

OVERVIEWS

Section 1

Secretary's review

Key achievements

Departmental overview





*The Prime Minister,
Mr John Howard, and the
United States President,
Mr George W Bush, at the
APEC conference Hanoi,
Vietnam, November 2006.
Photo: David Foote, Auspic*

*The Prime Minister,
Mr John Howard, with regional
leaders at the East Asia Summit,
Cebu, Philippines in
January 2007.
Photo: David Foote, Auspic*



SECRETARY'S REVIEW



*The Secretary, Mr Michael L'Estrange AO.
Photo: Michael Jensen*

The international year in review

In 2006–07 the department advanced Australia's interests against the background of a fluid and challenging international environment. We contributed significantly to whole of government efforts to strengthen bilateral relations with key partners, promote regional and global cooperation, enhance Australia's security, strengthen Australia's economic prosperity, respond expeditiously to crises involving Australians, and project Australia and its values internationally.

Our agenda is broad and complex. The department advanced key bilateral relationships underpinning Australia's security and economic prosperity. Our strategic alliance with the United States was strengthened through a number of high-level bilateral visits. Our partnership with Japan was taken to a new level by establishing a new forum for strategic cooperation and dialogue and the commencement of free trade agreement (FTA) negotiations. The department further strengthened relations with emerging Asia-Pacific powers China and India, and with our South-East Asian partners, most notably Indonesia.

We advanced the Government's international counter-terrorism objectives by implementing well-targeted and effective activities focusing on regional initiatives to address the ideological dimensions of terrorism and preventing access by terrorists to chemical, biological, radiological and nuclear weapons. To this end, we hosted the Asia-Pacific Seminar on Combating Nuclear Terrorism. We also accorded priority to Australia's counter-proliferation efforts, including by managing Australia's policy response to the proliferation challenges of Iran and North Korea.

We promoted security and good governance in our region by coordinating the Government's response to the situation in East Timor. We led international initiatives promoting good governance and sustainable development in the South Pacific, with particular focus on Solomon Islands, Papua New Guinea, Fiji and Tonga. Our contributions in this context were concentrated on Solomon Islands, through the Regional Assistance Mission to Solomon Islands, and Fiji in response to the military coup, and Tonga in the aftermath of civil unrest in 2006.

Concluding the Doha Round is Australia's highest trade policy priority. We helped secure the formal resumption of work after the Doha Round negotiations were suspended in 2006 and ensured Australia remained at the forefront of efforts to advance the World Trade Organization Doha Round negotiations. In addition to the launch of FTA negotiations with Japan, we also announced FTA negotiations with Chile and the Gulf Cooperation Council and progressed negotiations with China, Malaysia, and ASEAN with New Zealand. We further developed existing FTAs with New Zealand, Singapore, Thailand and the United States. As host of the Asia-Pacific Economic Cooperation (APEC) forum 2007, we led activities aimed at reinforcing APEC's standing as the pre-eminent forum in the Asia-Pacific region and developed a program of measures to further deepen economic integration in the Asia-Pacific.

We pursued a more comprehensive international climate response including practical efforts to lower emissions through the Asia-Pacific Partnership on Clean Development and Climate and the development of the new Global Initiative on Forests and Climate.

With more Australians travelling overseas, demand for consular services continued to grow. Several major crises contributed to that growth. In July and August 2006 the department led the Government's operation to evacuate and repatriate Australians from Lebanon—one of the largest ever Australian consular operations. Despite continued high demand for Australian passports, the department was able to maintain a strong focus on client service and a highly efficient passport delivery service.

Enhancing key relationships

The department worked with other agencies in a highly focused and practical way to strengthen Australia's key bilateral relationships. We deepened Australia's fundamentally important and expanding alliance with the United States across the breadth of our political, economic and security interests. We provided high-quality support for ministers' strategic engagement with the United States, including their involvement in the Australia–United States Ministerial (AUSMIN) Consultations which were held in Washington in December 2006. This meeting and other high-level visits provided opportunities to exchange views on a range of regional and global security issues and on bilateral security cooperation.

We developed further our strong relationship with Japan, Australia's most important trade and strategic partner in the region. We negotiated the text and oversaw the signature of a historic Joint Declaration on Security Cooperation in March 2007 which will broaden the security relationship. We also played a leading role in organising the first joint meeting of Australian and Japanese Defence and Foreign Ministers (JAUSMIN) and a new high-level dialogue between the heads of the Japanese Ministry of Foreign Affairs and the department. We also secured Japan's agreement to commence formal negotiations on a comprehensive bilateral FTA, with the first round of negotiations held in April 2007.

China's importance to Australia has grown with its increasing economic, political and strategic weight in the Asia-Pacific region and the global economy. The department strengthened bilateral relations by supporting a number of high-level visits in both directions. Mr Downer visited Beijing and Shanghai in April 2007 to discuss a range of political and regional strategic issues including China's role in resolving the North Korean nuclear issue, advancing the agenda of APEC, and Australian cooperation with China to address significant environmental challenges. In relation to the Republic of Korea (ROK), the department played a leading role in the visit to Australia in December 2006 by President Roh Moo-hyun, the first by a ROK head of state since 1999. The visit lifted the profile and expanded the substance of the bilateral relationship, including by securing agreement to conduct a non-government study on the feasibility of a bilateral FTA.

We advanced Australia's strategic and economic interests in South-East Asia, through innovative and forward looking policy initiatives and support for high-level meetings. Strengthening Australia's wide-ranging and mutually beneficial partnership with Indonesia is an abiding priority. The conclusion and ratification of the Australia–Indonesia

Agreement on the Framework for Security Cooperation was a pivotal development in our bilateral relationship.

The Australia–United Kingdom bilateral relationship is exceptionally close and marked by shared values, aligned security interests, dynamic trade and investment cooperation and extensive people-to-people links. The relationship is underpinned by a productive and robust bilateral dialogue at head-of-government, ministerial and senior officials’ level. The department supported the inaugural Australia–United Kingdom Ministerial Dialogue held in London in December 2006 which provided an opportunity to share perspectives on a range of strategic issues and to discuss means of strengthening our collaboration in responding to global security challenges.

The European Union is growing in political and economic weight—it is currently Australia’s largest overall trade and investment partner—and we have sought to expand our engagement with the EU on security and strategic issues. Mr Downer’s hosting of the Australia–European Commission Ministerial Consultations in Canberra in June 2007 with European External Relations Commissioner Benita Ferrero-Waldner resulted in agreement to launch a new framework for the bilateral relationship. The department also supported high-level visits to France, Germany and other key European countries to advance our shared economic, political, consular, military and aid interests. Mr Downer’s address to the North Atlantic Council in Brussels in September 2006 and to the Munich Security Conference in February 2007 reaffirmed the strength of Australia–NATO relations, our common stake in Afghanistan and our shared role in promoting a more stable global security environment.

Our traditionally close relationship with Canada underpinned by shared values and a commitment to democratic values, as demonstrated by our close cooperation in Afghanistan, was further strengthened by visits to Canada in 2006 by Mr Downer and other senior Australian ministers, and the hosting of the first round of policy planning talks in February 2007.

We worked to make the most of the substantial potential that Australia’s relationship with India represents, both in terms of expanding commercial links and growing common strategic interests. India is one of Australia’s fastest-growing merchandise export markets. We supported a major visit to India by Mr Truss, accompanied by a large business delegation, and his participation in a Joint Ministerial Commission with his counterpart which progressed our bilateral trade agenda.

Enhancing security and counter-terrorism cooperation

The department continued to develop and implement measures aimed at enhancing national and international security by working to strengthen our bilateral relationships and by regional and global cooperation to reduce the threat to Australians posed by terrorism, weapons proliferation and transnational crime.

We continued to coordinate the Australian Government's engagement with Iraq in support of stability, rehabilitation and democratic institutions. Safety of Australian troops and diplomatic staff remained a key priority. The Australian diplomatic mission in Kabul provided support for the expanded ADF deployment in Afghanistan which has worked to advance Australia's wider interests in promoting stability in Afghanistan and preventing it from again becoming a terrorist haven.

Under the auspices of the Trilateral Strategic Dialogue with the United States and Japan, the department continued to advance practical trilateral cooperation in such areas as counter-terrorism, counter-proliferation, defence, maritime security, humanitarian assistance and disaster relief. We promoted Australia's security interests through a program of bilateral security dialogues with key partners in the Asia-Pacific region and beyond. In 2006–07, we held such discussions with Japan, China, ROK, Singapore, NATO, the European Union, United Kingdom and Russia.

Combating international terrorism requires a broad range of measures to complement those targeted towards traditional security threats. The department retained leadership of whole of government efforts to combat international terrorism, coordinated through the Ambassador for Counter-Terrorism. We promoted close cooperation on counter-terrorism within the Asia-Pacific region, including through measures to enhance transport and border security, strengthen intelligence and law enforcement cooperation and build regional capacity. To this end we co-hosted with Indonesia in March 2007 a sub-regional ministerial counter-terrorism conference which achieved substantive outcomes. Our hosting and leadership of the third trilateral counter-terrorism talks with the United States and Japan in June 2007 achieved agreement on enhanced capacity-building cooperation in South-East Asia. As an initial partner in the Global Initiative to Combat Nuclear Terrorism we hosted in May 2007 the Asia-Pacific Seminar on Combating Nuclear Terrorism. We played a leading role in supporting regional programs promoting interfaith dialogue and encouraging recognition of the shared values which serve to rebut the extremist ideology underlying terrorism.

Preventing the proliferation of weapons of mass destruction and their means of delivery remained a priority. Throughout 2006–07 we worked to uphold global non-proliferation regimes and intensified regional cooperation on export controls, nuclear safety, security and safeguards standards. We sent robust messages to the major proliferation challenges posed by the nuclear programs of Iran and the Democratic People's Republic of Korea. As Chair of the Australia Group, we helped ensure it remained a key forum for minimising the risk of relevant dual-use materials being diverted to chemical or biological weapons programs. We worked actively to secure further signatures and ratifications by the remaining states required for entry into force of the Comprehensive Test-Ban Treaty. We also worked closely with like-minded countries to strengthen the non-proliferation goals of the Proliferation Security Initiative which aims to impede illicit WMD-related trade to and from states of proliferation concern and terrorist groups.

Strengthening governance in our region

We worked closely with bilateral and regional partners and multilateral institutions to promote stability, democracy and good governance in our region. The department took a leading role in coordinating the Government's response to the security situation in East Timor and provided policy support to the Australia-led International Security Force. We also organised observer missions by parliamentarians and officials to East Timor's elections.

In the South Pacific, the department maintained its effective coordination of the Regional Assistance Mission to Solomon Islands and the Enhanced Cooperation Program with Papua New Guinea. We maintained close cooperation with New Zealand, other South Pacific countries and regional institutions to address the development and governance challenges facing the region.

Contributing to economic growth

The department contributed to Australia's economic growth and prosperity by pursuing vigorously the reduction of trade barriers and seeking the expansion of Australia's markets through multilateral, regional and bilateral trade negotiations.

Our top trade priority in 2006–07 remained the successful conclusion of the WTO Doha Round of Negotiations in a manner that delivers liberalisation and commercially valuable outcomes on agriculture, industrial products and services. Following the suspension of the Doha Round in July 2006, the department was at the forefront of attempts to revive the negotiations. Once negotiations were revived in February 2007, we intensified our engagement with a broad range of WTO members, including through our leadership of the Cairns Group of agricultural countries. The department led Australia's participation in a number of WTO disputes to pursue and defend Australia's trade and economic interests.

In parallel with a strong commitment to the Doha Round the department continued to negotiate a carefully selected range of free trade agreements (FTAs). Achieving a high-quality FTA with China remains a priority. The department commenced FTA negotiations with Japan, the world's second largest economy and Australia's largest export market. The department also pursued FTAs with Malaysia, the Gulf Cooperation Council (replacing earlier negotiations with the United Arab Emirates), Chile and with ASEAN (together with New Zealand). Launching FTA negotiations with the Republic of Korea is also a priority and to this end the department provided support to a private sector study on the implications of such an FTA. The department explored options for enhancing economic cooperation with Mexico. We led advocacy and capacity-building efforts to strengthen constituencies in Australia and in negotiating countries in favour of comprehensive, liberalising and WTO-consistent FTAs.

The department continued to accord priority to the effective implementation of Australia's existing free trade agreements with the United States, Thailand, Singapore and New Zealand. With Austrade, the department encouraged and assisted Australian exporters to take advantage of trade and investment opportunities created by these agreements.

In Australia's year as host of the Asia-Pacific Economic Cooperation (APEC) forum 2007, the department led whole of government efforts to develop and implement a set of ambitious policy objectives and organisational reform aimed at enhancing APEC's role as the key regional forum. The department worked with member economies to support the Doha Round and identified new ways to achieve trade and investment liberalisation goals, facilitate trade and improve the business environment.

Advancing our global interests

The department contributed to strong outcomes on climate change. We sustained the impetus of the ground-breaking and practical work of the Asia-Pacific Partnership on Clean Development and Climate which brings together key developed and developing country emitters and industry to promote technological initiatives to address climate change that are environmentally and cost effective. We played a key role in the establishment of the Australia–China Joint Coordination Group on Clean Coal Technology announced by Prime Minister and Chinese Premier Wen Jiabao in January 2007 to intensify bilateral cooperation on the development of clean coal technologies. In conjunction with the Department of the Environment and Water Resources and AusAID, the department helped establish Australia's Global Initiative on Forests and Climate which aims to combat deforestation and its contribution to climate change.

The department coordinated a major diplomatic effort to promote the Government's pro-conservation stance on whales for the 59th meeting of the International Whaling Commission which reaffirmed the importance of the moratorium on commercial and 'scientific' whaling.

We continued to press for reform of the United Nations and supported efforts to strengthen the effectiveness of other international bodies such as the Commonwealth, particularly in promoting the Commonwealth values of democracy, good governance and the rule of law. The department promoted international observance of human rights principles through our bilateral human rights dialogues with China, Vietnam and Laos to encourage implementation of international standards. We also made representations on individual human rights cases and issues of concern throughout 2006–07, including in relation to the situation in Burma. The department led whole of government initiatives to combat people smuggling and trafficking through the People Smuggling Task Force and regional activities under the Bali process. We co-chaired a regional workshop for victims of human trafficking in Bali in November 2006. The department actively supported whole of government efforts to prevent illegal, unreported and unregulated fishing including by co-hosting a regional meeting of fisheries ministers in May 2007 which endorsed a regional plan of action to promote responsible fishing practices and combat illegal fishing.

Enhancing crisis response and consular and passport services

The delivery of high-quality consular and passport services to Australian travellers and Australians overseas is one of the Government's key expectations of the department. With Australians continuing to travel overseas in large numbers, often to unstable and

higher-risk destinations, the demand for high-quality consular services continued to grow over the past year. During 2006–07, the department provided highly responsive consular support to Australians overseas in over 33 000 cases in 169 countries, drawing on our network of overseas posts, our dedicated consular resources in Canberra including the 24-hour Consular Emergency Centre and cooperative consular arrangements with other countries. In April 2007 Mr Downer launched the new four-year \$13.1 million *smartraveller* information campaign aimed at promoting the department's consular and travel advice services and helping Australians make well-informed travel decisions.

The department also responded to a number of large scale crises involving conflict, civil unrest, natural disasters and significant transport incidents. In July and August 2006, the department led the Government's Lebanon evacuation and repatriation operation—one of the largest Australian consular operations ever. In total, 5164 Australians and their immediate dependants were evacuated by road and sea and 4651 were brought back to Australia. This was an extraordinarily challenging undertaking, conducted in a war zone 15 000 km from Australia, without access to significant Australian military assets. The department's capacity to respond rapidly and effectively to consular crises was further enhanced with the completion of a new \$2.9 million Crisis Centre in the department.

The creation of the Australian Passport Office enhanced the department's capacity to better service its clients and to manage the growing complexity of passport operations. Against the background of a significant increase in demand for passport services, in 2006–07 the department issued over 1.3 million passports with an average delivery time of four days. We instituted additional measures to improve Australia's world class passports arrangements to provide Australians with even more secure travel documentation to combat identity fraud and enhance border protection.

Promoting a positive image of Australia

Our public diplomacy activities aim to project an accurate contemporary and positive image of Australia and advance our foreign and trade policy interests by informing and influencing opinion overseas. Our visit programs brought a wide range of opinion and decision-makers from priority countries to Australia engendering a better understanding of our identity and values and establishing lasting relationships.

The department managed the Government's contract with the Australian Broadcasting Corporation to provide the Australia Network television service. Launched in August 2006, the Network plays an important part in Australia's broad public diplomacy by promoting a better understanding of contemporary Australia and providing an independent source of news in 41 countries across Asia and the South Pacific.

We completed a successful cultural program in India, one of Australia's most important regional partners, and a large number of smaller cultural diplomacy initiatives around the world. We also launched preparations for Australia's involvement in World Expo 2010 in Shanghai which will reflect the importance of the bilateral relationship with China and showcase Australia's dynamic culture, economic strengths and scientific capabilities.

Enhancing security of Australian overseas missions and information technology

In the face of a challenging security environment the department monitored and sought to improve security at Australia's overseas missions. We responded quickly to safeguard missions and staff in a number of potentially serious security situations. We implemented substantial new security measures at overseas posts.

The department provided ministers, departmental staff and Australian government agencies with reliable information technology and communications services, in particular through the whole of government secure international communications network. We commenced a major upgrade of our information and communications technology equipment and operating systems which will enhance the department's communication with Australia's overseas missions. We have also developed and will release progressively a new Consular Assistance and Information System (CAIS) which will significantly enhance our ability to provide consular services in the field.

Corporate governance—underpinning the department's objectives

The department maintained high staff retention rates and a flexible, productive workforce through its commitment to staff skilling, assessment and reward, regular promotion opportunities and a good work-life balance.

The shifting demands of the department's operating environment require innovative and flexible staffing arrangements underpinned by sound management and corporate governance structures. The skills of our staff and our adaptable structures enabled us to establish discrete taskforces to address priority and emerging issues such as consular crises. In 2006-07 we created a temporary Fiji task force (in response to the military coup) and the Japan Free Trade Agreement Task Force to advance bilateral FTA negotiations. In July 2006 the department reshaped its internal structure by creating new divisions to sharpen the focus on key policy, advocacy and service functions and to ensure greater alignment with the Government's foreign and trade policy priorities.

Australia's overseas network of 89 posts managed by the department is fundamental to the Government's strategies to promote Australia's national interests abroad. While the number of DFAT-managed posts has remained relatively stable for the past couple of years, we have opened new posts to address emerging bilateral issues, such as in Canakkale (near Gallipoli in Turkey) and Kabul (Afghanistan). The department led an extensive review of the 1985 Prime Minister's Directive on Guidelines for the Management of the Australian Government Presence Overseas which produced a revised directive in February 2007 to reflect the reality of administering a modern overseas mission in a whole of government framework.

Outlook

The department's objective is to mitigate the risks and make the most of opportunities for Australia in our regional and global environment. Our purpose is to ensure continually that our structures—such as procedures for advising ministers, consular and contingency planning, passport services, ICT platforms, staff development strategies, effective resource management and the scope of overseas representation—are carefully targeted to meet our goals.

Our operating environment will continue to pose risks and offer opportunities. The unpredictable nature of the external environment has the potential to affect Australian security and economic interests. We will continue to manage strategically our staff, our network of overseas posts and our communications systems to achieve our key goals and objectives in the national interest. Close coordination with other government agencies will be critical to delivering integrated whole of government outcomes.

Our task will also require informed judgment, flexibility and carefully focused activism to take advantage of opportunities that arise. As a matter of priority, we will seek to strengthen key bilateral relationships, enhance security cooperation and expand trade access.

In strengthening key relationships that advance our national interest, we will seek to deepen the strong and expanding alliance with the United States and our mature and broad ranging relationship with Japan, while enhancing our important and fast developing links with China and our new associations of common interest with India. We will also seek to maintain our close engagement and productive links with the countries of our region and with the region's institutions on a wide range of issues including shared security challenges, freeing-up trade arrangements and people-to-people links. Working with Pacific island governments and regional institutions to promote good governance, sustainable development and economic growth in the region will remain a critical challenge for the foreseeable future.

While important aspects of our bilateral and regional engagements have a distinctive dynamic of their own, there is also an increasing interaction between many of our regional and wider global priorities. A critical area of intersection relates to the threats posed by terrorism and the proliferation of weapons. The department will continue its efforts to meet these challenges at a global level, in such places as Iraq and Afghanistan, but also through a range of regional and bilateral initiatives to address the nuclear brinkmanship of Iran and North Korea, through multilateral export controls and safeguards, and through practical measures such as the Proliferation Security Initiative to disrupt illicit trade related to weapons of mass destruction.

In pursuing our demanding and ambitious trade agenda at the multilateral level through the World Trade Organization and at a regional level through bodies such as APEC and bilaterally through our free trade agreements, we will be motivated by a common and consistent liberalisation objective.

Drawing on momentum created by APEC 2007, we will continue to make a significant contribution to international efforts to secure a more effective approach to the issues of climate change, energy security and clean development including by carrying forward the Asia-Pacific Partnership on Clean Development and Climate and the Global Initiative on Forests and Climate Change.

The department expects that in 2007–08, Australians will travel abroad in increasing numbers, and that crises and significant incidents overseas will affect the welfare of Australians. Supporting Australians overseas—including through a world-class consular service, practical contingency planning and rapid crisis response—will continue to be a high priority for the department. We will work to strengthen the passports regime, including through the use of technology to deliver security enhancements for Australian passports while continuing to provide a highly efficient passport delivery process.

In the United Nations and through other partnerships, we will advocate and implement practical responses to human rights, people smuggling and other transnational challenges.

Over the next year the department will pursue its goals in ways that serve the national interest, that are innovative and adaptable, and that meet the challenges of a changing global environment.

Michael L'Estrange
Secretary

KEY ACHIEVEMENTS

1. Enhancing security and counter-terrorism cooperation

The department facilitated inaugural joint foreign and defence ministerial talks with the United Kingdom in December 2006 and joint foreign and defence ministerial consultations with Japan in June 2007. These new consultations complement existing joint consultations with the United States (AUSMIN). The department played a key role in enhancing Australia's relationship with NATO—particularly through Australia's deployment to Afghanistan as part of the NATO-led International Security Assistance Force (ISAF). The department also led efforts to strengthen strategic ties with key partners over the past year by advancing practical cooperation under the auspices of the Trilateral Strategic Dialogue (TSD) between the United States, Australia and Japan.

The department strengthened its role as the primary coordinator of the Government's international security and counter-terrorism strategies. The department led Australia's participation in the inaugural Trilateral Counter-Terrorism Consultation with Japan and the United States in October 2006. Australia and Indonesia signed the Agreement on the Framework for Security Cooperation which provides a strong legal framework for encouraging cooperative activities in areas including defence, law enforcement, counter-terrorism, maritime security and emergency management in December 2006. Australia and Japan signed a historic Joint Declaration on Security Cooperation in March 2007 which will broaden the security relationship. We also joined the Global Initiative on Combating Nuclear Terrorism in July 2006 and, in support of the Initiative, hosted the Asia-Pacific Seminar on Combating Nuclear Terrorism in Sydney in May 2007. The Australian Safeguards and Non-Proliferation Office played the lead role in negotiating a bilateral Australia–China Nuclear Transfer Agreement and a Nuclear Cooperation Agreement, which came into effect in February 2007, and allows for the supply of Australian uranium to China's nuclear power program and cooperation in peaceful uses of nuclear technology.

2. Contributing to economic growth

2006 was a successful year for Australian trade, with exports of goods and services rising by 16 per cent to approximately \$210 billion. The department continued to promote market access for Australian goods and services and the maintenance of the global rules-based trading system. Australia was one of the most active countries seeking to achieve substantive success in the WTO Doha Round, including through our leadership of the Cairns Group. We commenced free trade agreement negotiations that will open markets for Australian business and investment and reduce trade barriers with Japan and continued negotiations with China, Malaysia, and ASEAN countries with New Zealand.

3. Enhancing crisis preparedness and response

The department coordinated Australia's largest ever consular evacuation in 2006, assisting the departure of over 5160 citizens, permanent residents and their immediate dependants from Lebanon. During this period, the department operated a 24-hour crisis response for 36 continuous days. In March 2007, the department opened a new Crisis Centre which has enhanced our capability to facilitate whole of government responses to international consular crises. The Centre was first used during the swift and effective response to the Yogyakarta air accident. Australia's consular preparedness was also enhanced by the launch of a new *smartraveller* public awareness campaign in April 2007.

4. Implementing practical responses to climate change

The department continued to lead practical efforts to address climate change both globally through the United Nations Framework Convention on Climate Change (UNFCCC) and regionally, primarily through the Asia-Pacific Partnership on Clean Development and Climate (AP6). The six partners—Australia, China, India, Japan, Korea and the United States—represent over half the world's economy and population. In November 2006, the Prime Minister launched Action Plans developed by the AP6's eight Task Forces, which by June 2007 had announced 90 projects, including 63 which have received in-principle Australian Government funding of nearly AUD100 million. In May 2007, the Minister for Foreign Affairs launched the Government's international strategy to counter climate change which the department leads in consultation with the Department of the Environment and Water Resources. The strategy's five pillars embrace working for more effective global action on climate change through the UNFCCC and other groupings, through APEC, through the AP6, through the Global Initiative on Forests and Climate, and through cooperation with key bilateral partners. Separately, the department also provided policy support for the establishment of the Australia–China Joint Coordination Group on Clean Coal Technology and participated in the Intergovernmental Panel on Climate Change Report.

5. Strengthening governance in the South Pacific

The department coordinated whole of government efforts to maintain and enhance security and good governance in the South Pacific. The department coordinated the Government's response to the coup in Fiji and worked with the international community to press Fiji to return to democratic governance as soon as possible. We managed successfully Australia's whole of government contribution to the Regional Assistance Mission to Solomon Islands (RAMSI) and actively supported a review of RAMSI by the Pacific Islands Forum. In Papua New Guinea, the department coordinated the Enhanced Cooperation Program (ECP). Elsewhere in the region, the department played a major role in responding to the riots in Tonga and contributed importantly to advancing good governance, sustainable development and poverty alleviation.

DEPARTMENTAL OVERVIEW

Role and functions

The department is responsible for advancing the interests of Australia and Australians internationally. The department's staff in Canberra, in our state and territory offices and around the world work to achieve the department's four outcomes, outlined in our *Portfolio Budget Statements 2006–07* and presented in Figure 4 on page 19:

- the protection and advancement of Australia's national interests through contributions to international security, national economic and trade performance and global cooperation
- the provision to Australians of information about and access to consular and passport services in Australia and overseas
- public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally
- efficient management of the Commonwealth overseas owned estate.

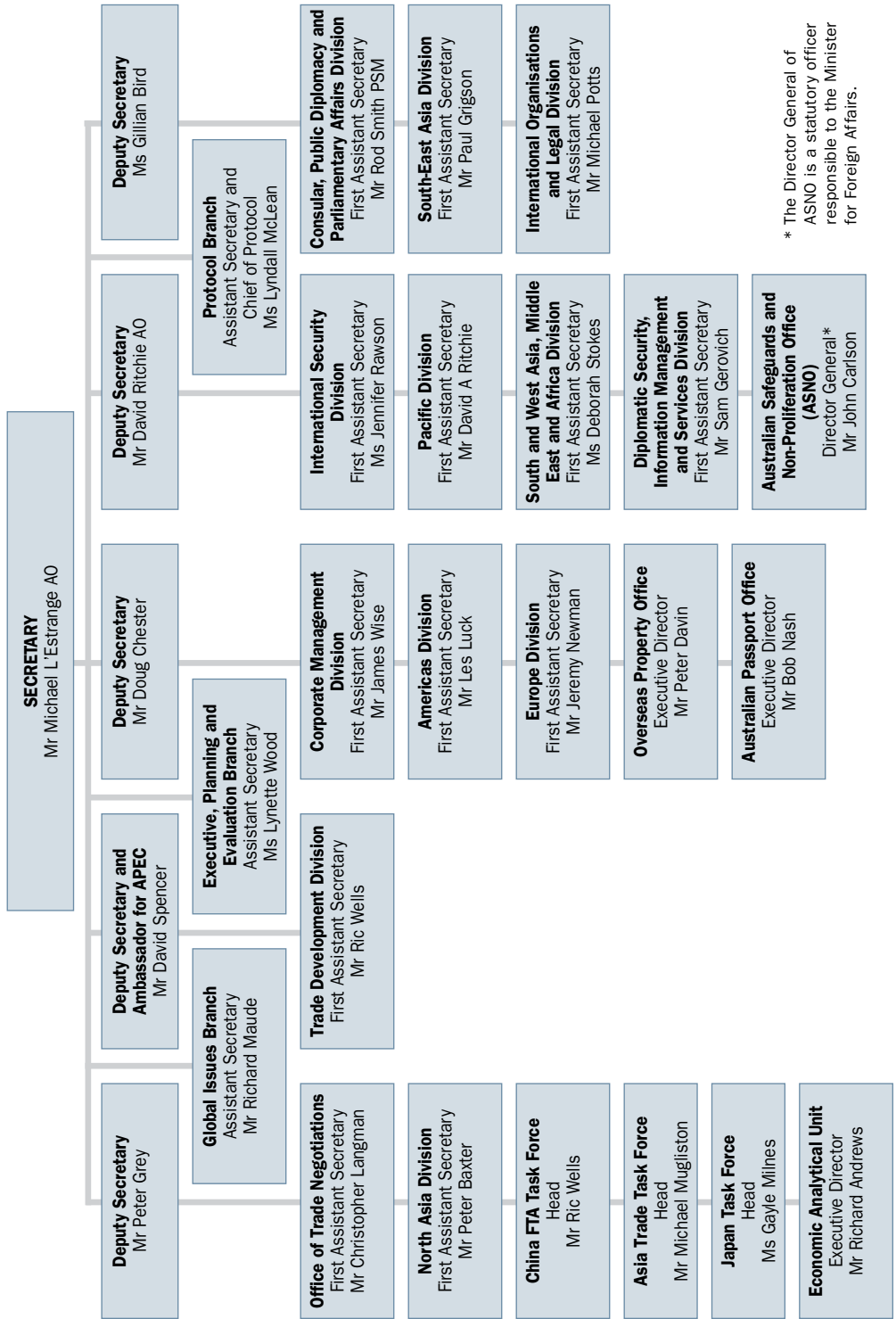
To support the achievement of these outcomes in a challenging international environment, the department deployed its staff and other resources in a targeted and flexible manner (see Section 3: Corporate management and accountability for more information).



Senior Executive of the Department of Foreign Affairs and Trade (as at 30 June 2007). Front centre: Mr Michael L'Estrange AO, Secretary. From left: Deputy Secretaries Mr Doug Chester (sitting), Mr Peter Grey (standing), Mr David Ritchie AO (standing), Mr David Spencer (standing), and Ms Gillian Bird (sitting).

Photo: Michael Jensen

FIGURE 1. SENIOR EXECUTIVE STRUCTURE (AS AT 30 JUNE 2007)



* The Director General of ASNO is a statutory officer responsible to the Minister for Foreign Affairs.

Organisational structure

The Secretary, Michael L'Estrange AO, and five deputy secretaries constitute the department's Senior Executive. Supported by the department's Senior Executive Service, they manage the department and provide leadership on foreign and trade policy, consular and corporate issues. The Senior Executive shapes the values and culture of the department, promotes the highest professional standards of service to the Government and to Australia, and provides a fair and professionally rewarding working environment for staff.

The department's organisational structure is outlined in Figure 1. In Canberra, as at 30 June 2007, the department was made up of 13 divisions as well as the Executive, Planning and Evaluation Branch, the Protocol Branch, the Global Issues Branch, the Australian Passport Office, the Overseas Property Office, the Australian Safeguards and Non-Proliferation Office and the Economic Analytical Unit. The department also has a China Free Trade Agreement Task Force, Asia Trade Task Force and a Japan Task Force.

The department manages an overseas network of 89 embassies, high commissions, consulates-general and multilateral missions (for more information see Appendix 13: Summary of the overseas network). Each overseas post is attached to a parent division in Canberra. In addition to headquarters in Canberra, the department maintains offices in all Australian state and territory capital cities. These offices provide consular and passport services to the Australian community and liaison services to state and territory governments and Australian business. We also maintain a Passport Office in Newcastle and a Liaison Office on Thursday Island in the Torres Strait. Details of our offices in Australia are provided inside the back cover of this report.

The department also engages people overseas to act as honorary consuls. Honorary consuls provide consular assistance on behalf of the department to Australian travellers in locations where the Australian Government does not maintain other representation.

FIGURE 2. LOCATION OF STAFF

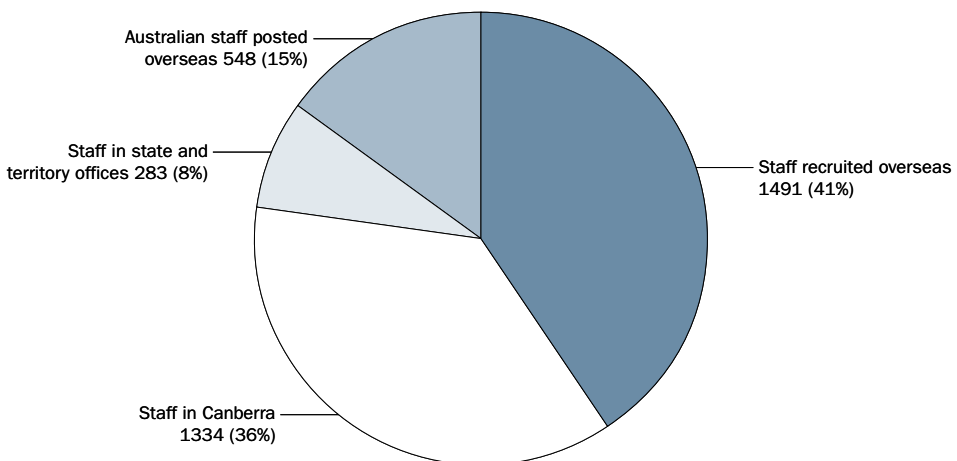
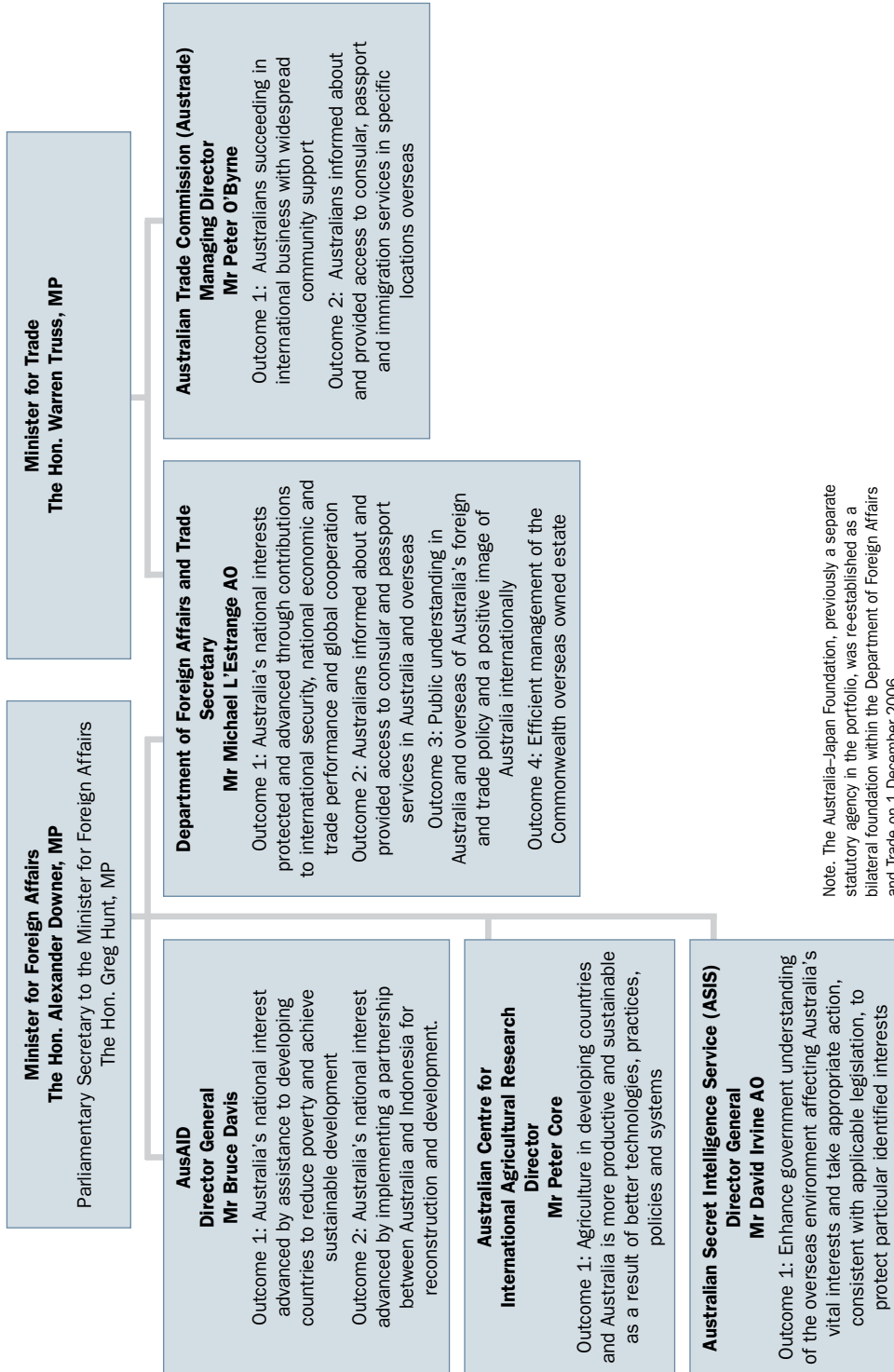
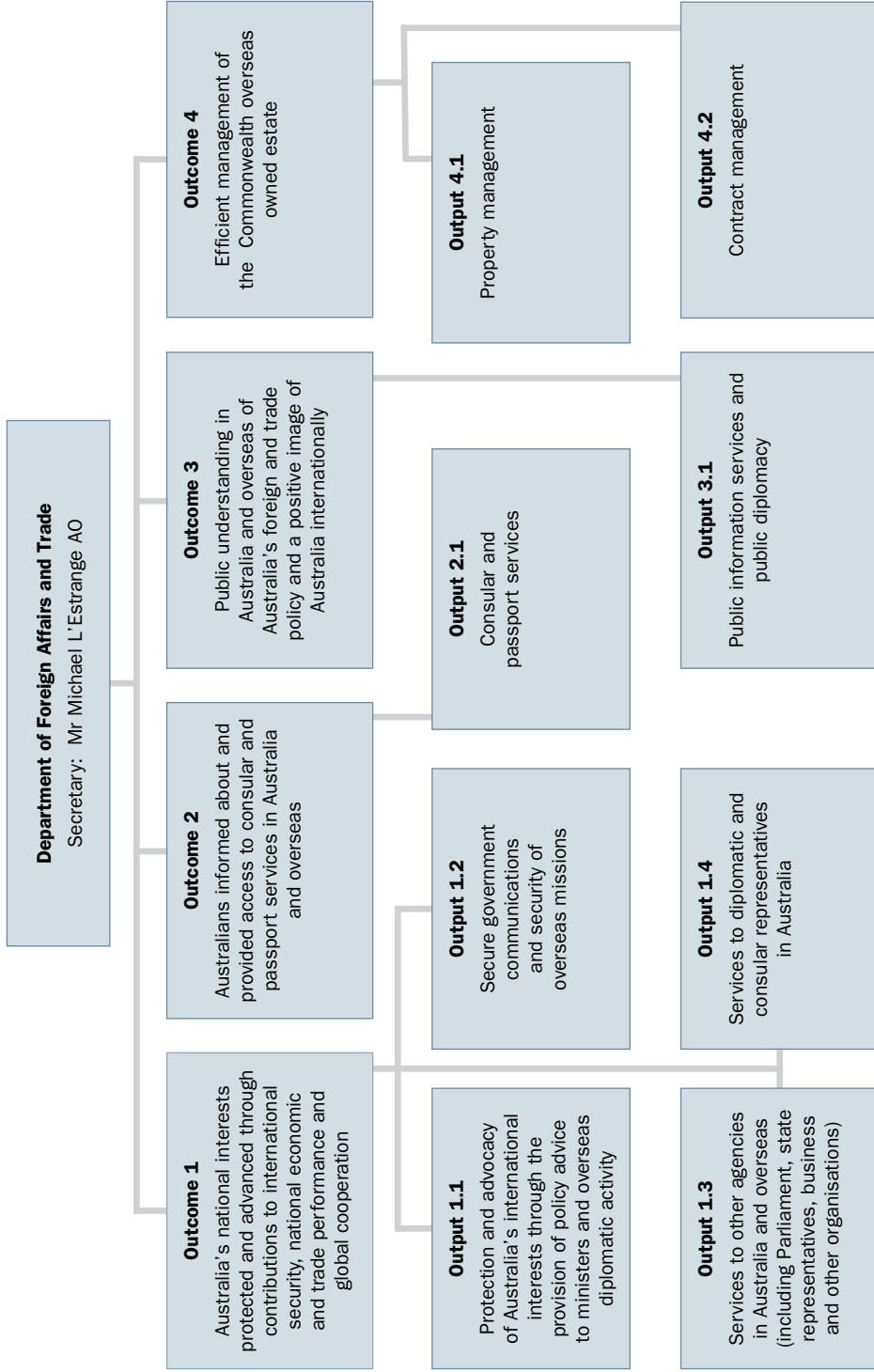


FIGURE 3. PORTFOLIO OUTCOMES STRUCTURE—FOREIGN AFFAIRS AND TRADE PORTFOLIO AS AT 30 JUNE 2007



Note. The Australia-Japan Foundation, previously a separate statutory agency in the portfolio, was re-established as a bilateral foundation within the Department of Foreign Affairs and Trade on 1 December 2006.

FIGURE 4. OUTCOMES AND OUTPUTS FRAMEWORK 2006–07



Structure of the Foreign Affairs and Trade Portfolio

The foreign affairs and trade portfolio supports the Minister for Foreign Affairs, the Minister for Trade and the Parliamentary Secretary to the Minister for Foreign Affairs in the conduct of Australia's foreign and trade policy. Six agencies make up the portfolio:

- Department of Foreign Affairs and Trade
- Australian Trade Commission (Austrade)
- AusAID (Australian Agency for International Development)
- Australian Centre for International Agricultural Research (ACIAR)
- Australian Secret Intelligence Service (ASIS)
- Export Finance and Insurance Corporation (EFIC).

Figure 3 outlines the portfolio structure and each agency's outcomes.

TABLE 1. FINANCIAL AND STAFFING RESOURCES SUMMARY

	2005–06 Actual (\$'000)	2006–07 Budget and Additional Estimates (\$'000)	2006–07 Actual (\$'000)
Administered items			
Administered expenses	246 945	239 837	256 229
Departmental outputs			
Revenue from government (appropriation)*	733 965	842 206	832 941
Revenue from other sources	98 244	92 564	105 897
Total price of departmental outputs	832 209	934 770	938 838
Total resourcing of outputs			
Administered expenses and total price of departmental outputs	1 079 154	1 174 607	1 195 067
	2005–06 Actual	2006–07 Budget and Additional Estimates	2006–07 Actual
Average staffing level (number)**	3 231	3 370	3 371

* In 2006–07 the department received additional budget funding for a number of initiatives including:

- budget sustainability to enable the continuation of foreign and trade policy and consular priorities
- continued funding of the *smartraveller* public information campaign
- strengthening consular and overseas crisis response capabilities
- establishing an Australian diplomatic presence in Kabul
- improving Australian intelligence connectivity
- improving nuclear and radiological security
- strengthening regional counter-terrorism capacity
- enhancing the security of the Australian passport
- Lebanon evacuation, recovery and reconstruction.

** Includes overseas locally engaged staff.

TABLE 2. PRICE OF DEPARTMENTAL OUTPUTS BY OUTCOME

		2005-06 Actual (\$'000)	2006-07 Actual (\$'000)
Outcome 1	Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation	573 671	649 978
Outcome 2	Australians informed about and provided access to consular and passport services in Australia and overseas	156 702	177 833
Outcome 3	Public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally	52 999	60 130
Outcome 4	Efficient management of the Commonwealth overseas owned estate	48 837	50 897
Total price of departmental outputs		832 209	938 838

TABLE 3. RECONCILIATION OF OUTCOMES AGAINST APPROPRIATION AND REVENUE ELEMENTS

	Outcome 1 (\$'000)	Outcome 2 (\$'000)	Outcome 3 (\$'000)	Outcome 4 (\$'000)	Total (\$'000)
Total administered appropriations as per <i>Portfolio Budget Statements</i> 2006–07 including any adjustments from Additional Estimates	216 117	1 000	22 720	0	239 837
Administered expenses by outcome	228 283	414	20 470	0	249 167
Foreign exchange (unrealised)	0	0	0	0	0
EFIC administration costs funded by revenue offset	2 312	0	0	0	2 312
Pension schemes	4 750	0	0	0	4 750
Total administered expenses as per the Financial Statements	235 345	414	20 470	0	256 229
Total departmental appropriation as per <i>Portfolio Budget Statements</i> 2006–07 including any adjustments from Additional Estimates	562 861	212 836	56 027	0	831 724
Revenues from government	595 803	177 833	59 305	0	832 941
Revenue from other sources	54 175	0	825	50 897	105 897
Total price of departmental outputs as per the Financial Statements	649 978	177 833	60 130	50 897	938 838