

OVERVIEWS

Section 1

Secretary's review

Departmental overview



*Minister for Trade, Mr Simon Crean (centre), Australian Ambassador to China, Dr Geoff Raby (second from right) and other guests at the launch of Business Club Australia in Beijing on 16 April 2008.
Photo: ABT Creative*



*Minister for Foreign Affairs, Mr Stephen Smith, and Indian Minister of External Affairs, Mr Pranab Mukherjee, exchanging a bilateral extradition treaty and a mutual legal assistance treaty in criminal matters, signed in Canberra on 23 June 2008.
Photo: Mark Graham*



*Opposite »
The Prime Minister, Mr Kevin Rudd, in a discussion with the United States President, Mr George W Bush, on Mr Rudd's first official visit to the White House on 28 March 2008.
Photo: Auspic*

SECRETARY'S REVIEW



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

The international year in review

In 2007–08 the department actively pursued Australia's foreign and trade policy interests as a creative middle power. We worked in support of the Government's priorities to strengthen Australia's alliance with the United States, to engage productively in multilateral processes and outcomes, and to intensify Australia's interaction with the Asia–Pacific region. We also focused on advancing Australia's interests in meeting key global challenges on issues such as climate change, trade liberalisation, counter-terrorism, food security, and nuclear non-proliferation and disarmament.

We worked in support of Australia's trade policy priorities of achieving liberalised trading arrangements through multilateral, regional and bilateral negotiations and implementing effective economic reform 'behind the borders'. Multilateral trade reform, particularly an ambitious outcome to the World Trade Organisation Doha Round of trade negotiations, remains Australia's most important trade policy priority and one which the department pursued with concerted activism in 2007–08.

The department also pursued an active agenda in support of Australian foreign policy and trade interests beyond our own region—in Europe, the Americas, the Middle East, Africa and elsewhere.

Enhancing relationships

The department developed and implemented strategies to reinforce the enduring strength of Australia's relationship with the **United States**, our most important strategic ally, across the breadth of our economic and security interests. We provided support for high-level visits by President Bush (for APEC in November 2007) and by the Prime Minister, Mr Rudd, on his first official visit as Prime Minister to Washington in March 2008. We also provided assistance to portfolio and other ministers in their visits to the United States early in the Government's term. We facilitated high-quality Australia–United States Ministerial consultations in February 2008, which confirmed the two countries' strong commitment to the alliance and to working cooperatively to meet common challenges. We established a United States Policy Group to build coherence across government on US-related policy. In the year ahead, we will establish strong links with the new US Administration in support of the wide range of national interests we share.

The department made a significant contribution to further strengthening Australia's vital relationship with **Japan**, reflecting our shared democratic values, complementary economic ties and common strategic interests. The department consolidated achievements under the 2007 Australia–Japan Joint Declaration on Security Cooperation, including by coordinating the whole-of-government Action Plan to implement the Joint Declaration. The department conducted the second annual Secretary-level bilateral dialogue with Japan in July 2007 covering strategic, economic and people-to-people issues. In particular, we worked with the Department of Environment, Water, Heritage and the Arts to urge Japan to cease its 'scientific' whaling program in the Southern Ocean.

Building on a dynamic economic and trade relationship, the department supported a range of initiatives to enhance Australia's relations with **China**. The department facilitated the inaugural Foreign Minister-level Australia–China Strategic Dialogue, which provided an opportunity to exchange views on our respective strategic outlooks and on emerging regional and global challenges. On trade issues, the department organised a successful Joint Ministerial Economic Commission (JMEC) in Beijing on 17 April 2008, which addressed bilateral economic and trade issues relating to resources, agriculture, services and other sectors. We progressed bilateral FTA negotiations, with the eleventh round of FTA talks in Beijing in June 2008. In addition, the department facilitated Australia's participation in the annual Human Rights Dialogue, held at deputy secretary level in Beijing in July 2007.

The department worked to deepen relations with **India**—a country with which we share mutually important economic interests, strong people-to-people ties and significant shared strategic perspectives. We supported the Foreign Minister's participation in the Australia–India Foreign Ministers' Framework Dialogue on 23 June 2008, which underlined the importance of regular high-level political contact and the expanding links particularly in the fields of energy and resources, defence and climate change. We initiated a joint feasibility study on a free trade agreement and facilitated annual bilateral trade discussions in May 2008.

Indonesia continues its development as an open, robust democracy increasingly benefiting from strong economic growth which is delivering improvements in living standards. The department worked to deepen this critical partnership in many areas. We facilitated the visits of twelve Australian Ministers, including two separate Prime Ministerial visits. We advanced cooperation on security issues by finalising the Australia–Indonesia Agreement on the Framework for Security Cooperation (the Lombok Treaty). We enhanced cooperation in the areas of regional disaster management, transnational crime, climate change, interfaith dialogue, and the promotion of democratic processes and institutions in the region. We are continuing to work with Indonesia on a feasibility study into a bilateral free trade agreement. We also maintained close practical engagement with other key partner countries in the region and with the Association of Southeast Asian Nations (**ASEAN**).

We continued to strengthen our special and longstanding links with the United Kingdom, New Zealand and Canada. The visit to the **United Kingdom** by the Prime Minister in April 2008 added further impetus to our close, broad-based relationship on key international issues such as climate change, trade and investment, progress towards Millennium Development Goals, and the reform of international institutions. We contributed to enhanced trans-Tasman relations through intensive co-operation with **New Zealand** on regional issues, through productive exchanges on a broad range of diplomatic and economic issues, through strengthening our Closer Economic Relations (CER) and through supporting a successful 2008 Australia–New Zealand Leadership Forum. We expanded our bilateral interaction with **Canada** and coordinated closely in the United Nations (working collaboratively as part of the CANZ—Canada, Australia, New Zealand group—in a number of UN forums), in the WTO and in APEC. Australia's collaboration with Canada on the situation in Afghanistan and the visit to Australia by Canada's Prime Minister in September 2007 further enhanced our bilateral partnership.

The department supported high-level visits by the Prime Minister and Australian Ministers to the **Pacific** and by Pacific leaders to Australia. Following the Port Moresby Declaration issued by the Prime Minister on 6 March 2008, the department played a leading role in coordinating a new whole-of-government strategy for Australia's enhanced engagement with the Pacific. A key element of the strategy is the negotiation of long-term Pacific Development Partnerships, which are built on the concepts of mutual respect, mutual responsibility and mutual commitment and which seek to promote economic growth, good governance and regional stability. We are working towards the objective of a series of Pacific Development Partnerships across the region to support Pacific Island states in meeting their Millennium Development Goals by 2015. The department actively pursued Partnership arrangements in 2007–08 with Samoa and PNG. In the year ahead, we will commence negotiations with Solomon Islands, Kiribati, Vanuatu, Nauru and Tonga. We also provided leadership in the development of a whole-of-government Pacific labour mobility proposal. Furthermore, we will work, in partnership with Pacific Island governments, to set out a road map for negotiations on a region-wide Free Trade Agreement, the 'PACER Plus' arrangement.

The department worked actively and productively in support of a re-energised relationship between Australia and **Papua New Guinea**. We supported a very successful Australia–Papua New Guinea Ministerial forum in April 2008. We also led whole-of-government coordination in relation to the review of the 'Strongim Gavman' program through which Australia and PNG work together to strengthen PNG's financial and economic management, public sector reform, law and justice, and border security.

The department continued Australia's intensive engagement with **Solomon Islands**, particularly through Australia's leadership of the Regional Assistance Mission to Solomon Islands.

On **Fiji**, the department liaised closely with other regional countries, particularly those of the Pacific Islands Forum, in promoting the restoration of democracy and the rule of law.

We are actively working in support of the Government's policy of enhanced cooperation with the **European Union** (EU). In a Joint Statement with European Commission President Jose Manuel Barroso during the Prime Minister's visit to Brussels in April 2008, Mr Rudd outlined initiatives to strengthen Australia-EU relations on a range of issues including international trade, climate change, international security threats and development assistance. An important means of taking forward these initiatives will be a new Partnership Framework Agreement on which the department is working intensively with EU officials.

The department supported Australia's strong role internationally in pressing for a credible democratic outcome to the elections in **Zimbabwe** and continued to coordinate closely with AusAID in taking forward humanitarian assistance to the Zimbabwean people. In the face of a deteriorating humanitarian situation in Darfur, **Sudan**, we worked closely with other agencies on humanitarian, peacekeeping and diplomatic initiatives to end the atrocities and resolve the crisis. The department also coordinated a strong diplomatic, consular and humanitarian response to the political crisis in **Kenya** in early 2008. Furthermore, the department worked actively in support of Australia's expanding commercial engagement throughout Africa, especially in the resources sector.

In **Latin America** we contributed to expanding bilateral relations and economic linkages by supporting high-level visits in both directions, and promoting increased trade and investment, including the finalisation of a comprehensive free trade agreement with Chile. The department will continue to develop strategies for closer engagement with Latin America, reflecting its growing importance in trade, investment and international institutions.

Strengthening multilateral engagement

The need for effective global responses to many of the challenges that Australia faces is more urgent and necessary than ever. Foremost among these global challenges is **climate change**. The department played a leading role in facilitating the Government's ratification of the Kyoto Protocol and the subsequent high-level Australian attendance at the Bali Conference of Parties on Climate Change in December 2007 led by the Prime Minister. The department was also a major contributor in support of the Government's commitment to secure an end to commercial and scientific whaling. We coordinated international representations to the Japanese Government in December 2007 and worked closely with the Department of the Environment, Water, Heritage and the Arts (DEWHA) to develop and implement Government initiatives on whaling.

The department supported the Government's further development of Australia's engagement with the **United Nations** and other multilateral organisations. Of particular significance was the Prime Minister's early visit to the UN in New York and his announcement that Australia would be a candidate for a non-permanent seat on the UN Security Council for the 2013–2014 term. The department moved quickly to support this candidature. We have been highly active in developing a campaign strategy and in seeking support for our candidature around the world. The department has also pursued necessary reforms within the UN system to enable the organisation to improve its capabilities, streamline its effective delivery of services and enhance its practical outcomes.

The department, especially through our UN mission in Geneva, worked constructively to help improve the Human Rights Council's ability to respond effectively to urgent **human rights** situations. On Indigenous issues, the department, through our overseas network of posts, actively promoted to the international community information about Australia's actions to promote reconciliation, particularly the National Apology, and to close the gap in life expectancy between Indigenous and non-Indigenous Australians.

Within the Asia-Pacific region, the department continued its active role in regional institutional arrangements, such as the Asia Pacific Economic Cooperation forum (APEC) and the East Asia Summit. In particular, the department made an important and sustained contribution to the success of the APEC Economic Leaders' Meeting in Sydney in September 2007. We are also taking forward the Australian Government's proposal to explore with regional countries the prospects for the evolution of an Asia-Pacific Community.

Enhancing security and counter-terrorism cooperation

A continuing responsibility of the department is to enhance Australia's national security in the face of an increasingly complex range of international threats.

The department contributed importantly to the development of a whole-of-government approach to Australia's engagement in **Afghanistan** that enhanced Australia's civilian contribution and reinforced the work of the Australian Defence Force. We worked with the Department of Defence and other agencies to secure broad support for a comprehensive political-military plan for the international mission. Separately, the department continued to provide whole-of-government coordination for Australia's engagement in **Iraq**, including effective liaison on the implementation of the Australian Government's commitment to the withdrawal of Australian combat forces from Iraq and the expansion of Australia's development assistance programs. The department worked intensively in support of the Australian Government's active support for diplomatic efforts to deter **Iran's** nuclear activities. The department coordinated the domestic implementation of United Nations Security Council Resolution 1803 imposing further sanctions against Iran.

We also actively advanced the Government's international **counter-terrorism** efforts. In particular, we deepened counter-terrorism linkages with neighbours in South-East Asia and expanded our range of counter-terrorism dialogue partners.

The department increased its focus on **non-proliferation and disarmament** issues in support of the priority given to them by the Australian Government. We provided support to the establishment of the International Commission on Nuclear Non-Proliferation and Disarmament, which was announced by the Prime Minister in Japan on 9 June 2008. The objective of the Commission is to strengthen the Nuclear Non-Proliferation Treaty (NPT), reinvigorate the global effort against the proliferation of nuclear weapons, and reaffirm the commitment to the ultimate goal of a nuclear weapons-free world. The Commission will seek to shape a global consensus in the lead-up to the 2010 NPT Review Conference. It will be co-chaired by former Australian Foreign Minister, the Hon. Gareth Evans AO QC, and the former Japanese Minister for the Environment and for Foreign Affairs, Ms Yoriko Kawaguchi.

Separately, the department contributed importantly to international initiatives to prevent the proliferation of weapons of mass destruction (WMD) as well as conventional weapons. In May 2008, we led Australia's multi-agency delegation to the Diplomatic Conference in Dublin that reached agreement on the text of a treaty to ban cluster munitions that cause unacceptable harm to civilians.

Under the auspices of the Ministerial-level Trilateral Strategic Dialogue (TSD), we continued to advance practical cooperation between Australia, Japan and the United States in a range of areas, with counter-terrorism and disaster relief particular priorities.

Promoting trade and investment

The department actively pursued Australia's trade interests through a coordinated strategy involving multilateral, regional and bilateral trade negotiations as well as 'behind the

border' structural reforms. Our highest trade priority in 2007-08 was to work intensively for a successful conclusion to the **World Trade Organization (WTO)** Doha Round of multilateral trade negotiations – a conclusion that would involve improvements in market access for Australian exporters of agricultural and industrial products as well as services. We supported the advocacy and negotiating involvement of the Minister for Trade, Mr Crean, in urging other WTO trade ministers to demonstrate the necessary political will and flexibility to conclude the Round, Australia argued strongly that a successful outcome would boost confidence in the global economy and help address concerns about rising food prices as well as make an important contribution to development and poverty alleviation.

The department led Australia's participation in negotiations on regional and bilateral **free trade agreements (FTAs)** with key trading partners. A comprehensive FTA with Chile was concluded in July 2008. We worked productively to help bring the FTA negotiations with the Association of Southeast Asian Nations (ASEAN) countries and New Zealand towards their final stage. New impetus was injected into the FTA negotiations with China and we made good progress in negotiations with Japan. We continued work on an FTA with Gulf Cooperation Council member countries. In addition, we led several feasibility studies on potential FTAs, including those in relation to India and Indonesia. A non-government study into the feasibility of an FTA between Australia and the Republic of Korea concluded that an FTA offered significant opportunities to further strengthen our highly complementary and growing bilateral trade and investment relationship. Both Governments welcomed the report's findings and officials are working on next steps. We also pursued opportunities to strengthen our existing FTAs with New Zealand, Singapore, Thailand and the United States.

APEC Economic Leaders' Week 2007 was a significant international gathering. The meeting strengthened APEC and advanced a broad range of Australia's foreign, economic and trade interests in the Asia-Pacific region. Our effective coordination of whole-of-government policy initiatives contributed to the realisation of all of Australia's major objectives and priorities for APEC 2007. As host and chair of the Senior Officials' Meeting, we also played a leading role in shaping a substantive and ambitious forward agenda for APEC.

The department provided support to the **review of Australia's Export Policies and Programs**, chaired by Mr David Mortimer AO, which was announced by the Minister for Trade, Mr Crean, on 21 February 2008. The review examined Australia's approach to future free trade agreements, trade development as well as export and investment promotion functions.

The department will lead initiatives to ensure that Australia takes advantage of the strong growth of key trading partners in Asia, particularly China and India. At the same time, we will monitor closely the impact on Australia's trade interests of the volatility in global financial markets and other developments that have the potential to affect Australian international trade and investment competitiveness.

Enhancing consular and passport services

More visits overseas were made by Australians in 2007-08 than in any previous year. The department provided Australian travellers with a highly efficient and responsive consular service. Our **Smarttraveller** public information campaign produced very good results in alerting Australians to the need to check travel advisories before travelling and

the importance of registering their travel plans. We provided accurate, accessible and up-to-date country-specific travel advice for 160 destinations to enable Australians to make informed decisions and manage the risks associated with travel. Our registration service, which helps the department's officers to contact Australians during emergencies, was heavily subscribed.

The department's commitment to further strengthening our ongoing consular case and crisis management capacities enabled the department to respond quickly and effectively to more than 40 international crises that put Australians in highly dangerous circumstances. Our case work in more remote areas grew as Australians continued to travel more widely. We developed or refined contingency plans for major international events or high-risk scenarios and deployed additional consular staff as appropriate.

The department continued to provide a highly efficient and responsive **passport service** to Australian travellers and expatriates living abroad in the context of continued strong growth in passport applications. While the number of passports issued in 2007–08 was 12 per cent higher than in 2006–07, an average turnaround time of 4.6 days was maintained—well within the advertised client service commitment of 10 working days.

Security of the department's passport issuance systems, and the passport booklet itself, continued as one of our highest priorities. We gave particular emphasis to the processes for determining eligibility for a passport and we enhanced the integrity of passport decision-making processes. Work on a new and improved version of the passport continued with the rollout of the new document scheduled for 2009.

Promoting a positive image of Australia

The department's public diplomacy programs advanced Australia's global, regional and bilateral interests by aiming to influence international opinion and by projecting an accurate and positive image of Australia. The Senate Standing Committee on Foreign Affairs, Defence and Trade Inquiry (in 2006–07) into the nature and conduct of Australian public diplomacy provided recommendations on refinements to whole-of-government public diplomacy activities.

Our media, cultural and special visits programs brought to Australia a wide range of opinion leaders and decision-makers from priority countries, engendering a better understanding of our priorities, interests and values. The department's cultural diplomacy programs continued to utilise high-quality Australian visual and performing arts, literature and film to project a sophisticated and contemporary image of Australia overseas. Activities were more specifically focused in Asia and the Pacific than in previous years.

The department established a taskforce to manage preparations for Australia's participation in the Shanghai World Expo 2010. The Expo will present Australian business expertise, culture and values to the critically important and rapidly-expanding China market and to a wider global audience.

Enhancing security of Australia's overseas missions and information technology

In the face of a challenging security environment, the department gave priority to the security of Australian staff and infrastructure at overseas missions. We strengthened the security features of a number of chanceries in unstable security environments and delivered security training to ensure a high level of security awareness and vigilance among staff.

The department continued to provide efficient and effective communications and security services to many Australian government agencies (OGOs) operating in Australia's diplomatic missions overseas. We enhanced and upgraded the department's communications systems in Canberra and overseas as well as our links with partner agencies, including through inter-agency forums and contributions to whole-of-government initiatives. Within the department, we developed a comprehensive information and communications technology (ICT) strategy in 2007 aimed at better delivering ICT capability into the future.

Corporate governance

The department demonstrated strong and flexible resource management in its timely responses to the Government's budget objectives and new policy initiatives. These included establishing a new Pacific Partnership task force in March 2008 following the Port Moresby Declaration. Trade resources were managed flexibly and effectively to support Australia's hosting of APEC in Sydney in September 2007, as well as for Doha Round negotiations and bilateral free trade exchanges.

The department conducted an extensive review of its resources, identifying and implementing a range of savings measures to meet the Government's Budget objectives. The savings measures included the withdrawal of some staffing resources in Australia and overseas, and a realignment of existing resources to match new policy priorities. Work commenced on a further review of the department's resources that is being jointly undertaken by the department and the Department of Finance and Deregulation. It is expected to be completed to enable consideration in the context of the 2009-10 Budget.

Outlook

The department's operating environment will remain changing and complex. It will continue to pose risks and offer opportunities. Our diplomacy will therefore need to be responsive, adaptive and with a clear-eyed view of Australia's interests and priorities. We will continue to manage strategically our staff, our network of overseas posts and our communications systems to achieve our key objectives in the national interest. Close coordination with other government agencies will be critical to delivering integrated whole-of-government outcomes.

We will work to deepen our alliance with the United States and build our relationship with a new Administration. We will seek to enhance our mature and broad ranging relationship with Japan, to enhance our important and fast developing links with China, and to further

develop our expanding association with India. We will work to implement the Government's commitment to comprehensive engagement with Asia and the Pacific in meeting shared security, economic and environmental challenges, including the dialogue with regional governments on the evolution of an Asia-Pacific Community.

In meeting international challenges such as climate change, terrorism, weapons proliferation, transnational crime as well as energy and food insecurity, the department will continue to work with key partners—globally, regionally and bilaterally. We will also intensify our activities within international institutions, particularly the United Nations. Furthermore, we will promote actively Australia's candidacy for a non-permanent seat on the UN Security Council.

On security issues, the department will draw on the lessons learned from our engagement on counter-terrorism cooperation with South-East Asian partners and we will deepen our partnerships with regional governments and civil society to build cohesion and resilience against extremist messages. We will continue to work with bilateral partners to help enhance the highly effective practical cooperation among our police and defence forces, and work through regional associations and organisations to develop responses to non-traditional security threats. We will lead and coordinate Australia's non-proliferation and disarmament efforts, including through the important work of the International Commission on Nuclear Non-Proliferation and Disarmament.

The department will work to expand economic opportunities for Australian businesses and investors through genuine trade liberalisation as a result of multilateral, regional and bilateral initiatives. Australia has vital interests in ensuring that the multilateral trading system administered by the WTO develops in an increasingly open and transparent way. We will also work to improve Australia's international competitiveness by contributing to strategies to enhance Australia's productive potential and reduce impediments to, and constraints on, export capacity.

The department will continue to enhance the consular support it is able to provide to Australian travellers overseas. In addition to meeting our ongoing consular case load, we will focus on better enabling Australians to make informed travel choices, enhancing the skills and capabilities of our consular staff as well as our remote communications capabilities and case management systems, and refining our contingency planning. We will work to further strengthen Australia's passports system, including through the use of technology to deliver security enhancements for Australian passports while continuing to provide a first-class passport delivery service.

Key corporate management and accountability responsibilities for 2008–09 include implementing savings measures required to meet the Government's Budget objectives, working with the Department of Finance and Deregulation on the joint review of the department's resources, and managing the implementation of new workplace arrangements.

The department's ongoing challenge will be to continue to provide focused, relevant and insightful policy advice to the Government, deliver services effectively and efficiently to Australians, implement the Government's priorities and support its broadening international engagement.

Michael L'Estrange
Secretary

DEPARTMENTAL OVERVIEW

Role and functions

The department is responsible for advancing the interests of Australia and Australians internationally. The department's staff in Canberra, in our state and territory offices and around the world work to achieve the department's four outcomes, outlined in our *Portfolio Budget Statements 2007-08* and presented in Figure 4 on page 16:

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

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



Senior Executive of the Department of Foreign Affairs and Trade (as at 30 June 2008).
 L-R (seated): The Secretary, Mr Michael L'Estrange AO; Deputy Secretaries Ms Gillian Bird and Mr Doug Chester.
 L-R (standing): Deputy Secretaries Mr David Spencer; Mr David Ritchie AO and Mr Peter Grey.
 Photo: Michael Jensen

Organisational structure

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

The department's organisational structure is outlined in Figure 2. In Canberra, as at 30 June 2008, the department was made up of 13 divisions, as well as the Executive, Planning and Evaluation Branch, the Protocol Branch, the Global Issues Branch, the Australian Passport Office, the Overseas Property Office, the Australian Safeguards and Non-Proliferation Office and the Economic Analytical Unit. The department also has a China Free Trade Agreement Task Force, Asia Trade Task Force and a Japan Free Trade Agreement Task Force.

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

The department also engages people overseas to act as honorary consuls. Honorary consuls provide consular assistance on behalf of the department to Australian travellers in locations where the Australian Government does not maintain other representation. See Appendix 13 for more information.

FIGURE 1: LOCATION OF STAFF

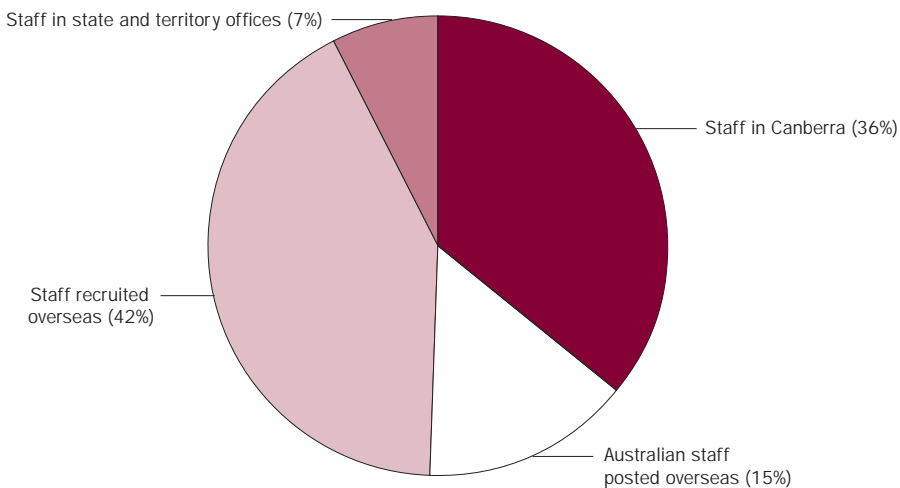


FIGURE 2: SENIOR EXECUTIVE STRUCTURE (AS AT 30 JUNE 2008)

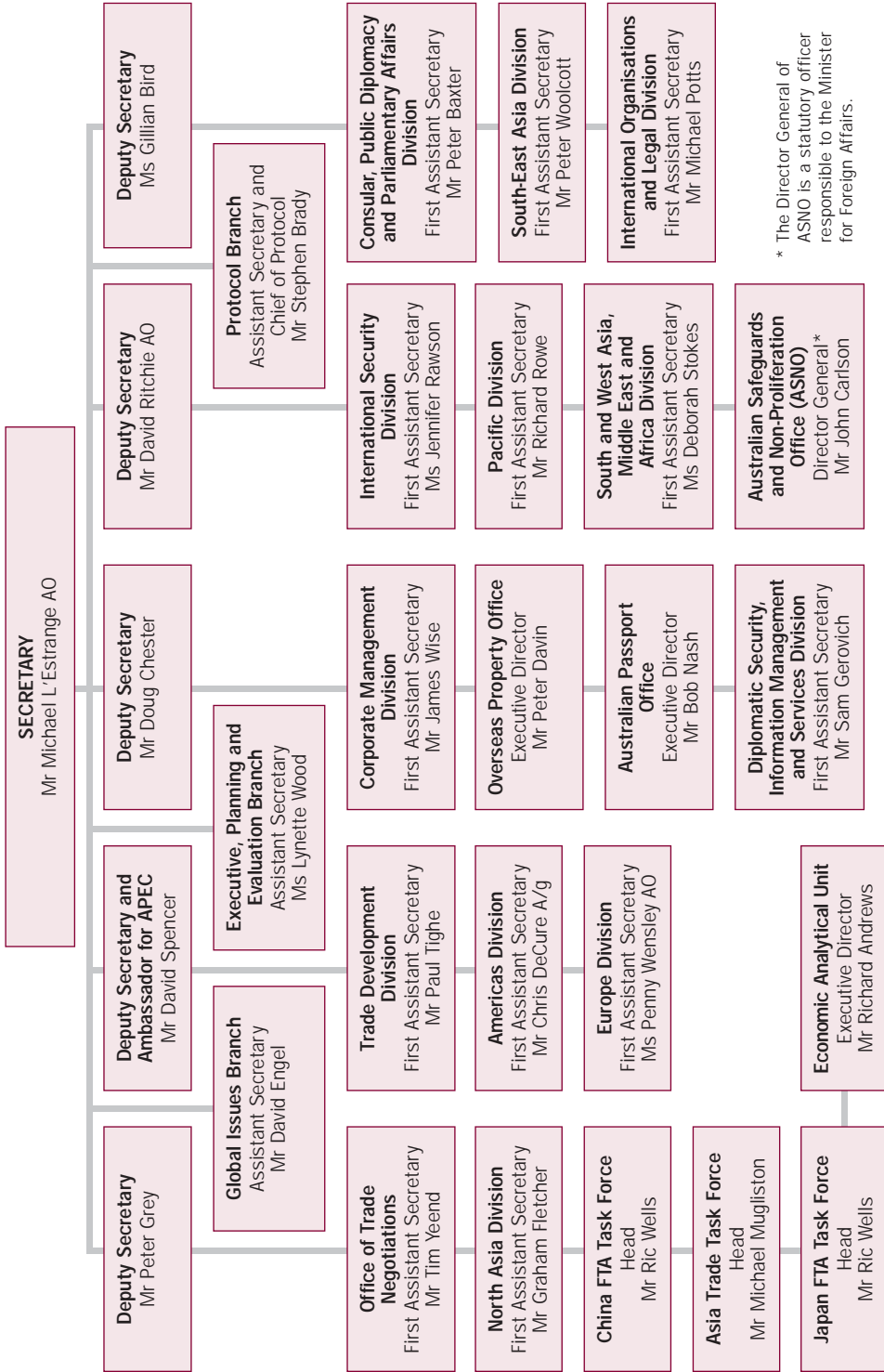


FIGURE 3: PORTFOLIO OUTCOMES STRUCTURE—FOREIGN AFFAIRS AND TRADE PORTFOLIO AS AT 30 JUNE 2008

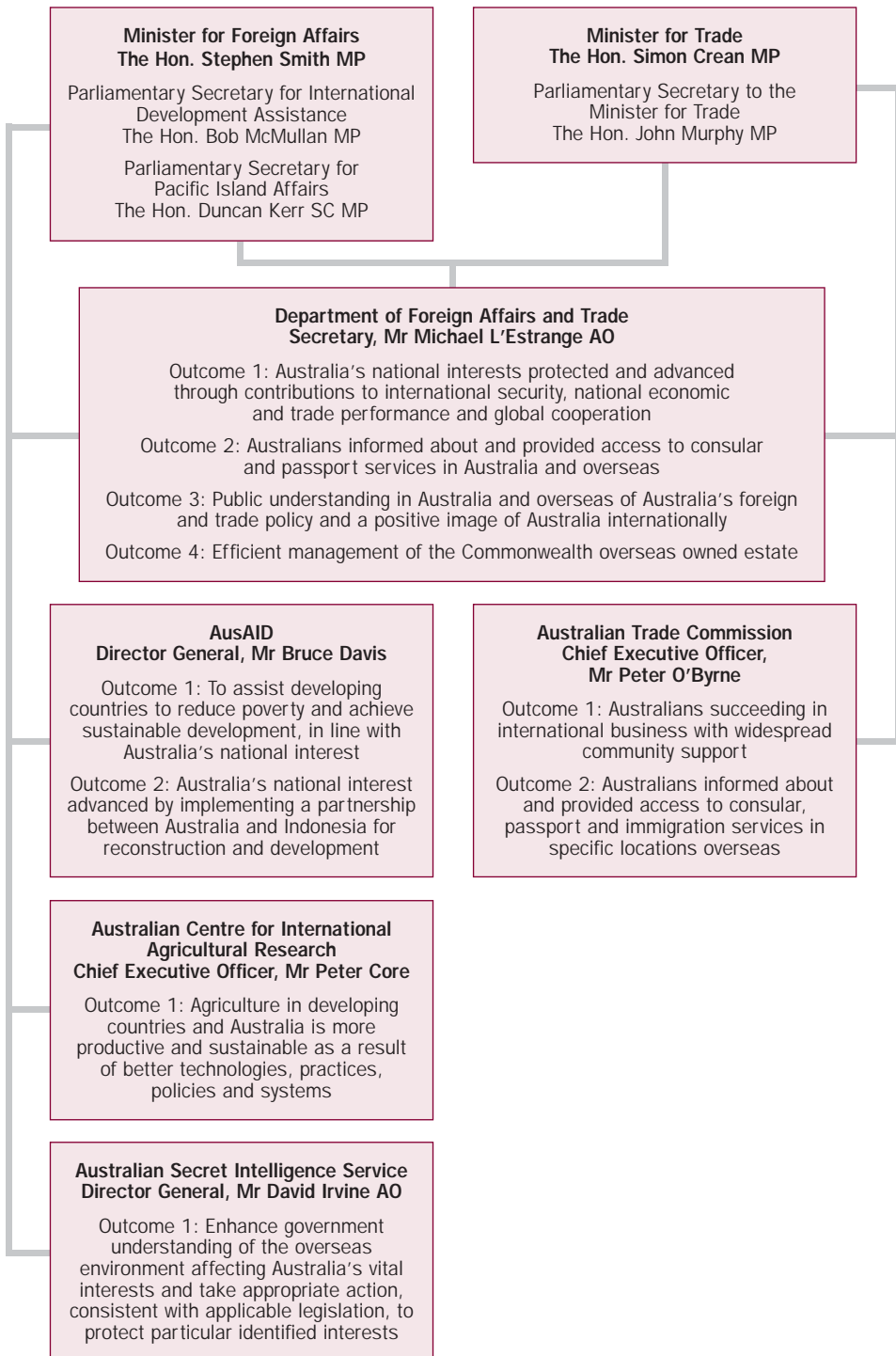
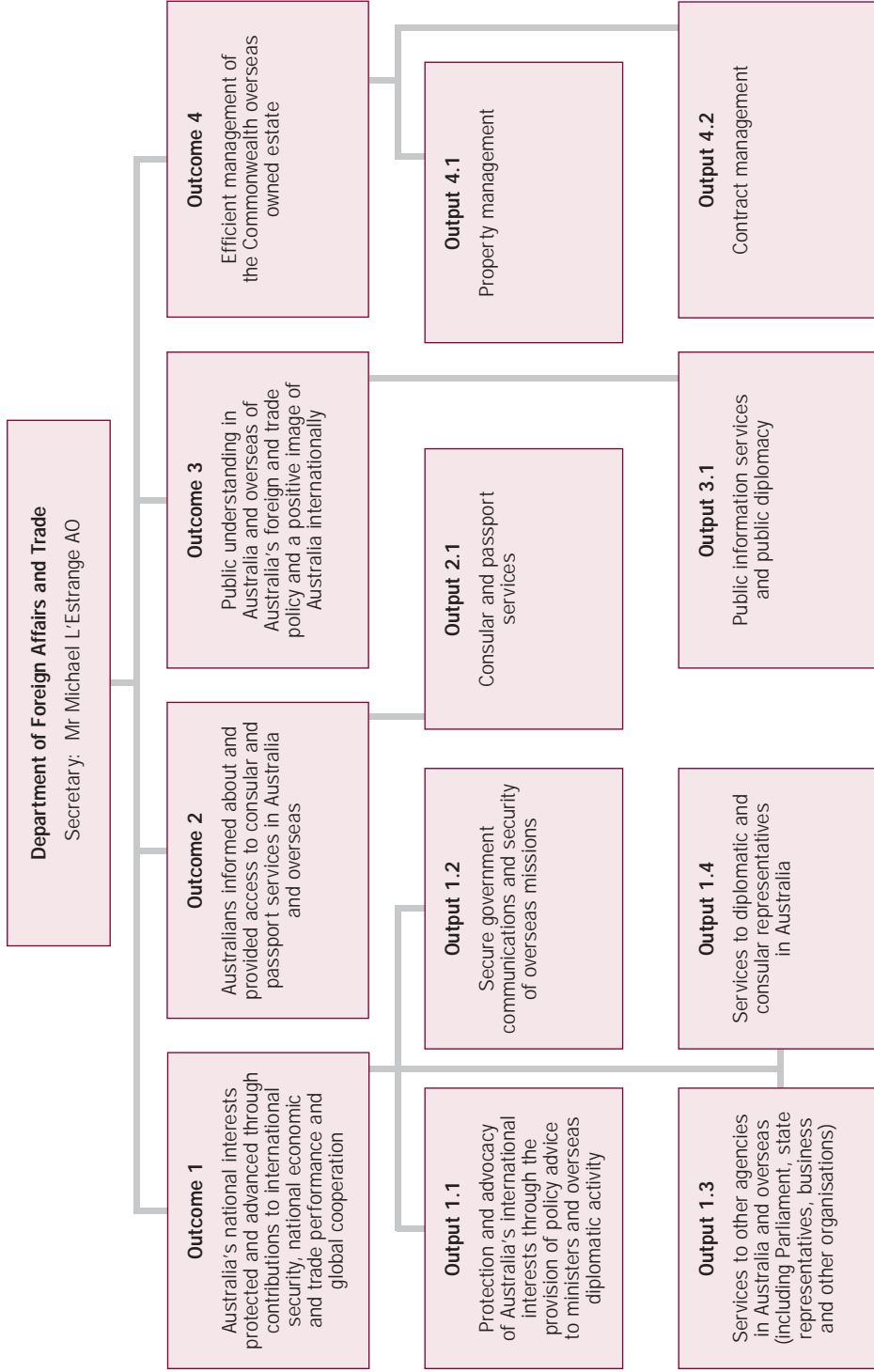


FIGURE 4: OUTCOMES AND OUTPUTS FRAMEWORK 2007-08



Structure of the Foreign Affairs and Trade Portfolio

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

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

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

Change to DFAT's Methodology for Attributing Staffing Resources

In 2007, the department updated the methodology for attributing staff across our four outcomes, which provides a more accurate picture of the overall staffing situation in the department over the year. This updated an earlier activity-based costing exercise undertaken in 1999–2000 that attributed average staffing levels (ASL) to outcomes in accordance with activity at that time. After 2000, adjustments were made to the methodology to take account of additional appropriations, with the effect that over time the underlying information became less accurate. In 2007, the department conducted a survey to update this information. All work units in Canberra and overseas posts were asked to record the proportion of time staff spent against DFAT's various outcomes. This information was used as the basis for attributing the proportion of ASL to each outcome. These revised allocations are more accurate, but reflect priorities at the time of the 2007 survey. Estimates of ASL for future years, including 2008–09, are currently predicated on these allocations. If the international environment changes significantly, there could be a reallocation of resources across outcomes. The recent update in attribution methodology has been footnoted in ASL reporting in the 2008–09 Portfolio Budget Statements and in this report.

TABLE 1. FINANCIAL AND STAFFING RESOURCES SUMMARY

	2006-07 Actual (\$'000)	2007-08 Budget and Additional Estimates (\$'000)	2007-08 Actual (\$'000)
Administered items			
Administered expenses	256 229	260 332	258 984
Departmental outputs			
Revenue from government (appropriation)*	832 941	817 248	827 836
Revenue from other sources	105 897	99 222	111 706
Total price of departmental outputs	938 838	916 470	939 542
Total resourcing of outputs			
Administered expenses and total price of departmental outputs	1 195 067	1 176 802	1 198 526
	2006-07 Actual	2007-08 Budget and Additional Estimates	2007-08 Actual
Average staffing level (number)**			
Australia-based staff	1 931	2 013	2 009
Locally engaged employees overseas	1 440	1 442	1 449

* In the 2007-08 Budget the department received additional funding for a number of initiatives including:

- \$2.6 million for *Australia on the World Stage—enhancement*
- \$4.1 million for continuation of negotiations on the *Australia-China Free Trade Agreement*
- \$0.3 million for a new measure to support global sustainability of forests and climate
- \$1.8 million to implement recommendations of the *Inquiry into certain Australian companies in relation to the UN Oil-For-Food Programme* (the Cole Inquiry)
- \$1.5 million for *Shanghai World Expo 2010—planning and design*
- \$4.2 million for the purchase of land and construction of a new chancery in Nairobi, Kenya
- \$0.5 million for the refurbishment of the chancery in Paris, France
- \$1.3 million for the refurbishment of embassy apartments in Tokyo, Japan.

Following the federal election, through 2007-08 Additional Estimates, the Government provided additional funding and withdrew funding including:

- additional funding of \$1.3 million to support Australia's involvement in the Asia-Pacific Economic Cooperation (APEC) forum
- additional funding of \$3.0 million to support the work of the Hellenic Red Cross for victims of forest fires in Greece
- additional funding of \$0.5 million for the measure *Working with Australians overseas to promote Australia's interests*
- withdrawal of \$1.3 million through a revision to the measure *Australia on the World Stage—enhancement*
- withdrawal of \$2.1 million through a revision of the *Australia-China Free Trade Agreement—continuation of negotiations*
- withdrawal of \$0.5 million through a revision of the 2006-07 measure, *Department of Foreign Affairs and Trade—budget sustainability*
- withdrawal of \$3.7 million for one-off 2 per cent efficiency dividend.

** ASL figures reflect the average number of employees receiving salary or wages over the financial year, with adjustments for casual and part-time staff, to show the full-time equivalent. This also includes locally engaged staff overseas. 2008-09 resourcing and average staffing level (ASL) estimates reflect the implementation of a new methodology for allocation of resources between outcomes and across outputs. As a result of the new methodology numbers in 2007-08 and 2008-09 cannot be directly compared. (See page 17 for explanation of the new methodology.) In broad terms this figure reflects reductions in staff to enable the department to meet the Government's savings requirements as well as increases in Australian Passport Office staff (to service growing demand for passports) and increases in locally engaged staff at posts (to support the expansion of other Commonwealth agencies overseas). The additional APO staff were funded by the Passports Funding Agreement with the Department of Finance and Deregulation and the additional LES were funded through a Service Level Agreement with other Commonwealth agencies.

TABLE 2. PRICE OF DEPARTMENTAL OUTPUTS BY OUTCOME

	Description	2006-07 Actual (\$'000)	2007-08 Actual (\$'000)
Outcome 1	Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation	649 978	648 665
Outcome 2	Australians informed about and provided access to consular and passport services in Australia and overseas	177 833	176 743
Outcome 3	Public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally	60 130	59 802
Outcome 4	Efficient management of the Commonwealth overseas owned estate	50 897	54 332
Total price of departmental outputs		938 838	939 542

TABLE 3. RECONCILIATION OF OUTCOMES AGAINST APPROPRIATION AND REVENUE ELEMENTS

	Outcome 1 (\$'000)	Outcome 2 (\$'000)	Outcome 3 (\$'000)	Outcome 4 (\$'000)	Total (\$'000)
Total administered appropriations as per <i>Portfolio Budget Statements 2007-08</i> including any adjustments from Additional Estimates	230 380	1 674	28 278	0	260 332
Administered expenses by outcome	223 802	1 023	28 189	0	253 014
EFIC administration costs funded by revenue offset	1 829	0	0	0	1 829
Pension schemes	4 141	0	0	0	4 141
Total administered expenses as per the Financial Statements	229 772	1 023	28 189	0	258 984
Total departmental appropriations as per <i>Portfolio Budget Statements 2007-08</i> including any adjustments from Additional Estimates	534 476	229 209	53 563	0	817 248
Revenues from government	592 151	176 743	58 942	0	827 836
Revenue from other sources	56 514	0	860	54 332	111 706
Total price of departmental outputs as per the Financial Statements	648 665	176 743	59 802	54 332	939 542