

# DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

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## **DEPARTMENT OF FOREIGN AFFAIRS AND TRADE**

### **Section 1: Agency Overview**

To advance the interests of Australia and Australians internationally the Department of Foreign Affairs and Trade works towards achieving four outcomes:

1. Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation;
2. Australians informed about and provided access to consular and passport services in Australia and overseas;
3. public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally; and
4. efficient management of the Commonwealth Overseas Owned Estate.

The department maintains a professional workforce with high standards of ethical and personal conduct and with the capacity to respond effectively and flexibly to emerging foreign and trade policy and consular priorities. Sound financial management and effective allocation of resources in support of the Government's objectives will continue to be a management priority. Consistent with the Department of Finance and Administration guidelines, corporate services costs are distributed across the department's outputs and are not given a separate profile in the Portfolio Budget Statements.

In 2006-07, the department will work on the Government's objectives against the four outcomes through a targeted range of activities and programmes.

#### Outcome 1

Strengthening national and international security will remain a key priority. The department will continue to work closely with other Australian agencies and international partners to combat terrorism - particularly through the Ambassador for Counter-Terrorism. As part of the 2006-07 Budget's Regional Counter-Terrorism Package, the department will continue to lead whole of government efforts to combat terrorism in the region. A major focus will be on weakening the extremist ideology that underlies terrorist actions, building awareness of the weapons of mass destruction and terrorist threat, improving coordination with counter-terrorism partners and building regional emergency response coordination mechanisms. In response to aviation security concerns the department will also continue the campaign to promote wider

acceptance and implementation of control standards for the manufacture, storage and transfer of Man Portable Air Defence Systems, including through a dedicated outreach and advocacy campaign.

Countering the proliferation of weapons of mass destruction and their means of delivery will again be a major focus of the department, including through intensifying regional cooperation on export controls, nuclear safety, security and safeguards standards; working to uphold global non-proliferation regimes; and contributing to international efforts to address the major proliferation challenges posed by the nuclear programmes of Iran and the Democratic People's Republic of Korea. The department will continue to work with allies to support and strengthen the non-proliferation goals of the Proliferation Security Initiative. In the field of conventional weapons disarmament the department will promote regional cooperation and more effective global regimes to control illicit small arms transfers and reduce the human and economic costs of land mines.

In dealing with an uncertain international security environment and the ongoing threat of terrorist action overseas, the department will continue to implement programmes and initiatives to improve the security of Australia's network of overseas diplomatic missions and the safety of people who visit and work in them. The 2006-07 Budget measure *National Security – Improving Intelligence Connectivity*, will provide the department with additional funding to improve its classified overseas IT capability.

Opening markets for Australian business will remain a key priority for the department across the Government's diverse trade policy agenda. We will seek a successful conclusion to the World Trade Organization (WTO) Doha round of multilateral negotiations with the aim of delivering commercially valuable outcomes on agriculture, industrial products and services – although achieving a positive result will not be easy. The department will support the Trade Minister's chairmanship of the Cairns Group of agricultural exporters to promote the interests of Australian producers. Through this process we will seek to maximise influence in the Doha round negotiations on agriculture and continue pushing for ambitious agricultural trade reform more broadly. To add to this momentum the department will organise the twentieth anniversary of Cairns Group ministerial meeting, to be held in Cairns in the second half of 2006. The department will lead negotiations with the aim of completing WTO accession agreements with Vietnam and Russia to deliver benefits to Australian industry. Using the WTO dispute settlement system, the department will pursue and defend Australian trade and economic interests.

In parallel with a strong commitment to the Doha round, the department will continue to negotiate a carefully selected range of free trade agreements (FTAs) with China, Malaysia, the United Arab Emirates and, together with New Zealand, with the ASEAN countries. The department will work to complete the joint FTA feasibility study with Japan – Australia's largest trading partner – with a view to securing Japan's agreement to start FTA negotiations in 2007. The department will lead 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 will continue to attach priority to the effective implementation of free trade agreements already concluded with the United States, Thailand and Singapore. With Austrade, the department will encourage and assist Australian exporters to take advantage of trade and investment opportunities created by these agreements. The department will establish a joint experts group with Mexico to explore ways to strengthen economic ties with this important emerging market, including by examining the feasibility of a possible bilateral FTA in the future.

Working with Austrade, the department will continue to provide advice and support for Australian exporters, including by helping Australian industry's efforts to secure further LNG supply contracts in Japan, China, the Republic of Korea, Mexico and the United States, as well as exploring potential new markets such as India.

Continuing efforts to revitalise the Asia-Pacific Economic Cooperation (APEC) forum will remain a priority in advance of Australia's hosting of APEC in 2007. As part of a whole of government effort, the department will support portfolio ministers in developing and implementing a set of ambitious policy objectives for 2007 to enhance APEC's role as the key regional forum. The department will maintain Australia's leadership role in APEC by working with member economies to identify new ways to achieve trade and investment liberalisation goals and improve the business environment. We will work closely with Australian APEC Business Advisory Council (ABAC) members to produce meaningful outcomes for Australian business in 2007. While trade objectives remain at APEC's core, the department will work with member economies to advance initiatives in important areas such as counter-terrorism, non-proliferation, energy security, anti-corruption, good governance and avian flu preparedness.

The department will provide strong input to sustaining the impetus of the Asia-Pacific Partnership on Clean Development and Climate – in particular through the eight sectoral public-private taskforces to accelerate low emission technology development and promote best practice. We will promote cooperation with like-minded international partners on whale conservation, including at the International Whaling Commission meeting in June 2006. Continuing to press for reform of the United Nations will remain a priority. The department will support international observance of human rights principles and use our bilateral human rights dialogues with China and Vietnam to help partners implement international standards. The department will work on whole of government initiatives to combat people smuggling and trafficking through the People Smuggling Taskforce and regional activities under the Bali process. We will contribute to whole of government efforts to prevent illegal fishing in Australian waters.

The department will work to strengthen Australia's key bilateral relationships. Active engagement with Asia – bilaterally and in regional groupings – will be an ongoing

priority, including to influence the evolving East Asian regional architecture. Indicative of the strength and diversity of relations with Japan, the department will manage a bilateral Year of Exchange to mark thirty years since the signing of the Basic Treaty of Friendship and Cooperation. The department will build on recent high-level visits to broaden the base of the productive bilateral relationship with China. We will ensure the recently established Australia-Malaysia Institute and Australia-Thailand Institute contribute to stronger people-to-people ties with both countries.

The department will work to maintain the unprecedented strength of bilateral relations with the United States across the breadth of our political, economic and security interests. Following agreement by respective Prime Ministers the department will explore with the United Kingdom options for a regular bilateral ministerial dialogue to strengthen our cooperation in meeting security challenges. The department will work with the European Union and NATO in support of Australia's strategic interests, including in East Asia.

The department will continue to coordinate the Australian Government's approach to Australia's engagement in Iraq in support of stability, rehabilitation and democratic transition. Safety of Australian troops and diplomatic staff will remain a key priority. As part of the 2006-07 Budget measure, *Kabul – Establishment of an Australian Diplomatic Presence*, the department will provide diplomatic support to the ADF's deployment in Afghanistan through a diplomatic mission in Kabul co-located with the Netherlands.

In the South Pacific, the department will continue to coordinate the Regional Assistance Mission to Solomon Islands and the Enhanced Cooperation Programme with Papua New Guinea. The importance of our long term commitment has been underlined by recent events in the Solomon Islands. The department will contribute to good governance and economic reform initiatives in other parts of the Pacific and work for the pooling of regional resources where appropriate. Continued cooperation with New Zealand will remain important to achieving the Government's aims in the South Pacific. The department will implement the treaty with East Timor on Certain Maritime Arrangements in the Timor Sea.

In Africa, the department will continue to advance Australia's trade, investment and humanitarian interests. It will maintain pressure on Zimbabwe to respect democracy, human rights and the rule of law.

The department will continue to implement measures to ensure Australia meets its obligations under the Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations, which codify international practice regarding the rights and responsibilities of diplomatic and consular officials. It will accord a high priority to protecting the security and dignity of foreign diplomatic and consular representatives in Australia and facilitating their work, as well as managing their privileges and immunities.

The department will continue to provide ministers and Australian Government agencies with reliable information technology and communications services, in particular through the whole of government secure international communications network.

### Outcome 2

The department will continue to use its network of overseas posts, the 24-hour Consular Emergency Centre, the *smartraveller* public information campaign and cooperative consular arrangements with other countries to enhance the support provided to Australians overseas. The 2006-07 Budget measure, *Overseas Consular and Crisis Response – Strengthening Assistance to Australians*, will enable the department to manage the growing demands of consular casework and to enhance its contingency planning and crisis response capabilities. As a result of this new measure, additional overseas positions will be created to improve the quality, coverage and depth of the Government's consular network and the department will implement a major upgrade to its emergency response and crisis management systems and infrastructure. The 2006-07 Budget measure, *Smartraveller – Continued Funding*, will extend the *smartraveller* public information campaign to encourage Australians to travel safely by promoting a high level of awareness among travellers and the broader community of the *smartraveller* website and the Government's travel advisory services.

The department will ensure emergency procedures are further refined and ready to be deployed at short notice in the event of a consular crisis affecting Australians overseas. In particular, the department will continue to review and test whole of government contingency planning for avian influenza and further strengthen contingency arrangements for the 2007 Anzac Day commemoration at Gallipoli.

The department will further improve Australia's world class passports regime to provide Australians with even more secure travel documentation, combat identity fraud and enhance border protection. Additional funding provided through the 2006-07 Budget measure, *Australian Passports – Enhancing Security and Integrity*, will enable the department to enhance the security of the passport issuing process. This will involve strengthening the governance and integrity of the passport system to better mitigate the risk of identify fraud and the use of Australian passports for criminal activity. The department will also work to enhance the Australian passport's biometric facial recognition system in developing the next generation passport.

### Outcome 3

Promoting a positive, accurate and contemporary image of Australia internationally – particularly in the Asia-Pacific region – will remain a priority for the department. Public diplomacy initiatives will be tailored to advance Australia's foreign and trade policy priorities. The department will work to increase public understanding of these priorities, including by drafting ministers' speeches and key statements such as *Trade 2007*, enhancing the website as an accessible resource, delivering targeted overseas

cultural programmes and responding helpfully to media interest in relevant issues. Public diplomacy programmes will promote Australia overseas as a reliable and efficient supplier of goods and services and a valuable trade and investment partner. The department will also implement its contract with the Australian Broadcasting Corporation to provide a regional television service.

Outcome 4

The department will continue to manage efficiently, on a commercial basis, the Government's \$1.4 billion owned overseas estate. It will continue to implement a five-year rolling plan for capital works and other major expenditure in the overseas estate and meet required financial objectives including returning an agreed dividend to government. In managing the overseas estate, the department will continue to respond to new and unforeseen security-related challenges.

**Table 1.1: Agency outcomes and output groups**

Outcome	Description	Outputs
<b>Outcome 1</b>		
Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation	To enhance Australia's security, to contribute to growth in Australia's economy, employment and standard of living, and to strengthen global cooperation in ways that advance Australia's interests	Output 1.1- Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity Output 1.2 - Secure government communications and security of overseas missions Output 1.3 - Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations) Output 1.4 - Services to diplomatic and consular representatives in Australia
<b>Outcome 2</b>		
Australians informed about and provided access to consular and passport services in Australia and overseas	To assist Australian travellers and Australians overseas	Output 2.1- Consular and passport services
<b>Outcome 3</b>		
Public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally	To foster public understanding of Australia's foreign and trade policy and to project a positive image of Australia internationally	Output 3.1 - Public information services and public diplomacy
<b>Outcome 4</b>		
Efficient management of the Commonwealth overseas owned estate	To manage efficiently the Commonwealth's overseas owned estate	Output 4.1 - Property management Output 4.2 - Contract management

## Section 2: Resources for 2006-07

### 2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2006-07, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total appropriation for the Department of Foreign Affairs and Trade in the 2006-07 Budget is \$1,050.0 million, made up of \$848.6 million in departmental appropriations and \$201.4 million in administered appropriations.

New Budget measures and other adjustments affecting DFAT's 2006-07 appropriations follow.

#### **Departmental**

- **\$12.1m** for a new measure to enable the continuation of foreign and trade policy and consular priorities;
- **\$3.2m** adjustment for continued funding of the Smartraveller public information campaign;
- **\$18.2m** for a new measure to strengthen consular and overseas crisis response capabilities;
- **\$7.8m** for a new measure to establish an Australian diplomatic presence in Kabul;
- **\$1.2m** for a new measure to improve Australian intelligence connectivity;
- **\$0.4m** for a new measure to improve nuclear and radiological security;
- **\$5.7m** for a new measure to strengthen regional counter-terrorism capacity;
- **\$2.3m** for a new measure to enhance the security of Australian passports;
- **\$5.8m** adjustment for overseas inflation;
- **\$12.1m** adjustment for changes in budget exchange rates between 2005-06 and 2006-07 (foreign exchange rebasing); and
- **(\$12.1m)** adjustment to re-phase security funding to out years.

#### **Administered**

- **(\$0.6m)** adjustment for expenses related to the National Interest Account;
- **\$4.8m** adjustment for Contributions to International Organisations; and
- **(\$0.3m)** adjustment for the North American Pension Scheme.

**Table 2.1: Appropriations and other resources 2006-07 ('000)**

Agency/Outcome/	Departmental				Administered				Total	
	Appropriation	Appropriation	Special	Receipts	Appropriation	Appropriation Bill No. 2	Special	Receipts		
Non-operating	Bill No. 1	Bill No. 2	Appropriation	(a)	Bill No. 1	SPPs	Other (b)	Appropriation	(a)	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Outcome 1</b>										
Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation	544,046	-	-	41,846	196,151	-	-	-	-	782,043
<b>Outcome 2</b>										
Australians informed about and provided access to consular and passport services in Australia and Overseas	201,134	-	-	-	500	-	-	500	-	202,134
<b>Outcome 3</b>										
Public understanding in Australia and overseas of Australia's foreign and trade policy and positive image of Australia internationally	54,154	-	-	637	4,241	-	-	-	-	59,032
<b>Outcome 4</b>										
Efficient management of Commonwealth Overseas Owned Estate	-	-	-	50,081	-	-	-	-	-	50,081
<b>Total Agency</b>										
Equity injections	-	49,236	-	-	-	-	-	-	-	49,236
Loans	-	-	-	-	-	-	-	-	-	-
Previous years' outputs	-	-	-	-	-	-	-	-	-	-
Administered assets and liabilities	-	-	-	-	-	-	-	-	-	-
Special capital	-	-	-	-	-	-	-	-	-	-
Appropriation	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>799,334</b>	<b>49,236</b>	<b>-</b>	<b>92,564</b>	<b>200,892</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>1,142,526</b>

(a) Departmental and administered receipts from other sources (that is, other than appropriation amounts) that are available to be used.

(b) Includes new administered expenses and administered assets and liabilities.

Notes:

- Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), New Agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.
- Refer to Budgeted Income Statement for application of agency revenue.

## **2.2 2006-07 BUDGET MEASURES**

Budget measures relating to the Department of Foreign Affairs and Trade as explained in Budget Paper No. 2 are summarised in Table 2.2. The table also identifies the relevant outcomes, administered items and outputs associated with each measure.

**Table 2.2 Department of Foreign Affairs and Trade measures (1)**

Measure	Outcome	Output groups affected	2006-07 \$'000			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000		
			Admin expenses	Dept outputs	Total	Admin expense	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
<b>Expense Measures</b>														
Department of Foreign Affairs and Trade - budget sustainability	1, 2	1.1, 1.3, 2.1	-	12,133	12,133	-	11,537	11,537	-	11,921	11,921	-	12,442	12,442
Smartraveller - continued funding	2	2.1	-	3,233	3,233	-	3,263	3,263	-	3,301	3,301	-	3,340	3,340
Overseas consular and crisis response - strengthening assistance to Australians	2	2.1	-	6,814	6,814	-	14,488	14,488	-	15,255	15,255	-	16,842	16,842
Kabul - establishing an Australian diplomatic presence	1	1.1, 1.2, 1.3	-	6,462	6,462	-	6,467	6,467	-	-	-	-	-	-
National Security - improving intelligence connectivity (1)	1	1.2	-	538	538	-	-	-	-	-	-	-	-	-
National Security - improving nuclear and radiological security	1	1.1, 1.3	-	296	296	-	319	319	-	365	365	-	381	381
National Security - strengthening regional counter-terrorism capacity	1	1.1, 1.3	-	5,456	5,456	-	9,660	9,660	-	9,885	9,885	-	9,247	9,247
Australian Passports - enhancing security and integrity	2	2.1	-	2,260	2,260	-	4,001	4,001	-	4,225	4,225	-	4,116	4,116
<b>Total Expenses Measures</b>			-	<b>37,192</b>	<b>37,192</b>	-	<b>49,735</b>	<b>49,735</b>	-	<b>44,952</b>	<b>44,952</b>	-	<b>46,368</b>	<b>46,368</b>

Table 2.2 Department of Foreign Affairs and Trade measures (continued)

<b>Capital Measures</b>														
Overseas consular and crisis response - strengthening assistance to Australians	2	2.1	-	10,981	10,981	-	9,423	9,423	-	-	-	-	-	-
Kabul - establishing an Australian diplomatic presence	1	1.1, 1.2, 1.3	-	960	960	-	12	12	-	-	-	-	-	-
National Security - improving intelligence connectivity (1)	1	1.2	-	545	545	-	-	-	-	-	-	-	-	-
National Security - improving nuclear and radiological security	1	1.1, 1.3	-	69	69	-	-	-	-	-	-	-	-	-
National Security - strengthening regional counter-terrorism capacity	1	1.1, 1.3	-	233	233	-	554	554	-	-	-	-	-	-
China - construction of new annex to chancery in Beijing	4	4.1	-	200	200	-	6,711	6,711	-	5,212	5,212	-	2,018	2,018
Iraq - construction of staff residential apartments in Baghdad	4	4.1	-	-	-	-	-	-	-	-	-	-	-	-
Jordan - purchase of a new chancery in Amman	4	4.1	-	1,500	1,500	-	-	-	-	-	-	-	-	-
<b>Total Capital Measures</b>			-	<b>14,488</b>	<b>14,488</b>	-	<b>16,700</b>	<b>16,700</b>	-	<b>5,212</b>	<b>5,212</b>	-	<b>2,018</b>	<b>2,018</b>
<b>Revenue Measures</b>														
Fees charged for passports and other travel documents - increase	2		(22,200)	-	(22,200)	(23,600)	-	(23,600)	(25,300)	-	(25,300)	(23,800)	-	(23,800)
<b>Total Revenue Measure</b>			<b>(22,200)</b>	-	<b>(22,200)</b>	<b>(23,600)</b>	-	<b>(23,600)</b>	<b>(25,300)</b>	-	<b>(25,300)</b>	<b>(23,800)</b>	-	<b>(23,800)</b>
<b>Total of all Measures</b>			<b>(22,200)</b>	<b>51,680</b>	<b>29,480</b>	<b>(23,600)</b>	<b>66,435</b>	<b>42,835</b>	<b>(25,300)</b>	<b>50,164</b>	<b>24,864</b>	<b>(23,800)</b>	<b>48,386</b>	<b>24,586</b>

(1) This is a cross-portfolio measure led by the Defence portfolio.

Note: This table provides details of funding for DFAT measures, and in the case of cross-portfolio measures funding for the DFAT component of the measure only. It records the Impact on Fiscal Balance of these measures.

## 2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by the Department of Foreign Affairs and Trade for provision of goods or services.

**Table 2.3: Other resources available to be used**

	Estimated resources 2005-06 \$'000	Budget estimate 2006-07 \$'000
<b>Departmental resources</b>		
Sales of goods and services (FMA Act s.31)	91,067	91,772
Resources received free of charge	390	390
Other	3,154	1,100
<b>Total departmental other resources available to be used</b>	<b>94,611</b>	<b>93,262</b>
<b>Administered other resources</b>		
Sponsorship (FMA Act s.31)	2,029	-
<b>Total administered other resources available to be used</b>	<b>2,029</b>	<b>-</b>

Notes:

1. This table replaces the former table 'Receipts from other sources'. It represents own source receipts available for spending on departmental purposes.
2. References to FMA Act refer to *Financial Management and Accountability Act 1997*.
3. Resources reported in this table are reported on an accrual basis and include FMA s.31 receipts, CAC body receipts that are available to be spent, special accounts (non-appropriation receipts) and resources received free of charge. Please note that Receipts presented in Table 2.1 are reported on a cash basis.
4. All receipts collected under administered arrangements are refunded to the Consolidated Revenue Fund except those that are collected under a s.31 arrangement.

**2.4 MOVEMENT OF ADMINISTERED FUNDS FROM 2005-06 TO 2006-07**

The Department did not move any administered funds from 2005-06 to 2006-07.

## 2.5 SPECIAL APPROPRIATIONS

**Table 2.5: Estimates of expenses from special appropriations**

		Estimated expenses 2005-06 Outcome	Estimated expenses 2005-06 \$'000	Budget estimate 2006-07 \$'000
<b>Estimated expenses</b>				
Special Appropriation FMA Act, s28 (A)	(1)	2	500	500
<b>Total estimate expenses</b>			500	500

(1) The department refunds passport and consular fees, under s28 of the *Financial Management and Accountability Act 1997*, "Refund of Revenue". This amount is treated as an expense in the Profit and Loss Statement. The amount of refunds varies from year to year depending on passport demand and the level of consular services provided.

Note: Special Appropriations associated with the Indus Basin Developments Acts are currently nil.

## **2.6 SPECIAL ACCOUNTS**

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997*. These Determinations may be disallowed by the Parliament. Special Accounts can also be established by the passage of separate legislation. Abolition of Special Accounts requires a Determination to be made by the Finance Minister or, for those Accounts established by legislation, by repeal of the legislation in whole or part. Table 2.6 shows the expected additions (credits) and reductions (debits) for each account used by the Department of Foreign Affairs and Trade.

**Table 2.6: Estimates of special account flows and balances**

	Note	Outcome	Opening	Credits			Debits :adjustments		Closing
			balance	2006-07	2006-07	2006-07	2006-07	2006-07	balance
			2005-06	2005-06	2005-06	2005-06	2005-06	2005-06	
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Australia-China Council Special Account - s20 FMA Act (A)	1	3	0	725	725	0	0	0	
			0	404	404	0	0	0	
Australia-France Endow ment Special Account - s20 FMA Act (A)	1	1	0	53	53	0	0	0	
			0	62	62	0	0	0	
Australia-India Council Special Account - s20 FMA Act (A)	1	3	0	1,425	1,425	0	0	0	
			0	527	527	0	0	0	
Australia-Indonesia Institute Special Account - s20 FMA Act (A)	1	3	0	725	725	0	0	0	
			0	605	605	0	0	0	
Australia-Korea Foundation Special Account - s20 FMA Act (A)	1	3	0	725	725	0	0	0	
			0	400	400	0	0	0	
Consular Services Special Account - s20 FMA Act (A)	1	2	0	100	100	0	0	0	
			0	55	55	0	0	0	
Australia-China Council Account - s20 FMA Act (A)	2	3	0	0	0	0	0	0	
			18	725	743	0	0	0	
Australia-France Endow ment Account - s20 FMA Act (A)	2	1	0	0	0	0	0	0	
			65	53	118	0	0	0	
Australia-India Council Account - s20 FMA Act (A)	2	3	0	0	0	0	0	0	
			89	1,025	1,114	0	0	0	

**Table 2.6: Estimates of special account flows and balances (continued)**

	Note	Outcome	Opening				Closing
			balance	Credits	Debits	Adjustments	balance
			2006-07	2006-07	2006-07	2006-07	2006-07
			2005-06	2005-06	2005-06	2005-06	2005-06
			\$'000	\$'000	\$'000	\$'000	\$'000
Australia-Indonesia Institute Account - s20 FMA Act (A)	2	3	0	0	0	0	0
			214	725	939	0	0
Australia-Korea Foundation Account - s20 FMA Act (A)	2	3	0	0	0	0	0
			27	725	752	0	0
Consular Services Trust Account - s20 FMA Act (A)	2	2	0	0	0	0	0
			35	100	135	0	0
Services for Other Governments & Non-Agency Bodies Account - s20 FMA Act (A)		1,2,3	0	2,000	2,000	0	0
			4,290	2,000	6,290	0	0
Other Trust Moneys Account - s20 FMA Act (A)		1,2,3	0	500	500	0	0
			336	500	836	0	0
Administered Payment and Receipts for Other Entities Special Account - s20 FMA Act	3	1,2,3	5,000	230,000	230,000	0	5,000
			5,000	230,000	230,000	0	5,000
Overseas Property Account - Finance Determination 2002-01 (D)		4	188,133	156,261	182,730	0	161,664
			164,401	154,511	130,779	0	188,133
<b>Total special accounts</b>							
<b>2006-07 Budget estimate</b>			<b>193,133</b>	<b>392,514</b>	<b>418,983</b>	<b>0</b>	<b>166,664</b>
<i>Total special accounts</i>							
<i>2005-06 estimate actual</i>			<b>174,475</b>	<b>392,417</b>	<b>373,759</b>	<b>0</b>	<b>193,133</b>

Acts Glossary:

A = Administered

FMA Act = Financial Management and Accountability Act 1997

D = Departmental

- Determination to open new special account effective from 2 November 2005.
- Account abolished and closed on the 31 December 2005.
- Account Official Administered Payment Account for Other Agencies Account - s20 FMA Act (A) renamed to Administered Payment and Receipts for Other Entities Special Account - s20 FMA Act (A). New name and associated variation in function effective from 31 December 2005.

## **2.7 ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS**

The Department of Foreign Affairs and Trade will receive an equity injection of \$49.2 million in 2006-07 as indicated in Table 2.1. This amount will be used to contribute to improved security of Australia's overseas diplomatic missions, to establish a diplomatic presence in Kabul, strengthen consular and overseas crisis response capabilities, improve IT connectivity within the Australian Intelligence Community and strengthen regional counter-terrorism capacity.

## Section 3: Outcomes

This section explains how the resources identified in Section 2 will be used to deliver outputs and administered items to contribute to the four outcomes for the Department of Foreign Affairs and Trade.

### 3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

Information on the division of administered and departmental appropriations between DFAT's four outcomes appears in Figure 5, Departmental Appropriations by Outcome 2006-07, and Figure 6, Administered Appropriations by Outcome 2006-07.

The relationship between activities of the Department of Foreign Affairs and Trade and the outcomes is summarised in Figure 4.

Financial details for **Outcome 1** by output appear in Table 3.1.1 'Total Resources for Outcome 1', while non-financial information for Outcome 1 appears in Table 3.2.1 'Performance Information for Outcome 1'.

Financial details for **Outcome 2** by output appear in Table 3.1.2 'Total Resources for Outcome 2', while non-financial information for Outcome 2 appears in Table 3.2.2 'Performance Information for Outcome 2'.

Financial details for **Outcome 3** by output appear in Table 3.1.3 'Total Resources for Outcome 3', while non-financial information for Outcome 3 appears in Table 3.2.3 'Performance Information for Outcome 3'.

Financial details for **Outcome 4** by output appear in Table 3.1.4 'Total Resources for Outcome 4', while non-financial information for Outcome 4 appears in Table 3.2.4 'Performance Information for Outcome 4'.

#### **Output cost attribution**

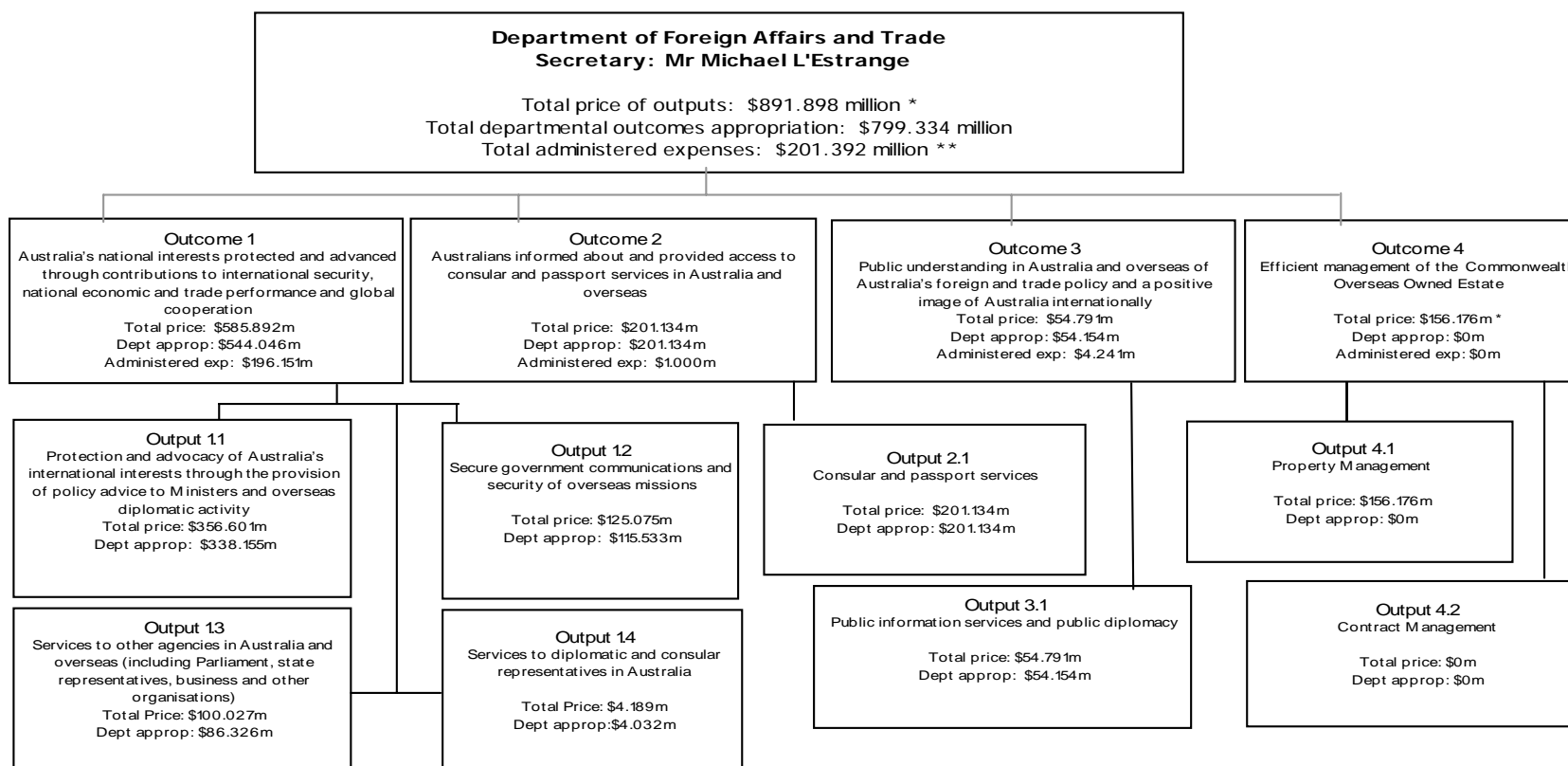
The Department of Foreign Affairs and Trade allocates resources to outputs based on its Activity Based Costing Model. Allocations in 2006-07 have been calculated based on estimates and the model. The Overseas Property Office costs are excluded from the department's Activity Based Costing Model as all activities are accounted for separately and allocated directly to Outcome 4 (Output 4.1).

There have been no changes to DFAT's outcomes and outputs since the 2005-06 Portfolio Budget Statements were tabled.

*Agency Budget Statements – Outcomes – DFAT*

The relationship between activities of the Department of Foreign Affairs and Trade and the outcomes is summarised in Figure 4.

**Figure 4: Contributions to outcomes**



\* Total Price of Outputs does not equal the sum of total price for each outcome. Outcome 4 includes an amount of \$106.695 for inter-entity transactions, being rent paid by DFAT to the Overseas Property Office for services provided to DFAT's overseas diplomatic network. The contribution of this outcome to DFAT's total price of outputs is \$50.081 million.

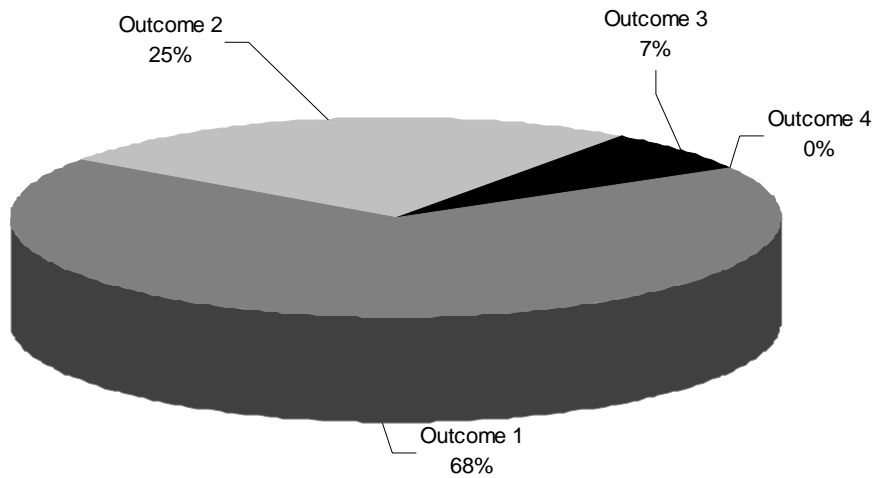
\*\* These are total expenses funded by an annual Special Appropriation.

### 3.2 OUTCOMES — DEPARTMENTAL AND ADMINISTERED

#### Departmental appropriations by outcome

Figure 5 shows Departmental appropriations by outcome for 2006-07.

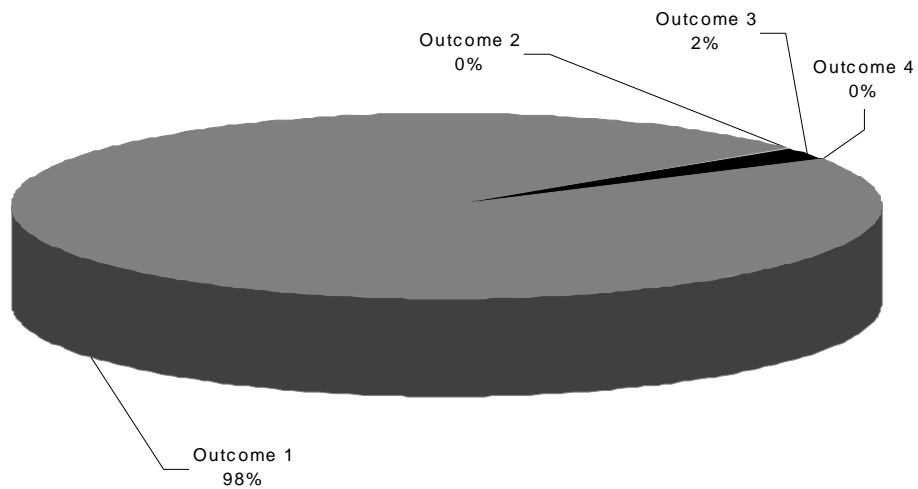
**Figure 5: Departmental appropriations by outcome, 2006-07**



#### Administered appropriations by outcome

Figure 6 shows Administered appropriations by outcome for 2006-07.

**Figure 6: Administered appropriations by outcome, 2006-07**



### 3.3 OUTCOMES AND PERFORMANCE

#### Outcome 1 resourcing

Table 3.1.1 shows how the 2006-07 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

**Table 3.1.1: Total resources for Outcome 1 (\$'000)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000
<b>Administered appropriations</b>		
Bill No 1	192,201	196,151
Special Appropriation	-	-
<b>Total administered appropriations</b>	<b>192,201</b>	<b>196,151</b>
<b>Departmental appropriations</b>		
Output 1.1	317,787	338,155
Output 1.2	108,574	115,533
Output 1.3	81,127	86,326
Output 1.4	3,788	4,032
<b>Total revenue from government (appropriations)</b>	<b>511,276</b>	<b>544,046</b>
<b>Contributing to price of departmental outputs</b>	<b>93%</b>	<b>93%</b>
<b>Other resources available to be used</b>		
Output 1.1	18,067	18,446
Output 1.2	9,345	9,542
Output 1.3	13,419	13,701
Output 1.4	154	157
<b>Total revenue from other sources</b>	<b>40,985</b>	<b>41,846</b>
<b>Total resources</b> (Total revenue from government and from other sources)	<b>552,261</b>	<b>585,892</b>
<b>Total estimated resourcing for Outcome 1</b> (Total price of outputs and administered appropriations)	<b>744,462</b>	<b>782,043</b>
	2005-06	2006-07
<b>Average staffing level (number)</b>	<b>2,263</b>	<b>2,290</b>

#### Measures affecting Outcome 1

##### ***Department of Foreign Affairs and Trade – budget sustainability***

DFAT will receive the following amounts under Appropriation Bill 1: \$12.1 million in 2006-07, \$11.5 million in 2007-08, \$11.9 million in 2008-09, and \$12.4 million in 2009-10.

##### ***Kabul – establishing an Australian diplomatic presence***

DFAT will receive the following amounts under Appropriation Bill 1: \$6.9 million in 2006-07 and \$6.9 million in 2007-08. The department will receive the following

amounts under Appropriation Bill 2: \$1.0 million in 2006-07 and \$0.012 million in 2007-08.

***National Security – improving intelligence connectivity***

DFAT will receive the following amount under Appropriation Bill 1: \$0.6 million in 2006-07. The department will receive the following amount under Appropriation Bill 2: \$0.5 million in 2006-07.

***National Security – improving nuclear and radiological security***

DFAT will receive the following amounts under Appropriation Bill 1: \$0.3 million in 2006-07, \$0.3 million in 2007-08, \$0.4 million in 2008-09 and \$0.4 million in 2009-10. The department will receive the following amount under Appropriation Bill 2: \$0.069 million in 2006-07.

***National Security – strengthening regional counter-terrorism capacity***

DFAT will receive the following amounts under Appropriation Bill 1: \$5.7 million in 2006-07, \$10.3 million in 2007-08, \$9.9 million in 2008-09 and \$9.3 million in 2009-10. The department will receive the following amount under Appropriation Bill 2: \$0.233 million in 2006-07 and \$0.554 million in 2007-08.

**Contributions to achievement of Outcome 1**

**Output 1.1: Protection and advocacy of Australia’s international interests through the provision of policy advice to ministers and overseas diplomatic activity**

DFAT’s network of overseas missions together with Canberra-based staff and staff in state and regional capitals support the Government’s efforts to advance the security and prosperity of Australia and Australians through advocacy of Australia’s interests with foreign governments and international organisations. In consultation with other Australian government agencies, State and Territory governments, business, non-government organisations and community groups, the department provides policy advice and analysis to portfolio Ministers on how to advance its national interests. DFAT facilitates visits overseas by Government Ministers and senior officials in support of these.

**Output 1.2: Secure government communications and security of overseas missions**

The department provides secure and reliable international communications services for Ministers and Australian Government agencies. It also implements strategies to ensure the physical security of Australian missions overseas, to protect its staff, those of other agencies and visitors to these missions.

**Output 1.3: Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)**

The department provides international services to State, Territory and Federal parliamentarians including support for their visits overseas and those of their overseas counterparts to Australia. Services to attached agencies overseas are provided under a Service Level Agreement (SLA). Business, other community groups and State, Territory and Federal government agencies are supported through the provision of information about Australia's international interests and obligations and through representations to foreign governments.

**Output 1.4: Services to diplomatic and consular representatives in Australia**

DFAT provides services to, and facilitates the operations of, foreign diplomatic and consular missions in Australia in accordance with Australia's responsibilities under the Vienna Conventions on Diplomatic and Consular Relations, and consistent with Australia's foreign and trade policy objectives.

**Performance information for Outcome 1**

DFAT's performance in achieving outcomes is measured in terms of effectiveness and efficiency. Effectiveness indicators measure the department's effectiveness in achieving the outcome, based on the combined contribution of agency outputs and administered items towards achieving outcomes. Efficiency indicators measure the quality, quantity and price of agency outputs and administered items.

Performance information for administered items, individual outputs and output groups relating to the Department of Foreign Affairs and Trade are summarised in Table 3.2.1.

The Agency Overview contains specific and measurable priorities for 2006-07 against the department's outcomes. The department's performance reporting for 2006-07 (contained in the Annual Report) will measure the implementation of these priorities in conjunction with the effectiveness indicators below, demonstrating the linkage between the Agency Overview and performance reporting.

**Table 3.2.1: Performance information for Outcome 1**

<b>Effectiveness - Overall achievement of the outcome</b>	
Enhancement of Australia's security	<p>Contribution to national, regional and international efforts to promote a more stable regional and global security environment.</p> <p>Strengthened and/or well-maintained security links with our allies; strengthened and/or well-maintained security-related dialogue and cooperation with other countries both bilaterally and in regional forums.</p> <p>Contribution to combating international terrorism and to the development and implementation of international arms control agreements to counter the spread of weapons of mass destruction.</p>
Contribution to national prosperity	<p>Improved access to overseas markets for Australian exports and investment pursued through bilateral, regional and multilateral means.</p> <p>Contribution to efforts to maintain and strengthen the multilateral trading system and effective use of the WTO to protect and pursue Australia's trade interests.</p> <p>Effective participation in APEC and other regional forums to build support for freer trade, make practical improvements in the business environment and encourage economic reform in the Asia-Pacific region.</p>
Contribution to strengthening global cooperation in ways that advance Australia's interests	<p>Effective participation in multilateral organisations such as the United Nations and the Organisation for Economic Co-operation and Development and in related multilateral and regional cooperation mechanisms.</p> <p>Promotion of outcomes to international deliberations on global environmental issues consistent with Australian policy positions.</p> <p>Contribution to the development of a strong international legal framework.</p> <p>Encouragement of wider international application of universal human rights standards, democratic principles and good governance.</p>
<b>Performance information for departmental outputs</b>	
<b>Output 1.1: Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity</b>	
	<p><i>Quality</i></p> <p>Satisfaction of portfolio ministers with the department's policy advice, analysis, speeches and briefings, including the department's contribution to the development of policies of other Australian Government agencies which have an international dimension.</p> <p>Satisfaction of portfolio ministers with the protection and advancement of Australia's international interests, including the conduct and timeliness of bilateral and multilateral negotiations, effective advocacy and representations, post reporting and the organisation of official programs.</p> <p>Strong capacity to assess, analyse and advise on responses to international developments.</p>

**Table 3.2.1: Performance information for Outcome 1 (continued)**

	<p><i>Quantity</i></p> <p>Scope and composition of the DFAT-managed diplomatic network.</p> <p>Number of units of policy advice delivered, including ministerial and cabinet submissions, ministerial correspondence, and speeches and briefings including parliamentary briefings.</p> <p>Number of consultations conducted with other Australian Government agencies, state and territory governments, business and non-government organisations in the context of the department's development of foreign and trade policy advice.</p> <p>Number of representations made to other governments and international organisations in support of Australia's international interests.</p> <p>Number of international meetings or negotiations attended, including on behalf of other Australian Government agencies.</p> <p>Number of official programs prepared for portfolio ministers and senior officials.</p> <p>Number of official programs prepared for the Prime Minister, other Australian Government ministers and senior officials.</p> <p>Number of reporting cables produced by our overseas posts.</p> <p>Number of occasions on which the department has contributed to the development of policies by other Australian Government agencies.</p> <p>Number of Foreign Affairs Council and Trade Policy Advisory Council meetings organised.</p> <p><i>Price</i></p> <p>\$356.601 million</p>
<b>Output 1.2: Secure government communications and security of overseas missions</b>	<p><i>Quality</i></p> <p>Client satisfaction with the secure communications network and secure telecommunications infrastructure.</p> <p>Availability to clients, and reliability, of communications through the secure network (including cable delivery).</p> <p>Client satisfaction with the level of physical security at overseas chanceries and residences, including responsiveness to unexpected events.</p> <p><i>Quantity</i></p> <p>Number of posts and Australian Government entities with access to the secure communications network and secure telecommunications infrastructure.</p> <p>Number of clients serviced, types of services provided and volume of traffic handled.</p> <p>Number of overseas missions for which security services are provided, including security review services.</p> <p>Number of security clearances and reviews processed.</p> <p><i>Price</i></p> <p>\$125.075 million</p>

**Table 3.2.1: Performance information for Outcome 1 (continued)**

<b>Output 1.3: Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)</b>	
	<i>Quality</i> Client satisfaction with briefing, administrative, visit facilitation, communications and other services provided.
	<i>Quantity</i> Scope and composition of administrative services provided to other agencies overseas. Number of official programs organised for members of the Australian Parliament (excluding the Prime Minister or ministers) and parliamentary delegations. Number of services provided to parliamentary committees. Number of overseas visits by representatives of state or territory governments, and by state and territory parliamentarians, supported by the department. Number of Australian companies supported by the department with advice on market conditions, access to government and private sector contacts, and through representations directly connected with their particular interests.
	<i>Price</i> \$100.027 million
<b>Output 1.4: Services to diplomatic and consular representatives in Australia</b>	
	<i>Quality</i> Client satisfaction with the provision of services to diplomatic and consular representatives.
	<i>Quantity</i> Number of diplomatic and consular representatives for whom the department provides services. Number and category of services provided.
	<i>Price</i> \$4.189 million
<b>Performance information for Administered Items</b>	
<b>Contributions to international organisations</b>	
	<i>Quality</i> Efficiency and timeliness of administration of contributions paid in accordance with the requirements of relevant organisations.
	<i>Quantity</i> Number of international organisations to which Australia contributes.
	<i>Price</i> \$177.500 million
<b>Export Finance and Insurance Corporation National Interest Account</b>	
	<i>Quality</i> National interest payments and receipts managed in accordance with the national interest provisions of the <i>Export Finance and Insurance Corporation Act 1991</i> .
	<i>Quantity</i> Value of exports supported on EFIC's National Interest Account; value of claims paid on National Interest Account business.
	<i>Price</i> \$14.400 million
<b>Compensation for detriment caused by defective administration</b>	
	<i>Quality</i> Efficiency and timeliness of case management, where necessary.
	<i>Quantity</i> Where necessary, number of cases successfully managed.
	<i>Price</i> \$0.054 million

## **Evaluations for Outcome 1**

In reporting on DFAT's performance in the annual report, the department will draw from the following internal and external planning and review processes:

- Post Evaluation Reports;
- Divisional Evaluation Reviews;
- Office Evaluation Reports;
- Post Liaison Visits;
- internal audits;
- Australian National Audit Office reports; and
- policy reviews.

These processes ensure the department is best able to direct resources to support the achievement of Outcome 1.

## **Competitive tendering and contracting**

The department's procurement and contracting activities are overseen by its Contracts and Procurement Advisory Unit. The Unit is responsible for the provision of high quality policy advice relating to procurement, tendering and contract management within the department to ensure full compliance with Commonwealth and departmental procurement guidelines. The Unit also assists operational areas in selecting providers and establishing contracts as well as developing and maintaining procurement and contract related documentation and templates in liaison with the department's legal branch.

Major functions which are now performed by external providers include logistical and delivery services, mail processing, archival processing, aspects of recruitment and training, some legal services, travel management services, language training, IT helpdesk and desktop support services, provision of desktop hardware, mainframe computing services, cabling facilities management, receptionist and telephone services, property maintenance at overseas posts and security services in Australia and some overseas missions.

## Outcome 2 resourcing

Table 3.1.2 shows how the 2006-07 Budget appropriations translate to total resourcing for Outcome 2, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

**Table 3.1.2: Total resources for Outcome 2 (\$'000)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000
<b>Administered appropriations</b>		
Bill No 1	1,824	500
Special Appropriation	500	500
<b>Total administered appropriations</b>	<b>2,324</b>	<b>1,000</b>
<b>Departmental appropriations</b>		
Output 2.1	172,733	201,134
<b>Total revenue from government (appropriations)</b>	<b>172,733</b>	<b>201,134</b>
<b>Contributing to price of departmental outputs</b>	<b>99.8%</b>	<b>100%</b>
<b>Other resources available to be used</b>		
Output 2.1	421	-
<b>Total revenue from other sources</b>	<b>421</b>	<b>-</b>
<b>Total resources</b>		
(Total revenue from government and from other sources)	173,154	201,134
<b>Total estimated resourcing for Outcome 2</b>	<b>175,478</b>	<b>202,134</b>
(Total price of outputs and administered appropriations)		
	2005-06	2006-07
<b>Average staffing level (number)</b>	<b>695</b>	<b>801</b>

## Measures affecting Outcome 2

### ***Department of Foreign Affairs and Trade – budget sustainability***

DFAT will receive the following amounts under Appropriation Bill 1: \$12.1 million in 2006-07, \$11.5 million in 2007-08, \$11.9 million in 2008-09, and \$12.4 million in 2009-10.

### ***Smartraveller – continued funding***

DFAT will receive the following amounts under Appropriation Bill 1: \$3.2 million in 2006-07, \$3.3 million in 2007-08, \$3.3 million in 2008-09 and \$3.3 million in 2009-10.

### ***Overseas crisis and consular response – strengthening assistance to Australians***

DFAT will receive the following amounts under Appropriation Bill 1: \$7.2 million in 2006-07, \$15.3 million in 2007-08, \$18.8 million in 2008-09 and \$20.4 million in 2009-10. The department will receive the following amounts under Appropriation Bill 2: \$11.0 million in 2006-07 and \$9.4 million in 2007-08.

**Australian Passports – enhancing security and integrity**

DFAT will receive the following amounts under Appropriation Bill 1: \$2.3 million in 2006-07, \$4.0 million in 2007-08, \$4.2 million in 2008-09 and \$4.1 million in 2009-10.

**Fees charged for passports and other travel documents – increase**

This revenue measure will raise the fees charged for passports and other travel documents. DFAT will collect on behalf of the Commonwealth Government the following amounts under Administered Revenue: \$22.2 million in 2006-07, \$23.6 million in 2007-08, \$25.3 million in 2008-09 and \$23.8 million in 2009-10.

**Contributions to achievement of Outcome 2**

**Output 2.1: Consular and passport services**

DFAT provides 24-hour consular and passport services to Australians travelling overseas and their families in Australia through a consular network of overseas missions and honorary consulates, travel advisories, the Consular Emergency Centre and consular cooperation arrangements with other countries. DFAT disseminates information to inform Australian travellers about international developments, including areas that pose safety risks to travellers, and about the extent to which the Australian Government can assist them. DFAT also provides a range of information services to assist Australians better prepare for overseas travel. In particular, DFAT manages the *smartraveller* public information campaign which aims to promote the role of travel advisories and encourage Australians to use them as a routine part of overseas travel preparation. Under the authority of the *Passports Act 2005*, the department provides secure travel documents to eligible Australian citizens.

**Performance information for Outcome 2**

Performance information for administered items, individual outputs and output groups relating to the Department of Foreign Affairs and Trade are summarised in Table 3.2.2.

**Table 3.2.2: Performance information for Outcome 2**

<b>Effectiveness - Overall achievement of the outcome</b>	
Delivery of comprehensive, responsive, high-quality consular and passport services.	
Effectiveness of activities to improve awareness among Australian travellers of potential trouble spots and an understanding of the extent of assistance that the Australian Government can	
Responsiveness to international crises or natural disasters to help Australians affected by them.	
<b>Performance information for departmental outputs</b>	
<b>Output 2.1: Consular and passport services</b>	
<b>Consular services</b>	
	<i>Quality</i>
	Satisfaction of the public and travel industry with consular services.
	Extent to which highly developed crisis management procedures are in place and tested.
	Client satisfaction with the suitability and effectiveness of contingency plans at overseas missions.
	Response time to consular issues.
	<i>Quantity</i>
	Number of Australians assisted overseas, including the number of public inquiries handled, notarial acts performed and travel advisories issued.
	Number of unexpected events or crises handled by the department, number of associated Emergency Task Force meetings held, and the duration of Crisis Centre operations.
<b>Passport services</b>	
	<i>Quality</i>
	Satisfaction of the public and travel industry with passport services.
	Turnaround time for passport issue, including urgent issues.
	<i>Quantity</i>
	Number of passport inquiries handled by the Australian Passport Information Service.
	Number of travel documents issued, including urgent issues.
	<i>Price</i>
	\$201.134 million
<b>Performance information for Administered Items</b>	
<b>Travellers' emergency loans</b>	
	<i>Quality</i>
	Travellers' emergency loans granted to Australian travellers in accordance with the guidelines laid down in the Consular Instructions.
	<i>Quantity</i>
	Number of Australian travellers assisted by emergency loans.
	Success of debt recovery activities.
	<i>Price</i>
	\$0.500 million

## Evaluations for Outcome 2

See description contained in 'Evaluations for Outcome 1'.

## Competitive tendering and contracting

See description of 'Competitive tendering and contracting' under Outcome 1.

## Outcome 3 resourcing

Table 3.1.3 shows how the 2006-07 Budget appropriations translate to total resourcing for Outcome 3, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

**Table 3.1.3: Total resources for Outcome 3 (\$'000)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000
<b>Administered appropriations</b>		
Bill No 1	38,802	4,241
Special Appropriation	-	-
<b>Total administered appropriations</b>	<b>38,802</b>	<b>4,241</b>
<b>Departmental appropriations</b>		
Output 3.1	50,892	54,154
<b>Total revenue from government (appropriations)</b>	<b>50,892</b>	<b>54,154</b>
<b>Contributing to price of departmental outputs</b>	<b>99%</b>	<b>99%</b>
<b>Other resources available to be used</b>		
Administered Item 1	2,029	-
Output 3.1	624	637
<b>Total revenue from other sources</b>	<b>2,653</b>	<b>637</b>
<b>Total resources</b> (Total revenue from government and from other sources)	<b>53,545</b>	<b>54,791</b>
<b>Total estimated resourcing for Outcome 3</b> (Total price of outputs and administered appropriations)	<b>92,347</b>	<b>59,032</b>
	2005-06	2006-07
<b>Average staffing level (number)</b>	<b>220</b>	<b>216</b>

## Measures affecting Outcome 3

There are no new Budget measures for DFAT under Outcome 3.

## Contributions to achievement of Outcome 3

### Output 3.1: Public information services and public diplomacy

The department provides information services and manages a range of public diplomacy programmes both overseas and in Australia aimed at promoting a positive

image of Australia internationally and increasing public understanding of Australia's foreign and trade policies. The department operates a 24-hour media inquiries service and comprehensive websites, conducts regular media briefings and issues media releases.

**Performance information for Outcome 3**

Performance information for administered items, individual outputs and output groups relating to the Department of Foreign Affairs and Trade are summarised in Table 3.2.3.

**Table 3.2.3: Performance information for Outcome 3**

<b>Effectiveness - Overall achievement of the outcome</b>	
Australians provided with comprehensive, relevant, up-to-date information on Australia's foreign and trade policy. Effective promotion of accurate and positive perceptions of Australia overseas.	
<b>Performance information for departmental outputs</b>	
<b>Output 3.1: Public information services and public diplomacy</b>	
	<i>Quality</i>
	Satisfaction, particularly of ministers, with the provision and impact of public diplomacy and information activities in Australia and the degree to which a positive image of Australia is projected internationally and Australia's profile raised.
	Timeliness and relevance of cultural and media activities and publications.
	Number of departmentally processed Freedom of Information and Archives requests not subject to requests for review and appeal.
	<i>Quantity</i>
	Number of Australian performing groups, artists, exhibitors and other cultural visitors supported.
	Number of public briefings given by departmental staff in Australia and overseas.
	Number of other public diplomacy/cultural activities organised.
	Number of media-related inquiries handled by the media liaison section.
	Number of visits organised under the International Media and Special Visits Programs and the Cultural Awards Scheme.
	Number of publications produced and number of copies distributed.
	Number of statistical services provided to external clients.
	Number of treaties maintained on, and added to, the international treaties database.
	Number of Freedom of Information requests processed.
	Number of records assessed for international relations sensitivities before release under the <i>Archives Act 1983</i> and number of completed requests for archival information.
	<i>Price</i>
	\$54.791 million
<b>Performance information for Administered Items</b>	
<b>Grants</b>	
	<i>Quality</i>
	Grants administered in accordance with Government guidelines on the administration of the Discretionary Grants Program.
	<i>Quantity</i>
	Number of grants.
	<i>Price</i>
	\$4.241 million

### Evaluations for Outcome 3

See description contained in 'Evaluations for Outcome 1'.

### Competitive tendering and contracting

See description of 'Competitive tendering and contracting' under Outcome 1.

## Outcome 4 resourcing

Table 3.1.4 shows how the 2006-07 Budget appropriations translate to total resourcing for Outcome 4, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

**Table 3.1.4: Total resources for Outcome 4 (\$'000)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000
<b>Administered appropriations</b>		
Bill No 1	-	-
Special Appropriation	-	-
<b>Total administered appropriations</b>	-	-
<b>Departmental appropriations</b>		
Output 4.1	-	-
Output 4.2	-	-
<b>Total revenue from government (appropriations) Contributing to price of departmental outputs</b>	-	-
<b>Other resources available to be used</b>		
Output 4.1	47,675	50,081
<b>Total revenue from other sources</b>	47,675	50,081
<b>Total resources</b> (Total revenue from government and from other sources)	47,675	50,081
<b>Total estimated resourcing for Outcome 4</b> (Total price of outputs and administered appropriations)	47,675	50,081
<b>Average staffing level (number)</b>	21	21

## Measures affecting Outcome 4

### *China – construction of new annex to chancery in Beijing*

Further details of the above measures may be found in Budget Paper No. 2.

### *Iraq – construction of staff residential apartments in Baghdad*

Further details of the above measures may be found in Budget Paper No.2.

### *Jordan – purchase of a new chancery in Amman*

Further details of the above measures may be found in Budget Paper No.2.

## Contributions to achievement of Outcome 4

### Output 4.1: Property Management

### Output 4.2: Contract Management

The Overseas Property Office (OPO) manages the Government’s owned overseas property portfolio on a commercial basis. The owned overseas estate comprises office and staff residential accommodation in 57 locations, with a market value in the order of \$1.4 billion. The OPO implements a five-year rolling programme for major expenditure and capital works in the overseas estate.

### Performance information for Outcome 4

Performance information for administered items, individual outputs and output groups relating to the Department of Foreign Affairs and Trade are summarised in Table 3.2.4.

**Table 3.2.4: Performance information for Outcome 4**

<b>Effectiveness - Overall achievement of the Outcome</b>	
Management of the owned overseas property estate meets the Government's property needs, and achieves the Australian Government representatives overseas provided with appropriate accommodation, including through efficient financial and physical management of assets	
<b>Performance information for departmental outputs</b>	
<b>Output 4.1 — Property management</b>	
	<i>Quality</i>
	Portfolio condition to be maintained to industry standards.
	Tenant satisfaction to be reviewed by annual survey.
	<i>Quantity</i>
	Return on investment to be compared with external industry benchmarks and the agreed annual requirement as determined each year.
	Management expense ratio to be consistent with external industry benchmarks.
	Pay agreed annual dividend to Government.
	<i>Price</i>
	\$156.176 million*
<b>Output 4.2 — Contract management</b>	
	<i>Quality</i>
	Efficient and effective management of construction projects for new capital works.
	Ensuring measurement of contractual outcomes required of UGS
	Tenant satisfaction with UGS contract delivery.
	<i>Quantity</i>
	Number of project contracts managed.
	Number of calls answered by UGS call centre and agreed response times for successful service delivery achieved.
	<i>Price</i>
	Nil

\* Price shown under this outcome includes an amount of \$106.095 million for rent paid by DFAT to the Overseas Property Office for services provided to DFAT's overseas diplomatic network.

### Evaluations for Outcome 4

See description contained in 'Evaluations for Outcome 1'.

### Competitive tendering and contracting

See description of 'Competitive tendering and contracting' under Outcome 1.

## Section 4: Other reporting requirements

### 4.1 PURCHASER-PROVIDER ARRANGEMENTS

#### Cross agency overview

The Department of Foreign Affairs and Trade has a cross-agency arrangement, the Service Level Agreement (SLA), under which it provides common administrative services to Australian Government agencies overseas. The current SLA agreement covers the period September 2004 to June 2007. During 2005-06, the department provided services under the SLA to:

Australian Trade Commission  
Australian Agency for International Development  
Australian Centre for International Agricultural Research  
Australian Customs Service  
Australian Federal Police  
Australian Federal Police Protective Service  
Australian Government Information Management Office  
Australian Nuclear Science and Technology Office  
Australian Security Intelligence Organisation  
Australian Taxation Office  
Commonwealth Scientific and Industrial Research organisation  
Department of Agriculture, Fisheries and Forestry  
Department of Defence  
Department of Education, Science and Training  
Department of Employment and Workplace Relations  
Department of Family, Community Services and Indigenous Affairs  
Department of Health and Ageing (Therapeutic Goods Administration)  
Department of Immigration and Multicultural Affairs  
Department of Industry, Tourism and Resources  
Department of the Prime Minister and Cabinet  
Department of Transport and Regional Services  
Department of the Treasury  
Department of Veterans' Affairs  
Invest Australia  
National Library of Australia  
Office of National Assessments.

The Department of Immigration and Multicultural Affairs, the Department of Defence, the Australian Agency for International Development (AusAID), the Australian Federal Police and the Department of Education, Science and Training are the main purchasers of services under the SLA.

The department also has purchaser-provider arrangements with Australian Government agencies that require information and communications technology (ICT) services for staff at Australia's overseas missions. The department provides ICT services to the following agencies:

Attorney-General's Department  
Australian Transaction Reports and Analysis Centre  
Australia Pacific Economic Cooperation 2007  
Australian Agency for International Development  
Australian Antarctic Division  
Australian Centre for International Agricultural Research  
Australian Customs Service  
Australian Federal Police  
Australian Marine Safety Authority  
Australian Nuclear Science and Technology Organisation  
Australian Radiation Protection and National Safety Authority  
Australian Security Intelligence Organisation  
Australian Trade Commission  
Defence Intelligence Organisation  
Department of Agriculture, Fisheries and Forestry  
Department of Communications, Information and the Arts  
Department of Defence  
Department of Education, Science and Training  
Department of Employment and Workplace Relations  
Department of Environment and Heritage  
Department of Family, Community Services and Indigenous Affairs  
Department of Finance and Administration  
Department of Health and Ageing  
Department of Immigration and Multicultural Affairs  
Department of Industry, Tourism and Resources  
Department of the Prime Minister and Cabinet  
Department of Transport and Regional Services  
Department of the Treasury  
Department of Veteran Affairs  
Export, Finance and Insurance Corporation  
Invest Australia  
National Library of Australia  
National Surveillance Australia  
National Threat and Assessment Centre  
Office of National Assessments  
Parliamentary Relations Office  
Protective Services Coordination Centre.

### **Responsibility**

The department is responsible for disclosing departmental cost recovered through the department's purchaser-provider arrangements in its Annual Report, clearly indicating where the recovery relates to inter-government charges.

## 4.2 COST RECOVERY ARRANGEMENTS

The department does not have any arrangements which are cost recovery arrangements within the scope of the Australian Government Cost Recovery Guidelines (see 'Summary of cost recovery impact statement' below).

### Summary of cost recovery impact statement

In 2006-07, in accordance with the Government's cost recovery review schedule, the department completed a review of its cost recovery arrangements to ensure compliance with the Australian Government Cost Recovery Guidelines (the Guidelines).

In undertaking the review it was found that all the department's activities involving revenue collection were exempted under the Guidelines. The review did find however that where the Department and portfolio agencies collected revenue for activities exempted from the guidelines, such as inter-governmental charging, the arrangements for recovering costs were consistent with the principles contained in the Guidelines.

In reviewing the department's cost recovery arrangements, it was noted that revenue collected for Australian passport applications was excluded from the Guidelines. The *Australian Passports (Application Fees) Act 2005* imposes fees for Australian passports and other travel documents, which under the Act are considered taxation revenue. Section 5(3) of the Act states; "An application fee need not bear any relationship to the cost of issuing and Australian travel document or endorsing or making an observation on and Australia travel document". This fee is not considered as a cost recovery tax and exempt from the Review under the Cost Recovery Guidelines.

The department also noted that the Nuclear Non-Proliferation (Safeguards) Act 1987 requires that an annual charge (safeguards fee) be imposed on producers of uranium. The amount of the charge is set by regulation, up to a maximum payment by any producer of \$500,000 as specified by the Act. The safeguards fee includes a component for the costs incurred by the Australian Safeguards and Non-proliferation Office (ASNO) and varies according to the quantity of uranium exported and uranium produced in Australia. The safeguards fee does not bear any funding connection to the department's budget and was therefore exempt under the Guidelines. During 2006 the Department will commence a review of the empowering Act for the safeguards fee. The status of the fee will be assessed taking into account the principles contained in the Guidelines.

### **4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)**

See Portfolio Table 1 in the 'Portfolio Overview' section.

## Section 5: Budgeted financial statements

### **5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

#### **Budget Departmental Statement of Financial Performance**

The department received additional appropriation funding of \$57.4 million (excluding capital funding) in 2006-07 for a number of new measures and adjustments relating to foreign exchange and inflation.

In 2006-07, the Overseas Property Office is forecasting a return to the Official Public Account of \$23.6 million in the form of a dividend payment.

#### **Budgeted Departmental State of Financial Position**

In 2006-07, DFAT's non financial asset position is \$1,858.8 million. The major asset component is \$1,596.2 million for Land and Buildings which includes \$1,405.2 million managed by the Overseas Property Office. The budgeted departmental non-financial asset position has increased mainly due to the impact of security works, resulting in increased asset acquisitions in 2006-07

#### **Schedule of Revenues and Expenses Administered on behalf of Government**

Total administered revenues have been budgeted at \$261.5 million in 2006-07. In the out-years these revenues are forecast to increase. This is due to increases in Passport Fee revenue.

Total expenses administered on behalf of government are budgeted at \$205.4 million in 2006-07. The major components are contributions to international organisations. Expenses associated with the National Interest Account and payments under the International Relations Grants Programme.

#### **Asset and Liabilities Administered on behalf of Government**

Asset and liabilities are budgeted at \$473.4 million and \$125.6 million respectively for the year ending 30 June 2007. The assets mainly represent the whole of government component of the National Interest Account. Liabilities comprise primary of amounts relating to the National Interest Account and Locally Engaged Staff Pension Schemes.

## 5.2: BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement for the period ended 30 June 2007**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	734,901	799,334	810,797	833,847	781,230
Goods and services	91,067	91,772	92,423	90,287	77,913
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Other	3,154	1,100	1,100	1,100	1,521
<b>Total revenue</b>	<b>829,122</b>	<b>892,206</b>	<b>904,320</b>	<b>925,234</b>	<b>860,664</b>
<b>Gains</b>					
Net foreign exchange gains	-	-	-	-	-
Reversals of previous asset w rite-dow ns	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other	390	390	390	390	390
<b>Total gains</b>	<b>390</b>	<b>390</b>	<b>390</b>	<b>390</b>	<b>390</b>
<b>Total income</b>	<b>829,512</b>	<b>892,596</b>	<b>904,710</b>	<b>925,624</b>	<b>861,054</b>
<b>EXPENSE</b>					
Employees	318,613	350,908	362,601	377,166	377,693
Suppliers	315,777	362,427	354,976	377,863	348,604
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Depreciation and amortisation	63,287	76,500	83,595	89,024	81,932
Finance costs	3,562	673	649	624	457
Write-dow n of assets and impairment of assets	2,184	-	-	-	-
Net losses from sale of assets	1,427	-	-	464	23,449
Net foreign exchange losses	675	-	-	-	-
Other	-	-	-	-	-
<b>Total expenses</b>	<b>705,525</b>	<b>790,508</b>	<b>801,821</b>	<b>845,141</b>	<b>832,135</b>
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-

**Table 5.1: Budgeted departmental income statement for the period ended 30 June 2007 (continued)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
<b>Operating result from continuing operations</b>	123,987	102,088	102,889	80,483	28,919
Operating result from discontinued operations	-	-	-	-	-
Gain (loss) on remeasuring discontinued operations	-	-	-	-	-
<b>Operating result</b>	123,987	102,088	102,889	80,483	28,919
Minority interest in net surplus or (deficit)	-	-	-	-	-
<b>Net surplus or (deficit) attributable to the Australian Government</b>	123,987	102,088	102,889	80,483	28,919

**Table 5.2: Budgeted departmental balance sheet  
as at 30 June 2007**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	36,710	36,709	36,708	36,708	36,708
Receivables	425,142	331,641	432,934	379,967	430,526
Investments accounted for under the equity method	-	-	-	-	-
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	-	-	-	-	-
Other investments	-	-	-	-	-
Tax assets	-	-	-	-	-
Accrued revenues	656	656	656	656	656
Other	-	-	-	-	-
<b>Total financial assets</b>	<b>462,508</b>	<b>369,006</b>	<b>470,298</b>	<b>417,331</b>	<b>467,890</b>
<b>Non-financial assets</b>					
Land and buildings	1,491,157	1,596,176	1,628,178	1,637,844	1,717,333
Infrastructure, plant and equipment	82,113	120,319	133,245	145,487	118,392
Investment properties	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Inventories	12,476	12,476	12,476	12,476	12,476
Intangibles	10,497	17,360	28,952	25,314	20,444
Biological assets	-	-	-	-	-
Assets held for sale	2,651	-	-	2,500	2,890
Other	67,668	112,516	94,626	181,756	99,287
<b>Total non-financial assets</b>	<b>1,666,562</b>	<b>1,858,847</b>	<b>1,897,477</b>	<b>2,005,377</b>	<b>1,970,822</b>
<b>Total assets</b>	<b>2,129,070</b>	<b>2,227,853</b>	<b>2,367,775</b>	<b>2,422,708</b>	<b>2,438,712</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Loans	-	-	-	-	-
Leases	2,943	2,240	1,485	674	26
Deposits	-	-	-	-	-
Overdraft	-	-	-	-	-
Other	-	-	-	-	-
<b>Total interest bearing liabilities</b>	<b>2,943</b>	<b>2,240</b>	<b>1,485</b>	<b>674</b>	<b>26</b>
<b>Provisions</b>					
Employees	105,021	105,680	105,496	105,482	105,564
Other	-	-	-	-	-
<b>Total provisions</b>	<b>105,021</b>	<b>105,680</b>	<b>105,496</b>	<b>105,482</b>	<b>105,564</b>
<b>Payables</b>					
Suppliers	53,638	54,309	62,105	62,105	52,308
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Finance costs	-	-	-	-	-
Other	25,395	26,073	26,765	27,472	28,015
<b>Total payables</b>	<b>79,033</b>	<b>80,382</b>	<b>88,870</b>	<b>89,577</b>	<b>80,323</b>
Liabilities included in disposal groups held for sale	-	-	-	-	-
<b>Total liabilities</b>	<b>186,997</b>	<b>188,302</b>	<b>195,851</b>	<b>195,733</b>	<b>185,913</b>

**Table 5.2: Budgeted departmental balance sheet  
as at 30 June 2007 (continued)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	1,388,277	1,437,513	1,502,157	1,573,613	1,573,613
Reserves	279,374	249,162	221,346	212,249	229,316
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	274,422	352,876	448,421	441,113	449,870
<b>Total parent entity interest</b>	<b>1,942,073</b>	<b>2,039,551</b>	<b>2,171,924</b>	<b>2,226,975</b>	<b>2,252,799</b>
<b>Minority interest</b>					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
<b>Total minority interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>1,942,073</b>	<b>2,039,551</b>	<b>2,171,924</b>	<b>2,226,975</b>	<b>2,252,799</b>
<b>Current assets</b>	<b>494,795</b>	<b>398,642</b>	<b>499,934</b>	<b>449,467</b>	<b>500,416</b>
<b>Non-current assets</b>	<b>1,634,275</b>	<b>1,829,211</b>	<b>1,867,841</b>	<b>1,973,241</b>	<b>1,938,296</b>
<b>Current liabilities</b>	<b>119,160</b>	<b>120,986</b>	<b>129,345</b>	<b>129,884</b>	<b>120,039</b>
<b>Non-current liabilities</b>	<b>67,837</b>	<b>67,316</b>	<b>66,506</b>	<b>65,849</b>	<b>65,874</b>

\*Note: 'equity' is the residual interest in assets after deduction of liabilities.

**Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June 2007**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	87,794	91,094	91,731	89,579	77,372
Appropriations	687,271	854,329	737,367	796,380	725,404
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Other	20,571	20,478	20,832	20,462	21,273
<b>Total cash received</b>	<b>795,636</b>	<b>965,901</b>	<b>849,930</b>	<b>906,421</b>	<b>824,049</b>
<b>Cash used</b>					
Employees	321,558	352,272	363,637	378,456	377,694
Suppliers	340,766	361,226	338,701	376,130	335,059
Grants	-	-	-	-	-
Financing costs	20	-	-	20	20
Other	17,798	19,397	19,657	19,382	19,382
<b>Total cash used</b>	<b>680,142</b>	<b>732,895</b>	<b>721,995</b>	<b>773,988</b>	<b>732,155</b>
<b>Net cash from or (used by) operating activities</b>	<b>115,494</b>	<b>233,006</b>	<b>127,935</b>	<b>132,433</b>	<b>91,894</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	6,633	2,446	2,361	5,632	27,227
Proceeds from sales of financial instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Repayments of loans made	-	-	-	-	-
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	-	-	-	-	-
Other	2,575	-	-	-	-
<b>Total cash received</b>	<b>9,208</b>	<b>2,446</b>	<b>2,361</b>	<b>5,632</b>	<b>27,227</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	111,147	236,648	96,351	99,870	25,613
Purchase of financial instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Loans made	-	-	-	-	-
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	-	-	-	-	-
Other	40,743	51,437	47,748	106,716	83,856
<b>Total cash used</b>	<b>151,890</b>	<b>288,085</b>	<b>144,099</b>	<b>206,586</b>	<b>109,469</b>
<b>Net cash from or (used by) investing activities</b>	<b>(142,682)</b>	<b>(285,639)</b>	<b>(141,738)</b>	<b>(200,954)</b>	<b>(82,242)</b>

**Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June 2007 (continued)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	80,469	49,798	64,644	71,456	-
Proceeds from issuing financial instruments	-	-	-	-	-
Proceeds from loans	-	-	-	-	-
Other	(23,895)	26,468	(43,498)	84,856	10,510
<b>Total cash received</b>	<b>56,574</b>	<b>76,266</b>	<b>21,146</b>	<b>156,312</b>	<b>10,510</b>
<b>Cash used</b>					
Repayments of debt	-	-	-	-	-
Dividends paid	26,973	23,553	7,344	84,731	-
Other	2,576	81	-	3,060	20,162
<b>Total cash used</b>	<b>29,549</b>	<b>23,634</b>	<b>7,344</b>	<b>87,791</b>	<b>20,162</b>
<b>Net cash from or (used by) financing activities</b>	<b>27,025</b>	<b>52,632</b>	<b>13,802</b>	<b>68,521</b>	<b>(9,652)</b>
<b>Net increase or (decrease) in cash held</b>	<b>(163)</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	36,873	36,710	36,709	36,708	36,708
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
<b>Cash at the end of the reporting period</b>	<b>36,710</b>	<b>36,709</b>	<b>36,708</b>	<b>36,708</b>	<b>36,708</b>

**Table 5.4: Departmental statement of changes in equity**  
**— summary of movement (Budget 2006-07)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2006</b>					
Balance carried forward from previous period	274,422	279,374	-	1,388,277	1,942,073
Adjustment for changes in accounting policies	-	-	-	-	-
<b>Adjusted opening balance</b>	<b>274,422</b>	<b>279,374</b>	<b>-</b>	<b>1,388,277</b>	<b>1,942,073</b>
<b>Income and expense</b>					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	(30,212)	-	-	(30,212)
<b>Sub-total income and expense</b>	<b>-</b>	<b>(30,212)</b>	<b>-</b>	<b>-</b>	<b>(30,212)</b>
Net operating result	102,088	-	-	-	102,088
<b>Total income and expenses recognised directly in equity</b>	<b>102,088</b>	<b>(30,212)</b>	<b>-</b>	<b>-</b>	<b>71,876</b>
<b>Transactions with owners</b>					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	(23,553)	-	-	-	(23,553)
Returns of capital					
Restructuring	-	-	-	-	-
Other	(81)	-	-	-	(81)
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	49,236	49,236
Other:					
Restructuring	-	-	-	-	-
<b>Sub-total transactions with owners</b>	<b>(23,634)</b>	<b>-</b>	<b>-</b>	<b>49,236</b>	<b>25,602</b>
Transfers between equity components	-	-	-	-	-
<b>Estimated closing balance as at 30 June 2007</b>	<b>352,876</b>	<b>249,162</b>	<b>-</b>	<b>1,437,513</b>	<b>2,039,551</b>

**Table 5.5: Departmental capital budget statement**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	80,470	49,236	64,644	71,456	-
Total previous years' outputs	11,886	-	-	-	-
Total loans	-	-	-	-	-
<b>Total capital appropriations</b>	<b>92,356</b>	<b>49,236</b>	<b>64,644</b>	<b>71,456</b>	<b>-</b>
<b>Represented by:</b>					
Purchase of non-financial assets	80,470	49,236	64,644	71,456	-
Other	11,886	-	-	-	-
<b>Total represented by</b>	<b>92,356</b>	<b>49,236</b>	<b>64,644</b>	<b>71,456</b>	<b>-</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	80,470	49,236	64,644	71,456	-
Funded internally by					
Departmental resources	65,797	210,006	105,648	50,820	164,997
<b>Total</b>	<b>146,267</b>	<b>259,242</b>	<b>170,292</b>	<b>122,276</b>	<b>164,997</b>

**Table 5.6: Departmental property, plants, equipment and intangibles - summary of movement (Budget year 2006-07)**

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer softw are	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2006</b>									
Gross book value	691,219	-	831,227	-	109,150	-	35,853	-	1,667,449
Accumulated depreciation	-	-	(31,289)	-	(27,037)	-	(25,356)	-	(83,682)
<b>Opening net book value</b>	691,219	-	799,938	-	82,113	-	10,497	-	1,583,767
Additions:									
by purchase	69,287	-	106,924	-	67,303	-	15,728	-	259,242
by finance lease	-	-	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	(10,246)	-	(19,966)	-	-	-	-	-	(30,212)
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	(40,899)	-	(26,736)	-	(8,865)	-	(76,500)
Impairments recognised in operating result	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	(81)	-	-	-	(2,361)	-	-	-	(2,442)
<b>As at 30 June 2007</b>									
Gross book value	750,179	-	888,055	-	165,174	-	51,581	-	1,854,989
Accumulated depreciation	-	-	39,740	-	8,617	-	(16,491)	-	31,866
<b>Estimated closing net book value</b>	750,179	-	927,795	-	173,791	-	35,090	-	1,886,855

**Table 5.7: Schedule of budgeted income and expenses administered on behalf of government for the period ended 30 June 2007**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	-	-	-	-	-
<b>Total taxation</b>	-	-	-	-	-
<b>Non-taxation</b>					
Goods and services	196,300	214,000	228,100	244,500	230,100
Interest	17,015	15,715	15,315	15,215	14,815
Dividends	14,700	13,300	9,300	9,000	9,000
Other sources of non-taxation revenues	10,369	3,340	3,340	3,340	3,340
Borrow ings	20,300	15,100	12,600	11,000	10,000
Royalties	-	-	-	-	-
<b>Total non-taxation</b>	<b>258,684</b>	<b>261,455</b>	<b>268,655</b>	<b>283,055</b>	<b>267,255</b>
<b>Total revenues administered on behalf of Government</b>	<b>258,684</b>	<b>261,455</b>	<b>268,655</b>	<b>283,055</b>	<b>267,255</b>
<b>Gains</b>					
Net foreign exchange gains	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
<b>Total gains administered on behalf of Government</b>	-	-	-	-	-
<b>Total income administered on behalf of Government</b>	<b>258,684</b>	<b>261,455</b>	<b>268,655</b>	<b>283,055</b>	<b>267,255</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	205,869	182,241	181,541	181,541	181,241
Subsidies	-	-	-	-	-
Personal benefits	7,500	3,250	3,000	2,750	2,750
Employees	4,500	-	-	-	-
Suppliers	6,487	1,501	1,501	1,501	1,501
Depreciation and amortisation	-	-	-	-	-
Write dow n and impairment of assets	-	-	-	-	-
Finance costs	16,000	15,400	14,500	13,900	13,300
Other	3,000	3,000	3,000	2,900	2,800
<b>Losses</b>					
Net foreign exchange losses	-	-	-	-	-
Net loss from sale of assets	-	-	-	-	-
Other losses	-	-	-	-	-
<b>Total expenses administered on behalf of Government</b>	<b>243,356</b>	<b>205,392</b>	<b>203,542</b>	<b>202,592</b>	<b>201,592</b>

**Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government as at 30 June 2007**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash	5,115	5,115	5,115	5,115	5,115
Receivables	123,787	123,787	123,787	123,787	123,787
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	338,710	338,710	338,710	338,710	338,710
Accrued revenues	681	681	681	681	681
Other financial assets	-	-	-	-	-
<b>Total financial assets</b>	<b>468,293</b>	<b>468,293</b>	<b>468,293</b>	<b>468,293</b>	<b>468,293</b>
<b>Non-financial assets</b>					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	-	-	-	-	-
Investment properties	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	-	-	-	-	-
Biological assets	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Other	5,080	5,080	5,080	5,080	5,080
<b>Total non-financial assets</b>	<b>5,080</b>	<b>5,080</b>	<b>5,080</b>	<b>5,080</b>	<b>5,080</b>
<b>Total assets administered on behalf of Government</b>	<b>473,373</b>	<b>473,373</b>	<b>473,373</b>	<b>473,373</b>	<b>473,373</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Interest bearing liabilities</b>					
Australian Government securities	-	-	-	-	-
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Overdraft	-	-	-	-	-
Other	57,653	57,653	57,653	57,653	57,653
<b>Total interest bearing liabilities</b>	<b>57,653</b>	<b>57,653</b>	<b>57,653</b>	<b>57,653</b>	<b>57,653</b>
<b>Provisions</b>					
Employees	-	-	-	-	-
Taxation refunds provided	-	-	-	-	-
Australian currency on issue	-	-	-	-	-
Other provisions	5,192	5,192	5,192	5,192	5,192
<b>Total provisions</b>	<b>5,192</b>	<b>5,192</b>	<b>5,192</b>	<b>5,192</b>	<b>5,192</b>

**Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government as at 30 June 2007 (continued)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
<b>Payables</b>					
Suppliers	-	-	-	-	-
Grants and subsidies					
Dividends					
Finance costs					
Personal benefits payable	34,481	34,481	34,481	34,481	34,481
Taxation refunds due					
Other payables	28,290	28,290	28,290	28,290	28,290
<b>Total payables</b>	<b>62,771</b>	<b>62,771</b>	<b>62,771</b>	<b>62,771</b>	<b>62,771</b>
Liabilities included in disposal groups held for sale	-	-	-	-	-
<b>Total liabilities administered on behalf of Government</b>	<b>125,616</b>	<b>125,616</b>	<b>125,616</b>	<b>125,616</b>	<b>125,616</b>

**Table 5.9: Schedule of budgeted administered cash flows for the period ended 30 June 2007**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	-	-	-	-	-
Sales of goods	196,300	214,000	228,100	244,500	230,100
Rendering of services	-	-	-	-	-
Interest	215	215	215	215	215
Dividends	14,700	13,300	9,300	9,000	9,000
Other	10,369	3,340	3,340	3,340	3,340
<b>Total cash received</b>	<b>221,584</b>	<b>230,855</b>	<b>240,955</b>	<b>257,055</b>	<b>242,655</b>
<b>Cash used</b>					
Financing costs					
Employees	4,500	-	-	-	-
Grant payments	207,163	182,241	181,541	181,541	181,241
Interest paid	12,000	11,400	10,500	9,900	9,300
Subsidies paid	-	-	-	-	-
Personal benefits	3,500	3,250	3,000	2,750	2,750
Suppliers	5,193	1,501	1,501	1,501	1,501
Other	3,000	3,000	3,000	2,900	2,800
<b>Total cash used</b>	<b>235,356</b>	<b>201,392</b>	<b>199,542</b>	<b>198,592</b>	<b>197,592</b>
<b>Net cash from or (used by) operating activities</b>	<b>(13,772)</b>	<b>29,463</b>	<b>41,413</b>	<b>58,463</b>	<b>45,063</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment and intangibles	-	-	-	-	-
Proceeds from sales of equity instruments	-	-	-	-	-
Proceeds from sales of investments	-	-	-	-	-
Repayments of advances	-	-	-	-	-
Transfers from other entities	-	-	-	-	-
Investments (s.39 FMA Act, s.18 CAC Act, s.19 CAC Act)	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 5.9: Schedule of budgeted administered cash flows for the period ended 30 June 2007 (continued)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forw ard estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	-	-	-	-	-
Purchase of equity instruments	-	-	-	-	-
Advances and loans made	-	-	-	-	-
Transfers to other entities	-	-	-	-	-
Investments (s.39 FMA Act, s.18 CAC Act, s.19 CAC Act)	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from or (used by) investing activities</b>	-	-	-	-	-
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from borrow ing	20,300	15,100	12,600	11,000	10,000
Cash from Official Public Account	235,356	201,392	199,542	198,592	197,592
Other	2,200	700	700	700	700
<b>Total cash received</b>	257,856	217,192	212,842	210,292	208,292
<b>Cash used</b>					
Net repayment of borrow ings	-	-	-	-	-
Dividends paid	-	-	-	-	-
Cash to Official Public Account	241,884	245,955	253,555	268,055	252,655
Other	2,200	700	700	700	700
<b>Total cash used</b>	244,084	246,655	254,255	268,755	253,355
<b>Net cash from or (used by) financing activities</b>	13,772	(29,463)	(41,413)	(58,463)	(45,063)
<b>Net increase or (decrease) in cash held</b>	-	-	-	-	-
Cash at beginning of reporting period	5,115	5,115	5,115	5,115	5,115
Cash from Official Public Account for:					
- appropriations	-	-	-	-	-
- special accounts	-	-	-	-	-
Transfers from other entities (Finance - Whole of Government)	-	-	-	-	-
Cash to Official Public Account for:					
- appropriations	-	-	-	-	-
- special accounts	-	-	-	-	-
Transfers to other entities (Finance - Whole of Government)	-	-	-	-	-
Effect of exchange rate movements on cash at beginning of reporting period	-	-	-	-	-
<b>Cash at end of reporting period</b>	5,115	5,115	5,115	5,115	5,115

**Table 5.10: Schedule of administered capital budget**

Not applicable to DFAT.

**Table 5.11: Schedule of administered property, plant, equipment and intangibles  
— summary of movement (Budget year 2006-07)**

Not applicable to DFAT.

## **5.3: NOTES TO THE FINANCIAL STATEMENTS**

### **Departmental Financial Statements and Schedule of Administered Activity**

Under the Australian Government's accrual-based budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (Administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

- Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.
- Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Government according to set Government directions. Administered expenses include subsidies, grants and personal benefit payments and Administered revenues include taxes, fees, fines and excises.

### **Appropriations in the accrual budgeting framework**

Under the Australian Government's accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's funding for outputs from agencies,
- Departmental capital appropriations: for investments by the Government for either additional equity or loans to agencies,
- Administered expense appropriations: for the estimated Administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states; and
- Administered capital appropriations: for increases in Administered equity through funding non-expense Administered payments.

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to State governments).

**Administered investments in controlled entities**

The department has two administered investments: Australian Trade Commission and Export Finance and Insurance Corporation with a total estimated asset value of \$338.7 million as at 30 June 2007.

**Asset valuation**

In accordance with current Australian accounting standards and the Finance Minister's Orders the department's assets are carried at fair value.