



Australian Government
Australian Signals Directorate

ASD

ANNUAL REPORT 2022-23

Aids to access

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Location of this annual report

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

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

Acknowledgment of Country

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



Australian Government
Australian Signals Directorate

OFFICE OF THE
DIRECTOR-GENERAL

ASD

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

Dear Minister,

Australian Signals Directorate Annual Report 2022–23

In accordance with section 46 of the *Public Governance, Performance, and Accountability Act 2013* (PGPA Act) and section 42A of the *Intelligence Services Act 2001* (ISA), I am pleased to present to you the Australian Signals Directorate's (ASD) Annual Report for 2022–23. This report contains information required by section 17AD of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), and complies with section 46 of the PGPA Act as modified by the *Public Governance, Performance and Accountability (Australian Signals Directorate Section 105D) Determination 2018*.

As required by section 17AG(2) of the PGPA Rule, I certify that fraud risk assessments and fraud control plans have been prepared for ASD; that ASD has appropriate mechanisms in place for preventing, investigating, detecting, and reporting incidents of fraud; and that all reasonable measures have been taken to deal appropriately with fraud relating to ASD.

Yours sincerely,

A handwritten signature in blue ink that reads "Rachel Noble".

Rachel Noble PSM
Director-General
Australian Signals Directorate

20 September 2023

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Glossary of abbreviations and acronyms

ABS	Australian Bureau of Statistics
ACSC	Australian Cyber Security Centre
ADF	Australian Defence Force
AEC	Australian Electoral Commission
AGSVA	Australian Government Security Vetting Agency
ANAO	Australian National Audit Office
ANU	Australian National University
APCERT	Asia-Pacific Computer Emergency Response Team
APS	Australian Public Service
APSC	Australian Public Service Commission
ASD	Australian Signals Directorate
ASDARC	ASD Audit and Risk Committee
ASEAN	Association of Southeast Asian Nations
AUKUS	Australia, United Kingdom, United States
AUPDNS	Australian Protective Domain Name System
BMC	Business Management Committee
CHIPs	Cyber Hygiene Improvement Programs
CISA	Cybersecurity and Infrastructure Security Agency
CI-UP	Critical Infrastructure Uplift Program
Co-Lab	ASD-ANU Collaboration Agreement
CMMP	Cyber Maturity Measurement Program
CPR	Commonwealth Procurement Rules
CTIS	Cyber Threat Intelligence Sharing
CUP	Cyber Upskill Program
DFAT	Department of Foreign Affairs and Trade
DFIR	Digital Forensic and Incident Response
DSR	Defence Strategic Review
DTA	Digital Transformation Agency
DTIC	Data, Technology and Infrastructure Committee
E8	Essential Eight
EL	Executive Level
FOI	<i>Freedom of Information</i>
FVEY	Five Eyes
GST	Goods and Services Tax
ICT	Information and Communications Technology
IGIS	Inspector-General of Intelligence and Security

IOC	Indicators of Compromise
IRAP	Information Security Registered Assessors Program
ISA	<i>Intelligence Services Act 2001</i>
ISM	Information Security Manual
LGBTQ+	Lesbian, Gay, Bisexual, Transgender and Queer (or Questioning) Plus
LSL	Long Service Leave
MRC	Management Review Committee
NAIDOC	National Aborigines and Islanders Day Observance Committee
NIC	National Intelligence Community
NIE	National Information Exchange
NSWEC	NSW Electoral Commission
OCC	Operational Compliance Committee
ONI	Office of National Intelligence
PaCSON	Pacific Cyber Security Operations Network
PDNS	Protective Domain Name System
PFADS	Performance Feedback Assessment and Development Scheme
PGPA	Public Governance, Performance, and Accountability
PID	Public Interest Disclosure
PfMO	Portfolio Management Office
PJCIS	Parliamentary Joint Committee on Intelligence and Security
PSPF	Protective Security Policy Framework
REDSPICE	Resilience, Effects, SPace, Intelligence, Cyber, Enablers
SES	Senior Executive Service
SME	Small and Medium Enterprise
STEM	Science, technology, engineering and mathematics
WHS	Work health and safety

CHAPTER 1

**DIRECTOR-GENERAL
ASD'S REVIEW**





I am pleased to present the 2022–23 Australian Signals Directorate (ASD) Annual Report.

ASD defends Australia from global threats, and advances the national interest through the provision of foreign signals intelligence, cyber security and offensive cyber operations, as directed by the Government. Throughout 2022–23, ASD continued this critical work with success.

ASD's operating environment has remained complex and challenging during this reporting period, with Australia facing increased threats to national security, economic prosperity and social wellbeing from foreign interference, espionage and cybercrime.

ASD's foreign signals intelligence operations support a range of activities that protect the lives of Australians. These include providing support to Australian Defence Force (ADF) operations across the globe, tracking the foreign communications of extremists who pose a threat to Australians and Australia's interests, and supporting the safe release of Australians who have been taken hostage overseas.

ASD's unique offensive cyber capabilities have been used to effectively counter offshore threats, including the dismantling of online infrastructure used by foreign cybercriminals targeting Australians. ASD also conducted a number of offensive cyber operations in support of the ADF.

In an environment where technology plays an increasing role in the daily lives of Australians, our cyber security functions continue to be critical in supporting national security and prosperity. Throughout 2022–23, Australia was targeted by a range of actors who conducted persistent cyber operations that posed significant threats to Australia, and we continued to observe an increase in the speed with which malicious actors have researched and then pivoted to exploit publicly released vulnerabilities.

Cybercrime continued to be a pervasive and endemic threat to Australia's economic and social prosperity throughout 2022–23. Cybercriminals follow the money. Australia's relative wealth, high levels of online connectivity and increasing delivery of services through online channels make it a very attractive and profitable target for cybercriminals. Ransomware is one of the most significant cybercrime threats Australian organisations faced, with modern ransomware attacks increasingly sequenced and orchestrated.

Throughout 2022–23, ASD has remained focused on these emerging cyber threats, including those to critical infrastructure and technologies, families and businesses.

A key priority for ASD during 2022–23 has been to continue its engagement with various parliamentary and other oversight bodies, including the Parliamentary Joint Committee on Intelligence and Security (PJCS); Senate Standing Committee on Foreign Affairs, Defence and Trade; and the Joint Committee on Public Accounts and Audit; as well as the Inspector-General of Intelligence and Security (IGIS), and the Auditor-General – all of which provide assurance to the Australian public that ASD furthers the national interest while following the letter and spirit of the law. ASD also continued efforts to provide greater transparency of its activities through initiatives such as its proactive declassification program.

To support our analysts in an increasingly complex operating environment, ASD has focused on training and careers, modernisation of signals intelligence and cyber systems, and best-practice capability development. ASD has continued to expand its approaches to recruit and retain the workforce it needs.

ASD continues its focus on organisational governance and administration, ensuring that risk engagement, accountability and decision-making are fit for purpose.

An organisation is only as good as its people and the ASD senior management team is fortunate to lead a group of talented, dedicated people with diverse skills willing to overcome challenges in support of Australia's interests.

I would like to finish by thanking the staff of ASD for their hard work and dedication over this year. ASD is a world-class intelligence, covert effects, and cyber security agency because of the talented, inventive and diverse people that make up our organisation.

Rachel Noble PSM

Director-General

Australian Signals Directorate

CHAPTER 2

OVERVIEW OF ASD



Purpose

ASD's purpose is to defend Australia against global threats and advance Australia's national interests through the provision of foreign signals intelligence, cyber security and offensive cyber operations, as directed by the Government, and as outlined in the *ASD Corporate Plan 2022–23*.

ASD operates in accordance with section seven of the *Intelligence Services Act 2001* (the ISA), which states that ASD's functions are to:

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

In order to do this, ASD masters technology and its application to inform (signals intelligence), protect (cyber security) and generate effects (offensive cyber operations).

Underpinning ASD's purpose are five strategic objectives:

- deliver strategic advantage for Australia by providing intelligence that protects and advances Australia's national interests
- lead in cyber security, making Australia the most secure place to connect online, and foster national cyber security resilience
- support military operations, enabling the war fighter, and protecting Defence personnel and assets
- counter cyber-enabled threats, protecting Australia and Australians by countering cyber-enabled crime and disrupting terrorists' use of the internet
- provide trusted advice and expertise, delivering timely, quality advice to government, law enforcement, businesses and the community.

Organisational structure

ASD is a statutory agency within the Defence portfolio that reports directly to the Deputy Prime Minister and Minister for Defence, the Hon Richard Marles MP since 23 May 2022.

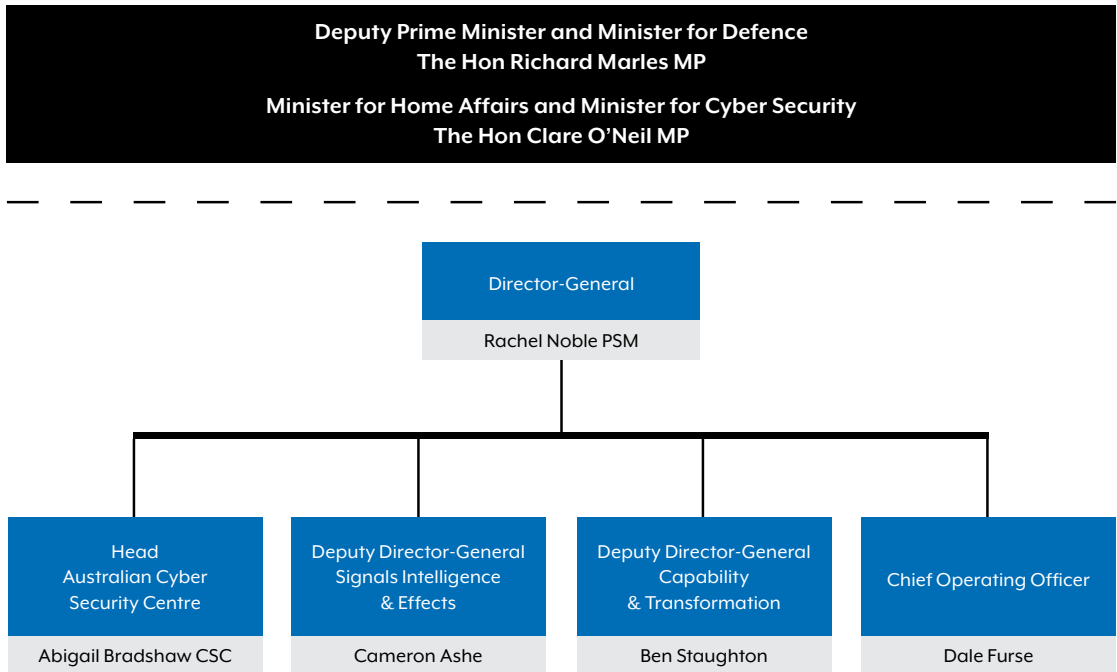


FIGURE 1: ASD’s organisational structure as at 30 June 2023

Ms Rachel Noble PSM was Director-General ASD and ASD’s accountable authority for the 2022-23 reporting period.

CHAPTER 3

REPORT ON PERFORMANCE



Introductory statement

ASD's purpose is to defend Australia against global threats and advance Australia's national interests through the provision of foreign signals intelligence, cyber security and offensive cyber operations, as directed by the Government.

Following ASD's establishment as a statutory agency in July 2018, ASD has continued to develop and strengthen its enterprise-level governance and performance frameworks through the implementation of a planning framework and revision of its internal reporting mechanisms to measure performance against specific objectives. ASD's ability to publicly report on its performance is limited by the classified nature of its work. The agency is committed to ensuring that robust measures for determining performance remain in place and transparency is provided either through this public report or ASD's annual classified report on administration and expenditure presented to the Parliamentary Joint Committee on Intelligence and Security.

As Director-General ASD, and the accountable authority of ASD, I present the 2022–23 annual performance statement for ASD, as required by paragraph 39(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, the annual performance statement accurately reflects the performance of ASD in achieving its purpose and complies with section 39(2) of the PGPA Act.



Rachel Noble PSM
Director-General
Australian Signals Directorate
20 September 2023

ASD's performance

For the 2022–23 reporting period, ASD achieved its purpose to defend Australia against global threats and advance our national interests through the provision of foreign signals intelligence, cyber security and offensive cyber operations, as directed by Government. This was achieved through the successful delivery of four key activities:

- foreign signals intelligence
- cyber security services
- offensive cyber operations
- sustain and secure future capability.

Due to the nature of ASD's work, classified performance information will continue to be reported through existing performance frameworks in classified channels. As per existing processes, this was achieved through the annual classified submission to the PJCIS on administration and expenditure. The ASD Annual Report and its classified submission to the PJCIS together meet ASD's reporting obligations under both the PGPA Act and the ISA.

ASD reports regularly on mission-related activities via National Intelligence Community (NIC) governance forums coordinated by the Office of National Intelligence (ONI). Further, ASD provides full classified financial reporting to the Australian National Audit Office (ANAO) through the annual audit of its financial statements. ASD's activities are also subject to independent and external review through the Inspector-General of Intelligence and Security (IGIS), with the ANAO also able to conduct audits on any finance and performance matter.

Assessing performance

ASD has a set of seven performance measures set out in the ASD Corporate Plan 2022–23 to evaluate ASD's performance against its key activities and purpose.

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

Performance summary



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

TABLE 1: ASD's performance measure outcomes summary as at 30 June 2023

Performance Measure	Result
1 ASD's foreign signals intelligence meets Government's expectations to deliver strategic advantage and enables National Intelligence Community operations.	Met
2 ASD's foreign signals intelligence products and technical expertise provide effective support for military operations and activities.	Met
3 ASD provides high quality, impactful cyber security services to government, critical infrastructure and services, business, families and individuals.	Met
4 ASD delivers partnerships, programs and technical capability that strengthen national cyber security or resilience.	Met
5 ASD's offensive cyber operations provide effective and timely support for military operations and activities.	Met
6 ASD's offensive cyber activities meet whole-of-government security requirements to counter offshore cyber threats.	Met
7 ASD's corporate services and technology platforms and products support the achievement of mission outcomes.	Met

Key Activity: Foreign Signals Intelligence

Performance Measure 1: ASD's foreign signals intelligence meets Government's expectations to deliver strategic advantage and enables National Intelligence Community operations.

Metric	Target	2022–23 Result	
1.1 Government expectations to deliver strategic advantage are met.	Government and NIC stakeholders confirm that ASD products have high impact.		Met
1.2 NIC operational requirements are met.	NIC and Defence stakeholders confirm that ASD products have high impact.		Met

Reference: *ASD Corporate Plan 2022–23* (page 24)

Rationale


During 2022–23, ASD continued to generate foreign signals intelligence that provided the Government with insight into global strategic and military developments, enabling effective NIC operational and tactical decision-making. ASD's achievement against this performance measure was evaluated through qualitative assessment of the impact of foreign signals intelligence on Australia's strategic, operational and tactical decision-makers.

During 2022–23, ASD provided intelligence products, technical expertise and advice to the NIC and Government on threats to national security. An example of ASD's activities in this regard would be providing insights into the intentions of foreign adversaries in order to assist the government in making the best decisions for Australia's national interest and to avoid misunderstandings and miscalculations.

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

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

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

Metric	Target	2022–23 Result	
2.1 ASD’s foreign signals intelligence supports the ADF’s military operations and activities, technological advantage and capability development.	ADF/Defence stakeholders confirm that ASD products have high impact.		Met
References: <i>ASD Corporate Plan 2022–23</i> (page 25)			

Rationale

During 2022–23, ASD foreign signals intelligence was used to support deployed ADF elements and helped inform tactical and operational decision-making. ASD maintained strong ties to Defence and the ADF and conducted regular engagement to review requirements. This ensured that key Defence and ADF outcomes were well understood and addressed by ASD. ASD also delivered advanced cyber training to ADF personnel to improve defensive and offensive cyber capabilities.

Stakeholders in Defence and the ADF confirmed that ASD’s foreign signals intelligence and technical expertise were high-impact, and provided effective and timely support to military operations. Defence and ADF stakeholders confirmed that they were satisfied with services provided by ASD. These views were corroborated through the extensive engagement ASD has with its customers in the ADF.

Key Activity: Cyber Security Services

Performance Measure 3: ASD provides high quality, impactful cyber security services to government, critical infrastructure and services, business, families and individuals.

Metric	Target	2022–23 Result	
3.1 ASD's cyber security advice and assistance supports stakeholders to improve or maintain their cyber security posture.	Information Security Manual (ISM) and Essential Eight (E8) are updated at least annually.	✓	Met
	Demonstrated impact.	✓	
	Number of Independent Registered Assessors Program (IRAP) assessors remains constant or increases.	✓	
3.2 Systems to support assistance and technical advice are available for use by ASD and relevant stakeholders.	Availability of support assistance and technical advice remains at or above 99%.	✓	Met
3.3. ASD's Top Secret network accreditation and key management services support stakeholders' requirements.	All requests are resolved within timeframes agreed with the stakeholder.	✓	Met
	Availability remains at or above 99%.	✓	

References: *ASD Corporate Plan 2022–23* (page 26)

Rationale

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

Updates to ISM and E8

During the reporting period, the ISM was updated 4 times. These updates provide changes to security controls based on developments ASD has seen in the cyber threat environment.

An update to the E8 Maturity Model was published in November 2022.

Additionally, 64 alerts, advisories, incident, and insight reports were released to cyber.gov.au and the Partnership Portal to support government, large organisations, small and medium businesses, and individuals and families to improve their cyber security posture.

Impact to government

Cyber Maturity Measurement Program

During the reporting period, ASD completed 5 Cyber Maturity Measurement Program (CMMP) assessments for federal, state and territory entities. The CMMP assessments involve teams of technical subject-matter experts working with prioritised federal, state, territory and local government entities to assess their cyber security maturity against the Essential Eight mitigation strategies and their broader cyber security posture. Entities are provided with a detailed report containing tailored advice and recommendations to improve their cyber security maturity.

ASD also undertook 13 Cyber Security Uplift Services for government entities to improve their general cyber security hygiene and cyber security awareness, and to implement a security roadmap.

Australian Protective Domain Name Service

ASD continued to operate its scalable cyber security defence capability, the Australian Protective Domain Name System (AUPDNS). The AUPDNS capability seeks to reduce access to malicious domain names by blocking sites confirmed to be hosting malware, ransomware, phishing attacks or other malicious content. AUPDNS blocked more than 67 million malicious domain requests during the reporting period.

Case Study 1: Disruption of fake Australian Government website

Malicious actors had established a fake Australian government agency website in an effort to harvest personal information from the Australian public. In some instances, the actors stole victims' login credentials as well as identifiable personal information that included their full names, dates of birth, residential addresses and bank details.

Drawing on a combination of public reporting and analysis of related data, ASD helped the agency to self-identify instances of the malicious activity on their own networks. The indicators of compromise were also fed into the Australian Protective Domain Name System (AUPDNS), a system designed to block malicious internet domains, extending protection to over 500 agencies using the service. A domain takedown request was also issued to remove the malicious infrastructure.

A domain takedown request was also issued by ASD, and the malicious infrastructure was taken down by the website administrator.

Domain Takedown Service

ASD also initiated takedown on more than 127,000 brute force attacks against Australian servers through the Domain Takedown Service, helping to prevent cybercrime and fraud. This service has demonstrated success providing agencies with support to identify cyber threats, resulting in improved security measures for partners.

Cyber Hygiene Improvement Programs

ASD continued to run Cyber Hygiene Improvement Programs (CHIPs) scans quarterly, providing reports to over 1,300 entities. Through CHIPs, ASD measures the cyber posture and hygiene of internet-facing systems and assets across federal, state, territory, and local governments. CHIPs provides quarterly reports to government entities by scanning internet-facing systems for cyber security issues.

ASD also performed over 100 high-priority operational tasking CHIPs scans, up from around 50 in 2021-22, and generated associated notifications to potentially at-risk agencies. These scans identified critical vulnerabilities relating to specific high-priority threats. Through these activities, CHIPs quickly builds visibility of, develops insights on, and guides uplift initiatives against security vulnerabilities across governments.

Impact to critical infrastructure and industry partnerships

Critical Infrastructure Uplift

Critical Infrastructure Uplift (CI-UP) completed 3 uplift engagements covering 6 Critical Infrastructure assets; see Case Study 2 for an example. This included uplift of a system operated by one prioritised critical infrastructure entity and an assessment of a health care sector entity. ASD has scaled its capacity to provide CI-UP assessments, with the capacity to now deliver simultaneous assessments.

In support of the CI-UP, ASD has delivered one-on-one assessment information packs to 20 critical infrastructure entities, and expanded the program to enable uplift services to be scaled to accommodate partners able to participate in the program. ASD conducted 5 seminars since the program was launched in November 2022.

Case Study 2: Effective cyber security hardening post-compromise

In February 2022, following a system compromise of a small federal government agency, ASD conducted a CMMP assessment of all IT systems connected to the agency's corporate network.

ASD identified and verified eight critical findings related to specific vulnerabilities and weaknesses. A further 69 uplift opportunities related to the E8 and general cyber security hardening were recommended as part of the assessment.

Following the assessment, ASD supported the agency to uplift its cyber security posture. This engagement, which spanned the 2022–23 financial year, focused on both short- and long-term uplift activities relating to implementing the E8 mitigation strategies, in addition to broader uplift activities.

Throughout the engagement, the agency worked with ASD productively and proactively, building a cooperative relationship while taking steps to improve its cyber security posture. As a result of this engagement, the agency has significantly increased the number of E8 controls in place, and continues to implement ASD recommendations to further improve its cyber security posture.

National Exercise Program

The National Exercise Program (NEP) works in partnership with Australian critical infrastructure and governments to scope, plan, deliver and evaluate cyber security exercises to improve Australia's overall cyber resilience. The NEP also delivers exercise management training workshops for industry and government. ASD delivered 20 exercises for government and critical infrastructure organisations during 2022-23.

Cyber Threat Intelligence Sharing

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

As of 30 June 2023, the total ACSC Network Partners subscribed to the CTIS service were around 250, which is an increase from about 30 since the end of 2021-22. See also Case Study 1 on the disruption of impersonation of an Australian Government website.

Impact to businesses, families and individuals

Australian Cyber Security Hotline

The Australian Cyber Security Hotline '1300 CYBER!' (1300 392 371) is a 24/7 hotline that provides enhanced, tailored and publicly accessible support to all Australians seeking cyber security advice and assistance. During the reporting period, the hotline responded to over 33,000 calls (or over 2,800 calls per month), an increase from about 25,000 calls during 2021-22. The availability of the hotline remained at 100 per cent.

Incident Response

During the reporting period, ASD provided timely advice to Australian individuals and organisations to support them through their cyber security incidents 24 hours a day, 7 days a week. This included the provision of awareness, mitigation and response through a variety of products and services. ASD responded to more than 1,100 cyber security incidents during the period.

ASD continues to detect and alert potential victims of ransomware attacks. In the reporting period, ASD published four ransomware advisories on [cyber.gov.au](https://www.cyber.gov.au) to provide the public with detailed insights on particular ransomware variants. This included two advisories that were co-authored with the USA Cybersecurity and Infrastructure Security Agency (CISA).

Information Security Registered Assessors Program

Under the Information Security Registered Assessors Program (IRAP), ASD endorses suitably-qualified cyber security professionals to provide cyber security services to secure broader industry and Australian Government systems and data. The number of endorsed IRAP assessors increased by approximately 15 per cent over the reporting period. As a result, IRAP assessors are now more accessible.

Systems to support assistance and technical advice

Cyber.gov.au and ReportCyber

Cyber.gov.au is an ASD, public facing website providing government, large organisations, critical infrastructure, small and medium businesses and individuals with the latest information and resources relating to cyber security. This website also allows government, businesses and individuals to report cyber security incidents or cybercrimes, and provides additional assistance and referral pathways, depending on the nature of the report. During 2022–23, the availability of cyber.gov.au and the ReportCyber portal remained at or above 99 per cent.

The Partnership Portal

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

TOP SECRET network accreditation and key management services

During 2022–23, ASD actioned Top Secret network authorisations to operate, and undertook system security and risk assessments to support those authorisations to operate within agreed timeframes.

Since achieving full operating capability in March 2022, the Australian Key Management Infrastructure (AKMI) has provided cryptographic key infrastructure to ASD's customers. The availability of key management services to ASD's customers achieved its target of 99 per cent. ASD's key management services provided effective support to ASD's customers.

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

Metric	Target	2022–23 Result	
4.1 Cyber security information and expertise exchanges with partners help prevent, detect or remediate cyber threats to Australia.	Number of ACSC Partners increases.	✓	Met
	Demonstrated impact.	✓	
4.2 ASD supports emerging cyber security research that may help prevent, detect or remediate cyber threats to Australia.	Demonstrated impact.	✓	Met

Reference: *ASD Corporate Plan 2022–23* (page 27)

Rationale

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

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

Membership of the ACSC Partnership Program

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

At the end of the reporting period, there were:

- over 3,000 Network partners, an increase of 27 per cent since July 2022
- over 4,600 Business partners, an increase of 34 per cent since July 2022
- over 102,000 Home partners, an increase of 22 per cent since July 2022.

Impact of support to domestic partners

Partnership Program

During the reporting period, ASD continued to engage with partners, including through state office engagement events and the expansion of the ACSC Partnership Program; see Case Study 3 and 4 below. This included:

- running over 250 events through the ASD state offices with at least 3,100 participants from a range of industry sectors. This is an increase from 93 sector-specific activities with about 1,700 attendees in the 2021-22 reporting period
- publishing 27 alerts and advisories to inform the Australian public of cyber events and advice, including the Security-by-Design and Default publication, with over 320,000 views and around 3,400 downloads, and 3 industry activities to amplify the publication and gain industry feedback
- delivering five management training workshops for local government, the financial technology sector, the transport sector, and the defence industry and logistics sector.

Case Study 3: Support to NSW State election

New South Wales held a general election on 25 March 2023. ASD, together with Cyber Security NSW, worked with the NSW Electoral Commission (NSWEC) from planning through to delivery, to support the cyber security of the election and its electoral systems.

Prior to the election, ASD provided NSWEC with threat intelligence briefings and cyber security advice on its electoral system architecture. ASD also conducted a cyber security maturity assessment across NSWEC networks. Recommendations from the assessment were used by NSWEC to bolster defences against potential malicious cyber activity.

Throughout the lead-up to the election, ASD was in constant communication with NSWEC providing uplift and, together with Cyber Security NSW, incident response support to help respond to threats. On election day, both ASD and Cyber Security NSW provided regular engagement and incident response support.

ASD found no indication of malicious activity through its assessments, and critical cyber security recommendations were accepted by NSWEC. The 2023 NSW general election was completed successfully without a cyber security incident.

Case Study 4: National Information Exchange

ASD held its first National Information Exchange (NIE) on 3 April 2023. More than 70 individuals from almost 60 organisations across 14 sectors, including all 11 critical infrastructure sectors, attended the exchange.

The NIE is a national event hosted by ASD that facilitates cross-sector technical information exchanges. The NIE provides a valuable forum and collaborative environment for partners and government agencies to freely discuss the cyber security issues impacting organisations. The NIE program works across different sectors, allowing businesses to learn and gain insights into other enterprises outside their usual sphere.

The NIE was conducted across ASD's five state offices, as well as Tasmania and the Australian Capital Territory (ACT), ensuring geographic coverage and broad participation among ASD's critical infrastructure and systems of national significance network partners. This format allowed robust conversations on themes, including cyber resilience and incident management measures.

Strong partner support was received, with attendees indicating a demand for additional events in the future.

Impact of support to international partners

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

Five Eyes partners

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

During the reporting period, ASD contributed to a range of joint products, including the *2021 Top Malware Strains*, a joint ASD/CISA cybersecurity advisory published on 5 August 2022, and the *Cybersecurity Best Practices for Smart Cities*, a joint Five Eyes guide published on 20 April 2023. Both products were multi-agency, co-badged and demonstrate the beneficial impact of international cooperation in producing enhanced advice for industry.

Non-Five Eyes partners and multilateral forums

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

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

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

ASD participated as an active member of the Asia-Pacific Computer Emergency Response Team (APCERT). APCERT is a community of CERTs and Computer Security Incident Response Teams dedicated to encouraging and supporting cyber security cooperation in the Asia-Pacific region. APCERT comprises 33 national CERTs and cyber security centres from 24 economies. Australia was a member of the APCERT Steering Committee for the 2022–23 reporting period, and throughout this has:

- participated in a community cyber security drill
- convened the APCERT Policy, Procedures and Governance Working Group to develop policies and procedures for APCERT as well as providing advice on governance issues
- contributed to the APCERT Annual Report 2022, published on the APCERT website on 12 May 2023.

As Secretariat of the Pacific Cyber Security Operations Network (PaCSON), ASD facilitated the sharing of cyber threat intelligence information during this reporting period.

Emerging cyber security research

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


ASD continues to engage with industry to learn more about the challenges facing Australia's critical infrastructure, as noted by the continued level of engagement during the reporting period.

ASD continues to work with domestic and international partners through leveraging each other's research. During the reporting period, ASD continued to support emerging cyber security research through the ASD-ANU Co-Lab.

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

Key Activity: Offensive Cyber Operations


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

Metric	Target	2022-23 Result	
5.1 Offensive cyber capabilities provide effective and timely support for ADF military operations and activities.	ADF/Defence stakeholders confirm ASD support had a high impact.		Met
References: <i>ASD Corporate Plan 2022-23</i> (page 28)			

Rationale

Throughout 2022-23, ASD continued to provide offensive cyber operations in support of the ADF's key operational requirements. This includes future enhancements of ASD's cyber security capability to support military preparedness.

Performance Measure 6: ASD's offensive cyber activities meet whole-of-government security requirements to counter offshore cyber threats.

Metric	Target	2022-23 Result	
6.1 Offensive cyber operations that counter offshore cyber threats meet whole-of-government requirements.	Government stakeholders confirm ASD support had a high impact.		Met
References: <i>ASD Corporate Plan 2022-23</i> (page 28)			

Rationale

Throughout 2022-23, ASD continued to pivot its offensive cyber capabilities to address emerging threats presented by foreign cybercriminals' malicious activities. Operations focused on disabling online infrastructure used by the foreign cybercriminals and disrupting their exploitation capabilities.

Key Activity: Sustain and Secure Future Capability

Performance Measure 7: ASD's corporate services and technology platforms and products support the achievement of mission outcomes.			
Metric	Target	2022-23 Result	
7.1 ICT infrastructure and services support mission operations and the delivery of corporate services.	Year-on-year improvement in service.	✓	
	ICT projects delivered to implement ASD's Enterprise Technology Strategy.	✓	
	24/7 ICT support for mission critical systems. Business hours support for non-critical systems. Available across domestic and overseas ASD sites.	✓	Met
	Year-on-year improvement in the percentage of systems developed within agreed interoperability standards.	✓	
7.2 ASD's workforce meets mission requirements.	Year-on-year improvement in delivery.	✓	
	Year-on-year improvement in the percentage of staff that have met mandatory training requirements.	✓	
	Year-on-year improvement in the number of staff that have attended leadership and management skills courses.	✓	Met
	Year-on-year improvement in the number of staff that have attended tradecraft (customised) training courses.	✓	
References: <i>ASD Corporate Plan 2022-23</i> (page 29)			

Rationale

ICT infrastructure and service support

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

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

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

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

ASD's workforce

Recruitment

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

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

Training

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

ASD staff are required to complete a suite of mandatory awareness training programs on a regular basis. ASD has continued to achieve high levels of compliance with mandatory training requirements (see Table 2).

TABLE 2: ASD mandatory training proficiency rates

Training Program	2022	2023
Work Health and Safety (annual)	95%	95%
Workplace Behaviour (annual)	94%	95%
Ethics and Fraud (every two years)	97%	97%
Australian Defence Organisation Security Awareness (annual)	94%	95%

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

ASD also provided training to address specific skills and knowledge, including change management. ASD facilitated access to specialised training courses, including courses on programming, networking, and cyber security. Of note, ASD continued to see increased enrolments in the Gemini Program, ASD's lower-classification training and mission program designed to uplift analyst skills faster. Overall, there was an increase in the number of staff who attended customised tradecraft training programs.

During the 2022–23 financial year, ASD upskilled its staff through face-to-face technical training and self-paced offerings, such as:

- programming, networking, infrastructure and specialist skills courses, including face-to-face training, eLearning and virtual seminars, and
- online technical and cyber courses, including SANS, Red Hat, Pluralsight and Hack the Box.

ASD staff are also able to enrol in courses held by the National Intelligence Academy (formerly the National Centre for Intelligence Training and Education).

Report on financial performance

The Government provided ASD with \$1,210.0 million in appropriation funding for operating costs and a further \$492.5 million for capital investment in the 2022-23 Portfolio Budget process (totalling \$1,702.4 million). Additionally, ASD received \$3.3 million in cost recovery revenue, primarily for the provision of Top Secret ICT services.

ASD's financial statements show a total comprehensive loss of \$319.9 million. After adjusting for the impact of depreciation and including the impact of lease payments, ASD has an operating deficit of \$28.9 million. Employee benefits expense was higher than budget due to continual increase in recruitment activity during the year. Supplier expenses were higher than budgeted due to increases in technical support services and IT-related expenses in support of approved projects.

ASD's financial statements, including a summary of ASD's total resources and payments is provided at Appendix B.

The nature of ASD's activities require it to continuously invest in talented people and new technology to ensure its capabilities remain contemporary and relevant to its functions.

CHAPTER 4

MANAGEMENT AND ACCOUNTABILITY



Corporate governance

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

ASD operates under the PGPA Act and the ISA. The Director-General ASD is the accountable authority of ASD.

All of ASD's activities are subject to oversight from IGIS. ASD's performance and financial statements are auditable by the Auditor-General.

The PJGIS provides further oversight of ASD's administration, expenditure, enabling legislation and any matters referred by the Australian Senate, House of Representatives or a minister of the Australian Government. ASD also appears before the Senate Standing Committee on Foreign Affairs, Defence and Trade during Senate Estimates hearings.

Corporate Plan

On 31 August 2022, ASD published its fourth Corporate Plan, covering the period 2022–23 to 2025–26.

The course of the four corporate plans has remained constant, as ASD continues to mature since becoming a statutory agency on 1 July 2018, including strengthening its reporting and performance framework and governance functions.

Governance framework

The Director-General is assisted in administering ASD by the Executive Committee, its subcommittees and the ASD Audit and Risk Committee (ASDARC). In 2022–23, ASD's governance framework was expanded with the addition of the REDSPICE Advisory Board, which was established July 2022 to provide advice to the Director General ASD on the implementation of the REDSPICE Program (see Figure 2).

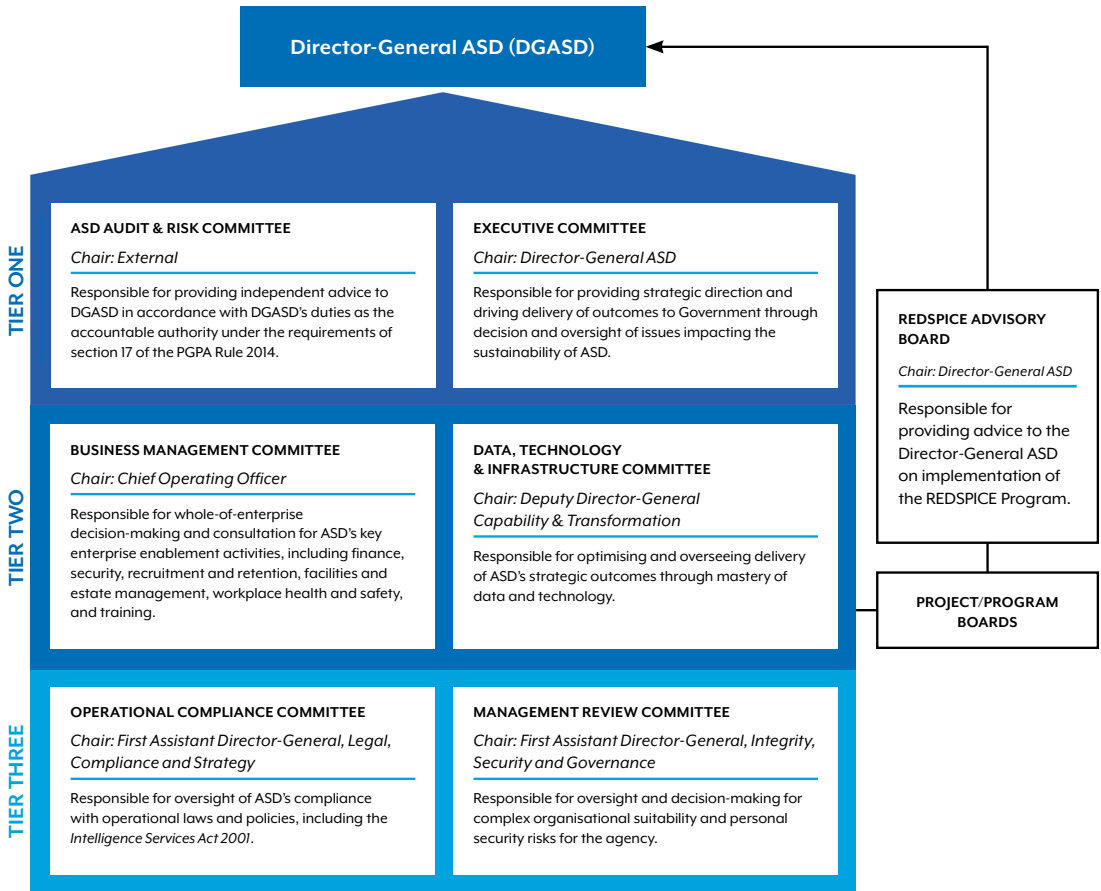


FIGURE 2: ASD governance framework

Executive Committee

The ASD Executive Committee is the primary decision-making committee within ASD, with the Director-General as the accountable person.

The role of the committee is to provide advice to the Director-General, set the strategic direction for ASD, and provide oversight of all ASD activities. The Executive Committee assists the Director-General in ensuring that ASD meets the highest standards of governance, performance and accountability, with the Director-General having the ultimate decision-making authority on all issues.

The Executive Committee met fortnightly during 2022–23.

ASD Audit and Risk Committee

In accordance with section 45 of the PGPA Act and section 17 of the PGPA Rule, ASDARC comprises external and internal members. ASDARC is responsible for monitoring, reviewing and, where appropriate, making recommendations to the Director-General about financial reporting; performance reporting; systems of risk oversight, including fraud risk assessment, deterrence and prevention; systems of internal control; and internal and external audit.

ASDARC has three members, all of whom are external to ASD. During 2022–23, ASDARC met formally five times.

An electronic version of the ASDARC charter is available from the ASD website at www.asd.gov.au/publications/governance/audit-and-risk-committee-charter.

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

TABLE 3: Positions held on ASDARC during 2022–23

Member name Qualifications, knowledge, skills or experience	Number of meetings attended/Total number of meetings	Total annual remuneration (GST inc.)
<p>Mark Ridley (Chair)</p> <p><i>Qualifications:</i> Fellow of the Institute of Chartered Accountants and a graduate of the Australian Institute of Company Directors, with bachelor degrees in commerce and accounting.</p> <p><i>Notable roles:</i> Chair of ASDARC since 1 July 2020 and has served as an independent member and chair of audit and risk committees for several large-sized and medium-sized Commonwealth agencies since 2011, and has also assisted some entities in the oversight of ICT projects. He was formerly a senior partner of PricewaterhouseCoopers with leadership roles in risk advice, internal audit and ICT project assurance for large financial services companies, other industries and state and federal governments.</p>	5/5	\$20,161.50
<p>Sue Bird</p> <p><i>Qualifications:</i> Graduate of the Australian Institute of Company Directors, holds an Honours degree in law from the Australian National University and was admitted to legal practice in 2000. She has received accreditation in PRINCE2 and MSP Project and Program Management and is a certified organisational coach.</p> <p><i>Notable roles:</i> Member of ASDARC since 1 July 2020 and has previously held the position of Chief Operating Officer for the Australian Federal Police. She has also held a number of Chief Legal Counsel roles and is an independent integrity adviser for a large Commonwealth agency.</p>	4/5	\$12,903
<p>Mike Noyes</p> <p><i>Qualifications:</i> Bachelor of Science (Honours), Master of International Studies, Graduate Diploma Applied Finance.</p> <p><i>Notable roles:</i> Member of ASDARC since early 2020 and has more than 25 years of experience working in the fields of international affairs and national security.</p>	4/5	\$0 ¹

¹ A Commonwealth employee does not receive additional remuneration when serving as a committee member.

REDSPICE Advisory Board

An external REDSPICE Advisory Board has been established to provide the Director-General ASD with independent advice on delivery of the REDSPICE Program.

The Board met three times following the REDSPICE Program's commencement on 1 July 2022.

Business Management Committee

The Business Management Committee (BMC) is ASD's whole-of-enterprise decision-making and consultation forum for ASD's key enterprise enablement activities.

The BMC advises the Executive Committee on matters relating to people, finance, facilities and estate, workplace health and safety, risk, security and compliance, and ensures these matters remain aligned with ASD's legislative requirements.

The BMC is chaired by the Chief Operating Officer (previously chaired by the Deputy Director-General Corporate and Capability). The BMC met nine times during 2022–23.

Data, Technology and Infrastructure Committee

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

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

The DTIC is chaired by the Deputy Director-General Capability and Transformation (previously chaired by the Deputy Director-General Corporate and Capability). The DTIC met 10 times during 2022–23.

Management Review Committee

ASD's Management Review Committee (MRC) is the key body for managing complex organisational suitability and personnel security risks for the agency.

Where required, the MRC considers potential issues of concern related to employee organisational suitability in a manner that balances intelligence-related equities and appropriate personnel management.

The MRC does not consider issues related to the security clearance process, broader employment conditions, Code of Conduct, other administrative investigations or performance management activities.

The MRC is chaired by the First Assistant Director-General Integrity, Security, and Governance (previously chaired by the First Assistant Director-General Integrity, Security, Assurance and Compliance). The MRC met 12 times during 2022–23.

Operational Compliance Committee

The Operational Compliance Committee (OCC) is the responsible body for ensuring ASD meets the highest standards of governance, performance and accountability in its operations, achieved through establishing and maintaining best practice compliance and oversight procedures.

When required, the OCC ensures all compliance breaches, suspected and confirmed, are investigated following established procedures. It also reviews emerging operational compliance issues and assesses whether ASD's legal and regulatory frameworks are in line with legislation and review recommendations.

The OCC is chaired by the First Assistant Director-General Legal, Compliance and Strategy (previously the First Assistant Director-General Integrity, Security, Assurance and Compliance). The OCC met quarterly during 2022–23.

Management of risk and fraud

Risk management

Consistent with requirements in the PGPA Act, the PGPA Rule, and the *Commonwealth Risk Management Policy 2014*, ASD has established systems and appropriate internal controls for oversight and management of risk.

Managing risk well enables ASD to achieve its purpose, strategic objectives and to meet Government priorities. ASD continues to balance opportunity and accountability while operating with integrity to manage risk as this ensures the Australian public's trust and confidence are maintained.

Effective risk management addresses the need for information on major risks to flow up, down and across organisational structures to improve the quality of decisions made to meet strategic and business objectives.

In 2022–23, ASD continued to embed risk management principles to support timely decision-making and reporting; prioritise resources; increase compliance and efficiency; and improve operations.

Key achievements include:

- reviewing and streamlining enterprise-level risk controls
- enhancing the quarterly review process on the effectiveness of enterprise controls.

Fraud control and prevention

All staff within ASD's mission, regardless of seniority, must adhere to policies and procedures and be held accountable for their actions. ASD takes all reasonable steps to minimise the potential for fraud by designing and implementing internal controls that prevent, detect and deal with fraudulent behaviour. ASD takes a stringent 'educate, trust and verify' approach to fraud and corruption. Given ASD's role, operating environment and reliance on partners, the protection of its people, information and assets is paramount.

In accordance with the *Commonwealth Fraud Control Framework 2017* (the Framework), ASD continues to meet its mandatory obligations to prevent, detect and respond to fraud.

During 2022–23, with the commencement of REDSPICE on 1 July 2022, ASD brought forward its biannual Fraud and Corruption Risk Assessment. ASD prepared for the commencement of the National Anti-Corruption Commission on 1 July 2023 by revising internal plans, policies and procedures related to fraud, corruption and integrity.

Every two years, ASD staff members complete mandatory training on fraud and integrity awareness. Fraud education is also promoted through activities such as International Fraud Awareness Week and regular messaging to the workforce.

During the reporting year, ASD participated in the Australian Institute of Criminology's Annual Fraud Against the Commonwealth Census for the fourth time as a statutory agency.

In the 2022–23 financial year, ASD investigated two reports of suspected fraud. One instance of suspected fraud regarding salary overpayment was determined not to be fraud and is subject to an ongoing debt recovery process. The other instance involving potential timesheet fraud was also determined not to be fraud.

Ethical model

ASD's ethical structure is shaped around legislation that governs ASD business activities and is embedded in its organisational values. The structure is supported by ASD's Security and Integrity Framework, which is designed to protect ASD's people, information and assets and promote the effective and efficient delivery of ASD's business. The Framework outlines ASD's values and standards and is designed to improve the transparency of how security and integrity issues are managed.

ASD staff are committed to upholding the organisation's values (Figure 3), which are an integral aspect of ASD's culture.

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

ASD has a robust internal operational compliance and oversight function to ensure it complies with the spirit and letter of the law. ASD's internal programs not only provide timely operational compliance advice, policy and training, but also carry out self-regulatory functions through investigations and assurance activities. Combined, these internal programs are designed to ensure ASD undertakes all mission activities in accordance with legislation, policy and Ministerial Directions. ASD also works closely with IGIS, who provides independent assurance to ministers, the Parliament, and the public that ASD acts with legality, propriety and with regard for human rights.

Public Interest Disclosure

ASD is also subject to the *Public Interest Disclosure Act 2013* (PID Act), which facilitates disclosure and investigation of wrongdoing and maladministration in the Commonwealth public sector. ASD authorised officers are appointed by the Director-General to fulfil the purpose and direction of the PID Act.

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

OUR VALUES

Reveal their secrets. Protect our own.

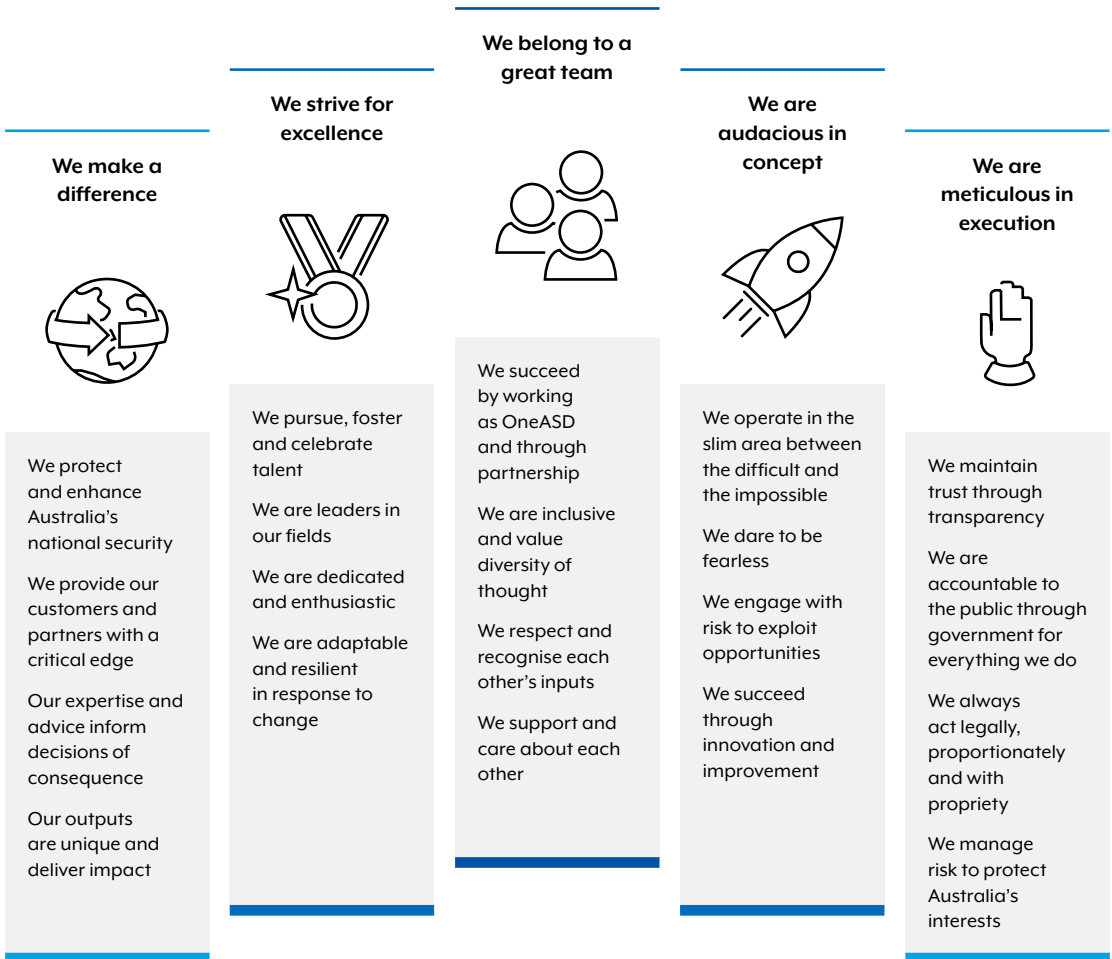


FIGURE 3: ASD values

External scrutiny

Parliamentary Joint Committee on Intelligence and Security

Section 28 of the ISA establishes the PJCIS and section 29 gives the PJCIS the function to review ASD's administration and expenditure.

ASD provided the PJCIS with a classified written submission as part of its *Review of Administration and Expenditure No.20 (2020-21) – Australian Intelligence Agencies* on 15 February 2022. A hearing was conducted for this review on 15 November 2022.

ASD provided the PJCIS with a classified written submission as part of its *Review of Administration and Expenditure No.21 (2021-22) – Australian Intelligence Agencies* on 24 February 2023. A hearing was conducted for this review on 7 June 2023.

On 26 October 2022, ASD and the Department of Home Affairs appeared before the PJCIS as part of a classified briefing on Systems of National Significance under the *Security of Critical Infrastructure Act 2018*.

Senate Standing Committee on Foreign Affairs, Defence and Trade

As a statutory agency within the Defence portfolio, ASD appears before the Senate Standing Committee on Foreign Affairs for Estimates hearings. ASD testified before the Committee on 8 November 2022, 15 February 2022, and 30 May 2022. Records of ASD's evidence to the Committee can be found in the Hansard.

Inspector-General of Intelligence and Security

IGIS is an independent Statutory Officer who reviews the activities of the NIC, including the activities of ASD. IGIS undertakes independent checks across ASD's operational activities, investigates complaints received by their office, and reports ASD's compliance performance through their annual report.

During 2022–23, IGIS undertook a regular inspection program of activities across ASD's operational functions, which included visits to ASD facilities, meetings with ASD staff and audits of ASD documentation.

ASD works closely with IGIS to provide information about ASD's activities, particularly where questions of legal compliance or propriety might arise. During 2022–23, this included ASD providing technical briefings and operational updates, supporting new IGIS initiated projects and detailing legal advice provided to ASD.

During 2022–23, ASD reported seven breaches of legislation to IGIS.

Upon identification of these breaches, ASD initiated investigations to provide in-depth analysis of the incidents and proposed recommendations to mitigate recurrences. As at 30 June 2023, five of these breaches were reviewed by IGIS who agreed with the outcomes and was satisfied by ASD's remedial actions in relation to the specific incidents. ASD is in the process of finalising reports on the remaining two incidents for IGIS's review, and is working with IGIS to finalise one incident from a previous reporting period.

During 2022–23, ASD supported IGIS in the conduct of one inquiry and one preliminary inquiry, and where necessary for cross agency activities conducted pursuant to the *Inspector-General of Intelligence and Security Act 1986*. As at 30 June 2023, IGIS had provided ASD with a finalised report on the inquiry, while the preliminary inquiry remained underway. In response to the inquiry report, ASD implemented process improvements to address the findings.

Briefings to the Leader of the Opposition

Section 27D of the ISA requires the Director-General to consult regularly with the Leader of the Opposition in the House of Representatives to keep them informed on matters relating to ASD. During 2022–23, the Director-General met with the then-Leader of the Opposition, the Hon Peter Dutton MP, for this purpose.

Australian National Audit Office

The ANAO supports the Auditor-General by providing a full range of audit and assurance services to the Parliament and the Commonwealth public sector entities and statutory bodies specified in the *Auditor-General Act 1997*. The ANAO is a regular observer of ASDARC meetings.

ASD works closely with the ANAO and the Auditor-General to provide information about ASD's activities. During the reporting period, the ANAO undertook a series of audit activities to provide relevant and reliable information about ASD's financial performance and position.

Judicial and administrative decisions

No judicial decisions, or decisions made by administrative tribunals were deemed to have had a significant effect on the operations of ASD during the 2022–23 reporting period.

People capability

Human resource management

ASD employees are engaged under the ISA. In accordance with the ISA, ASD adopts the principles of the *Public Service Act 1999* in relation to employees, to the extent that the Director-General considers them to be consistent with the effective performance of the function of the agency.

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

During 2022–23, ASD continued to use a shared-service arrangement with the Department of Defence to supplement specialist human resource functions provided internally. During 2022–23, ASD continued to develop the role of human resources and its contribution to organisational objectives through a range of recruitment, retention and work health and safety (WHS) activities. These activities support the attraction, retention and growth of ASD.

Recruitment

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

At the end of the 2022–23 financial year, ASD employed over 2,800 full-time equivalent staff.

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

Entry-level programs

In 2022–23, ASD engaged in the whole-of-government Digital Apprentice and Cadet Programs facilitated by the Digital Transformation Agency (DTA). As a result, ASD employed 64 cadets and 64 apprentices as part-time staff while they completed their studies.

ASD also participated in the Defence Graduate Program (part of the Defence Policy and Intelligence Pathway). The Defence Graduate Program allows graduates across all degree disciplines to apply for permanent employment with ASD. During 2022–23, 57 graduates joined ASD.

Retention

Learning and development

ASD designs and delivers tailored training to support ASD's mission and provides access to external development opportunities for ASD staff. Learning and learning requirements are reviewed and evaluated regularly to ensure ASD's workforce is suitably skilled to meet current and future capability challenges. Training includes courses focused on intelligence and cyber skills and skill applications unique to the classified environment, as well as a range of external training. It is designed to support the development of employees' skills and knowledge in order to meet the agency's current and future needs.

During the 2022-23 financial year, ASD upskilled its staff through face-to-face technical training and self-paced offerings with over 1,200 enrolments on courses which comprised the following:

- programming, networking, infrastructure and specialist skills courses, including face to face training, eLearning and virtual seminars, totalling over 600 enrolments
- online technical and cyber courses, including SANS, Red Hat, Pluralsight and Hack the Box, totalling over 500 enrolments.

ASD staff are also able to enrol in courses held by the National Intelligence Academy (formerly the National Centre for Intelligence Training and Education).

Gemini Program

The Gemini Program is ASD's lower-classification training and mission program that uplifts analyst skills faster and earlier. Gemini is the first step on a career path to be among the best intelligence, language and cyber analysts in the world. Recruits gain vital experience and direct insights to prepare for the analyst work they will be doing at ASD. It underpins ASD's effort to meet its significant growth goals over the next decade and is delivering on the requirement to build ASD's analyst capability.

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

Leadership

ASD has continued to promote people management and leadership development in 2022–23. ASD continued to deliver a number of dedicated conferences and learning opportunities through virtual and face to face formats.

Delivery of a cross-agency staff development program known as Building the ASD Team, which develops leadership skills at all levels, moved from pilot to an ongoing program in 2022–23. This program focuses on how to engage with complexity and change, and develop leadership skills at all levels.

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

ASD staff took part in the following training:

- Building the ASD Team Inclusive leadership
- Leadership through change
- Managing/leading remote teams.

Department of Defence

- Journey: Leading Transformation Program
- Gateway Leadership Program.

National Security College

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

Other inter-agency programs

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

Staff consultation

During 2022–23, ASD continued to consult employees and their representatives through the Joint Staff Consultation Group and the Workplace Relations Forum on key employment matters such as conditions of employment and policy reform. ASD's two consultative committees play an important role in sharing ideas and information between management and employees, and promoting a constructive workplace culture. ASD also stood up a new consultative forum, the ASD Determination Consultative Committee, to focus on consultation for a new employment determination.

Diversity and inclusion

ASD is committed to a respectful and inclusive workplace where it is safe for all people to bring their whole selves to work. ASD's strength, resilience and creativity derive from differences in age, backgrounds, caring responsibilities, cultures, neurodiversity, physical abilities, religions and sexualities.

ASD's Diversity and Inclusion Strategy 2019–22 is supported by a Diversity and Inclusion Team and provides enterprise-level guidance to drive cultural change, achieve workforce capability requirements, and align diversity and inclusion activities with strategic and corporate plans. Consultation commenced with staff on ASD's new Diversity and Inclusion Strategy 2023–26 during the reporting period.

ASD supports a number of internal diversity and inclusion employee networks. These include: ASD Diversity and Inclusion; First Nations; Cultural Diversity; Gender; Neurodiversity; LGBTQIA+; and Disability.

Gender and sexuality

As of 30 June 2023, ASD's workforce consisted of approximately 41 per cent women and 59 per cent men.

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

Closing the gap – Australia's First Peoples and the wider Australia population

ASD takes pride in recognising and respecting the Traditional Owners of the lands and in acknowledging Elders past, present and future. ASD is committed to delivering on the Government's objective to 'close the gap' between First Australians and the wider Australian community and contributes to the national reconciliation journey.

In 2022–23, ASD continues to demonstrate respect for First Australian peoples, cultures, lands and histories. ASD staff undertook cultural awareness training, offered through the Department of Defence, and has engaged in culture and language learning activities to provide further awareness and understanding of our First Nations people.

Statement of ASD's commitment to child safety

ASD is committed to ensuring child safety. ASD has processes in place, such as extensive risk assessment and oversight mechanisms that meet its obligations under the Commonwealth Child Safety Framework.

Flexible roles and parenting outreach

In the 2022–23 reporting period, ASD continued to support the Flexible Work Policy to emphasise and normalise the use of home-based work across ASD. ASD is committed to supporting its employees in maintaining a positive work life balance, and the policy provides employees with a range of flexible work options. In particular, the policy emphasises ASD's expectation that all employees should work flexibly, particularly working from home and ensuring meetings are held at times that support family commitments.

The types of flexible work arrangements currently available in ASD include flexible working hours, flex-time for ASD-level staff, time off in lieu, home based work, part time work, job sharing, and shift work.

ASD supports the Parenting Outreach Program, which was established by the Parent and Carers' Network to help new parents keep up professional and personal networks while on long term leave. Both the Parent and Carers' Network and Parenting Outreach Program provide support to assist parents in managing the balancing act upon their return to work, including through the use of flexible work arrangements.

Disability reporting

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

ASD's reporting of the number of employees with a disability or chronic illness relies on individuals self identifying. One of the ongoing challenges is the reluctance to report for fear of stigma and negative stereotypes associated with disability in the workplace. ASD provides support to people who identify as neurodiverse and as differently abled, by connecting them via peer to peer support networks. ASD staff are also encouraged to access communities and networks in the wider Defence portfolio.

Appendix C provides information on the diversity of ASD's workforce, including statistics on people who identify with a disability.

Work health and safety

ASD is committed to providing a safe working environment and ensuring the health, safety and welfare of its staff. Staff can access WHS information through the ASD intranet and directly through the WHS team; they are able to contribute to ASD's overall safety culture through a network of Health and Safety Representatives.

In 2022–23, ASD undertook a program of work to embed an organisational culture that proactively manages WHS risk.

Key initiatives during the year included:

- continued implementation of ASD's updated Health and Safety Management Arrangements and supporting WHS Committee Structure, facilitating improved consultation with all ASD Workers on WHS matters and enhancing governance arrangements
- continued implementation of an Employee Support Program to ensure timely and early support for staff who experience a work, or non-work, related injury or illness, including early access to quality support services encompassing self-management strategies, financial support and additional leave.

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

Notifiable incident reporting

During 2022–23, two work health and safety incidents were notified to Comcare in accordance with Part 3 of the *Work Health and Safety Act 2011* (WHS Act).

ASD was not issued any notices in accordance with Part 10 or directions under Part 11 of the WHS Act.

Psychological safety

ASD has a strong focus on mental health and wellbeing, which is essential in maintaining an emotionally resilient and high performing workforce.

ASD staff have access to a wide range of mental health supports through the Department of Defence as well as through ASD's embedded Psychology Services team. ASD's team provides counselling and therapeutic interventions, as well as training and workshops. ASD psychologists also provide training and presentations to staff on managing exposure to potentially traumatic material; skills for managing stress and anxiety; and building resilience.

In 2022-23, the Psychology Services team focused on increasing psychological support to all staff in remote locations and overseas. The team has continued to provide psychological suitability assessments to staff on posting to ensure the wellbeing of staff representing ASD. The team also continued to provide training for exposure to traumatic material and the Trauma Informed Leadership module in order to assist leaders to meet their WHS obligations. Other offerings included managing uncertainty and stress, and resilience training.

ASD maintains connections across the NIC, through the NIC Senior Psychology Forum, to stay abreast of relevant issues for staff within the NIC.

In addition, ASD maintains the MRC as a key body for managing staff wellbeing and personnel security risks for the agency. Where required, the MRC considers potential issues of concern related to employee organisational suitability in a manner that balances intelligence related enquiries with appropriate personnel management.

Performance management

ASD employees and their ASD and ADF supervisors are required to participate in the Performance Feedback Assessment and Development Scheme (PFADS).

PFADS supports a strong performance culture, as it provides a framework for employees and their supervisors to establish and discuss expectations regarding performance and behaviour, to recognise, reward and reinforce performance, and to identify and encourage improvement where improvements need to be made.

The foundation of the performance framework is frequent quality conversations between employees and their supervisors, throughout the performance cycle. By regularly discussing performance, sharing ongoing feedback and acknowledging achievements and performance, supervisors and employees create a sustainable and strong performance culture.

ASD's annual performance cycle runs from 1 September to 31 August. Key events in the performance cycle include:

- frequent, clarifying check-ins and closing conversations that occur continually throughout the performance cycle to discuss particular work activities
- three formal conversations at checkpoints throughout the cycle to set expectations, and review and assess.

ASD's performance management process is underpinned by policies to assist supervisors to lead and encourage employees to high performance and improve poor performance.

ASD Determination

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

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

These two determinations provide a range of non-salary benefits including leave entitlements, access to flexible working arrangements, and part time work. These benefits aim to highlight ASD's investment in its staff, particularly in the pursuit of additional training and development.

Table 5 shows the types of employment arrangements covering SES and non SES arrangements in ASD as at 30 June 2023.

TABLE 4: SES and non-SES employees by employment arrangement

Employment arrangement type	Headcount
ASD Conditions of Employment (non-SES) Determination	2,925
ASD Conditions of Employment (SES) Determination	60
Other	0

Service allowance non-salary benefits

The ASD Service Allowance continues under the ASD Conditions of Employment (non-SES) Determination 2020 and ASD Condition of Employment (SES) Determination 2018. The ASD Service Allowance is paid at four per cent of base salary to eligible staff who are employed under these determinations and is managed within ASD's existing appropriation.

Performance bonus policy

ASD does not pay performance bonuses to key management personnel or to senior executives. Refer to Appendix D for information on senior executive remuneration.

Non-salary benefits

ASD offers its staff a number of additional benefits that are not included under the provisions of the Determinations, including:

- annual influenza immunisation
- in-house capability development programs
- a confidential employee assistance program for employees and their immediate families
- study assistance to eligible employees
- access to flexible working arrangements.

Security

ASD undertakes its missions in accordance with sound, risk-based security practices that protect the organisation's most important equities and are attuned to the sensitivity of the functions and activities being performed. ASD is also a shared-service provider of security services to the Defence Intelligence Group.

Through 2022–23, ASD met its mandatory security obligations under the Protective Security Policy Framework (PSPF). ASD matured its protective security arrangements by modernising internal processes, policies and capabilities. ASD's Security and Integrity Framework is a critical tool in shaping the behaviour of ASD's staff and enables ASD to undertake its mission while meeting its obligations under the PGPA Act and the PSPF.

Portfolio management

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

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

ICT shared-services delivery

ASD provides shared services at the Top Secret classification to a number of federal government entities. This offers a more cost-effective approach that improves the scope, consistency and security of classified services available.

Asset management

As at 30 June 2023, ASD had \$1,526.4 million (net book value) of assets under its control, including:

- \$541.8 million of plant and equipment
- \$652.8 million of buildings and infrastructure
- \$59.8 million of intangibles
- \$0.2 million of heritage assets
- \$271.8 million of other items, including cash, receivables and prepayments.

This asset portfolio directly contributes to the achievement of ASD's mission and is a critical enabler for the organisation.

ASD's unique requirement to efficiently procure, rapidly deploy and effectively manage complex assets continues to be a priority for the organisation. ASD's asset management framework has been reviewed and improved this financial year to ensure it is consistent with best-practice standards and remains in line with Australian Accounting Standards. ASD assets are valued to fair value.

Procurement

During 2022–23, ASD adhered to the *Commonwealth Procurement Rules* (CPRs) and associated policy and guidelines. ASD continued to use its two professional services panels to meet the majority of its contractor capability delivery and support requirements.

In accordance with the CPRs, ASD made use of whole-of-government and coordinated procurement arrangements, with a particular focus on the purchase of equipment and systems through the DTA. ASD also leveraged Department of Defence procurement mechanisms where these offered economy-of-scale benefits to both parties.

ASD's procurement compliance was reviewed by management and reported to ASDARC during 2022–23. No significant issues have been identified and compliance was acceptable during the reporting period.

Expenditure on reportable consultancy contracts

During 2022–23, two new reportable consultancy contracts were entered into involving total actual expenditure of \$828,135 (inclusive of GST). In addition, one ongoing reportable consultancy contract was active during the period, involving total actual expenditure of \$110,000 (inclusive of GST).

ASD's annual report contains information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.

Decisions to engage consultants during 2022–23 were made in accordance with the PGPA Act and related regulations, including the CPRs and relevant internal policies.

ASD primarily engages consultants through the use of available panel arrangements established through an open tender process. In some limited instances, direct contracting is adopted where an essential precondition to effectively perform that particular consultancy has been identified.

TABLE 5: Reportable consultancy contracts

Reportable consultancy contracts 2022–23	Number	Expenditure (\$'000)
New contracts entered into during the reporting period	2	828
Ongoing contracts entered into during a previous reporting period	1	110
Total	3	938

TABLE 6: Organisations receiving a share of reportable consultancy expenditure

Organisations receiving a share of reportable consultancy contract expenditure 2022–23	Expenditure (\$'000)
Microsoft Services Pty Ltd	817
Sargasso	110
Yardstick Advisory Pty Ltd	11

Expenditure on reportable non-consultancy contracts

During 2022–23, 1,151 new reportable non-consultancy contracts were entered into involving total actual expenditure of \$354,779,305 (inclusive of GST). In addition, 699 ongoing reportable non-consultancy contracts were active during the period, involving total actual expenditure of \$313,808,051 (inclusive of GST).

ASD's annual report contains information about actual expenditure on reportable non-consultancy contracts. Information on the reportable non-consultancy contracts' values are available on the AusTender website.

TABLE 7: Reportable non-consultancy contracts

Reportable non-consultancy contracts 2022–23	Number	Expenditure (\$'000)
New contracts entered into during the reporting period	1,151	354,779
Ongoing contracts entered into during a previous reporting period	699	313,808
Total	1,850	668,587

TABLE 8: Organisations receiving a share of reportable non-consultancy contract expenditure

Organisations receiving a share of reportable non-consultancy contract expenditure 2022–23	Expenditure (\$'000)
Hewlett Packard Australia Ltd	57,353
Boeing Defence Australia Ltd	34,292
Hitachi Data Systems Australia Pty Ltd	26,085
DXC Technology Australia Pty Ltd	23,951
DXC Connect Pty Limited	23,495
Whizdom Pty Ltd	23,265
LEIDOS Australia Pty Ltd	22,699
Fujitsu Australia Limited	22,572
Deloitte Touche Tohmatsu	21,952
DATA 3 Group	20,883

Exempt contracts

ASD publishes information on the value of contracts and consultancies on the AusTender website. ASD is not required to publish certain information on AusTender where it has been determined by the Director-General that such information would disclose exempt matters under the *Freedom of Information Act 1982* (FOI Act). During 2022–23, ASD exempted about 115 contracts with the total value of almost \$655 million.

Small business

ASD supports small business participation in the federal government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.

ASD's procurement practices to support SME include:

- adoption of standing offers such as the digital marketplace, which provides access to a large number of SME
- selection of SME, under ASD's standing offer panel arrangements to provide contractors with ICT capability and support roles
- use of the Commonwealth Contracting Suite for relevant procurements valued at less than \$200,000
- use of electronic systems to facilitate the Department of Finance's Procurement On-Time Payment Policy for Small Business, including payment cards.

Advertising

During 2022–23, ASD conducted three advertising campaigns: *ACSC Annual Cyber Threat Report*, *ASD Recruitment Brand* and *Social Media Boosting*. ASD's total advertising expenditure was about \$685,000 excluding GST. ASD did not make any expenditure on market research.

Further information on those advertising campaigns is available on the ASD website (asd.gov.au), the ACSC website (cyber.gov.au), and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website (finance.gov.au).

Grants

ASD did not provide any grants during the 2022–23 reporting period.

Information Publication Scheme

ASD is exempt from the operation of the FOI Act and does not have an Information Publication Scheme.

Non-compliance with finance law

During 2022–23, ASD did not record any significant instances of non-compliance with the finance law that would require a report to the Minister for Defence and the Minister for Finance in accordance with section 19 of the PGPA Act.

Electoral expenses

ASD does not fall within the definition of agencies covered by the reporting requirements of s311A of the *Commonwealth Electoral Act 1918*.

Australian National Audit Office access clauses

Australian standard contract templates and the Commonwealth Contracting Suite include provisions allowing the Auditor-General to have access to the contractor's premises to audit relevant information relating to performance of that contract. During 2022–23, ASD had one contract that did not include the clause providing access to the Auditor-General.

TABLE 9: Contracts that do not include the ANAO access clause

Program and company	2022–23	Purpose
United States Government ²	\$3,037,730 ³	Software support

² Defence uses the US Department of Defense's Foreign Military Sales (FMS) program, which facilitates sales of US arms, defence equipment, defence services and military training to foreign governments. The standard terms and conditions of FMS contracts do not contain ANAO access provision.

³ All figures are GST inclusive (where applicable).

Ecological sustainable development and environmental performance

In 2022–23, ASD took steps to actively reduce its environmental footprint and introduce sustainable recycling initiatives. ASD continues to work with a range of industry partners to support sustainable reuse that considerably reduces the amount of waste going into landfill.

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

The Defence Environmental Policy⁴ outlines five strategic aims:

- Defence will deliver a sustainable estate across Defence maritime, land and aerospace areas, activities and operations.
- Defence will understand and manage its environmental impacts.
- Defence will minimise future pollution risks and manage existing contamination risks.
- Defence will improve the efficiency of its resource consumption and strengthen resource security.
- Defence will recognise and manage the Defence estate heritage values.

ASD recycled a significant amount of commercial waste that would have otherwise gone to landfill. This recycling included, approximately:

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

Greenhouse gas emissions inventory

ASD's fleet management, domestic travel, electricity and natural gas are managed by Defence under a Memorandum of Understanding. ASD's emissions are included as part of the Department of Defence's reporting.

⁴ Defence's Environment and Heritage Manual, published in January 2019, provides instruction and policy guidance for all Defence personnel on the Department's legislative obligations and stewardship goals in line with the Defence Environmental Policy and the Defence Environmental Strategy 2016–2036.

CHAPTER 5

APPENDICES



APPENDIX A | AGENCY RESOURCE STATEMENT

STATEMENT BY THE DIRECTOR-GENERAL AND CHIEF OF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2023 comply with subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

Signed.....

Ms Rachel Noble PSM
Director-General
Australian Signals Directorate

13 September 2023

Signed.....

Mr Philip Davies
Chief Finance Officer
Australian Signals Directorate

13 September 2023

APPENDIX B | FINANCIAL STATEMENTS INCLUDING EXPENSES BY OUTCOME

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Australian Signals Directorate

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2023

		2023	2022	Original Budget
	Notes	\$'000	\$'000	2023 \$'000
NET COST OF SERVICES				
EXPENSES				
Employee benefits	1.1A	414,741	328,172	382,309
Suppliers	1.1B	819,265	598,811	785,050
Depreciation and amortisation	2.2A	334,715	180,076	258,437
Interest on lease liabilities		8,314	8,298	4,077
Write-down and impairment of assets	2.2A	22,062	11,850	-
Net foreign exchange losses	1.1C	-	2,552	-
Total Expenses		1,599,097	1,129,759	1,429,873
OWN-SOURCE INCOME				
OWN-SOURCE REVENUE				
Revenue from contract with customers	1.2A	3,303	3,340	2,845
Resources received free of charge		6,965	4,006	155
Total own-source revenue		10,268	7,346	3,000
Gains				
Reversals of write-downs and impairment	2.2A	1,309	3,093	-
Net foreign exchange gains	1.1C	5,033	-	-
Other gains		16	-	-
Total gains		6,358	3,093	-
Total own-source income		16,626	10,439	3,000
Net cost of services		(1,582,471)	(1,119,320)	(1,426,873)
Revenue from Government	1.2B	1,260,584	927,259	1,209,988
Deficit attributable to the Australian Government		(321,887)	(192,061)	(216,885)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve	2.2A	1,942	18,916	-
Total other comprehensive income		1,942	18,916	-
Total comprehensive loss		(319,945)	(173,145)	(216,885)

Variance Analysis

Variances are considered 'major' based on the following criteria:

- the variance between budget and actual is greater than 10%, and
- the variance between budget and actual is greater than 2% of total expenses; or
- the variance between budget and actual is below this threshold but is considered important for the reader's understanding.

In some instances, a budget has not been provided for in the PBS, for example non-cash items such as asset revaluations, foreign exchange and sale of assets. Unless the variance is considered 'major', no explanation has been provided.

1. Employee benefits

Employee expenses are higher than original budget due to continual increase in recruitment activity during the year.

2. Supplier expenses

Supplier expenses were higher than budget, predominantly due to increases in technical support services and IT-related expenses in support of approved projects.

3. Depreciation and amortisation

Depreciation and amortisation expenses are higher than the original budget due to additional capital expenditure throughout the year and the timing of asset capitalisations.

4. Write-down of assets

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

Australian Signals Directorate

STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

		2023	2022	Original Budget 2023
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	2.1A	15,313	28,349	33,006
Trade and other receivables	2.1B	127,310	178,707	154,521
Total financial assets		142,623	207,056	187,527
Non-financial assets⁵				
Buildings and infrastructure	2.2A	652,761	574,054	530,976
Plant and equipment	2.2A	541,773	314,812	589,504
Intangibles	2.2A	59,822	72,667	104,683
Heritage assets	2.2A	244	244	244
Prepayments		129,208	70,015	70,015
Total non-financial assets		1,383,808	1,031,792	1,295,422
Total assets		1,526,431	1,238,848	1,482,949
LIABILITIES				
Payables				
Suppliers		245,628	161,591	161,586
Employee payables	2.3A	10,726	7,419	7,419
Other payables		3,671	1,980	1,980
Total payables		260,025	170,990	170,985
Interest bearing liabilities				
Leases	2.4A	540,695	545,908	509,013
Total interest bearing liabilities		540,695	545,908	509,013
Provisions				
Employee provisions		127,649	104,976	104,976
Total provisions		127,649	104,976	104,976
Total liabilities		928,369	821,874	784,974
NET ASSETS		598,062	416,974	697,975
EQUITY				
Contributed equity		1,420,499	919,466	1,411,917
Reserves		44,521	42,579	42,578
Accumulated deficit		(866,958)	(545,071)	(756,520)
TOTAL EQUITY		598,062	416,974	697,975

⁵ Right-of-use (ROU) assets are included in the following line items: Buildings and infrastructure

Variance Analysis

1. Cash and cash equivalents

Cash is drawn from appropriation on demand and fluctuates as the cash needs change.

2. Trade and other receivables

Trade and other receivables were lower than budgeted due to increase in ASD project activities that required utilisation of appropriation receivable to cover capital expenditure which was originally planned as part of the budget process.

3. Non-financial assets

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

The intangible assets decrease is reflective of changing information technology which had not been originally forecast.

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

4. Prepayments

Prepayments were higher than budget which is largely due to increases in software licences, subscriptions and maintenance contracts.

5. Supplier payables

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

6. Employee provisions

Employee provisions were higher than budgeted due to an increase in recruitment activity and staffing levels.

7. Equity

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

Australian Signals Directorate

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2023

		Original budget		
		2023	2022	2023
	Notes	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY				
Opening balance		919,466	681,558	919,467
Adjusted opening balance		919,466	681,558	919,467
Distributions to owners				
Return of equity		(981)	-	-
Contribution by owners				
Equity injection - Appropriations		472,014	192,908	462,450
Departmental capital budget		30,000	45,000	30,000
Closing balance as at 30 June		1,420,499	919,466	1,411,917
RETAINED EARNINGS				
Opening balance		(545,071)	(349,399)	(539,635)
Adjustment for non-financial assets		-	(4,479)	-
Prior period error adjustment		-	868	-
Adjusted opening balance		(545,071)	(353,010)	(539,635)
Comprehensive income				
Deficit for the period		(321,887)	(192,061)	(216,885)
Closing balance as at 30 June		(866,958)	(545,071)	(756,520)
ASSET REVALUATION RESERVE				
Opening balance		42,579	23,663	42,578
Comprehensive income				
Other comprehensive income	2.2A	1,942	18,916	-
Closing balance as at 30 June		44,521	42,579	42,578
TOTAL EQUITY				
Adjusted Opening balance		416,974	352,211	422,410
(Deficit) for the period		(321,887)	(192,061)	(216,885)
Other Comprehensive Income		1,942	18,916	-
Transactions with owners		501,033	237,908	492,450
Closing balance as at 30 June		598,062	416,974	697,975

Accounting Policy

Equity Injections

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

Other Distribution to Owners

The Financial Reporting Rules (FRR) require that distribution to owners is to be debited to contributed equity unless it is in the nature of a dividend. Budget Variances Commentary

Budget Variances Commentary

Statement of Changes in Equity

Contribution by owners

Equity injections – Appropriations have increased due to new projects transferred from Defence during the financial year.

Asset Revaluation Reserve

No budget was provided for in the PBS for asset revaluations due to the uncertainty in measurement and its non-cash nature.

Refer to the Statement of Comprehensive Income for (Deficit) variance explanations.

Australian Signals Directorate

STATEMENT OF CASH FLOWS

for the period ended 30 June 2023

		Original Budget		
		2023	2022	2023
	Notes	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		1,406,183	1,032,705	1,209,988
Sale of goods and rendering of services		16,732	5,171	2,845
GST received		80,393	45,687	47,193
Other		6,357	20	-
Total cash received		1,509,665	1,083,583	1,260,026
Cash used				
Employees		(388,909)	(324,301)	(382,309)
Suppliers		(794,497)	(545,730)	(784,895)
GST paid		(81,215)	(49,963)	(47,193)
Section 74 receipts transferred to OPA		(116,727)	(132,369)	-
Other		(217)	-	-
Interest payments on lease liabilities		(8,314)	(8,298)	(4,077)
Total cash used		(1,389,879)	(1,060,661)	(1,218,474)
Net cash from/(used by) operating activities		119,786	22,922	41,552
INVESTING ACTIVITIES				
Cash used				
Purchase of buildings and infrastructure		(108,354)	(49,968)	(516,631)
Purchase of plant and equipment		(462,953)	(120,705)	
Purchase of intangibles		(19,909)	(23,284)	
Total cash used		(591,216)	(193,957)	(516,631)
Net cash (used by) investing activities		(591,216)	(193,957)	(516,631)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		502,014	228,756	516,631
Total cash received		502,014	228,756	516,631
Cash used				
Principal payments of lease liabilities		(43,620)	(42,771)	(36,895)
Total cash used		(43,620)	(42,771)	(36,895)
Net cash from financing activities		458,394	185,986	479,736
Net increase/(decrease) in cash held		(13,036)	14,951	4,657
Cash and cash equivalents at the beginning of the reporting period		28,349	13,398	28,349
Cash and cash equivalents at the end of the reporting period	2.1A	15,313	28,349	33,006

Budget Variances Commentary**Statement of Cash Flows**

The amounts reported in the statement of cash flows are interrelated with figures disclosed in the statement of comprehensive income and statement of financial position. Consequently, cash flow variances are attributable to the relevant variance explanations provided above.

Australian Signals Directorate

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

for the period ended 30 June 2023

	2023	2022	Original Budget
	\$'000	\$'000	2023 \$'000
NET COST OF SERVICES			
Deficit attributable to the Australian Government	-	-	-
Total comprehensive income/(loss)	-	-	-

Australian Signals Directorate

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES

as at 30 June 2023

	2023	2022	Original Budget
	\$'000	\$'000	2023 \$'000
ASSETS			
Cash and cash equivalents	19,708	18,526	-
Total assets administered on behalf of Government	19,708	18,526	-
LIABILITIES			
Other payables	19,708	18,526	-
Total liabilities administered on behalf of Government	19,708	18,526	-
Net assets	-	-	-

Australian Signals Directorate

ADMINISTERED RECONCILIATION SCHEDULE

for the period ended 30 June 2023

	2023	2022
	\$'000	\$'000
Opening assets less liabilities as at 1 July	-	-
Closing assets less liabilities as at 30 June	-	-

Australian Signals Directorate

ADMINISTERED CASH FLOW STATEMENT

for the period ended 30 June 2023

	2023	2022
	\$'000	\$'000
Cash and cash equivalents at the beginning of the reporting period	18,526	33,705
Cash from the Official Public Account		
Special Accounts	18,780	-
Total cash from the Official Public Account	18,780	-
Cash to the Official Public Account		
Special Accounts	(17,598)	(15,179)
Total cash to the Official Public Account	(17,598)	(15,179)
Cash and cash equivalents at the end of the reporting period	19,708	18,526

Australian Signals Directorate

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview

Objectives of ASD

ASD is an Australian Government controlled, not-for-profit entity. The objective of ASD is to defend Australia from global threats, and advance the national interest by providing foreign signals intelligence, cyber security and offensive cyber operations, as directed by Government.

Basis of Preparation

The financial statements are required by Section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) and
- Australian Accounting Standards and Interpretations – including simplified disclosures for Tier 2 Entities under AASB 1060 issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period as amended by section 105D of the PGPA Act.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars unless otherwise specified.

Comparative figures have been adjusted, where required, to conform to changes in presentation of the financial statements in the current period.

New Australian Accounting Standards

All new, revised, amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on ASD's financial statements.

Standard/ Interpretation

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

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

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

Significant Accounting Judgements and Estimates

Except where specifically identified and disclosed, ASD has determined that no accounting assumptions and estimates have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

Taxation

ASD is exempt from all forms of taxation except Fringe Benefits Tax (FBT), the Goods and Services Tax (GST) and certain excise and customs duties.

Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

1. Financial Performance

This section analyses the financial performance of ASD for the year ended 30 June 2023.

1.1 Expenses

	2023	2022
	\$'000	\$'000
1.1A: Employee benefits		
Wages and salaries	305,357	254,326
Superannuation		
Defined contribution plans	40,129	32,675
Defined benefit plans	12,068	11,595
Leave and other entitlements	48,096	23,672
Separation and redundancies	-	354
Other employee expenses	9,091	5,550
Total employee benefits	414,741	328,172

Accounting Policy

Employee benefits are based on the relevant employment agreements and legislation. Liabilities for wages and salaries (including non-monetary benefits), annual leave and other entitlements expected to be wholly settled within 12 months of the reporting date are measured at their nominal amounts. All other employee benefits liabilities (including long service leave) are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

(a) Leave

The liability for employee benefits includes provisions for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of ASD is estimated to be less than the annual entitlement for sick leave. The leave liabilities are calculated on the basis of employees' remuneration, including ASD's employer superannuation contribution, at the estimated rates that will be applied at the time the leave is taken, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of the Australian Government Actuary in the current year. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

(b) Separation and Redundancy

Provision is made for separation and redundancy benefit payments. ASD recognises a provision for termination when it has a detailed formal plan for the terminations and has informed those employees affected that the terminations will be carried out.

(c) Superannuation

Employees of ASD are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS Accumulation Plan (PSSap) or other superannuation schemes held outside the Commonwealth. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance as an administered item. ASD makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. ASD accounts for these contributions as if they were contributions to defined contribution plans.

(d) Accounting Judgements and Estimates

As required by AASB 119 Employee Benefits, liabilities for short-term employee benefits expected to be paid within 12 months of the end of the reporting period are measured at the one-year Commonwealth government bond rate of 4.25%. Liabilities for long term employee benefits are discounted using the 10-year Commonwealth government bond rate of 4.00%.

	2023	2022
	\$'000	\$'000
1.1B: Suppliers		
Goods and services supplied or rendered		
Goods supplied	46,237	19,995
Services rendered	772,328	578,207
Total goods and services supplied or rendered	818,565	598,202
Other suppliers		
Short-term leases	80	130
Workers compensation expenses	620	479
Total other suppliers	700	609
Total suppliers	819,265	598,811

The above lease disclosures should be read in conjunction with the accompanying notes 2.2A and 2.4A.

Accounting Policy

Short-term leases and leases of low-value assets

ASD has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). ASD recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Resources received free of charge

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

In 2022-23, ASD recognised the control of assets worth \$6.8 million. ASD was also provided free of charge Financial Statement audit services valued at \$155,000 (2022: \$155,000) by the Australian National Audit Office (ANAO). No other services were provided by the ANAO.

	2023	2022
	\$'000	\$'000
1.IC: Net foreign exchange losses		
Foreign exchange gains		
Non-speculative	(7,156)	(754)
Foreign exchange losses		
Non-speculative	2,123	3,306
Total net foreign exchange (gain)/loss	(5,033)	2,552

Accounting Policy

Transactions denominated in a foreign currency are converted at the exchange rate on the date of the transaction.

Foreign currency receivables and payables are translated at the exchange rate at the balance date.

Non-financial items that are measured at cost in a foreign currency are translated using the spot exchange rate at the date of the initial transaction.

Non-financial items that are measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

All exchange gains and losses are reported in the Statement of Comprehensive Income.

1.2 Own-Source Revenue and Gains

	2023	2022
	\$'000	\$'000
Own-Source Revenue		
1.2A: Revenue from contracts with customers		
Rendering of services	3,303	3,340
Total revenue from contracts with customers	3,303	3,340
Type of customer:		
Australian Government entities (related parties)	2,923	3,004
Non-government entities	380	336
	3,303	3,340
Timing of transfer of goods and services:		
Over time	3,303	3,340
	3,303	3,340

Accounting Policy

Revenue from contracts with customers is recognised when control has been transferred to the buyer. ASD determines a contract is in scope of AASB 15 when the performance obligations are required by an enforceable contract and the performance obligations within the enforceable contract are sufficiently specific to enable ASD to determine when they have been satisfied. ASD determines there to be an enforceable contract when the agreement creates enforceable rights and obligations. Performance obligations are sufficiently specific where the promises within the contract are specific to the nature, type, value and quantity of the services to be provided and the period over which the services must be transferred.

The following is a description of principal activities from which ASD generates its revenue:

- ICT services related to the provision of networks to the Department of Defence and other agencies, satisfied over the period of the contract which runs in line with the financial year.

The transaction price is the total amount of consideration to which ASD expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. All consideration promised in contracts with customers is included in the transaction price.

ASD expects to recognise as income any liability for unsatisfied obligations associated with revenue from contracts with customers within the next 12 months.

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

	2023	2022
	\$'000	\$'000
1.2B: Revenue from Government		
Appropriations		
Departmental appropriations	1,260,584	922,602
Supplementation revenue	-	4,657
Total revenue from Government	1,260,584	927,259

Accounting Policy

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

ASD draws down appropriations on a just-in-time basis. The undrawn appropriations as at 30 June 2023 are reflected as a receivable and are available to be drawn down to meet future obligations. Appropriations receivable are recognised at their nominal amounts.

2. Financial Position

This section analyses ASD's assets used to conduct its operations and the operating liabilities incurred as a result.

2.1 Financial Assets

	2023	2022
	\$'000	\$'000
2.1A: Cash and cash equivalents		
Cash on hand or on deposit	15,313	28,349
Total cash and cash equivalents	15,313	28,349

Accounting Policy

Cash and cash equivalents includes notes and coins held, any deposits in bank accounts held at call with a bank, and cash held in special accounts. Cash is measured at its nominal amount. Cash and cash equivalents denominated in a foreign currency are converted at the exchange rate at the balance date.

	2023	2022
	\$'000	\$'000
2.1B: Trade and other receivables		
Goods and services receivables		
Goods and services	2,829	16,259
Total goods and services receivables	2,829	16,259
Appropriation receivables		
Appropriation receivable	100,868	141,895
Total appropriation receivables	100,868	141,895
Other receivables		
GST receivable from the Australian Taxation Office	11,808	9,564
Other	11,805	10,989
Total other receivables	23,613	20,553
Total trade and other receivables	127,310	178,707

Credit terms for goods and services were within 20 days (2022: 30 days).

Accounting Policy

Trade receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any loss allowance.

Trade and other receivable assets at amortised cost are assessed for impairment at the end of each reporting period. The simplified approach has been adopted in measuring the impairment loss allowance at an amount equal to lifetime 'expected credit loss' (ECL).

Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, which are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

2.2 Non-Financial Assets

2.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

	Buildings and Infrastructure	Plant and Equipment	Intangibles	Heritage Assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2022					
Gross book value	716,225	373,420	129,429	244	1,219,318
Accumulated depreciation, amortisation and impairment	(142,171)	(58,607)	(56,763)	-	(257,541)
Total as at 1 July 2022	574,054	314,813	72,666	244	961,777
Additions					
Purchase	108,354	479,675	19,912	-	607,941
Right-of-use assets	38,407	-	-	-	38,407
Revaluations and impairments recognised in other comprehensive income	1,804	138	-	-	1,942
Write-downs and impairments recognised in net cost of services	(36)	(14,661)	(7,077)	-	(21,774)
Depreciation and amortisation	(12,350)	(237,626)	(26,470)	-	(276,446)
Depreciation on right-of-use assets	(58,269)	-	-	-	(58,269)
Disposals	-	(188)	(100)	-	(288)
Other movements					
Reversal of previous asset write-downs	-	1,310	-	-	1,310
Transfers	797	(1,688)	891	-	-
Total as at 30 June 2023	652,761	541,773	59,822	244	1,254,600
Total as at 30 June 2023 represented by					
Gross book value	850,450	708,649	144,127	244	1,703,470
Accumulated depreciation, amortisation and impairment	(197,689)	(166,876)	(84,305)	-	(448,870)
Total as at 30 June 2023	652,761	541,773	59,822	244	1,254,600
Carrying amount of right-of-use assets	498,664				498,664

All revaluations were conducted in accordance with the revaluation policy stated at Note 2.2A (c). ASD's shared service provider, the Department of Defence, engaged JLL Valuation & Advisory to undertake a valuation of ASD's Buildings and Leasehold Improvement assets in 2022-23 in line with ASD's rolling revaluation cycle.

At 30 June 2023, ASD have contractual commitments for the acquisition of property, plant and equipment and intangible assets of \$115,493,664. The Commitments include outstanding contractual payments for items under construction.

Accounting Policy

(a) Individual Asset Recognition Threshold

Purchases of property, plant and equipment including buildings and infrastructure are recognised initially at cost in the statement of financial position. Individual items are capitalised where the individual value is equal to or exceeds the relevant asset capitalisation threshold. Assets costing below these thresholds are capitalised to the relevant Low Value Asset account in the year of acquisition.

In 2022-23, ASD made a voluntary change in accounting policy for capitalisation thresholds for buildings and infrastructure, plant and equipment and intangibles. The purpose of the change was to align capitalisation thresholds with ASD's asset base, to provide more reliable and relevant information about the effects of transactions on ASD's financial position.

Prior year comparatives have been adjusted to reflect this change in accounting policy. The quantum of the change to the 2021-22 asset balances is a reduction of \$5.4 million to net assets.

(b) Assets under construction

Assets under construction (AUC) includes expenditure to date on major capability and facilities projects. AUC projects are reviewed annually for indicators of impairment. Prior to rollout into service, the accumulated AUC balance is reviewed to ensure accurate capitalisation.

(c) Revaluations

All property, plant and equipment (excluding ROU assets) is measured and disclosed at fair value, less any accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date.

The basis for determining fair value is by reference to the highest and best use that is physically possible, legally permissible and financially feasible. Where an active and liquid market exists, fair value is determined by reference to market values, noting the highest and best use criteria and any specific factors that have been noted by the valuer.

Valuation for buildings, infrastructure and other plant and equipment assets are performed by independent external valuers using inputs such as sales prices of comparable assets, replacement cost, expected useful life and adjustments for obsolescence.

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

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

(d) Depreciation

Property, plant and equipment items having limited useful lives are systematically depreciated over their estimated useful lives on a straight-line basis.

Depreciation rates (useful lives) are determined upon acquisition and are reviewed at each subsequent reporting date, and necessary adjustments are made in the current, or current and future reporting periods, as appropriate.

The following are minimum and maximum useful lives for the different asset classes. These are not necessarily indicative of typical useful lives for these asset classes:

	2023	2022
Buildings and Infrastructure	3 to 40 years	3 to 40 years
Plant and Equipment	2 to 40 years	2 to 40 years

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

(e) Intangible Assets

ASD's intangibles comprise externally acquired and internally developed software for internal use and other externally acquired and internally developed intangibles. Intangibles with gross values greater than \$250,000 are capitalised when they meet the recognition criteria in AASB 138.

All intangibles are amortised on a straight-line basis over their anticipated useful lives. The useful lives of ASD's software are 2 to 22 years (2022: 2 to 22 years) and the useful lives of ASD's other intangibles are 1 to 6 years (2022: 1 to 6 years). All intangible assets are assessed annually for indications of impairment.

ASD recognises its intangible assets initially at cost. If an intangible asset is acquired at no cost or for nominal consideration, other than those acquired through restructuring, it is recognised initially at fair value as at the date of acquisition.

All ASD intangible assets are currently stated at cost less accumulated amortisation and accumulated impairment losses.

Acquired intellectual property may form part of the acquisition of particular tangible assets. Where the acquired intellectual property is inseparable from the underlying tangible asset it is reflected in the value of the tangible asset in the statement of financial position.

ASD reviews the useful life of intangible assets annually based on the service potential of the assets. All ASD intangible assets have finite useful lives and are amortised over their anticipated useful lives. Where there is an indication that the service potential of an intangible asset is impaired, the recoverable amount of that asset is determined based on the remaining service potential. Where the recoverable amount is lower than the carrying amount, the asset is written down to its recoverable amount.

(f) Acquisition of Assets

Assets are initially recorded at cost on acquisition which includes the fair value of assets exchanged and liabilities undertaken.

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

(g) Impairment of Assets

All relevant assets were assessed for impairment during the year. Where indicators of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if ASD was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

(h) Derecognition of Assets

Assets are derecognised upon disposal or when no further economic benefits or capability are expected from their use or disposal.

(i) Heritage Assets

Heritage items include artefacts and memorabilia that are or may be of national historical significance.

(j) Lease Right-of-Use Assets (ROU)

Lease ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

An impairment review is undertaken for any right-of-use lease asset that shows indicators of impairment and an impairment loss is recognised against any right-of-use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, General Government Sector and Whole of Government financial statements.

(k) Significant Accounting Judgements and Estimates

ASD assesses non-financial assets for impairment by monitoring impairment indicators specific to an asset's use in the ASD context. Where these indicators signify that an asset is impaired, management has made an estimate of the recoverable amount of those assets to determine any impairment loss.

Property, plant and equipment is measured at fair value using revaluation techniques that require significant judgements and estimates to be made.

2.3 Payables

	2023	2022
	\$'000	\$'000
2.3A: Employee payables		
Salaries and wages	9,256	6,388
Superannuation	1,470	1,031
Total employee payables	10,726	7,419

Accounting Policy

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. The liability for superannuation recognised as at 30 June 2023 represents outstanding contributions yet to be paid.

2.4 Interest Bearing Liabilities

	2023 \$'000	2022 \$'000
2.4A: Leases		
Lease liabilities	540,695	545,908
Total leases	540,695	545,908

Total cash outflow for leases for the year ended 30 June 2023 was \$51,934,018.12 (2022: \$51,068,817).

	2023 \$'000	2022 \$'000
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	66,849	51,934
Between 1 to 5 years	238,868	210,594
More than 5 years	291,744	345,785
Total leases	597,461	608,313

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B and 2.2A.

Accounting Policy

For all new contracts entered into, ASD considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the agency's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or operating result depending on the nature of the reassessment or modification.

3. Funding

This section identifies ASD's funding structure.

3.1 Appropriations

3.1A: Annual appropriations ('recoverable GST exclusive')

Annual Appropriations for 2022-23

	Annual Appropriation	Adjustments to appropriation ¹	Total appropriation	Appropriation applied in 2023 (current and prior years)	Variance ²
	\$'000	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL					
Ordinary annual services	1,260,584	36,493	1,297,077	(1,338,985)	(41,908)
Capital budget ³	30,000	-	30,000	(39,015)	(9,015)
Other services					
Equity Injections	472,014	-	472,014	(473,351)	(1,337)
Total departmental	1,762,598	36,493	1,799,091	(1,851,351)	(52,260)

Notes

- Adjustments to appropriations includes adjustments to current year annual appropriations including Advance to the Finance Minister (AFM), PGPA Act Section 74 receipts.
- The variance for departmental ordinary annual services primarily represents the timing difference of payments to suppliers and employees.
- Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Annual Appropriations for 2021-22

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

Notes

1. In 2021 departmental ordinary annual services appropriations totalling \$18,462,000 of *Appropriation Act (No.3) 2018-19*, *Appropriation Act (No.1) 2019-20*, *Appropriation Act (No.3) 2019-20* and *Appropriation Act (No.1) 2020-21* have been withheld under Section 51 of the PGPA Act. In 2021 departmental other services appropriations totalling \$57,203,000 of *Appropriation Act (No.4) 2018-19*, *Appropriation Act (No.2) 2019-20* and *Appropriation Act (No.2) 2020-21* have been withheld under Section 51 of the PGPA Act.
2. Adjustment to appropriations comprise of PGPA Act Section 74 receipts. There were no transfers of current year appropriations under Section 75 of the PGPA Act.
3. The variance for departmental ordinary annual services primarily represents the timing difference of payments to suppliers and employees. The variance for departmental equity relates to the use of prior year unspent appropriations.

3.1B: Unspent annual appropriations ('recoverable GST exclusive')

	2023	2022
	\$'000	\$'000
DEPARTMENTAL		
Operating		
Act 1 2019-20 ⁶	-	5,200
Act 3 2019-20 ⁶	-	3,905
Act 1 2020-21 ^{7,8}	2,889	2,889
Act 1 2021-22	-	31,922
Act 3 2021-22	-	34,714
Act 3 2022-23	36,942	-
Total Operating	39,831	78,630
Equity		
Act 2 2019-20 ⁶	-	34,244
Act 4 2019-20 ⁶	-	360
Act 2 2020-21 ^{7,9}	20,712	20,712
Act 2 2021-22	-	3,921
Act 4 2021-22	-	61,342
Act 1 DCB 2021-22	-	9,015
Act 2 2022-23	54,362	-
Act 4 2022-23	9,564	-
Total Equity	84,638	129,594
Total	124,469	208,224
Cash and cash equivalents	15,313	28,349
Total unspent annual appropriations	139,782	236,573

6 These balances lapsed on 1 July 2022 in accordance with the repeal date of the underlying Appropriations Acts.

7 These balances will lapse on 1 July 2023 when the underlying Appropriation Acts are repealed.

8 In 2021, \$2,889,000 of the Appropriation Act (No. 1) 2020-21 was permanently quarantined under section 51 of the PGPA Act.

9 In 2021, \$20,712,000 of the Appropriation Act (No. 2) 2020-21 was permanently quarantined under section 51 of the PGPA Act.

3.2 Net Cash Appropriation Arrangements

The Government funds ASD on a net cash appropriation basis, where appropriation revenue is not provided for depreciation and amortisation expenses.

ASD's accountability for its operating result is at its result net of unfunded depreciation and amortisation.

	2023	2022
	\$'000	\$'000
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	(319,945)	(173,145)
Plus: Depreciation/amortisation expenses not funded through revenue appropriation ¹	276,446	126,253
Plus: Depreciation of right-of-use assets ²	58,269	53,823
Less: Principal repayments - leased assets	(43,620)	(42,771)
Net Cash Operating Surplus/(Deficit)	(28,850)	(35,840)

1. From 2010-11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses of non-corporate Commonwealth entities and selected corporate Commonwealth entities were replaced with a separate capital budget provided through equity injections. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.
2. The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principal repayment amount reflects the impact of AASB 16 Leases, which does not directly reflect a change in appropriation arrangements.

4. People and Relationships

4.1 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of ASD, directly or indirectly. ASD has determined the key management personnel to be the:

- i. Minister for Defence;
- ii. Director-General Australian Signals Directorate;
- iii. Head of Australian Cyber Security Centre;
- iv. Deputy Director-General Capability and Transformation;
- vi. Deputy Director-General Signals, Intelligence and Effects; and
- vi. Chief Operating Officer.

Key management personnel remuneration is reported in the table below.

	2023	2022
	\$'000	\$'000
Short-term employee benefits	2,416	2,057
Post-employment benefits	384	300
Other long-term employee benefits	65	51
Termination benefits	-	379
Total key management personnel remuneration expenses²	2,865	2,787

The total number of key management personnel that are included in the above table are 5 (2022: 8). Acting key management personnel are included in this figure.

Notes

1. Note 4.1 is prepared on an accrual basis.
2. The above key management personnel remuneration excludes the remuneration and other benefits of the Minister for Defence. The remuneration and other benefits of the Minister for Defence is set by the Remuneration Tribunal and is not paid by ASD.

4.2 Related Party Disclosures

Related party relationships:

ASD is an Australian Government controlled entity. Related parties to ASD are:

- i. Key Management Personnel (as detailed in Note 4.1);
- ii. spouse or domestic partners of (i);
- iii. children or dependents of (i);
- iv. entities, individually or jointly, controlled by the above individuals; and
- v. other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. These transactions have not been separately disclosed in this note.

Significant transactions with related parties can include:

- i. the payments of grants or loans;
- ii. purchases of goods and services;
- iii. asset purchases, sales transfers or leases;
- iv. debts forgiven; and
- v. guarantees.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by ASD, it has been determined that there are no significant related party transactions to be separately disclosed.

5. Managing Uncertainties

5.1 Contingent Liabilities and Assets

Quantifiable Contingencies

As at 30 June 2023 there were nil quantifiable contingent assets or liabilities (2022: nil).

Unquantifiable Contingencies

As at 30 June 2023 there were nil unquantifiable contingent assets or liabilities (2022: nil).

Accounting Policy

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

ASD applies Accounting Standard AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* in determining disclosure of contingent assets and liabilities.

5.2 Financial Instruments

	Notes	2023 \$'000	2022 \$'000
5.2A: Categories of financial instruments			
Financial assets at amortised cost			
Cash and cash equivalents	2.1A	15,313	28,349
Trade and other receivables		<u>14,634</u>	16,068
Total financial assets at amortised cost		<u>29,947</u>	44,417
Total financial assets		29,947	44,417
Financial Liabilities			
Financial liabilities measured at amortised cost			
Suppliers		245,628	161,591
Other payables		<u>3,671</u>	1,980
Total financial liabilities measured at amortised cost		<u>249,299</u>	163,571
Total financial liabilities		249,299	163,571

Accounting Policy

Financial Assets

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

- a. financial assets at fair value through profit or loss;
- b. financial assets at fair value through other comprehensive income; and
- c. financial assets measured at amortised cost.

The classification depends on both ASD's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when ASD becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

(a) Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

(b) Effective Interest Method

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

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

(c) Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'. Financial liabilities are derecognised when the obligation under the contract is discharged, cancelled or has expired.

(d) Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

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

	2023	2022
	\$'000	\$'000
5.2B: Net gains or losses on financial assets		
Financial assets at amortised cost		
Exchange gains/(losses)	7,156	754
Net gains/(losses) on financial assets at amortised cost	7,156	754
Net gains on financial assets	7,156	754
	2023	2022
	\$'000	\$'000
5.2C: Net gains or losses on financial liabilities		
Financial liabilities measured at amortised cost		
Exchange gains/(losses)	(2,123)	(3,306)
Net gains/(losses) on financial liabilities measured at amortised cost	(2,123)	(3,306)
Net losses from financial liabilities	(2,123)	(3,306)

5.3 Fair Value Measurement

5.3A: Fair value measurement

	Notes	Fair value measurements at the end of the reporting period	
		2023 \$'000	2022 \$'000
Non-financial assets			
Buildings and Infrastructure	2.2A	154,096	55,527
Heritage Assets	2.2A	244	244
Plant and Equipment	2.2A	541,773	320,143
Total non-financial assets fair value measurement		696,113	375,914

Accounting Policy

ASD's assets are held for national security and operational purposes, not for the purposes of deriving a profit.

The different levels of fair value are detailed below:

- Level 1: Quoted prices (unadjusted) in an active market for identical assets or liabilities that ASD can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for an asset or liability.

In estimating the fair value of an asset or a liability, ASD uses market-observable data to the extent it is available. For level 2 and 3 inputs, ASD engages third party qualified valuers to establish the appropriate valuation techniques and inputs to the models, to ensure the valuations are in line with AASB 13.

ASD reviews all reports received from third party valuers to ensure the unobservable inputs used align with ASD's own assumptions and understanding of the market. This review includes investigation of significant fluctuations in the fair value of the assets and liabilities and that the report includes sufficient information to ensure compliance with AASB 13.

ASD deems transfers between levels of fair value hierarchy to have occurred when there has been a change to the inputs to the fair value measurement (for instance from observable to unobservable and vice versa) and the changed inputs are significant in determining fair value.

6. Other Information

6.1 Restatement of Prior Period Balances

6.1A: Restatement of Prior Period Balances

In the 2022-23 financial period, ASD made a voluntary change to its accounting policy relating to asset capitalisation thresholds. The purpose of the change was to align capitalisation thresholds with ASD's asset base, to provide more reliable and relevant information about the effects of transactions on ASD's financial position.

The change in thresholds resulted in the following adjustments:

- \$0.96 million increase in depreciation and amortisation expense that has been restated in 2021-22 comparatives. The impact is to increase the 2021-22 reported deficit by \$1.0 million (restated 2021-22 deficit of \$192 million);
- Decrease the 2021-22 reported net asset value by \$5.4 million (restated 2021-22 net assets of \$416.97 million); and
- Increase the 2021-22 reported opening accumulated deficit by \$4.5 million

The prior year comparatives within the 2022-23 financial statements have been restated to align with the accounting policy change. The impact of the restatement is below:

	2022	2022	Increase/ (Decrease)
	\$000	\$000	
	Original Balance	Restated Balance	
STATEMENT OF FINANCIAL POSITION			
Non-financial assets			
Buildings and infrastructure	574,054	574,054	-
Plant and equipment	320,141	314,812	(5,329)
Intangibles	72,774	72,667	(107)
Total net assets	422,410	416,974	(5,436)
STATEMENT OF COMPREHENSIVE INCOME			
Expenses			
Depreciation and amortisation	179,119	180,076	957
Deficit attributable to the Australian Government	(191,104)	(192,061)	957
Equity			
Accumulated deficit	(539,635)	(545,071)	(5,436)
Total equity	422,410	416,974	(5,436)

Refer to Note 2.2A for adjustments within the reconciliation of opening and closing balances of property, plant and equipment and intangibles.

6.2 Current/non-current distinction for assets and liabilities

	2023	2022
	\$'000	\$'000
6.2A: Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	15,313	28,349
Trade and other receivables	127,310	178,707
Prepayment	74,590	45,807
Total no more than 12 months	217,213	252,863
More than 12 months		
Buildings and infrastructure	652,761	574,054
Plant and equipment	541,773	320,141
Intangibles	59,822	72,774
Heritage assets	244	244
Prepayments	54,618	24,208
Total more than 12 months	1,309,218	991,421
Total assets	1,526,431	1,244,284
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	245,628	161,591
Employee payables	10,726	7,419
Other payables	3,671	1,980
Leases	60,441	44,127
Employee provisions	38,308	32,206
Total no more than 12 months	358,774	247,323
More than 12 months		
Leases	480,254	501,781
Employee provisions	89,341	72,770
Total more than 12 months	569,595	574,551
Total liabilities	928,369	821,874



INDEPENDENT AUDITOR'S REPORT

To the Minister for Defence

Opinion

In my opinion, the financial statements of the Australian Signals Directorate (the Entity) for the year ended 30 June 2023:

(a) comply with:

- Australian Accounting Standards – Simplified Disclosures and
- the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*;

as amended by section 105 D of the *Public Governance, Performance and Accountability Act 2013*.

(b) present fairly the financial position of the Entity as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the requirements of section 105 D of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2023 and for the year then ended:

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

Basis for opinion

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

Accountable Authority's responsibility for the financial statements

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

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director-General is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Director-General is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Lorena Skipper

Executive Director

Delegate of the Auditor-General

Canberra

13 September 2023

APPENDIX C | WORKFORCE STATISTICS

Employees by location and gender

Current reporting period

TABLE 10: All ongoing employees by location and gender (2022–23)

Location	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
ACT	1,496	85	1,581	927	144	1071	1	0	1	2,653
Other locations*	112	12	124	69	14	83	0	0	0	207
<i>Total</i>	1,608	97	1,705	996	158	1154	1	0	1	2860

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

TABLE 11: All non-ongoing employees by location and gender (2022–23)

Location	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
ACT	41	1	42	40	15	55	0	0	0	97
Other locations*	23	1	24	4		4	0	0	0	28
<i>Total</i>	64	2	66	44	15	59	0	0	0	125

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

Previous reporting period

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

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

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

TABLE 13: All non-ongoing employees by location and gender (2021-22)

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

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

Employees by classification and gender

Current reporting period

TABLE 14: All ongoing employees by classification and gender (2022–23)

Classification	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
ASD SES 3	3	0	3	1	0	1	0	0	0	4
ASD SES 2	6	0	6	3	0	3	0	0	0	9
ASD SES 1	27	0	27	20	0	20	0	0	0	47
ASD EL 2	226	4	230	119	17	136	0	0	0	366
ASD EL 1	477	21	498	264	60	324	0	0	0	822
ASD 6	397	22	419	258	42	300	0	0	0	719
ASD 5	242	8	250	162	13	175	0	0	0	425
ASD 4	145	9	154	119	8	127	1	0	1	282
ASD 3	7	0	7	2	1	3	0	0	0	10
ASD 2	0	0	0	0	0	0	0	0	0	0
ASD 1	2	0	2	7	0	7	0	0	0	9
Trainee/ Graduate	76	33	109	41	17	58	0	0	0	167
<i>Total</i>	1,608	97	1,705	996	158	1154	1	0	1	2860

TABLE 15: All non-ongoing employees by classification and gender (2022–23)

Classification	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
ASD SES 3	0	0	0	0	0	0	0	0	0	0
ASD SES 2	0	0	0	0	0	0	0	0	0	0
ASD SES 1	0	0	0	0	0	0	0	0	0	0
ASD EL 2	3	1	4	1	1	2	0	0	0	6
ASD EL 1	9	0	9	7	4	11	0	0	0	20
ASD 6	9	0	9	12	5	17	0	0	0	26
ASD 5	5	0	5	9	3	12	0	0	0	17
ASD 4	0	0	0	7	2	9	0	0	0	9
ASD 3	0	0	0	0	0	0	0	0	0	0
ASD 2	38	1	39	8	0	8	0	0	0	47
ASD 1	0	0	0	0	0	0	0	0	0	0
Trainee/ Graduate	0	0	0	0	0	0	0	0	0	0
<i>Total</i>	64	2	66	44	15	59	0	0	0	125

Previous reporting period

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

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

TABLE 17: All non-ongoing employees by classification and gender (2021–22)

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

Employees by classification and employment type

Current reporting period

TABLE 18: Employees by classification and employment type (2022–23)

Classification	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	
ASD SES 3	4	0	4	0	0	0	4
ASD SES 2	9	0	9	0	0	0	9
ASD SES 1	47	0	47	0	0	0	47
ASD EL 2	345	21	366	4	2	6	372
ASD EL 1	741	81	822	16	4	20	842
ASD 6	655	64	719	21	5	26	745
ASD 5	404	21	425	14	3	17	442
ASD 4	265	17	282	7	2	9	291
ASD 3	9	1	10	0	0	0	10
ASD 2	0	0	0	46	1	47	47
ASD 1	9	0	9	0	0	0	9
Trainee/ Graduate	117	50	167	0	0	0	167
<i>Total</i>	2,605	255	2,860	108	17	125	2,985

Previous reporting period

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

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

Employees by location and employment type

Current reporting period

TABLE 20: Employees by location and employment type (2022-23)

Location	Ongoing	Non-ongoing	Total
ACT	2,653	97	2,750
Other locations*	207	28	235
<i>Total</i>	2,860	125	2,985

Previous reporting period

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

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

Diversity of ASD employees

TABLE 22: Indigenous employees by employment type (2022–23 and 2021–22)

Employment type	2022–23	2021–22
Ongoing	15	15
Non-ongoing	2	2
<i>Total</i>	17	17

TABLE 23: Employees with a disability (2022–23 and 2021–22)

Employment type	2022–23	2021–22
Number of staff with a disability	34	27
Percentage of the workforce	1.14%	1.00%
Total number of ASD staff	2,985	2,682

Employment arrangements of SES and non-SES employees

TABLE 24: Employment by arrangement (2022-23)

Arrangement	SES	Non SES	Total
ASD Terms and Conditions of Employment (Non-SES) Determination 2020	0	2,925	2,925
ASD Condition of Employment (SES) Determination 2018	60	0	60
Other	0	0	0
<i>Total</i>	60	2,925	2,985

Salary ranges by classification level

TABLE 25: Salary ranges by classification level (2022–23)¹⁰

Classification	Minimum salary (\$)	Maximum salary (\$)
ASD SES 3	246,957	431,575
ASD SES 2	198,602	326,998
ASD SES 1	168,579	261,878
ASD EL 2.2	181,240	203,893
ASD EL 2.1	150,785	181,239
ASD EL 2	126,878	152,293
ASD EL 1	109,277	123,264
ASD 6	86,463	98,768
ASD 5	78,924	84,537
ASD 4	71,919	78,516
ASD 3	63,492	69,958
ASD 2	55,739	62,662
ASD 1	49,252	55,287
Trainee/Graduate (technical)	53,179	59,798
Minimum/maximum range	49,252	431,575

¹⁰ Note: Figures are correct as at 30 June 2023. The salary figures do not include any allowances that are paid to ASD staff. ASD employees are paid a four per cent service allowance on their salary.

Performance pay by classification level

TABLE 26: Performance pay by classification level (2022–23)

Classification	Number of employees receiving performance pay	Aggregated (sum total) of all payments made (\$)	Average of all payments made (\$)	Minimum payment made to employees (\$)	Maximum payment made to employees (\$)
ASD SES 3	0	0	0	0	0
ASD SES 2	0	0	0	0	0
ASD SES 1	0	0	0	0	0
ASD EL 2	177	963,897.00	5,445.75	145.15	25,919.94
ASD EL 1	451	1,862,238.00	4,129.13	17.44	33,562.10
ASD 6	336	976,683.00	2,906.79	16.69	26,892.25
ASD 5	167	189,294.00	1,133.50	267.84	13,810.50
ASD 4	94	72,663.00	773.01	161.12	904.34
ASD 3	6	4,350.00	725	725	725
ASD 2	0	0	0	0	0
ASD 1	0	0	0	0	0
Trainee/ Graduate	0	0	0	0	0
<i>Total</i>	1,231	4,069,125.00	3,306.00	145.15	33562.10

1. Employees engaged under the ASD Terms and Conditions of Employment (Non-SES) Determination 2020 who are at or above the top of their salary range and are eligible for performance progression are entitled to a lump sum performance progression payment of 1 per cent or \$725, whichever is greater.
2. Minimum and maximum payments in this table map reflect amounts below these thresholds due to either part-time service or a partial lump-sum payment where the employee reaches the top of the range in the performance year
3. Employees on Individual Flexibility Arrangements (IFA) may also receive additional performance-related bonuses, subject to meeting eligibility requirements.
4. The performance cycle runs from 1 September to 31 August each year.

APPENDIX D | EXECUTIVE REMUNERATION

TABLE 27: Remuneration for key management personnel

Name ¹	Position title	Short-term benefits (\$)		Post-employment benefits (\$)		Other long-term benefits (\$)		Termination benefits (\$)	Total remuneration ⁴ (\$)
		Base salary ²	Bonuses	Other benefits & allowances	Super contributions	Long service leave ³	Other long-term benefits		
Rachel Noble	Director-General ASD Deputy	668,090	0	0	89,870	17,071	0	0	775,031
Ben Straughton	Director-General Capability and Transformation	458,785	0	0	82,725	11,996	0	0	553,506
Abigail Bradshaw	Head of the Australian Cyber Security Centre	445,354	0	0	64,901	12,759	0	0	523,013
Cameron Ashe	Deputy Director-General Signals Intelligence and Effects	439,893	0	0	77,994	11,996	0	0	529,883
Dale Furse	Chief Operating Officer	403,951	0	0	68,400	10,989	0	0	483,320

1. Remuneration has been captured for only time spent by the named individual as a KMP.
2. Base salary includes annual leave taken plus the net movement in the annual leave balance. Certain personnel have access to executive vehicle allowances, this is included as an allowance.
3. Long service leave is equal to LSL taken plus the net movement in the LSL balance.
4. Total remuneration will differ from the remuneration tribunal due to a number of definitional differences.

TABLE 28: Remuneration for senior executives

Remuneration band	Number of senior executives	Short-term benefits (\$)			Post-employment benefits (\$)	Other long-term benefits (\$)	Termination benefits (\$)	Total remuneration ⁴ (\$)
		Average base salary	Average bonuses	Average other benefits & allowances				
\$0 – \$220,000	23	71,133	132	19,290	13,134	2,089	0	105,778
\$220,001 – \$245,000	1	175,524	0	31,737	26,244	4,745	0	238,250
\$245,001 – \$270,000	17	192,117	181	32,355	30,198	5,507	0	260,358
\$270,001 – \$295,000	8	221,997	0	19,120	36,279	5,891	0	283,287
\$295,001 – \$320,000	3	256,305	0	6,986	39,946	6,987	0	310,224
\$320,001 – \$345,000	2	272,395	0	9,943	39,663	7,538	0	329,539
\$345,001 – \$370,000	2	303,630	0	7,726	45,282	8,381	0	365,018
\$370,001 – \$395,000	2	329,005	0	0	47,326	9,296	0	385,626
\$395,001 – \$420,000	1	344,897	0	0	54,684	5,537	0	405,118
\$420,001 – \$445,000	0	0	0	0	0	0	0	0
\$445,001 – \$470,000	0	0	0	0	0	0	0	0
\$470,001 – \$495,000	0	0	0	0	0	0	0	0
\$495,001+	1	194,973	0	279,287	31,079	5,535	0	510,874

1. The number of senior executives listed above is the number of individuals SES not the number of SES positions. Staff who were permanently appointed to, or acted in, a SES level position for a period longer than 6 months are included.
2. There are 6 SES who received bonuses prior to being appointed to the SES positions. These bonuses are in line with the ASD Terms and Conditions of Employment (non-SES) Determination 2020.
3. Other benefits and allowances includes the value of items such as housing (including overseas), motor vehicle allowance, cost of living allowances (to support members and their families in remote or overseas locations), and any associated Fringe Benefits Tax payable by ASD. This column includes non-cash benefits.

TABLE 29: Remuneration for other highly paid staff

Remuneration band	Number of other highly paid staff	Short-term benefits (\$)			Post-employment benefits (\$)	Other long-term benefits (\$)		Termination benefits (\$)	Total remuneration ⁴ (\$)
		Average base salary	Average bonuses	Average other benefits & allowances ¹		Average long service leave	Average other long-term benefits		
\$235,001 – \$245,000	27	152,771	13,189	38,365	30,171	4,631	0	0	239,127
\$245,001 – \$270,000	41	144,243	20,728	54,901	30,429	4,568	0	0	254,870
\$270,001 – \$295,000	24	153,883	22,691	68,333	31,636	4,652	0	0	281,194
\$295,001 – \$320,000	5	131,292	1,962	146,932	23,294	3,760	0	0	307,240
\$320,001 – \$345,000	4	126,942	7,152	169,946	23,312	3,839	0	0	331,192
\$345,001 – \$370,000	4	153,144	422	171,477	24,049	3,826	0	0	352,918
\$370,001 – \$395,000	4	142,919	2,641	207,549	24,334	4,002	0	0	381,446
\$395,001 – \$420,000	1	123,680	6,712	237,418	30,694	4,421	0	0	402,925
\$420,001 – \$445,000	0	0	0	0	0	0	0	0	0
\$445,001 – \$470,000	0	0	0	0	0	0	0	0	0
\$470,001 – \$495,000	1	136,777	1,220	308,759	20,934	3,398	0	0	471,089
\$495,001+	1	255,765	1,508	251,449	33,600	4,596	0	0	546,918

1. Other benefits and allowances includes the value of items such as housing (including overseas), motor vehicle allowance, retention bonuses, performance bonuses, cost of living allowances (to support members and their families in remote or overseas locations), and any associated Fringe Benefits Tax payable by ASD. This column includes non-cash benefits.

APPENDIX E | LIST OF REQUIREMENTS

PGPA Rule Reference	Part of report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	Page 7-8	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	Page 4-5	Table of contents (print only).	Mandatory
17AJ(b)	Page 134-137	Alphabetical index (print only).	Mandatory
17AJ(c)	Page 6	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	Page 53-58	List of requirements.	Mandatory
17AJ(e)	Page 2	Details of contact officer.	Mandatory
17AJ(f)	Page 2	Entity's website address.	Mandatory
17AJ(g)	Page 2	Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	Page 7-8	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(l)(a)(i)	Page 9	A description of the role and functions of the entity.	Mandatory
17AE(l)(a)(ii)	Page 10	A description of the organisational structure of the entity.	Mandatory
17AE(l)(a)(iii)	Page 9	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(l)(a)(iv)	Page 9	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(l)(aa)(i)	Page 10	Name of the accountable authority or each member of the accountable authority	Mandatory
17AE(l)(aa)(ii)	Page 10	Position title of the accountable authority or each member of the accountable authority	Mandatory
17AE(l)(aa)(iii)	Page 10	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory
17AE(l)(b)	Not applicable	An outline of the structure of the portfolio of the entity.	Portfolio departments mandatory
17AE(2)	Page 12	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory
17AD(c)	Report on the performance of the entity		
	Annual performance statements		
17AD(c)(i); 16F	Page 12	Annual performance statement in accordance with paragraph 39(l)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on financial performance		
17AF(l)(a)	Page 28	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(l)(b)	Appendix B	A table summarising the total resources and total payments of the entity.	Mandatory

PGPA Rule Reference	Part of report	Description	Requirement
17AF(2)	Not applicable	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory.
17AD(d)	Management and accountability		
	Corporate governance		
17AG(2)(a)	Page 32	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	Page 3	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	Page 3	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	Page 3	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	Page 29	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	Not applicable	A statement of significant issues reported to the Minister under paragraph 19(l)(e) of the Act that relates to non compliance with Finance law and action taken to remedy non compliance.	If applicable, Mandatory
	Audit Committee		
17AG(2A)(a)	Page 31	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	Page 31	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	Page 31	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	Page 31	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	Page 31	The remuneration of each member of the entity's audit committee.	Mandatory
	External scrutiny		
17AG(3)	Page 36	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	Page 36	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory
17AG(3)(b)	Not applicable	Information on any reports on operations of the entity by the Auditor General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory
17AG(3)(c)	Not applicable	Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory
	Management of human resources		
17AG(4)(a)	Page 35	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory

PGPA Rule Reference	Part of report	Description	Requirement
17AG(4)(aa)	Appendix C	<p>Statistics on the entity's employees on an ongoing and non ongoing basis, including the following:</p> <ul style="list-style-type: none"> (a) statistics on full time employees; (b) statistics on part time employees; (c) statistics on gender (d) statistics on staff location 	Mandatory
17AG(4)(b)	Not applicable	<p>Statistics on the entity's APS employees on an ongoing and non ongoing basis; including the following:</p> <ul style="list-style-type: none"> ▪ Statistics on staffing classification level; ▪ Statistics on full time employees; ▪ Statistics on part time employees; ▪ Statistics on gender; ▪ Statistics on staff location; ▪ Statistics on employees who identify as Indigenous. 	Mandatory
17AG(4)(c)	Not applicable	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(l) of the Public Service Act 1999.	Mandatory
17AG(4)(c)(i)	Not applicable	Information on the number of SES and non SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	Not applicable	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	Page 44	A description of non salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	Appendix C	Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory
17AG(4)(d)(ii)	Appendix C	Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory
17AG(4)(d)(iii)	Appendix C	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory
17AG(4)(d)(iv)	Appendix C	Information on aggregate amount of performance payments.	If applicable, mandatory
Assets management			
17AG(5)	Page 41	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory
Purchasing			
17AG(6)	Page 41	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory
Reportable consultancy contracts			
17AG(7)(a)	Page 42	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory

PGPA Rule Reference	Part of report	Description	Requirement
17AG(7)(b)	Page 41	A statement that "During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]."	Mandatory
17AG(7)(c)	Page 41	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	Page 41	A statement that "Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website."	Mandatory
Reportable non-consultancy contracts			
17AG(7A)(a)	Page 42	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	Page 42	A statement that "Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website."	Mandatory
17AD(daa)	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		
17AGA	Page 42-43	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory
Australian National Audit Office Access Clauses			
17AG(8)	Page 44	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory
Exempt contracts			
17AG(9)	Page 43	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory
Small business			
17AG(10)(a)	Page 43	A statement that "[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."	Mandatory

PGPA Rule Reference	Part of report	Description	Requirement
17AG(10)(b)	Page 43	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	Not applicable	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, mandatory
Financial statements			
17AD(e)	Appendix B	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive remuneration			
17AD(da)	Appendix D	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2 3 of the Rule.	Mandatory
17AD(f) Other mandatory information			
17AH(1)(a)(i)	Page 43	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, Mandatory
17AH(1)(a)(ii)	Not applicable	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	Not applicable	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, Mandatory
17AH(1)(c)	Page 38	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	Not applicable	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	Not applicable	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	Page 37, 38, 43	Information required by other legislation	Mandatory

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