	<u>853 066</u>
<b>Net Assets</b>		<u>1 401 888</u>	<u>1 364 464</u>
<b>EQUITY</b>			
<b>Parent Entity Interest</b>			
Contributed equity		447 000	447 000
Reserves		6 796	6 796
Retained surplus		948 092	910 668
<b>Total parent entity interest</b>		<u>1 401 888</u>	<u>1 364 464</u>
<b>Total Equity</b>		<u>1 401 888</u>	<u>1 364 464</u>

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

**OFFICE OF THE INSPECTOR-GENERAL OF INTELLIGENCE AND SECURITY**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the year ended 30 June 2013*

	Retained Earnings		Asset Revaluation Surplus		Contributed Equity/Capital		Total Equity	
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
<b>Opening balance</b>								
Balance carried forward from previous period	910 668	720 765	6 796	6 796	447 000	438 000	1 364 464	1 165 561
<b>Adjusted opening balance</b>	910 668	720 765	6 796	6 796	447 000	438 000	1 364 464	1 165 561
<b>Comprehensive Income</b>								
Other comprehensive income	-	-	-	-	-	-	-	-
Surplus for the period	37 423	189 903	-	-	-	-	37 423	189 903
<b>Total comprehensive income</b>	37 423	189 903	-	-	-	-	37 423	189 903
of which:								
Attributable to the Australian Government	37 423	189 903	-	-	-	-	37 423	189 903
<b>Transactions with owners</b>								
<b>Contribution by Owners</b>								
Equity Injection - Appropriation	-	-	-	-	-	-	-	-
Departmental Capital Budget	-	-	-	-	-	9 000	-	9 000
<b>Sub-total transactions with owners</b>	-	-	-	-	-	9 000	-	9 000
<b>Closing balance as at 30 June</b>	948 091	910 668	6 796	6 796	447 000	447 000	1 401 887	1 364 464
<b>Closing balance attributable to the Australian Government</b>	948 091	910 668	6 796	6 796	447 000	447 000	1 401 887	1 364 464

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

**OFFICE OF THE INSPECTOR-GENERAL OF INTELLIGENCE AND SECURITY**  
**CASH FLOW STATEMENT**  
*for the year ended 30 June 2013*

	Notes	2012-13 \$	2011-12 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		2 236 999	2 154 800
Net GST		7 131	35 783
Other cash received		63 568	77 916
<b>Total cash received</b>		<u>2 307 698</u>	<u>2 268 499</u>
<b>Cash used</b>			
Employees		(2 010 657)	(1 843 668)
Suppliers		(227 042)	(357 037)
Section 31 receipts transferred to OPA		(63 568)	(67 768)
Other		-	-
<b>Total cash used</b>		<u>(2 301 267)</u>	<u>(2 268 473)</u>
<b>Net cash from operating activities</b>	9	<u>6 431</u>	<u>26</u>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment		-	-
<b>Total cash received</b>		<u>-</u>	<u>-</u>
<b>Cash used</b>			
Purchase of property, plant and equipment		-	(75 283)
<b>Total cash used</b>		<u>-</u>	<u>(75 283)</u>
<b>Net cash from (used by) investing activities</b>		<u>-</u>	<u>(75 283)</u>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity		-	75 283
<b>Total cash received</b>		<u>-</u>	<u>75 283</u>
<b>Net cash from financial activities</b>		<u>-</u>	<u>75 283</u>
<b>Net increase in cash held</b>		<b>6 431</b>	<b>26</b>
Cash and cash equivalents at the beginning of the reporting period		197 352	197 326
<b>Cash and cash equivalents at the end of the reporting period</b>	9	<u><u>203 783</u></u>	<u><u>197 352</u></u>

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

## SCHEDULE OF COMMITMENTS

as at 30 June 2013

	2013 \$	2012 \$
<b>BY TYPE</b>		
<b>Commitments Receivable</b>		
GST receivable on commitments	26 324	27 471
<b>Total Commitments Receivable</b>	<u>26 324</u>	<u>27 471</u>
<b>Commitments Payable</b>		
<b>Other Commitments</b>		
Other	272 971	272 971
Operating Leases	16 589	24 755
<b>Total Other Commitments</b>	<u>289 560</u>	<u>297 726</u>
<b>Net Commitments by Type</b>	<u>263 236</u>	<u>270 225</u>
<b>BY MATURITY</b>		
<b>Commitments Receivable</b>		
One year or less	5 634	6 146
From one to five years	20 690	21 325
Over five years	-	-
<b>Total operating lease income</b>	<u>26 324</u>	<u>27 471</u>
<b>Commitments Payable</b>		
<b>Operating Lease Commitments</b>		
One year or less	7 373	8 563
From one to five years	9 216	16 192
Over five years	-	-
<b>Total Operating Lease Commitments</b>	<u>16 589</u>	<u>24 755</u>
<b>Other Commitments Payable</b>		
One year or less	54 594	54 594
From one to five years	218 377	218 377
Over five years	-	-
<b>Total Other Commitments Payable</b>	<u>272 971</u>	<u>272 971</u>
<b>Net Commitments by Maturity</b>	<u>263 236</u>	<u>270 255</u>

Note: Commitments are GST inclusive where relevant.

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

OIGIS in its capacity as a lessee holds one motor vehicle operating leases. The lease has contracted monthly payments of \$614.42 and expires 13 September 2016.

OIGIS also holds agreements with PM&C requiring an annual payment of \$50,600 for IT support services and \$3,994 for payroll services. These agreements are in place for the current and following four years.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for year ended 30 June 2013

### Note 1 – Summary of Significant Accounting Policies

#### 1.1 Objectives of the Office of the Inspector-General of Intelligence and Security

The Office of the Inspector General of Intelligence and Security (OIGIS) is an Australian Government controlled not-for-profit entity. The objective of OIGIS is to meet the following outcome:

Independent assurance for the Prime Minister, senior ministers and Parliament as to whether Australia's intelligence and security agencies act legally and with propriety by inspecting, inquiring into and reporting on their activities.

OIGIS's activities contributing towards this program are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by OIGIS in its own right.

The continued existence of the OIGIS in its present form and with its present programs is dependent on government policy and on continuing funding by Parliament for OIGIS's administration and programs.

#### 1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 49 of the Financial Management and Accountability Act 1997.

The Financial Statements and notes have been prepared in accordance with:

- Finance Minister's Orders (or FMO) for reporting periods ending on or after 1 July 2011; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest dollar.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments.

Unless alternative treatment is specifically required by an accounting standard or the FMOs, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

#### 1.3 Significant Accounting Judgments and Estimates

In the process of applying the accounting policies listed in this note, OIGIS has made the following judgments that have the most significant impact on the amounts recorded in the financial statements:

- Employee provisions involve assumptions on the likely tenure of existing staff, future salary movements and future discount rates.

#### 1.4 Correction of Comparatives

The comparatives for Note 10B have been amended to be in line with the requirements of the FMOs in relation to the display of salary sacrificed superannuation amounts. There has been no change to the total reported remuneration.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

## 1.5 New Australian Accounting Standards

### Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

New/revised standards, interpretations and amending standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on the entity.

### Future Australian Accounting Standard Requirements

New/revised standards, interpretations and amending standards that were issued prior to the sign-off date and are applicable to the future reporting periods are not expected to have a future financial impact on the entity.

## 1.6 Revenue

### Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when OIGIS gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

### Other Types of Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the agency retains no managerial involvement or effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed as at end of reporting period. Allowances are made when collectability of the debt is no longer probable.

## 1.7 Gains

### Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

The main resources received free of charge in 2012-13 are office space (from the Department of the Prime Minister and Cabinet) and the maintenance of the OIGIS owned internal secure computer network (from Defence

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for year ended 30 June 2013

Signals Directorate). Other resources received free of charge include auditor remuneration as disclosed in Note 11.

Contributions of assets at no cost of acquisition or for nominal considerations are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements.

### Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

## **1.8 Transactions with the Government as Owner**

### Contributed Equity

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

## **1.9 Employee Benefits**

Liabilities for ‘short-term employee benefits’ (as defined in AASB 119 Employee Benefits) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

### Leave

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

The leave liabilities are calculated on the basis of employees’ remuneration at the estimated salary rates that will be applied at the time the leave is taken, including OIGIS’s employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by using the short hand method per the 2012-13 FMOs for Financial Reporting as at 30 June 2013. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

### Superannuation

Staff of OIGIS are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) and other industry super funds outside the Commonwealth.

The CSS and PSS are defined benefit schemes for the Australian Government. The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance and Deregulation’s administered schedules and notes.

The PSSap is a defined contribution scheme.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

OIGIS makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. OIGIS accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

#### 1.10 Cash

Cash and cash equivalents includes cash on hand and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

#### 1.11 Financial Assets

OIGIS classifies its financial assets as 'loans and receivables'.

Financial assets are recognised and derecognised upon trade date.

##### Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

##### Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Credit terms are net 30 days (2011–12: 30 days).

##### Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period.

#### 1.12 Financial Liabilities

Financial liabilities are classified as other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

##### Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for year ended 30 June 2013

Settlement is usually made net 30 days.

### 1.13 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

OIGIS has no contingencies to report in either 2011-12 or in 2012-13.

No contingent rentals exist.

### 1.14 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

### 1.15 Property, Plant and Equipment

#### Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

#### Revaluations

Fair values are determined by market selling price.

Following initial recognition at cost, property plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. A full revaluation was conducted at 30 June 2010 by an independent valuer (The Australian Valuation Office).

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

#### Depreciation

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to OIGIS using, in all cases, the straight-line method of depreciation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates of depreciable assets are based on useful lives of 1 – 47 years (2012: 1 – 47 years).

Impairment

All assets were assessed for impairment at 30 June 2013. Where indicators of impairment were identified an assessment of recoverable value has been undertaken and the value of the assets adjusted accordingly.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

**1.16 Intangibles**

Previously OIGIS's intangibles have consisted of purchased software only. These assets were carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight-line basis over its anticipated useful life. Software is assigned a useful life of 4 years (2012: 4 years).

All software assets were fully amortised as at 30 June 2009.

**1.17 Taxation**

OIGIS is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

**1.18 Legal Compliance**

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth* (2012) 288 ALR 410, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

During 2012-13, additional legal advice was received that indicated there could be breaches of section 83 of the Constitution under certain circumstances with overpayments for long service leave, goods and services tax and payments under determinations of the Remuneration Tribunal. OIGIS has determined that there is a low risk to the certain circumstances mentioned in this legal advice applying to OIGIS and is not aware of any specific breaches of section 83 in respect of these items.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

**Note 2 – Events after the Balance Sheet Date**

Following the passage of The *Statute Stocktake (Appropriations) Bill 2013* on 1 July 2013 the following unspent appropriation has been repealed:

- Appropriation Act (No 2) – 2004-2005 \$53,000

The impact of this event has not been adjusted in the financial statements.

Also, on 13 August 2013 an instrument titled 'Instrument to Reduce Appropriations (No. 1 of 2013-2014)' was published on ComLaw. As this was published after 30 June 2013 the reduction to Appropriation Act No.1 2012-13 has not been adjusted in Note 14A. However, the \$10,000 reduction has been reflected in the Statement of Comprehensive Income.

**Note 3 – Expenses**

	2013 \$	2012 \$
<u>Note 3A – Employee Benefits</u>		
Wages and salaries	1 438 086	1 453 498
Superannuation:		
Defined benefit plans	221 102	210 819
Defined contribution plans	48 226	50 392
Leave and other entitlements	278 343	326 893
Redundancy Payment	76 876	-
<b>Total employee benefits</b>	<b>2 062 633</b>	<b>2 041 602</b>

	2013 \$	2012 \$
<u>Note 3B – Suppliers</u>		
<b>Goods and Services</b>		
Consultants	-	16 000
ICT support	46 000	46 000
Legal expenses	6 363	18 122
Printing non publications	8 969	1 394
Printing publications	-	16 006
Resources received free of charge:		
Notional Rent Charge	102 000	102 000
Notional Audit Fees	18 000	18 000
Notional IT Support Costs	4 545	79 756
Stationery	9 572	14 956
Training	9 493	17 985
Travel	3 494	59 990
Other	27 737	57 545
<b>Total goods and services</b>	<b>236 173</b>	<b>447 754</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

**Goods and services are made up of:**

Provision of goods – external entities	12 294	28 444
Rendering of services – related entities	189 189	263 631
Rendering of services – external entities	34 690	155 679
<b>Total goods and services</b>	<b>236 173</b>	<b>447 754</b>

**Other supplier expenses**

Workers compensation premiums	4 410	3 239
<b>Total other supplier expenses</b>	<b>4 410</b>	<b>3 239</b>
<b>Total supplier expenses</b>	<b>240 583</b>	<b>450 993</b>

**2013**  
\$

**2012**  
\$

Note 3C – Depreciation and Amortisation

Depreciation – Property, plant and equipment	39 608	33 799
<b>Total depreciation and amortisation</b>	<b>39 608</b>	<b>33 799</b>

**2013**  
\$

**2012**  
\$

Note 3D – Loss on Disposal of Assets

Property, plant and equipment	-	7 902
<b>Total loss on disposal of assets</b>	<b>-</b>	<b>7 902</b>

**Note 4 – Income**

**OWN-SOURCE INCOME**

**2013**  
\$

**2012**  
\$

Note 4A – Other

Inquiry Funding	-	183 470
Leave Liability Transfers	53 454	67 768
Employee FBT Contributions	13 200	16 839
Other	9 048	-
<b>Total other own-source income</b>	<b>75 702</b>	<b>268 077</b>

**GAINS**

**2013**  
\$

**2012**  
\$

Note 4B – Other Gains

Resources Received Free of Charge:		
Department of Prime Minister & Cabinet	102 000	102 000
Australian National Audit Office	18 000	18 000
Defence Signals Directorate	4 545	95 122
<b>Total other gains</b>	<b>124 545</b>	<b>215 122</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

**REVENUE FROM GOVERNMENT**

	2013 \$	2012 \$
<u>Note 4C – Revenue from Government</u>		
Appropriations:		
Departmental Appropriation	2 180 000	2 241 000
<b>Total revenue from government</b>	<u>2 180 000</u>	<u>2 241 000</u>

**Note 5 – Financial Assets**

	2013 \$	2012 \$
<u>Note 5A – Cash and cash equivalents</u>		
Cash on hand or on deposit	203 783	197 352
<b>Total cash and cash equivalents</b>	<u>203 783</u>	<u>197 352</u>

	2013 \$	2012 \$
<u>Note 5B – Trade and other receivables</u>		
<b>Appropriations receivable:</b>		
For existing programs	1 898 227	1 891 659
<b>Total appropriation receivable</b>	<u>1 898 227</u>	<u>1 891 659</u>
<b>Other Receivables:</b>		
GST receivable from the Australian Taxation Office	245	711
Other receivables	4 482	374
<b>Total other receivables</b>	<u>4 727</u>	<u>1 085</u>
<b>Total trade and other receivables (gross)</b>	<u>1 902 954</u>	<u>1 892 744</u>
<b>Less Impairment Allowance Account:</b>		
Other	-	-
<b>Total trade and other receivables (net)</b>	<u>1 902 954</u>	<u>1 892 744</u>

**Receivables are aged as follows:**

Not overdue	1 902 954	1 892 744
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All receivables are expected to be recovered in less than 12 months.

**Note 6 – Non-Financial Assets**

	2013 \$	2012 \$
<u>Note 6A – Property, plant and equipment</u>		
<b>Other property, plant and equipment:</b>		
Fair value	163 659	165 059
Accumulated depreciation	(77 016)	(38 809)
<b>Total property, plant and equipment</b>	<u>86 643</u>	<u>126 250</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

All revaluations are independent and are conducted in accordance with the revaluation policy stated in Note 1.16. The most recent revaluation was conducted by the Australian Valuation Office as at 30 June 2010. However a significant proportion of the assets held were upgraded in late 2011.

All assets were examined for indicators of impairment during the stocktake completed on 30 June 2013 and none were found. No items of property plant and equipment are expected to be sold or disposed of within the next 12 months.

Note 6B – Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2012-13)

Item	Other property, plant & equipment \$	Total \$
<b>As at 1 July 2012</b>		
Gross book value	165 059	165 059
Accumulated depreciation and impairment	(38 809)	(38 809)
<b>Net book value as at 1 July 2012</b>	126 250	126 250
Additions		
by purchase	-	-
resources received free of charge	-	-
Depreciation expense	(39 608)	(39 608)
Disposals	-	-
Other	-	-
<b>Net Book Value 30 June 2013</b>	86 643	86 643
<b>Net Bank Value as at 30 June 2013 represented by:</b>		
Gross book value	163 659	165 059
Accumulated depreciation and impairment	(77 016)	(78 416)

Note 6B – Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2011-12)

Item	Other property, plant & equipment \$	Total \$
<b>As at 1 July 2011</b>		
Gross book value	93 310	93 310
Accumulated depreciation and impairment	(16 006)	(16 006)
<b>Net book value as at 1 July 2011</b>	77 304	77 304
Additions		
by purchase	75 283	75 283
resources received free of charge	15 364	15 364
Depreciation expense	(33 799)	(33 799)
Disposals		
Other	(7 902)	(7 902)
<b>Net Book Value 30 June 2012</b>	126 250	126 250
<b>Net Bank Value as at 30 June 2012 represented by:</b>		
Gross book value	165 059	165 059
Accumulated depreciation and impairment	(38 809)	(38 809)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

	2013 \$	2012 \$
<u>Note 6C – Intangibles</u>		
<b>Computer software:</b>		
Purchased	-	-
<b>Total computer software</b>	-	-
Accumulated amortisation	-	-
<b>Total intangibles</b>	-	-

Note 6D – Reconciliation of the Opening and Closing Balances of Intangibles (2012-13)

Item	Computer Software Purchased \$	Total \$
<b>As at 1 July 2012</b>		
Gross book value	-	-
Accumulated depreciation and impairment	-	-
<b>Net book value as at 1 July 2012</b>	-	-
Additions		
by purchase or internally developed	-	-
Amortisation expense	-	-
Disposals		
Net cost of disposals	-	-
<b>Net Book Value 30 June 2013</b>	-	-
<b>Net Book Value as at 30 June 2013 represented by:</b>		
Gross book value	-	-
Accumulated amortisation and impairment	-	-

The intangible assets were disposed of at nil value during 2011-12.

Note 6D – Reconciliation of the Opening and Closing Balances of Intangibles (2011-12)

Item	Computer Software Purchased \$	Total \$
<b>As at 1 July 2011</b>		
Gross book value	5 769	5 769
Accumulated depreciation and impairment	(5 769)	(5 769)
<b>Net book value as at 1 July 2011</b>	-	-
Additions		
by purchase or internally developed	-	-
Amortisation expense	-	-
Disposals		
Net cost of disposals	-	-
<b>Net Book Value 30 June 2012</b>	-	-
<b>Net Book Value as at 30 June 2012 represented by:</b>		
Gross book value	-	-
Accumulated amortisation and impairment	-	-



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

	2013 \$	2012 \$
<u>Note 6E – Other Non-Financial Assets</u>		
Prepayments	3 341	1 184
<b>Total other non-financial assets</b>	<u>3 341</u>	<u>1 184</u>

**Note 7 – Payables**

	2013 \$	2012 \$
<u>Note 7A - Suppliers</u>		
Trade creditors and accruals	4 958	19 562
<b>Total suppliers</b>	<u>4 958</u>	<u>19 562</u>
<b>Supplier payables expected to be settled within 12 months:</b>		
Related entities	3 203	8 045
External parties	1 755	11 517
<b>Total</b>	<u>4 958</u>	<u>19 562</u>
<b>Total supplier payables</b>	<u>4 958</u>	<u>19 562</u>

	2013 \$	2012 \$
<u>Note 7B – Other Payables</u>		
Salaries and wages	45 514	43 208
Superannuation	7 294	7 073
<b>Total other payables</b>	<u>52 808</u>	<u>50 281</u>
<b>Total other payables are expected to be settled in:</b>		
No more than 12 months	52 808	50 281
<b>Total other payables</b>	<u>52 808</u>	<u>50 281</u>

**Note 8 – Provisions**

	2013 \$	2012 \$
<u>Note 8A – Employee Provisions</u>		
Leave	737 067	783 223
<b>Total employee provisions</b>	<u>737 067</u>	<u>783 223</u>
<b>Employee provisions are expected to be settled in:</b>		
No more than 12 months	129 171	80 220
More than 12 months	607 896	703 003
<b>Total employee provisions</b>	<u>737 067</u>	<u>783 223</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

**Note 9 – Cash Flow Reconciliation**

	2013 \$	2012 \$
<b>Reconciliation of Cash and cash equivalents as per Balance Sheet to Cash flow statement</b>		
<b>Report cash and cash equivalents as per:</b>		
Cash Flow Statement	203 783	197 352
Balance Sheet	203 783	197 352
<b>Difference</b>	<u>-</u>	<u>-</u>
<b>Reconciliation of net cost of services to net cash from operating activities:</b>		
Net cost of services	(2 142 577)	(2 051 097)
Add revenue from Government	2 180 000	2 241 000
Less income tax expense		
<b>Adjustments for net-cash items</b>		
Depreciation/amortisation	39 608	33 799
Gain/Loss on disposal of assets	-	7 902
Write-off of assets	-	-
RRFOC income – offsetting expense capitalised	-	(15 366)
<b>Changes in assets/liabilities</b>		
Increase/(Decrease) in provision of employee liabilities	(46 156)	226 502
Increase/(Decrease) in other payables	2 527	(173 370)
Increase/(Decrease) in supplier trade creditors	(14 604)	(119 504)
(Increase)/Decrease in appropriation receivables	(6 568)	(153 969)
(Increase)/Decrease in other assets	(4 108)	(374)
(Increase)/Decrease in other prepayments	(2 157)	(628)
(Increase)/Decrease in GST receivable	466	5 131
(Increase)/Decrease in transfers to the Official Public Account	-	-
<b>Net cash from (used by) operating activities</b>	<u>6 431</u>	<u>26</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

**Note 10 – Senior Executive Remuneration**

	<b>2013</b> \$	<b>2012</b> \$
<u>Note 10A – Senior Executive Remuneration Expense for the Reporting Period</u>		
<b>Short-term employee benefits:</b>		
Salary	511 066	337 395
Annual leave accrued	39 405	25 840
<b>Total short-term employee benefits</b>	<u>550 471</u>	<u>363 235</u>
<b>Post-employment benefits:</b>		
Superannuation	79 082	57 071
<b>Total post-employment benefits</b>	<u>79 082</u>	<u>57 071</u>
<b>Other long-term benefits:</b>		
Long Service Leave	34 258	47 758
<b>Total other long-term benefits</b>	<u>34 258</u>	<u>47 758</u>
Termination benefits	-	-
<b>Total employment benefits</b>	<u>663 811</u>	<u>468 064</u>

Notes:

1. Note 10A was prepared on an accrual basis.
2. Note 10A excludes acting arrangements and part-year service where remuneration expensed for senior executive was less than \$180,000.
3. Note 10A relates to senior executives employed during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

Note 10B – Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period

2013						
	Senior Executives No.	Reportable Salary <sup>2</sup> \$	Contributed Superannuation <sup>3</sup> \$	Reportable Allowances <sup>4</sup> \$	Bonus Paid <sup>5</sup> \$	Total \$
Average annual reportable remuneration <sup>1</sup>						
Total remuneration (including part-time arrangements):						
Less than \$180,000	1	149 512	25 745	0	0	175 257
\$390,000 to \$419,999	1	360 423	53 212	0	0	413 635
Total	2	509 935	78 957	0	0	588 892

2012						
Average annual reportable remuneration <sup>1</sup>	Senior Executives No.	Reportable Salary <sup>2</sup> \$	Contributed Superannuation <sup>3</sup> \$	Reportable Allowances <sup>4</sup> \$	Bonus Paid <sup>5</sup> \$	Total \$
Total remuneration (including part-time arrangements):						
Less than \$180,000	1	66 968	11 187	0	0	78 155
\$390,000 to \$419,999	1	335 869	54 230	666	0	390 765
Total	2	402 837	65 417	666	0	468 920

Notes:

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable salary' includes the following:
  - a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
  - b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits);
  - c) exempt foreign employment income; and
  - d) salary sacrificed benefits
3. The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.
4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individual's payment summaries.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

**Note 10C – Other Highly Paid Staff**

2013					
Average annual reportable remuneration <sup>1</sup>	Staff No.	Reportable Salary <sup>2</sup> \$	Contributed Superannuation <sup>3</sup> \$	Reportable Allowances <sup>4</sup> \$	Bonus Paid <sup>5</sup> \$
Total remuneration (including part-time arrangements):					
\$180,000 to \$209,999	Nil	0	0	0	0
<b>Total</b>	<b>Nil</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

2012					
Average annual reportable remuneration <sup>1</sup>	Staff No.	Reportable Salary <sup>2</sup> \$	Contributed Superannuation <sup>3</sup> \$	Reportable Allowances <sup>4</sup> \$	Bonus Paid <sup>5</sup> \$
Total remuneration (including part-time arrangements):					
\$180,000 to \$209,999	Nil	0	0	0	0
<b>Total</b>	<b>Nil</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Notes:**

1. This table reports staff:
- a) who were employed by the entity during the reporting period;
  - b) whose reportable remuneration was \$180,000 or more for the financial period; and
  - c) were not required to be disclosed in Table B or director disclosures.
- Each row is an averaged figure based on headcount for individuals in the band.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

2. 'Reportable salary' includes the following:
  - a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
  - b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
  - c) exempt foreign employment income; and
  - d) salary sacrificed benefits.
3. The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to other highly paid staff in that reportable remuneration band during the reporting period.
4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individual's payment summaries.
5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

**Note 11 – Remuneration of Auditor**

Financial statement audit services were provided free of charge to OIGIS by the Australian National Audit Office.

<b>Fair Value of the services provided</b>	<b>2012-13</b>	<b>2011-12</b>
Financial statement audit services	\$18 000	\$18 000

No other services were provided by the auditors of the financial statements.

**Note 12 – Financial Instruments**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<u>Note 12A – Categories of Financial Instruments</u>		
<b>Financial Assets</b>		
<b>Loans and Receivables</b>		
Loans and receivables		
Cash and cash equivalents	203 783	197 352
Trade receivables	4 482	374
<b>Carrying amount of financial assets</b>	<b>208 265</b>	<b>197 726</b>
<b>Financial Liabilities</b>		
Other liabilities measured at amortised cost		
Payables – Suppliers	4 958	19 562
<b>Carrying amount of financial liabilities</b>	<b>4 958</b>	<b>19 562</b>
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>

Note 12B – Net Income and Expense from Financial Assets

<b>Loans and Receivables</b>		
Interest Revenue	-	-
<b>Net gain/(loss) from financial assets</b>	<b>-</b>	<b>-</b>
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>

Note 12C – Net Income and Expense from Financial Liabilities

<b>Financial Liabilities – at amortised cost</b>		
Interest Expense	-	-
<b>Net gain/(loss) from financial liabilities</b>	<b>-</b>	<b>-</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

Note 12D – Fair Value of Financial Instruments

OIGIS's aggregate net fair values of (identified) financial instruments are the same as their carrying amounts.

**Fair value measurements categorised by fair value hierarchy**

	Level in the fair value hierarchy	
	2013	2012
<b>Financial assets at fair value</b>		
Cash and cash equivalents	1	1
Trade receivables	2	2
<b>Financial liabilities at fair value</b>		
Payables - Suppliers	2	2

The different levels are defined below:

- Level 1: Fair value obtained from unadjusted quoted prices in active markets for identical instruments.
- Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the instrument, either directly or indirectly
- Level 3: Fair value derived from inputs that are not based on observable market data.

There were no financial instrument transfers between levels during the year.

Note 12E – Credit Risk

OIGIS has endorsed policies and procedures for debt management (including the provision of credit terms), to reduce the incidence of credit risk. In most instances debtors for OIGIS are other government entities and therefore represent minimal credit risk.

The carrying amount of financial assets, net of impairment losses, reported in the balance sheet represents the Agencies maximum exposure to credit risk.

**Credit quality of financial instruments not past due or individually determined or impaired**

	Not Past Due Nor Impaired 2013	Not Past Due Nor Impaired 2012	Past due or Impaired 2013	Past due or Impaired 2012
<b>Loans &amp; Receivables</b>				
Cash and cash equivalents	203 783	197 352	-	-
Trade receivables	4 482	374	-	-
<b>Total</b>	<b>208 265</b>	<b>197 726</b>	<b>-</b>	<b>-</b>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

Note 12F – Liquidity Risk

OIGIS's financial liabilities only include payables. Any exposure to liquidity risk is based on the notion that OIGIS will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

<b>Maturities for non-derivative financial liabilities 2013</b>					
	On Demand \$	Within 1 year \$	1 to 5 years \$	Greater than 5 years \$	Total \$
<b>Other Liabilities at amortised cost</b>					
Payable – Suppliers		4 958			4 958
<b>Total</b>		<b>4 958</b>			<b>4 958</b>
<b>Maturities for non-derivative financial liabilities 2012</b>					
	On Demand \$	Within 1 year \$	1 to 5 years \$	Greater than 5 years \$	Total \$
<b>Other Liabilities at amortised cost</b>					
Payable – Suppliers		19 562			19 562
<b>Total</b>		<b>19 562</b>			<b>19 562</b>

Note 12G – Market Risk

OIGIS holds only basic financial instruments that do not expose the agency to certain market risks.

**Note 13 – Financial Asset Reconciliation**

		<b>2013 \$</b>	<b>2012 \$</b>
<b><u>Financial Assets</u></b>			
<b>Total financial assets as per balance sheet</b>		2 106 737	2 090 096
Less: non-financial instrument components:			
Appropriation Receivable		1 898 227	1 891 659
GST Receivable		245	711
<b>Total non-financial instrument components</b>		1 898 472	1 892 370
<b>Total financial assets as per financial instruments note</b>		208 265	197 726

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

**Note 14 – Appropriations**

Table A – Annual Appropriations ('Recoverable GST exclusive')

	2013 Appropriations						
	Appropriation Act		FMA Act			Appropriation applied in 2013 (current and prior years) \$	Variance \$
	Annual Appropriation <sup>3</sup> \$	Appropriations Reduced <sup>1</sup> \$	AFM <sup>2</sup> \$	Section 30 \$	Section 31 \$	Section 32 \$	Total Appropriations \$
<b>DEPARTMENTAL</b>							
<b>Ordinary Annual Services</b>	2 190 000	-	-	-	63 568	-	2 253 568
<b>Other Services</b>							
Equity	-	-	-	-	-	-	-
<b>Total Departmental</b>	<b>2 190 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63 568</b>	<b>-</b>	<b>2 253 568</b>
							<b>16 569</b>

**Notes:**

- 1 Appropriations reduced under Appropriations Acts (No. 1, 3 & 5) 2012-13: sections 10, 11 and 12 and under Appropriation Acts (No. 2, 4 & 6) 2012-13: sections 12, 13, and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce the appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.
- 2 Advance to the Finance Minister (AFM) – Appropriation Acts (No. 1, 3 & 5) 2012-13: section 13 and Appropriation Acts (No. 2, 4 & 6) 2012-13: section 15.
- 3 An Instrument to Reduce Appropriations (No. 1 of 2013-2014) was published on 13 August 2013. The effect of this instrument is to formally reduce the Annual Appropriation Act (No. 1) by \$10,000. The revenue from government figure in the Statement of Comprehensive Income reflects this change.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

	2012 Appropriations						Appropriation applied in 2012 (current and prior years) \$	Variance \$
	Appropriation Act		FMA Act			Total Appropriations \$		
	Annual Appropriation \$	Appropriations Reduced <sup>1</sup> \$	AFM <sup>2</sup> \$	Section 30 \$	Section 31 \$	Section 32 \$		
<b>DEPARTMENTAL</b>								
<b>Ordinary Annual Services</b>	2 250 000	-	-	9 317	67 768	-	2 182 796	144 289
<b>Other Services</b>								
Equity	-	-	-	-	-	-	55 000	(55 000)
<b>Total Departmental</b>	<b>2 250 000</b>	<b>-</b>	<b>-</b>	<b>9 317</b>	<b>67 768</b>	<b>-</b>	<b>2 237 796</b>	<b>89 289</b>

Notes:

- 1 Appropriations reduced under Appropriations Acts (No. 1, 3 & 5) 2011-12: sections 10, 11 and 12 and under Appropriation Acts (No. 2, 4 & 6) 2011-12: sections 12, 13, and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce the appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.
- 2 Advance to the Finance Minister (AFM) – Appropriation Acts (No. 1, 3 & 5) 2011-12: section 13 and Appropriation Acts (No. 2, 4 & 6) 2011-12: section 15.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

Table B: Departmental Capital Budget ('Recoverable GST exclusive)

	2013 Capital Budget Appropriations			Capital Budget Appropriations applied in 2013 (current and prior years)			
	Appropriation Act	FMA Act	Total Capital Budget Appropriations	Payments for Non-financial Assets <sup>3</sup>	Payments for other Purposes	Total Payments	Variance \$
	Annual Capital Budget \$	Appropriations reduced <sup>2</sup> \$	Section 32 \$	\$	\$	\$	
<b>Departmental</b>							
Ordinary Annual Services – Departmental Capital Budget <sup>1</sup>							
<b>Total Departmental</b>	-	-	-	-	-	-	-

Notes

- 1 Departmental Capital Budgets are appropriated through Appropriation Acts (No 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual Appropriations.
- 2 Appropriations reduced under Appropriation Acts (No 1, 3, 5) 2011-12: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
- 3 Payments made for non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment of finance leases.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

	2012 Capital Budget Appropriations			Capital Budget Appropriations applied in 2012 (current and prior years)		
	Appropriation Act	FMA Act	Total Capital Budget Appropriations	Payments for Non-financial Assets <sup>3</sup>	Payments for other Purposes	Total Payments
	Annual Capital Budget \$	Appropriations reduced <sup>2</sup> \$	Section 32 \$	\$	\$	\$
<b>Departmental</b>						
Ordinary Annual Services – Departmental Capital Budget <sup>1</sup>	9 000	-	-	20 283	-	20 283
<b>Total Departmental</b>	<b>9 000</b>	<b>-</b>	<b>-</b>	<b>20 283</b>	<b>-</b>	<b>20 283</b>
						(11 283)
						<b>(11 283)</b>

Notes:

- 1 Departmental Capital Budgets are appropriated through Appropriation Acts (No 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual Appropriations.
- 2 Appropriations reduced under Appropriation Acts (No 1, 3, 5) 2011-12: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
- 3 Payments made for non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment of finance leases.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

Table C: Unspent Departmental Annual Appropriations ('Recoverable GST exclusive)

Authority	2013 \$	2012 \$
Appropriation Act (No 1) 2004-05	-	-
Appropriation Act (No 2) 2004-05 <sup>1</sup>	53 000	53 000
Appropriation Act (No 2) 2005-06	-	-
Appropriation Act (No 1) 2005-06	-	40 000
Appropriation Act (No 3) 2005-06	-	33 000
Appropriation Act (No 1) 2006-07	-	380 800
Appropriation Act (No 1) 2007-08	-	261 846
Appropriation Act (No 1) 2008-09	-	195 192
Appropriation Act (No 1) 2009-10	-	197 707
Appropriation Act (No 1) 2010-11	10 131	567 145
Appropriation Act (No 1) 2011-12	9 000	162 969
Appropriation Act (No 1) 2012-13	1 826 096	-
Cash	203 783	197 352
<b>Total</b>	<b>2 102 010</b>	<b>2 089 011</b>

1 This appropriation was repealed effective 1 July 2013 as outlined in Note 2 – Events after the Balance Sheet Date

**Note 15 – Compensation and Debt Relief**

No 'Act of Grace' payments were expensed during the reporting period, (2011-12: nil).

No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997* during the reporting period, (2011-12: nil).

No payments were made under the 'Compensation for Detriment cause by Defective Administration (CDDA) Scheme' during the reporting period, (2011-12: nil).

No ex-gratia payments were provided for during the reporting period, (2011-12: nil).

No payments were made under section 73 of the *Public Service Act 1999*, (2011-12: nil).

**Note 16 – Reporting of Outcomes**

There is only one outcome for OIGIS as detailed in the objectives in Note 1.1.

Note 16A – Net Cost of Outcome Delivery

	Outcome 1		Total	
	2013	2012	2013	2012
	\$	\$	\$	\$
<b>Departmental</b>				
Expenses	2 342 824	2 534 296	2 342 824	2 534 296
Own-source income	200 247	483 199	200 247	483 199
<b>Net cost/(contribution) of outcome delivery</b>	<b>2 142 577</b>	<b>2 051 097</b>	<b>2 142 577</b>	<b>2 051 097</b>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for year ended 30 June 2013

**Note 17 – Net Cash Appropriation Arrangements**

	2013 \$	2012 \$
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations<sup>1</sup></b>	<b>(2 185)</b>	156 104
Plus depreciation/amortisation expenses previously funded through revenue appropriation	<b>39 608</b>	33 799
<b>Total comprehensive income (loss) as per the Statement of Comprehensive Income</b>	<b>37 423</b>	189 903

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

# PART FIVE: ANNEXURES

## Annex 1: Summary of Inquiries and Complaints

**TABLE 1.1**  
**IGIS Act Inquiries actioned between 1 July 2012 and 30 June 2013**

Agency	Source	Date initiated	Type of inquiry	Date finalised	Duration (days)
ASIO/DIO/ONA	IGIS	1/8/12	Full	14/3/13	226
ASIO	Employee	11/9/12	Full	25/10/12	45
ASIO	Public	19/9/12	Preliminary	26/11/12	69
ASIO	Employee	28/9/12	Preliminary	3/10/12	6
ASIS	Public	21/1/13	Preliminary	25/6/13	156
ASIO	Public	19/3/13	Preliminary	1/5/13	44
ASIO	Public	9/4/13	Preliminary	17/5/13	38
ASIS	IGIS	15/4/13	Full	ongoing	-
ASIO	IGIS	1/5/13	Full	ongoing	-
DIAC/AFP/ASIO	Prime Minister	6/6/13	Full	ongoing	-

**TABLE 1.2**  
**Summary of complaints handled administratively by OIGIS between 1 July 2012 and 30 June 2013**

Agency	Number of complaints	From public	From AIC employee or ex-employee
ASIO (other complaints)	7	5	2
ASIO (visa security assessments)	361	361	
ASIS	1		1
DSD			
DIGO			
DIO			
ONA			
<b>TOTAL COMPLAINTS</b>	<b>369</b>	<b>366</b>	<b>3</b>



# Annex 2: Salary ranges for APS Employees in OIGIS in 2012-13

OIGIS Band	APS Level	Salary Range 1 July 2012 – 30 June 2013 (\$)
SES Band 1	SES Band 1	179,459
OIGIS Band 4	EL2	130,065
		126,987
		124,522
		115,547
		109,285
OIGIS Band 3	EL1	104,669
		101,588
		93,893
OIGIS Band 2	APS6	87,352
		84,659
		81,580
		77,731
	APS5	73,884
		72,343
		70,418
		68,112
	APS4	66,571
		64,647
		63,110
		61,185
	APS3	59,260
		57,721
		56,181
		55,029
OIGIS Band 1	APS2	53,487
		51,950
		49,640
		48,100
	APS1	46,947
		45,022
		43,868
		43,824

# Annex 3: Agency resource statements

**Table 3.1**  
**Agency Resource Statement and Resources for Outcomes 2012-13**

		Actual available appropriation for 2012-13 \$'000 (a)	Payments made 2012-13 \$'000 (b)	Balance remaining 2012-13 (a) – (b)
<b>Ordinary Annual Services</b>				
<b>Departmental Appropriation</b>				
Prior year departmental appropriation		2 036	57	1 979
Departmental appropriation		2 180	2 180	-
S31 Relevant Agency Receipts		70	-	70
<b>Total</b>		<b>4 286</b>	<b>2 237</b>	<b>2 049</b>
Administered expenses		-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total ordinary annual services</b>	<b>A</b>	<b>4 286</b>	<b>2 237</b>	<b>2 049</b>
<b>Other services</b>				
Departmental non-operating		53	-	53
<b>Total</b>		<b>53</b>	<b>-</b>	<b>53</b>
<b>Total other services</b>	<b>B</b>	<b>53</b>	<b>-</b>	<b>53</b>
<b>Total available annual appropriations</b>		<b>4 339</b>	<b>2 237</b>	<b>2 102</b>
<b>Special appropriations</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total special appropriations</b>	<b>C</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Special accounts</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total special accounts</b>	<b>D</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total resourcing</b>				
<b>A + B + C + D</b>		<b>4 339</b>	<b>2 237</b>	<b>2 102</b>
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through annual appropriations		-	-	-
<b>Total net resourcing for agency</b>		<b>4 339</b>	<b>2 237</b>	<b>2 102</b>

**Table 3.2**  
**Expenses and Resources for Outcome 1**

Outcome 1: Independent assurance for the Prime Minister, senior ministers and Parliament as to whether Australia's intelligence and security agencies act legally and with propriety by inspecting, inquiring into and reporting on their activities	Budget 2012-13 \$'000 (a)	Actual expenses 2012-13 \$'000 (b)	Variation 2012-13 \$'000 (a) – (b)
<b>Program 1.1: Office of the Inspector-General of Intelligence and Security</b>			
Departmental expenses			
Ordinary annual services (Appropriation Bill No.1)	2 180	2 180	–
Revenue from independent sources			
Special appropriations			
Special Accounts			
Expenses not requiring appropriation in the Budget year	251	200	51
<b>Total for Program 1.1</b>	<b>2 431</b>	<b>2 380</b>	<b>51</b>
<b>Outcome 1 Totals by appropriation type</b>			
Departmental expenses			
Ordinary annual services (Appropriation Bill No.1)	2 180	2 180	–
Revenue from independent sources			
Special appropriations			
Special Accounts			
Expenses not requiring appropriation in the Budget year	251	200	51
<b>Total expenses for Outcome 1</b>	<b>2 431</b>	<b>2 380</b>	<b>51</b>
	<b>Budget 2012-13</b>	<b>Actual 2012-13</b>	
<b>Average Staffing Level (number)</b>	<b>13</b>	<b>13</b>	<b>–</b>

# Annex 4: Requirements for Annual Reports

Description	Requirement	Part of Report	Page
Letter of transmittal	Mandatory	Preliminary	i
Table of contents	Mandatory	Preliminary	ii–iii
Index	Mandatory	Annex	74
Glossary	Mandatory	Preliminary	iv
Contact officer(s)	Mandatory	Preliminary	inside front cover
Internet home page address and internet address for report	Mandatory	Preliminary	inside front cover
Review by agency head	Mandatory	Overview	1–5
Summary of significant issues and developments	Suggested	Overview	1–5
Overview of agency's performance and financial results	Suggested	Overview	3–5, 30
Outlook for following year	Suggested	Overview	4
Significant issues and developments – portfolio	Portfolio departments – suggested	Overview	N/A
Role and functions	Mandatory	Overview	1–2, 24
Organisational structure	Mandatory	Management & Accountability	25
Outcome and program structure	Mandatory	Performance	6
Where outcome and program structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	Performance	N/A
Portfolio structure	Portfolio departments – mandatory	N/A	N/A
Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	Performance	6–24
Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	Performance	6–24
Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	N/A	N/A
Narrative discussion and analysis of performance	Mandatory	Performance	6–24
Trend information	Mandatory	Performance	15, 30

Description	Requirement	Part of Report	Page
Significant changes in nature of principal functions/ services	Suggested	N/A	N/A
Performance of purchaser/provider arrangements	If applicable, suggested	Management & Accountability	28
Factors, events or trends influencing agency performance	Suggested	Performance	15, 28, 30
Contribution of risk management in achieving objectives	Suggested	Management & Accountability	25–6
Social inclusion outcomes	If applicable – mandatory	N/A	N/A
Performance against service charter customer service standards, complaints data, and the department’s response to complaints	If applicable – mandatory	N/A	N/A
Discussion and analysis of the department’s financial performance	Mandatory	Management & Accountability	30
Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	Management & Accountability	3, 15, 30
Agency resource statement and summary resource tables by outcomes	Mandatory	Annex	68–9
Agency heads are required to certify that their agency comply with the Commonwealth Fraud Control Guidelines	Mandatory	Preliminary	i
Statement of the main corporate governance practices in place	Mandatory	Management & Accountability	25
Names of the senior executive and their responsibilities	Suggested	Management & Accountability	25
Senior management committees and their roles	Suggested	Management & Accountability	25
Corporate and operational planning and associated performance reporting and review	Suggested	Management & Accountability	25
Approach adopted to identifying areas of significant financial or operational risk	Suggested	Management & Accountability	25–6
Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	Management & Accountability	26
How nature and amount of remuneration for SES officers is determined	Suggested	Management & Accountability	26
Significant developments in external scrutiny	Mandatory	Management & Accountability	26–7
Judicial decisions and decisions of administrative tribunals	Mandatory	Management & Accountability	26
Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	Mandatory	Management & Accountability	27

Description	Requirement	Part of Report	Page
Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	Management & Accountability	27–8
Workforce planning, staff turnover and retention	Suggested	Management & Accountability	3, 27–8
Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and AWAs	Suggested	Management & Accountability	27
Training and development undertaken and its impact	Suggested	Management & Accountability	3, 27–8
Work health and safety performance	Suggested	Management & Accountability	29
Productivity gains	Suggested	Overview	3
Statistics on staffing	Mandatory	Management & Accountability	27
Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	Management & Accountability; Annex 2 Salary ranges	26, 27
Performance pay	Mandatory	Management & Accountability	28
Assessment of effectiveness of assets management	If applicable – mandatory	N/A	N/A
Assessment of purchasing against core policies and principles	Mandatory	Management & Accountability	28
Summary statement detailing the number of new and ongoing consultancies, total expenditure on new and ongoing consultancies, and reference to information on the AusTender website, and reporting all consultancies valued at \$10 000 or more (GST incl).	Mandatory	Management & Accountability	28
Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	Management & Accountability	28
Contracts exempt from the AusTender	Mandatory	Management & Accountability	28
Financial Statements	Mandatory	Financial Statements	34–65
Work health and safety Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>	Mandatory	Management & Accountability	29
Advertising and Market Research (section 311A of the <i>Commonwealth Electoral Act 1918</i> ) and statement on advertising campaigns	Mandatory	Management & Accountability	29

Description	Requirement	Part of Report	Page
Ecologically sustainable development and environmental performance (section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i> )	Mandatory	Management & Accountability	29
Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	N/A	N/A
Grant programs	Mandatory	N/A	N/A
Disability reporting – explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	Management & Accountability	28–9
Information Publication Scheme statement	Mandatory	Management & Accountability	29
Spatial reporting – expenditure by program between regional and non-regional Australia	If applicable – mandatory	N/A	N/A
Correction of material errors in previous annual report	If applicable – mandatory	N/A	N/A
List of requirements	Mandatory	Annex 7	70–3

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