

# DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

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# DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

## Section 1: Agency overview

The Department of Foreign Affairs and Trade aims to advance the interests of Australia and Australians internationally, and to this end works towards 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 priorities and crises. Sound financial management and the allocation of resources in support of the Government's priorities will remain 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 2005-06, the department will pursue a wide range of priority issues in support of the four outcomes.

### Outcome 1

In support of national and international security, the department will continue to accord priority to combating terrorism and the spread of weapons of mass destruction (WMD). The department - particularly through the Ambassador for Counter-Terrorism - will work closely with relevant domestic agencies and other governments to implement a range of regional counter-terrorism initiatives, building on the substantial progress already made in key areas. These include enhancing port, aviation and border security, strengthening intelligence cooperation and law enforcement and deepening legal cooperation in the region.

The department will work closely with like-minded countries to build on the early success of the Proliferation Security Initiative. The department's strategy to counter the proliferation of WMD and their means of delivery will also focus on: strengthening global non-proliferation regimes; intensifying engagement with regional countries to strengthen export controls and improve nuclear safety, security and safeguards standards; and addressing the major proliferation challenges posed by the nuclear programs of the Democratic People's Republic of Korea and Iran. The department will maintain Australia's leading role in promoting greater controls to prevent and counteract transfers of shoulder-launched missiles (Man-Portable Air Defence Systems) to non-state actors and continue to promote regional cooperation and more effective global regimes to control illicit small arms transfers and reduce the human cost of land mines.

The department will implement a number of initiatives aimed at improving the security of Australia's network of overseas missions and ensuring the safety of the people who visit and work in them. Additional funding for new security measures in 2005-06 will substantially improve the department's ability to address the physical threats associated with the uncertain international security environment in which it operates.

The department will work to consolidate and expand Australia's key bilateral relationships. Active engagement with Asia will be an ongoing priority, including encouraging open and inclusive regional groupings. The Australia-Indonesia Partnership for Reconstruction and Development, established after the December 2004 tsunami, will facilitate an unprecedented level of engagement with the Indonesian Government. The department will coordinate Australia's contribution to the establishment of an Indian Ocean tsunami early warning system. It will also ensure the recently established Australia-Malaysia Institute contributes to closer linkages with Malaysia, and will establish the Australia-Thailand Institute to enhance and promote relations with Thailand. With respect to the United States, the department will work to ensure access and influence with the Administration and Congress remain at a high level. It will pursue greater engagement with the European Union and NATO in support of Australia's strategic interests, including in East and South-East Asia. In the Pacific, the department will continue to play a leading role in the Regional Assistance Mission to Solomon Islands and the Enhanced Cooperation Program with Papua New Guinea. The department will also contribute to the development of good governance and economic reform in other parts of the Pacific, and encourage the pooling of resources and practical cooperation across the region. Continued cooperation with New Zealand on issues of common interest will remain an important element in achieving the Government's objectives in the Pacific.

The department will continue to coordinate the Australian Government's approach to Australia's engagement in Iraq in support of rehabilitation and democratic transition. Advancing Australia's commercial interests in Iraq - including promoting our significant wheat trade and developing new links in other sectors - will be a priority, as will the security of Australian troops and officials in Iraq.

The department will advance and defend Australia's interests on key global issues, including by continuing to work in support of reform of the United Nations. It will contribute to the Government's efforts to combat people smuggling and trafficking, including through the Bali process, as well as other transnational crime. The department will continue to support the international observance of human rights principles and strong and independent national human rights institutions. On climate change, the department – in conjunction with other parts of government – will advance practical bilateral and technology partnerships and will contribute to future international dialogue on the climate change agenda in a way that best meets Australia's national interests. Other key priorities will include advancing Australia's sovereign and resources interests in maritime boundary negotiations with East Timor, promoting and protecting Australia's interests in its continental shelf and supporting the Government's initiatives to tackle illegal fishing.

With respect to the Government's diverse trade policy agenda, the department will focus on encouraging the successful completion of the Doha round of World Trade Organization (WTO) negotiations, including by working towards a successful WTO Ministerial Conference in Hong Kong in December 2005. The department will work to ensure the effectiveness and influence of the Cairns Group of agricultural fair traders (of which Australia is a key member) in securing an ambitious outcome on agriculture in the Doha round. It will also pursue Australia's interests in improved market access outcomes in other areas, including services and industrial products.

Using the WTO dispute settlement system, the department will pursue and defend Australian trade and economic interests, including by bringing Australia's challenge to the European Commission's sugar regime to a successful conclusion. It will seek to maximise market access improvements from WTO accession negotiations currently underway, and will continue to provide advice to other government agencies on Australia's WTO rights and obligations to assist in framing regulatory approaches.

In parallel with its energetic commitment to the Doha round – and recognising the challenges associated with bringing the round to a successful conclusion – the department will concurrently seek improved market access for Australian business through negotiation of a number of carefully selected new free trade agreements (FTAs), including with ASEAN and New Zealand, China, Malaysia and the United Arab Emirates. The department is undertaking a joint feasibility study on an FTA with Japan, Australia's largest trading partner. As with previous agreements, the department maintains that any new agreements should serve Australia's economic and trade interests by: being comprehensive in scope and consistent with WTO rules; liberalising trade and investment; and contributing to a more liberal and rules-based global trade regime.

The department will also attach priority to the effective implementation of FTAs recently concluded with the United States, Thailand and Singapore. In conjunction with Austrade, the department will encourage and assist Australian exporters to take advantage of new trade and investment opportunities created by these agreements.

The department will also continue to improve the effectiveness of our FTA with New Zealand, modernising rules of origin and aiming, ultimately, to develop a single economic market.

In support of Australian exports, the department will seek to conclude bilateral memorandums of understanding on live animal export trade with Australia's trading partners in the Middle East, and will support Australian industry in seeking to secure further liquefied natural gas (LNG) supply contracts in China, the Republic of Korea and North America.

At the regional level, the department will seek to enhance the role and influence of the Asia-Pacific Economic Cooperation (APEC) Forum as the key regional forum to promote market liberalisation and regional cooperation. The department will continue to work with other APEC member economies to identify new ways to liberalise further trade and investment in the Asia-Pacific region and to reduce business transaction costs as called for in the APEC Leaders' Santiago Initiative for Expanding Trade in APEC. It will play a leadership role in a mid-term stock-take of APEC's progress towards achievement of Bogor Goals by the end of 2005. There will also be opportunities to encourage APEC to contribute further to a successful outcome in the WTO Doha round, and to promote high quality FTAs in the region. The department is actively engaged in preparations for Australia's year as host of APEC in 2007 and will coordinate the development and implementation of a set of ambitious policy objectives and initiatives for 2007. As part of this process, the department will work closely with Australian APEC Business Advisory Council (ABAC) members to ensure there are meaningful outcomes for Australian business in 2007. While trade objectives remain at the core of APEC, the department will work with like-minded member economies to advance APEC initiatives in other areas of particular importance to Australia, including counter-terrorism, non-proliferation, anti-corruption and good governance.

The department will ensure that 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, as well as regulating their privileges and immunities.

The department will continue to provide secure and reliable communications services for Ministers and Australian Government agencies through the whole-of-government secure international communications network.

## Outcome 2

In 2005-06 the department will work on further strengthening Australia's passports regime to provide Australians with more secure travel documentation, combat identity fraud and further enhance Australia's border protection. New budget measures in

2005-06 will support the development of facial biometric identification techniques for this purpose.

The provision of high-quality consular services for Australians travelling and living overseas will remain another high priority for the department. The department's consular network - comprising overseas posts, honorary consuls, the 24-hour Consular Emergency Centre and cooperation arrangements with other countries - will continue to provide support to Australians in difficulty overseas. The department will also build on its system of travel advisories and the smartraveller public information campaign to promote greater awareness among the travelling public of security and other risks overseas.

### Outcome 3

The department will continue its extensive public diplomacy efforts to promote a positive, accurate and contemporary image of Australia internationally, particularly in the Asia-Pacific region. It will project relevant Australian policies through influential international media organisations and promote Australia overseas as a reliable and efficient supplier of goods and services and a valuable trade and investment partner. Domestically, the department will increase public awareness of Australia's foreign and trade policy, highlighting the benefits of trade for all Australians, and undertake an active program of public consultation in the development of relevant aspects of the department's trade policies.

### Outcome 4

Efficient management on a commercial basis of the Government's owned overseas estate - which has a value in the order of \$1.3 billion - will continue. The department will implement a five-year forward 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.

**Table 1.1: Agency outcomes and outputs**

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: Agency resources for 2005-06

### 2.1: APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2005-06, including appropriations. The table summarises how revenue will be applied by outcome, administered and departmental classification.

The total appropriation for the Department of Foreign Affairs and Trade in the 2005-06 Budget is \$1,021.4 million, made up of \$779.0 million in departmental appropriations and \$242.4 million in administered appropriations.

New Budget measures and other adjustments affecting DFAT's 2005-06 appropriations follow.

#### *Departmental*

- **\$34.2m** for the new measure Providing for Australia's Security - Australian overseas diplomatic missions - improved security - phase 2;
- **\$4.1m** for the new measure Asia Pacific Economic Cooperation 2007;
- **\$13.6m** for the new measure Providing for Australia's Security - biometrics for border control - progressive introduction of ePassports;
- **\$3.9m** for the new measure Regional Assistance Mission to Solomon Islands;
- **\$0.8m** for the new measure Nauru - maintenance of a temporary Consulate-General;
- **(\$0.2m)** adjustment for inter-entity transfer;
- **(\$3.2m)** adjustment for changes in budget exchange rates between 2004-05 and 2005-06 (foreign exchange rebasing);
- **\$4.1m** adjustment for within year foreign exchange;
- **\$5.8m** adjustment for overseas inflation;
- **\$0.3m** adjustment for domestic inflation; and
- **(\$1.7m)** adjustment for efficiency dividend.

#### *Administered*

- **\$0.3m** for the new measure Travellers' Emergency Loans Scheme;
- **(\$0.1m)** adjustment for EFIC administration costs; and
- **\$22.0** adjustment for contributions to international organisations.

**Table 2.1: Appropriations and other revenue 2005-06<sup>1</sup> ('000)**

Outcome	Appropriations				Revenue from other sources <sup>5</sup>		Total resources <sup>7</sup> \$'000
	\$'000 Bill No. 1	\$'000 Bill No. 2 <sup>2</sup>	\$'000 Special approp <sup>3</sup>	\$'000 Total approp <sup>4</sup>	\$'000	% <sup>6</sup>	
<b>Outcome 1</b>							
Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation							
Administered	212,551	0	0	212,551	0	0.00%	212,551
Departmental	501,917	74,966	0	576,883	41,290	6.68%	618,173
<b>Total outcome 1</b>	<b>714,468</b>	<b>74,966</b>	<b>0</b>	<b>789,434</b>	<b>41,290</b>	<b>4.97%</b>	<b>830,724</b>
<b>Outcome 2</b>							
Australians informed about and provided access to consular and passport services in Australia and Overseas							
Administered	500	0	500	1,000	0	0.00%	1,000
Departmental	149,810	2,336	0	152,146	421	0.28%	152,567
<b>Total outcome 2</b>	<b>150,310</b>	<b>2,336</b>	<b>500</b>	<b>153,146</b>	<b>421</b>	<b>0.27%</b>	<b>153,567</b>
<b>Outcome 3</b>							
Public understanding in Australia and overseas of Australia's foreign and trade policy and positive image of Australia internationally							
Administered	28,846	0	0	28,846	2,029	6.57%	30,875
Departmental	49,960	0	0	49,960	635	1.26%	50,595
<b>Total outcome 3</b>	<b>78,806</b>	<b>0</b>	<b>0</b>	<b>78,806</b>	<b>2,664</b>	<b>3.27%</b>	<b>81,470</b>

**Table 2.1: Appropriations and other revenue 2005-06<sup>1</sup> ('000) (continued)**

Outcome	Appropriations			Revenue from other sources <sup>5</sup>		Total resources <sup>7</sup> \$'000
	\$'000 Bill No. 1	\$'000 Bill No. 2 <sup>2</sup>	\$'000 Special approp <sup>3</sup>	\$'000 Total approp <sup>4</sup>	% <sup>6</sup>	
<b>Outcome 4</b>						
Efficient management of Commonwealth Overseas Owned Estate						
Administered	0	0	0	0	0.00%	0
Departmental	0	0	0	0	0.00%	48,889
<b>Total outcome 4</b>	0	0	0	0	0.00%	48,889
<b>Total agency</b>	241,897	0	500	242,397	99.17%	244,426
Administered						
<b>Total agency</b>	701,687	77,302	0	778,989	89.52%	870,224
Departmental	943,584	77,302	500	1,021,386	91.63%	1,114,650
<b>Total agency</b>	0	77,302	0	77,302	0	0
Departmental capital (equity injections)	0	0	0	0	0	0
Previous year's outputs	0	0	0	0	0	0
Administered assets and liabilities	0	0	0	0	0	0
<b>Total resources</b>	943,584	77,302	500	1,021,386	91.63%	1,114,650

1 This table has been redesigned to correspond with Budget Paper No. 4 'Agency Resourcing'. It now includes (where appropriate) administered revenue from other sources.

2 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.

3 Estimated expenses from individual Special Appropriations are shown at Section 3, Tables 3.1, etc.

4 Total appropriations = Bill No. 1 + Bill No. 2 + Special appropriations.

5 Revenue from other sources includes FMA s.31 revenues, CAC body revenues that are available to be expensed, special accounts (non-appropriation revenues) and resources received free of charge.

6 Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the total price of outputs, by outcome, and the percentage contribution of Revenue from other sources (Departmental) to the total price of outputs, by outcome.

7 Total resources = Total appropriations + Revenue from other sources.

Note: Refer to Budgeted statement of financial performance for application of agency revenue.

## **2.2: 2005-06 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: DFAT measures\***

Measure	Outcome	Outputs affected	Appropriations budget 2005-06 (\$'000)			Appropriations forward estimate 2006-07 (\$'000)			Appropriations forward estimate 2007-08 (\$'000)			Appropriations forward estimate 2008-09 (\$'000)		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Providing for Australia's Security - Australian overseas diplomatic missions - improved security	1	1.2	0	34,129	34,129	0	52,597	52,597	0	5,888	5,888	0	6,557	6,557
Asia Pacific Economic Cooperation 2007	1	1.1	0	4,072	4,072	0	7,623	7,623	0	2,289	2,289	0	0	0
Regional Assistance Mission to Solomon Islands	1	1.1	0	3,872	3,872	0	3,892	3,892	0	4,016	4,016	0	3,386	3,386
Nauru - maintenance of temporary Consulate-General	1	1.1	0	808	808	0	0	0	0	0	0	0	0	0
Indonesia and Sri Lanka debt moratorium - capital	1		0	0	0	0	0	0	0	0	0	0	0	0
Travellers' Emergency Loans Scheme	2		300	0	300	300	0	300	0	300	0	300	0	300

**Table 2.2: DFAT measures (continued)**

Measure	Outcome	Outputs affected	Appropriations budget			Appropriations forward estimate 2006-07 (\$'000)			Appropriations forward estimate 2007-08 (\$'000)			Appropriations forward estimate 2008-09 (\$'000)		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Providing for Australia's Security -biometrics for border control - progressive introduction of ePassports	2	2.1	0	13,574	13,574	0	16,580	16,580	0	17,893	17,893	0	19,483	19,483
Providing for Australia's Security - purchase of land and construction of new chanceries	4	4.1	0	0	0	0	0	0	0	0	0	0	0	0

\* 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.

## 2.3: OTHER RECEIPTS AVAILABLE TO BE USED

Table 2.3 provides details of other receipts available to be used 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.

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

Outcome	Estimated receipts 2004-05 \$'000	Budget estimate 2005-06 \$'000
<b>Departmental other receipts</b>		
Sales of goods and services	99,872	86,983
Proceeds from sale of assets	25,629	2,361
Resources received free of charge	370	370
Other	1,100	1,521
<b>Total departmental other receipts available to be used</b>	126,971	91,235
<b>Administered other receipts</b>		
Passport and consular fees	164,870	174,570
Interest and dividends	27,930	23,530
Sponsorship (under section 31)	-	2,029
Other	13,065	20,735
<b>Total administered other receipts available to be used</b>	205,865	220,864

1. This table replaces the former table 'Receipts from independent sources'. It represents own source receipts available for spending on departmental purposes.

All receipts collected under 'administrative other receipts' are refunded to the Consolidated Revenue Fund, and are thus not available for spending on departmental purposes, except those that are under a Section 31 arrangement.

## 2.4: MOVEMENT OF ADMINISTERED FUNDS FROM 2004-05 TO 2005-06

The Department did not move any administered funds from 2004-05 to 2005-06.

## 2.5: SPECIAL APPROPRIATIONS

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

	Outcome	Estimated expenses 2004-05 \$'000	Budget estimate 2005-06 \$'000
<b>Estimated expenses</b>			
Special appropriation FMA Act, s28. (A) <sup>1</sup>	2	500	500
<b>Total estimated expenses</b>		500	500

1. The department refunds passport and consular fees, under s28 of the FMA Act, "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.

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

## 2.6: SPECIAL ACCOUNTS

Table 2.6: Estimates of special account flows and balances

	Outcome	Opening balance		Receipts		Payments		Adjustments		Closing balance	
		\$'000		\$'000		\$'000		\$'000		\$'000	
		2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Australia-China Council Account - s20 FMA Act (A)	3	0	740	740	740	0	0	0	0	0	0
		11	740	751	0	0	0	0	0	0	0
Australia-France Endowment Account - s20 FMA Act (A)	1	60	52	112	0	0	0	0	0	0	0
		72	52	64	0	0	0	0	0	60	60
Australia-India Council Account - s20 FMA Act (A)	3	0	740	740	740	0	0	0	0	0	0
		9	740	749	0	0	0	0	0	0	0
Australia-Indonesia Institute Account - s20 FMA Act (A)	3	0	740	740	740	0	0	0	0	0	0
		316	740	1,056	0	0	0	0	0	0	0
Australia-Korea Foundation Account - s20 FMA Act (A)	3	2	740	742	0	0	0	0	0	0	0
		16	740	754	0	0	0	0	0	2	2
Consular Services Trust Account - s20 FMA Act (A)	2	0	100	100	100	0	0	0	0	0	0
		51	100	151	0	0	0	0	0	0	0
Services for Other Governments & Non-Agency Bodies Account	1,2,3	0	2,000	2,000	2,000	0	0	0	0	0	0
		3,082	3,000	6,082	0	0	0	0	0	0	0
Other Trust Moneys Account - s20 FMA Act (A)	1,2,3	0	500	500	500	0	0	0	0	0	0
		1,039	500	1,539	0	0	0	0	0	0	0
Official Administered Payment Account for Other Agencies Account - s20 FMA Act (A)	1,2,3	5,000	230,000	230,000	230,000	0	0	0	0	5,000	5,000
		5,000	230,000	230,000	0	0	0	0	0	5,000	5,000

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

	Opening balance	Receipts	Payments	Adjustments	Closing balance
	2005-06	2005-06	2005-06	2005-06	2005-06
	2004-05	2004-05	2004-05	2004-05	2004-05
	\$'000	\$'000	\$'000	\$'000	\$'000
Ministerial Publications Account - s20 FMA Act (A)	na	0	0	0	0
	0	0	0	0	0
Overseas Property Account - Finance Determination 2002-01 (D)	4	152,923	281,673	0	20,834
	71,957	175,453	97,826	0	149,584
<b>Total Special Accounts</b>	<b>154,646</b>	<b>388,535</b>	<b>517,347</b>	<b>0</b>	<b>25,834</b>
2004-05 estimate actual	<b>81,553</b>	<b>412,065</b>	<b>338,972</b>	<b>0</b>	<b>154,646</b>

A = Administered

D = Departmental

Acts Glossary:

FMA Act = *Financial Management and Accountability Act, 1997*

Note 1 The Opening Balance for 2005-06 is the same as the closing balance for 2004-05

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

The Department of Foreign Affairs and Trade will receive an equity injection of \$77.3 million in 2005-06 as indicated in Table 2.1. This amount will be used to contribute to improved security of Australia's overseas diplomatic missions, as part of the measure on the development of biometrics for border control to progressively introduce an ePassport, and for the Regional Assistance Mission to Solomon Islands.

## Section 3: Agency 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, OUTPUTS AND ADMINISTERED ITEMS**

The Department of Foreign Affairs and Trade (DFAT) works to achieve four outcomes specified by Government. The figures and tables on the following pages provide information on these four outcomes and the contributing outputs.

Information on the division of administered and departmental appropriations between the DFAT's four outcomes appears in Figure 5, Departmental Appropriations by Outcome 2005-06, p. 35 and Figure 6, Administered Appropriations by Outcome 2005-06, p. 35.

The relationship between the four outcomes and the contributing outputs for the department is shown in Figure 4, Outcome and Outputs and Administered Items, p. 34.

Financial details for **Outcome 1** by output appear in Table 3.1, Total Resources for Outcome 1, p. 37 while non-financial information for Outcome 1 appears in Table 3.2, Performance Information for Outcome 1 pp. 41-3.

Financial details for **Outcome 2** by output appear in Table 3.1, Total Resources for Outcome 2, p. 45 while non-financial information for Outcome 2 appears in Table 3.2, Performance Information for Outcome 2 p. 47.

Financial details for **Outcome 3** by output appear in Table 3.1, Total Resources for Outcome 3, p. 49 while non-financial information for Outcome 3 appears in Table 3.2, Performance Information for Outcome 3 pp. 51-2.

Financial details for **Outcome 4** by output appear in Table 3.1, Total Resources for Outcome 4, p. 53 while non-financial information for Outcome 4 appears in Table 3.2, Performance Information for Outcome 4 p. 55.

#### **Output cost attribution**

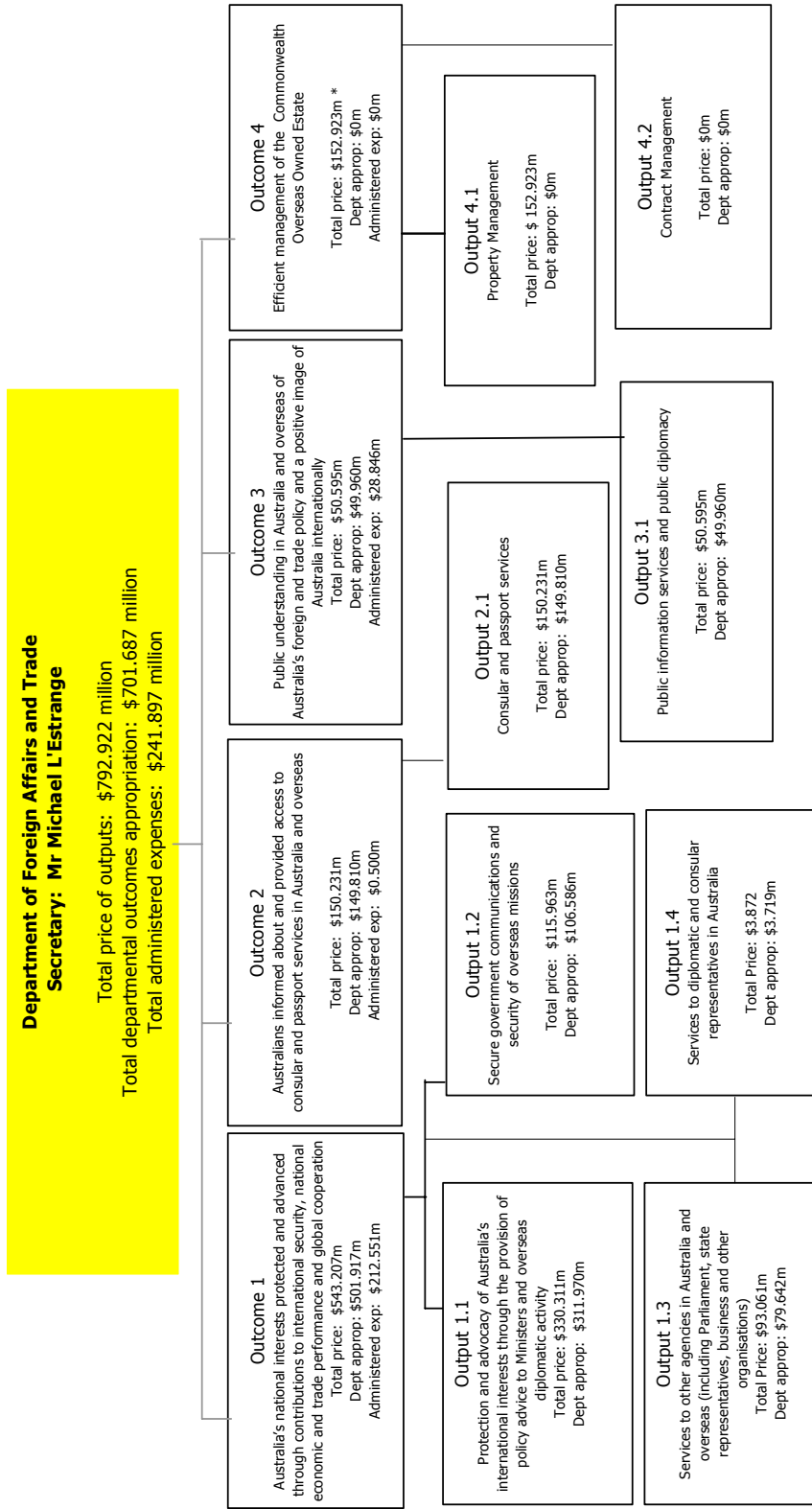
The Department of Foreign Affairs and Trade allocates resources to outputs based on its Activity Based Costing Model. Allocations in 2005-06 have been calculated based on estimates and the model. The Overseas Property Office costs are excluded from the department's Activity Based Costing Model as all activities are accounted for separately and allocated directly to Outcome 4 (Output 4.1).

*Agency Budget Statements – Agency outcomes – DFAT*

There have been no changes to DFAT's outcomes and outputs since the 2004-05 Portfolio Budget Statements were tabled.

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

**Figure 4: Outcomes and outputs and administered items**



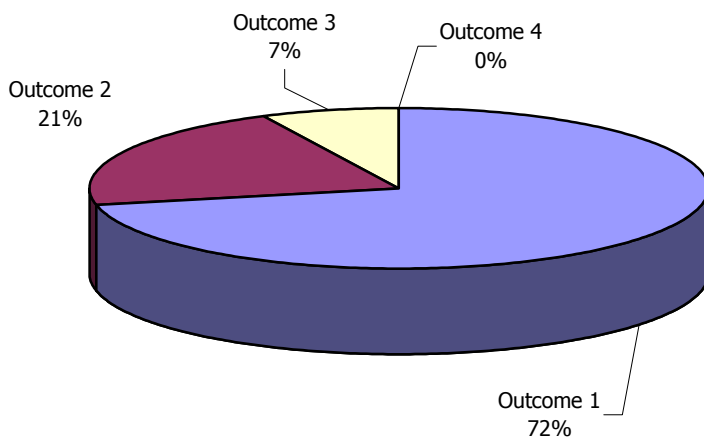
\* Price of outputs shown under this outcome includes an amount of \$104.034 million for rent paid by DFAT to the Overseas Property Office for services provided to DFAT's overseas diplomatic network. The contribution of this outcome to DFAT's total price of outputs is \$48.889 million.

### 3.2: OUTCOMES — DEPARTMENTAL AND ADMINISTERED

#### Departmental appropriations by outcome

Figure 5 shows Departmental appropriations by outcome for 2005-06.

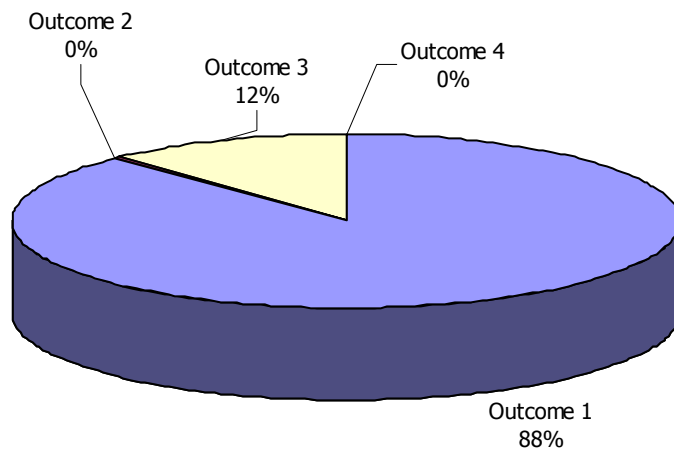
**Figure 5: Departmental appropriations by outcome, 2005-06**



#### Administered appropriations by outcome

Figure 6 shows Administered appropriations by outcome for 2005-06.

**Figure 6: Administered appropriations by outcome, 2005-06**



### **3.3: OUTCOMES RESOURCING**

#### **Outcome 1 resourcing**

Table 3.1 shows how the 2005-06 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources (Departmental) and the total price of outputs.

**Table 3.1: Total resources for Outcome 1 (\$'000)**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000
<b>Administered appropriations (Bill 1) to Special Account:<sup>1</sup></b>	215,132	212,551
Australia-France Endowment Account - s20 FMA Act (A)	52	52
Other Trust Moneys Account - s20 FMA Act (A)	500	500
Services for Other Governments & Non-Agency Bodies - s20 FMA Act (A)	3,000	2,000
Official Administered Payment Account for Other Agency Account - s20 FMA Act (A)	230,000	230,000
<b>Total Administered appropriations</b>	<b>215,132</b>	<b>212,551</b>
<b>from Special Accounts (estimated payments from Special Account balances)<sup>2</sup></b>		
Australia-France Endowment Account - s20 FMA Act (A)	64	112
Other Trust Moneys Account - s20 FMA Act (A)	1,539	500
Services for Other Governments & Non-Agency Bodies - s20 FMA Act (A)	6,082	2,000
Official Administered Payment Account for Other Agency Account - s20 FMA Act (A)	230,000	230,000
<b>Total Special Account flows</b>	<b>237,685</b>	<b>232,612</b>
<b>Departmental appropriations</b>		
Output 1.1	311,045	311,970
Output 1.2	106,270	106,586
Output 1.2	79,406	79,642
Output 1.4	3,708	3,719
<b>Total revenue from government (appropriations)<sup>4</sup></b>	<b>500,429</b>	<b>501,917</b>
<b>Contributing to price of departmental outputs</b>	<b>87%</b>	<b>92%</b>
<b>Revenue from other sources</b>		
Output 1.1	32,896	18,341
Output 1.2	17,017	9,377
Output 1.3	24,433	13,419
Output 1.4	278	153
	74,624	41,290
<b>Total price from departmental outputs<sup>5</sup></b> (Total revenue from government and from other sources)	<b>575,053</b>	<b>543,207</b>
<b>Total estimated resourcing for Outcome 1</b> (Total price of outputs and administered appropriations)	<b>790,185</b>	<b>755,758</b>
	2004-05	2005-06
<b>Average staffing level (number)</b>	<b>2,233</b>	<b>2,246</b>

1. Flows into Special Accounts are also shown in the receipts column of the Special Accounts table in Table 2.6.

2. Special Account outflows are shown in the payments column of the Special Account table in Table 2.6. The estimated payments from special account balances are provided by way of note only and do not form part of the total estimated resourcing.

3. Where names of Acts have been abbreviated, the full name of the Act can be found in the Acts Glossary at the end of Table 2.6.

4. The derivation of outcomes/outputs is based on Appropriation Bill 1. The 2005-06 total revenue from government differs to that in Table 2.1 as it includes equity injections.

5. The 2005-06 total price from departmental outputs differs to Table 2.1 as that table includes equity injections.

## **Measures affecting Outcome 1<sup>1</sup>**

### ***Providing for Australia's Security – Australian overseas diplomatic missions - improved security***

Total resourcing for DFAT: Outcome 1 will receive the following amounts under Appropriation Bill 1: \$4.0 million in 2005-06, \$7.0 million in 2006-07, \$5.1 million in 2007-08, \$6.3 million in 2008-09. Outcome 1 will receive the following amounts under Appropriation Bill 2: \$30.2 million in 2005-06, \$45.6 million 2006-07, \$0.8 million in 2007-08, \$0.2 million in 2008-09.

### ***Asia Pacific Economic Cooperation 2007***

Total resourcing for DFAT: Outcome 1 will receive the following amounts under Appropriation Bill 1: \$4.1 million in 2005-06, \$7.6 million in 2006-07 and \$2.3 million in 2007-08.

### ***Regional Assistance Mission to Solomon Islands***

Total resourcing for DFAT: Outcome 1 will receive the following amounts under Appropriation Bill 1: \$3.8 million in 2005-06, \$3.9 million in 2006-07, \$4.0 million in 2007-08, \$3.4 million in 2008-09. Outcome 1 will receive the following amounts under Appropriation Bill 2: \$0.1 million in 2005-06.

### ***Nauru – maintenance of a temporary Consulate-General***

Total resourcing: Outcome 1 will receive the following amounts under Appropriation Bill 1: \$0.8 million in 2005-06.

### ***Indonesia and Sri Lanka debt moratorium – capital***

Total resourcing: nil.

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

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<sup>1</sup> This relates to measures disclosed in the 2005-06 Budget context (that is, measures agreed since the *Mid-Year Economic and Fiscal Outlook 2004-05* (MYEFO)).

## **Outcome 1 — Contribution of outputs**

### **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 DFAT’s effectiveness in achieving the outcome, based on the combined contribution of agency outputs and administered

*Agency Budget Statements – Agency outcomes – DFAT*

items. Efficiency indicators measure the quality, quantity and price of agency outputs and administered items.

DFAT's effectiveness and efficiency performance indicators for Outcome 1 are set out in Table 3.2.

In the interests of strengthening the department's performance reporting we have ensured that the Agency Overview contains specific and measurable priorities for 2005-06. The department's performance reporting for 2005-06 (i.e. the annual report) will measure the implementation of these priorities in conjunction with the effectiveness indicators below. This strengthened linkage between the Agency Overview and performance reporting will sharpen the focus of the effectiveness indicators for this financial year.

**Table 3.2: 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>	
Quality	<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: Performance information for Outcome 1 (continued)**

Quantity	<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>
Price	\$311.970 million
<b>Output 1.2: Secure government communications and security of overseas missions</b>	
Quality	<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>
Quantity	<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>
Price	\$106.586 million

**Table 3.2: 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>	
Quality	Client satisfaction with briefing, administrative, visit facilitation, communications and other services provided.
Quantity	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.
Price	\$79.642 million
<b>Output 1.4: Services to diplomatic and consular representatives in Australia</b>	
Quality	Client satisfaction with the provision of services to diplomatic and consular representatives.
Quantity	Number of diplomatic and consular representatives for whom the department provides services. Number and category of services provided.
Price	\$3.719 million
<b>Performance information for Administered Items</b>	
<b>Contributions to international organisations</b>	
Quality	Efficiency and timeliness of administration of contributions paid in accordance with the requirements of relevant organisations.
Quantity	Number of international organisations to which Australia contributes.
Price	\$194.050 million
<b>Export Finance and Insurance Corporation National Interest Account</b>	
Quality	National interest payments and receipts managed in accordance with the national interest provisions of the <i>Export Finance and Insurance Corporation Act 1991</i> .
Quantity	Value of exports supported on EFIC's National Interest Account; value of claims paid on National Interest Account business.
Price	\$12.500 million
<b>Compensation for detriment caused by defective administration</b>	
Quality	Efficiency and timeliness of case management, where necessary.
Quantity	Where necessary, number of cases successfully managed.
Price	\$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 able best to direct resources to support the achievement of Outcome 1.

## **Competitive tendering and contracting**

The department's market-testing and contracting activities are overseen by its Contract Management and Policy Unit. The Unit, located within the Finance Services and Systems Branch, provides guidance to all areas of the department in procurement and contracting matters. The Unit is responsible for the provision of high quality policy advice relating to procurement, tendering and contract management as well as managing the strategic plan for the market testing of corporate functions within the department. The Unit also assists operational areas in selecting providers and establishing contracts.

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, language training, provision of desk top 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 shows how the 2005-06 Budget appropriations translate to total resourcing for Outcome 2, including administered expenses, revenue from government (appropriation), revenue from other sources (Departmental) and the total price of outputs.

**Table 3.1: Total resources for Outcome 2 (\$'000)**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000
<b>Administered appropriations (Bill 1)</b>	15,242	500
<b>Administered Special Appropriation to Special Account:<sup>1</sup></b>	500	500
Consular Services Trust Account-s20 FMA Act (A)	100	100
<b>Total administered appropriations</b>	<b>15,742</b>	<b>1,000</b>
<b>from Special Accounts (estimated payments from Special Account balances<sup>2</sup>)</b>		
Consular Services Trust Account-s20 FMA Act (A)	151	100
<b>Total Special Account outflows</b>	<b>151</b>	<b>100</b>
<b>Departmental appropriations</b>		
Output 2.1	149,366	149,810
<b>Total revenue from government (appropriations)<sup>4</sup></b>	<b>149,366</b>	<b>149,810</b>
<b>Contributing to price of departmental outputs</b>	<b>100%</b>	<b>100%</b>
<b>Revenue from other sources</b>		
Output 2.1	0	0
<b>Total revenue from other sources</b>	<b>0</b>	<b>421</b>
<b>Total price from departmental outputs<sup>5</sup></b> (Total revenue from government and from other sources)	<b>149,366</b>	<b>150,231</b>
<b>Total estimated resourcing for Outcome 2</b> (Total price of outputs and administered appropriations)	<b>165,108</b>	<b>151,231</b>
	2004-05	2005-06
<b>Average staffing level (number)</b>	<b>666</b>	<b>670</b>

1. Flows into Special Accounts are also shown in the receipts column of the Special Accounts table in Table 2.6.

2. Special Account outflows are shown in the payments column of the Special Account table in Table 2.6. The estimated payments from special account balances are provided by way of note only and do not form part of the total estimated resourcing.

3. Where names of Acts have been abbreviated, the full name of the Act can be found in the Acts Glossary at the end of Table 2.6.

4. The derivation of outcomes/outputs is based on Appropriation Bill 1. The 2005-06 total revenue from government differs to that in Table 2.1 as it includes equity injections.

5. The 2005-06 total price from departmental outputs differs to Table 2.1 as that table includes equity injections.

## **Measures affecting Outcome 2<sup>2</sup>**

### ***Providing for Australia's Security - biometrics for border control – progressive introduction of ePassports***

Total resourcing: Outcome 2 will receive the following amounts under Appropriation Bill 1: \$11.2 million in 2005-06, \$16.1 million in 2006-07, \$17.4 million in 2007-08, \$19.0 million in 2008-09. Outcome 2 will receive the following amounts under Appropriation Bill 2: \$2.3 million in 2005-06, \$0.5 million in 2006-07, \$0.5 million in 2007-08, \$0.5 million in 2008-09.

### ***Travellers' Emergency Loans Scheme***

Total resourcing: Outcome 2 will receive the following amounts under Appropriation Bill 1: \$0.3 million in 2005-06, \$0.3 million in 2006-07, \$0.3 million in 2007-08; \$0.3 million in 2008-09.

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

## **Outcome 2 — Contribution of outputs**

### **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 the network of overseas missions and honorary consulates, 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.

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<sup>2</sup> This relates to measures disclosed in the 2005-06 Budget context (that is, measures agreed since the *Mid-Year Economic and Fiscal Outlook 2004-05* (MYEFO)).

## Performance information for Outcome 2

**Table 3.2: 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 provide.	
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>	
Quality	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.
Quantity	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 Departmental Emergency Task Force/Inter-Departmental Emergency Task Force meetings held, and the duration of Crisis Centre operations.
<b>Passport services</b>	
Quality	Satisfaction of the public and travel industry with passport services. Turnaround time for passport issue, including urgent issues.
Quantity	Number of passport inquiries handled by the Australian Passport Information Service. Number of travel documents issued, including urgent issues.
Price	\$149.810 million
<b>Performance information for Administered Items</b>	
<b>Travellers' emergency loans</b>	
Quality	Travellers' emergency loans granted to Australian travellers in accordance with the guidelines laid down in the Consular Instructions.
Quantity	Number of Australian travellers assisted by emergency loans.  Success of debt recovery activities.
Price	\$0.500 million

## **Evaluations for Outcome 2**

See Evaluations under Outcome 1, p. 44.

## **Competitive Tendering and Contracting**

Over 50 per cent of passport production and processing is outsourced and further opportunities are being pursued as part of continuing efforts to improve client services. Currently over 80 per cent of the passport interview process is provided by Australia Post. Operation of the Australian Passport Information Service and the production of passport booklets, forms and laminates are fully outsourced.

See also Competitive Tendering and Contracting under Outcome 1, p. 44.

## **Outcome 3 resourcing**

Table 3.1 shows how the 2005-06 Budget appropriations translate to total resourcing for Outcome 3, including administered expenses, revenue from government (appropriation), revenue from other sources (Departmental) and the total price of outputs.

**Table 3.1: Total resources for Outcome 3 (\$'000)**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000
<b>Administered appropriations (Bill 1)</b>	48,621	28,846
<i>to Special Account:</i> <sup>1</sup>		
Australia-China Council Account - s20 FMA Act (A)	740	740
Australia-India Council Account - s20 FMA Act (A)	740	740
Australia-Indonesia Institute Account - s20 FMA Act (A)	740	740
Australia-Korea Foundation Account - s20 FMA Act (A)	740	740
<b>Total administered appropriations</b>	48,621	28,846
<b>from Special Accounts (estimated payments from Special Account balances)</b> <sup>2</sup>		
Australia-China Council Account - s20 FMA Act (A)	751	740
Australia-India Council Account - s20 FMA Act (A)	749	740
Australia-Indonesia Institute Account - s20 FMA Act (A)	1,056	740
Australia-Korea Foundation Account - s20 FMA Act (A)	754	742
<b>Total Special Account outflows</b>	3,310	2,962
<b>Departmental appropriations</b>		
Output 3.1	49,812	49,960
<b>Total revenue from government (appropriations)</b>	49,812	49,960
<b>Contributing to price of departmental outputs</b>	98%	99%
<b>Revenue from other sources</b>		
Output 3.1	1,136	635
<b>Total revenue from other sources</b>	1,136	635
<b>Total price from departmental outputs</b>	50,948	50,595
(Total revenue from government and from other sources)		
<b>Total estimated resourcing for Outcome 3</b>	99,569	79,441
(Total price of outputs and administered appropriations)		
	2004-05	2005-06
<b>Average staffing level (number)</b>	222	224

1. Flows into Special Accounts are also shown in the receipts column of the Special Accounts table in Table 2.6.

2. Special Account outflows are shown in the payments column of the Special Account table in Table 2.6. The estimated payments from special account balances are provided by way of note only and do not form part of the total estimated resourcing.

3. Where names of Acts have been abbreviated, the full name of the Act can be found in the Acts Glossary at the end of Table 2.6.

### **Measures affecting Outcome 3**

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

### **Outcome 3 – Contribution of Outputs**

The department provides information services and manages a range of public diplomacy programs 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

**Table 3.2: 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>	
Quality	<p>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.</p> <p>Timeliness and relevance of cultural and media activities and publications.</p> <p>Number of departmentally processed Freedom of Information and Archives requests not subject to requests for review and appeal.</p>
Quantity	<p>Number of Australian performing groups, artists, exhibitors and other cultural visitors supported.</p> <p>Number of public briefings given by departmental staff in Australia and overseas.</p> <p>Number of other public diplomacy/cultural activities organised.</p> <p>Number of media-related inquiries handled by the media liaison section.</p> <p>Number of visits organised under the International Media and Special Visits Programs and the Cultural Awards Scheme.</p> <p>Number of publications produced and number of copies distributed.</p> <p>Number of statistical services provided to external clients.</p> <p>Number of treaties maintained on, and added to, the international treaties database.</p> <p>Number of Freedom of Information requests processed.</p> <p>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.</p>
Price	\$49.960 million
<b>Performance information for Administered Items</b>	
<b>Grants</b>	
Quality	Grants administered in accordance with Government guidelines on the administration of the Discretionary Grants Program.
Quantity	Number of grants.
Price	\$3.541 million

**Table 3.2: Performance information for Outcome 3 (continued)**

<b>ABC Asia-Pacific television service</b>	
Quality	ABC Asia-Pacific (ABCAP) television service to meet its contractual obligations with the department in regard to the quality, coverage and management of the television service.
Quantity	ABCAP's performance measured by the tests and assessments prescribed in the DFAT-ABCAP contract.
Price	\$18.835 million
<b>Australian participation at the 2005 World Expo in Aichi, Japan.</b>	
Quality	Australian participation at the Expo will provide an opportunity to further develop Australia-Japan relations across a range of areas, including economic, cultural, environment and people-to-people links.
Quantity	Performance is measured by a range of quantitative and qualitative indicators described in project documentation.
Price	\$6.470 million

### Evaluations for Outcome 3

See Evaluations under Outcome 1, p. 44.

### Competitive tendering and contracting

See Competitive Tendering and Contracting under Outcome 1, p. 44.

### Outcome 4 resourcing

Table 3.1 shows how the 2005-06 Budget appropriations translate to total resourcing for Outcome 4, including administered expenses, revenue from government (appropriation), revenue from other sources (Departmental) and the total price of outputs.

**Table 3.1: Total resources for Outcome 4 (\$'000)**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000
<b>Administered appropriations (Bill 1)</b> to Special Account <sup>1</sup>	0	0
<b>Total administered appropriations</b>	0	0
<b>from Special Accounts (estimated payments from Special Account balances<sup>2</sup>)</b>		
Overseas Property Account - Finance Determination 2002-01 (D)	97,826	281,673
<b>Total Special Account outflows</b>	97,826	281,673
<b>Departmental appropriations</b>		
Output 4.1	0	0
Output 4.2	0	0
<b>Total revenue from government (appropriations)</b>	0	0
<b>Contributing to price of departmental outputs</b>	0%	0%
<b>Revenue from other sources</b>		
Output 4.1	51,210	48,889
<b>Total revenue from other sources</b>	51,210	48,889
<b>Total price from departmental outputs</b> (Total revenue from government and from other sources)	51,210	48,889
<b>Total estimated resourcing for Outcome 4</b> (Total price of outputs and administered appropriations)	51,210	48,889
	2004-05	2005-06
<b>Average staffing level (number)</b>	17	21

1. Flows into Special Accounts are also shown in the receipts column of the Special Accounts table in Table 2.6.

2. Special Account outflows are shown in the payments column of the Special Account table in Table 2.6. The estimated payments from special account balances are provided by way of note only and do not form part of the total estimated resourcing.

3. Where names of Acts have been abbreviated, the full name of the Act can be found in the Acts Glossary at the end of Table 2.6.

### **Measures affecting Outcome 4<sup>3</sup>**

#### ***Providing for Australia's Security - purchase of land and construction of new chanceries***

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

### **Outcome 4 – Contribution of Outputs**

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 \$1.3 billion. The OPO implements a five-year rolling program for major expenditure and capital works in the overseas estate.

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<sup>3</sup> This relates to measures disclosed in the 2005-06 Budget context (that is, measures agreed since the *Mid-Year Economic and Fiscal Outlook 2004-05* (MYEFO)).

## Performance information for Outcome 4

**Table 3.2: 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 agreed dividend and return on investment in accordance with the Government's overseas property principles	
Australian Government representatives overseas provided with appropriate accommodation, including through effective management of the UPS strategic alliance contract	
Efficient financial and physical management of assets	
<b>Performance information for departmental outputs</b>	
<b>Output 4.1 — Property management</b>	
Quality	Portfolio condition to be maintained to industry standards.
	Tenant satisfaction to be reviewed by annual survey.
Quantity	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.
Price	\$152.923 million*
<b>Output 4.2 — Contract management</b>	
Quality	Efficient and effective management of construction projects for new capital works.
	Ensuring measurement of contractual outcomes required of UPS.
	Tenant satisfaction with UPS contract delivery.
Quantity	Number of project contracts managed.
	Number of calls answered by UPS call centre and agreed response times for successful service delivery achieved.
Price	Nil

\* Price shown under this outcome includes an amount of \$104.034 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 Evaluations under Outcome 1, p. 44.

## Competitive tendering and contracting

See Competitive tendering and contracting under Outcome 1, p. 44.

## 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 SLA was recently revised with a new agreement signed on 1 September 2004 and due to expire on 30 June 2007. For reference, in 2004-05, the department provided services under the SLA to:

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  
Australian Trade Commission  
Commonwealth Scientific and Industrial Research Organisation  
Department of Agriculture, Fisheries and Forestry  
Department of Communications, Information Technology and the Arts  
Department of Defence  
Department of Education, Science and Training  
Department of Employment and Workplace Relations  
Department of Family and Community Services  
Department of Health and Ageing (Therapeutic Goods Administration)  
Department of Immigration and Multicultural and Indigenous 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 and Indigenous 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 Agency for International Development  
Australian Centre for International Agricultural Research  
Australian Customs Service (including National Surveillance Centre)  
Australian Federal Police  
Australian Maritime Safety Authority  
Australian Nuclear Science and Technology Organisation  
Australian Trade Commission  
Defence Intelligence Organisation;  
Department of Agriculture, Fisheries and Forestry (including the Australian Quarantine and Inspection Service)  
Department of Defence  
Department of Education, Science and Training  
Department of the Environment and Heritage (including Australian Antarctic Division)  
Department of Family and Community Services  
Department of Immigration and Multicultural and Indigenous Affairs  
Department of Industry, Tourism and Resources  
Department of the Prime Minister and Cabinet  
Department of Transport and Regional Services  
Department of the Treasury  
National Library of Australia  
Office of National Assessments  
Parliamentary Relations Office.

## **Responsibility**

The department is responsible for disclosing departmental costs 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 *Passports Act 2005* and the *Consular Fees Act 1955* direct the department to administer the collection of passport and consular fees on behalf of the Australian Government. The Department of Finance and Administration in conjunction with the Department of Foreign Affairs and Trade are due to evaluate the department's cost recovery arrangements in 2005-06. In relation to passport fees, this will be done concurrently with the review process for the Output Purchasing Agreement between DFAT and Finance. A new agreement is scheduled to begin in 2005-06.

### **Summary of cost recovery impact statement**

The Department of Foreign Affairs and Trade has a new cost recovery arrangement for the progressive introduction of ePassports under the new measure, development of biometrics for border control. The cost of including a biometric chip in an Australian passport, costed at \$70.6 million over four years, will be fully recovered through an increase in the passport fee.

DFAT's costs in support of the proposal will be recovered through a fee increase for all passport types. The increase to cover costs of including a biometric chip in the Australian passport will be included in fees and charged to the Australian public and not separately identified.

### **Compliance**

The legislative authority for imposing the charging and varying fees is contained in the *Passports Act 2005*. It is estimated that over a four year period, based on present projected passport issue rates, revenue would amount to \$70.6 million with costs of \$70.6 million. The charges have been set in accordance with the Commonwealth's cost recovery policy and guidelines.

### **Consultations**

Detailed consultations with relevant Australian Government agencies (the Australian Customs Service and the Department of Immigration and Multicultural and Indigenous Affairs) and representatives from central agencies were held at ad-hoc interdepartmental committee meetings.

### **Review**

The cost recovery arrangement will be reviewed every three years to ensure that the projected expense, revenue and passport sales are accurate. This process will be conducted concurrently with the review process for the Output Purchasing Agreement between DFAT and the Department of Finance and Administration.

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

See Portfolio Table 1, p. 9.

## 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 \$26.1 million (excluding capital funding) in 2005-06 for a number of new measures. This increase has in part been offset by foreign exchange, inflation, parameter adjustments and the efficiency dividend. The net actual increase between 2004-05 and 2005-06 is \$2.1 million.

The increase in suppliers and depreciation expenses reflect the new measures relating to security at Australian overseas missions. The fall in employee expenses in 2005-06 compared to 2004-05 is largely attributable to the additional (27 instead of 26) pay periods in 2004-05.

In 2005-06, the department has budgeted for a net surplus of \$84.6 million. The Overseas Property Office is forecasting a return to the Official Public Account of \$26.9 million in the form of a dividend payment and \$56.6 million to be reinvested in the overseas owned estate.

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

In 2005-06, DFAT's non financial asset position is \$1,735.1 million. The major asset component is \$1,365.5 million for Land and Buildings. The budgeted departmental non-financial asset position has increased mainly due to the impact of the new security funding resulting in increased asset acquisitions of \$77.3 million.

The receivables balance includes Overseas Property Special Account funds held with the Official Public Account. This balance was higher in 2004-05 due to funds held at that time for capital purchases required for completion of projects in later years.

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

Administered revenues from Government have been budgeted at \$22.9 million in 2005-06. In the outyears total revenues are forecast to increase. This is due to an expected increase in Passport Fee revenue.

Total expenses administered on behalf of government are budgeted at \$248.4 million. The major components are contributions to international organisations on behalf of the government, payments to the ABC Asia-Pacific television service, and payments under the International Relations Grants Program.

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

Asset and liabilities are budgeted at \$465.2 million and \$133.3 million respectively. The assets mainly represent the whole-of-government component of the National Interest Account. Budgeted liabilities comprise outstanding amounts relating to EFIC and the North American Pension Scheme. Fluctuation in values of assets and liabilities can occur due to foreign exchange movements.

## 5.2: BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental statement of financial performance for the period ended 30 June 2006**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>REVENUE</b>					
<b>Revenues from ordinary activities</b>					
Revenues from Government	699,607	701,687	709,027	717,152	720,365
Goods and services	99,872	86,983	91,123	93,116	105,157
Interest	0	0	0	0	0
Dividends	0	0	0	0	0
Revenue from sales of assets	25,629	2,361	5,632	34,420	2,361
Reversals of previous asset write-downs	0	0	0	0	0
Net foreign exchange gains	0	0	0	0	0
Rents	0	0	0	0	0
Royalties	0	0	0	0	0
Correction of fundamental error	0	0	0	0	0
Other	1,470	1,891	1,470	1,470	1,470
<b>Revenues from ordinary activities</b>	<b>826,578</b>	<b>792,922</b>	<b>807,252</b>	<b>846,158</b>	<b>829,353</b>
<b>EXPENSE</b>					
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>					
Employees	310,143	305,353	307,594	306,289	304,260
Suppliers	330,596	336,057	321,617	315,496	298,653
Grants	0	0	0	0	0
Subsidies	0	0	0	0	0
Depreciation and amortisation	49,614	57,191	67,115	82,134	97,407
Write-down of assets and impairment of assets	7,475	6,931	0	0	587
Value of assets sold	26,309	2,361	5,885	63,923	2,361
Net foreign exchange losses	0	0	0	0	0
Correction of fundamental error	0	0	0	0	0
Other	1,825	20	20	20	20
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>	<b>725,962</b>	<b>707,913</b>	<b>702,231</b>	<b>767,862</b>	<b>703,288</b>
Borrowing costs expense	8	400	400	400	400
Share of net profits or (losses) of associates and joint ventures accounted for using the equity method	0	0	0	0	0
Correction of fundamental error	0	0	0	0	0

**Table 5.1: Budgeted departmental statement of financial performance for the period ended 30 June 2006 (continued)**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>Operating surplus or (deficit) from ordinary activities</b>	100,608	84,609	104,621	77,896	125,665
Gain or (loss) on extraordinary items	0	0	0	0	0
Correction of fundamental error					
<b>Net surplus or (deficit)</b>	100,608	84,609	104,621	77,896	125,665
Outside equity interests in net surplus or (deficit)	0	0	0	0	0
<b>Net surplus or deficit attributable to the Australian Government</b>	100,608	84,609	104,621	77,896	125,665
Net credit or (debit) to asset revaluation reserve	(126,413)	(61,992)	30,082	(84,834)	16,476
Net exchange difference recognised as a direct debit or (credit) to equity	0	0	0	0	0
Adjustments arising from standards recognised as direct debit or (credit) to equity	0	0	0	0	0
Initial adjustments from transitional UIG consensus view recognised as direct debit or (credit) to equity	0	0	0	0	0
<b>Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity</b>	(25,805)	22,617	134,703	(6,938)	142,141
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>					

**Table 5.2: Budgeted departmental statement of financial position as at 30 June 2006**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	27,494	27,494	27,493	27,492	27,492
Receivables	236,367	85,807	72,579	89,612	166,531
Investments accounted for under the equity method	0	0	0	0	0
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	0	0	0	0	0
Other investments	0	0	0	0	0
Accrued revenues	0	0	0	0	0
Other financial assets	0	0	0	0	0
<b>Total financial assets</b>	<b>263,861</b>	<b>113,301</b>	<b>100,072</b>	<b>117,104</b>	<b>194,023</b>
<b>Non-financial assets</b>					
Land and buildings	1,306,051	1,365,506	1,438,655	1,599,686	1,645,058
Infrastructure, plant and equipment	131,919	194,551	251,198	309,109	287,518
Investment properties	0	0	0	0	0
Heritage and cultural assets	0	0	0	0	0
Inventories	1,696	1,696	1,696	1,696	1,696
Intangibles	14,787	18,212	20,267	16,980	6,966
Other non-financial assets	59,537	155,141	236,179	63,653	31,145
<b>Total non-financial assets</b>	<b>1,513,990</b>	<b>1,735,106</b>	<b>1,947,995</b>	<b>1,991,124</b>	<b>1,972,383</b>
<b>Total assets</b>	<b>1,777,851</b>	<b>1,848,407</b>	<b>2,048,067</b>	<b>2,108,228</b>	<b>2,166,406</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Loans	0	0	0	0	0
Leases	0	0	0	0	0
Deposits	0	0	0	0	0
Overdraft	0	0	0	0	0
Other interest bearing liabilities	0	0	0	0	0
<b>Total interest bearing liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Provisions</b>					
Employees	96,819	97,599	98,268	98,107	98,123
Other provisions	0	0	0	0	0
<b>Total provisions</b>	<b>96,819</b>	<b>97,599</b>	<b>98,268</b>	<b>98,107</b>	<b>98,123</b>
<b>Payables</b>					
Suppliers	39,958	39,509	40,180	47,976	47,976
Grants	0	0	0	0	0
Dividends	0	0	0	0	0
Borrowing costs	0	0	0	0	0
Other payables	17,424	14,705	31,216	11,359	11,359
<b>Total payables</b>	<b>57,382</b>	<b>54,214</b>	<b>71,396</b>	<b>59,335</b>	<b>59,335</b>
<b>Total liabilities</b>	<b>154,201</b>	<b>151,813</b>	<b>169,664</b>	<b>157,442</b>	<b>157,458</b>

**Table 5.2: Budgeted departmental statement of financial position as at 30 June 2006 (continued)**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	1,328,308	1,405,609	1,476,268	1,562,933	1,563,685
Reserves	148,548	86,556	119,698	63,230	79,706
Statutory funds	0	0	0	0	0
Retained surpluses or accumulated deficits	146,794	204,429	282,437	324,623	365,557
<b>Total parent entity interest</b>	<b>1,623,650</b>	<b>1,696,594</b>	<b>1,878,403</b>	<b>1,950,786</b>	<b>2,008,948</b>
<b>Outside equity interest</b>					
Contributed equity	0	0	0	0	0
Reserves	0	0	0	0	0
Retained surpluses or accumulated deficits	0	0	0	0	0
<b>Total outside equity interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total equity</b>	<b>1,623,650</b>	<b>1,696,594</b>	<b>1,878,403</b>	<b>1,950,786</b>	<b>2,008,948</b>
<b>Current assets</b>	<b>287,561</b>	<b>137,001</b>	<b>123,772</b>	<b>140,804</b>	<b>217,723</b>
<b>Non-current assets</b>	<b>1,490,290</b>	<b>1,711,406</b>	<b>1,924,295</b>	<b>1,967,424</b>	<b>1,948,683</b>
<b>Current liabilities</b>	<b>92,641</b>	<b>89,778</b>	<b>107,221</b>	<b>95,097</b>	<b>95,103</b>
<b>Non-current liabilities</b>	<b>61,560</b>	<b>62,035</b>	<b>62,443</b>	<b>62,345</b>	<b>62,355</b>

\* '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 2006**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	99,872	86,983	91,123	93,116	105,157
Appropriations	681,544	700,731	707,607	697,270	686,719
Interest	0	0	0	0	0
Dividends	0	0	0	0	0
Other	19,830	20,551	20,478	20,832	20,462
Extraordinary items	0	0	0	0	0
<b>Total cash received</b>	<b>801,246</b>	<b>808,265</b>	<b>819,208</b>	<b>811,218</b>	<b>812,338</b>
<b>Cash used</b>					
Employees	308,590	307,273	307,934	306,301	304,527
Suppliers	317,445	343,437	336,988	320,990	305,181
Grants	0	0	0	0	0
Borrowing costs	0	0	0	0	0
Other	19,692	20,943	19,993	20,158	20,558
Extraordinary items	0	0	0	0	0
<b>Total cash used</b>	<b>645,727</b>	<b>671,653</b>	<b>664,915</b>	<b>647,449</b>	<b>630,266</b>
<b>Net cash from or (used by) operating activities</b>	<b>155,519</b>	<b>136,612</b>	<b>154,293</b>	<b>163,769</b>	<b>182,072</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	25,629	2,361	5,632	34,420	2,361
Proceeds from sales of financial instruments	0	0	0	0	0
Bills of exchange and promissory notes	0	0	0	0	0
Repayments of loans made	0	0	0	0	0
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	0	0	0	0	0
Other	0	0	0	0	0
Extraordinary items	0	0	0	0	0
<b>Total cash received</b>	<b>25,629</b>	<b>2,361</b>	<b>5,632</b>	<b>34,420</b>	<b>2,361</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	105,916	207,358	105,899	126,392	40,479
Purchase of financial instruments	0	0	0	0	0
Bills of exchange and promissory notes	0	0	0	0	0
Loans made	0	0	0	0	0
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	0	0	0	0	0
Other	30,351	110,693	101,438	108,715	12,621
Extraordinary items	0	0	0	0	0
<b>Total cash used</b>	<b>136,267</b>	<b>318,051</b>	<b>207,337</b>	<b>235,107</b>	<b>53,100</b>
<b>Net cash from or (used by) investing activities</b>	<b>(110,638)</b>	<b>(315,690)</b>	<b>(201,705)</b>	<b>(200,687)</b>	<b>(50,739)</b>

**Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June 2006 (continued)**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	81,587	77,301	70,659	86,665	752
Proceeds from issuing financial instruments	0	0	0	0	0
Proceeds from loans	0	0	0	0	0
Other	(79,580)	128,750	3,365	(14,038)	(47,354)
Extraordinary items	0	0	0	0	0
<b>Total cash received</b>	<b>2,007</b>	<b>206,051</b>	<b>74,024</b>	<b>72,627</b>	<b>(46,602)</b>
<b>Cash used</b>					
Repayments of debt	0	0	0	0	0
Capital use charge paid	0	0	0	0	0
Dividends paid	25,801	26,973	23,553	7,344	84,731
Other	21,661	0	3,060	28,366	0
Extraordinary items	0	0	0	0	0
<b>Total cash used</b>	<b>47,462</b>	<b>26,973</b>	<b>26,613</b>	<b>35,710</b>	<b>84,731</b>
<b>Net cash from/(used by) financing activities</b>	<b>(45,455)</b>	<b>179,078</b>	<b>47,411</b>	<b>36,917</b>	<b>(131,333)</b>
<b>Net increase or (decrease) in cash held</b>	<b>(574)</b>	<b>0</b>	<b>(1)</b>	<b>(1)</b>	<b>0</b>
Cash at the beginning of the reporting period	28,068	27,494	27,494	27,493	27,492
Effect of exchange rate movements on cash at the beginning of reporting period	0	0	0	0	0
<b>Cash at the end of the reporting period</b>	<b>27,494</b>	<b>27,494</b>	<b>27,493</b>	<b>27,492</b>	<b>27,492</b>

**Table 5.4: Departmental capital budget statement**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	81,587	77,302	70,659	86,665	752
Total loans	0	0	0	0	0
<b>Total capital appropriations</b>	<b>81,587</b>	<b>77,302</b>	<b>70,659</b>	<b>86,665</b>	<b>752</b>
<b>Represented by:</b>					
Purchase of non-financial assets	81,587	77,302	70,659	86,665	752
Other	0	0	0	0	0
<b>Total represented by</b>	<b>81,587</b>	<b>77,302</b>	<b>70,659</b>	<b>86,665</b>	<b>752</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	81,587	77,302	70,659	86,665	752
Funded internally by Departmental resources	59,317	176,684	101,050	331,515	96,894
<b>Total</b>	<b>140,904</b>	<b>253,986</b>	<b>171,709</b>	<b>418,180</b>	<b>97,646</b>

**Table 5.5: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

	Land investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2005</b>								
Gross book value	567,952	0	761,635	0	158,455	0	32,181	1,520,223
Accumulated depreciation	0	0	(23,536)	0	(26,536)	0	(17,394)	(67,466)
<b>Opening net book value</b>	<b>567,952</b>	<b>0</b>	<b>738,099</b>	<b>0</b>	<b>131,919</b>	<b>0</b>	<b>14,787</b>	<b>1,452,757</b>
Additions:								
by purchase	101,073	0	51,402	0	96,683	0	4,828	253,986
by finance lease	0	0	0	0	0	0	0	0
from acquisitions of entities or operations (including restructuring)	0	0	0	0	0	0	0	0
Net revaluation increment/decrement	(84,007)	0	15,085	0	0	0	0	(68,922)
Reclassifications	0	0	0	0	0	0	0	0
Depreciation/amortisation expense	0	0	(16,098)	0	(22,772)	0	(1,403)	(40,273)
Recoverable amount write-downs	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0
Disposals:								
from disposal of entities or operations (including restructuring)	0	0	0	0	0	0	0	0
other disposals	0	0	(8,000)	0	(11,279)	0	0	(19,279)
<b>As at 30 June 2006</b>								
Gross book value	585,018	0	800,498	0	243,859	0	37,009	1,666,384
Accumulated depreciation	0	0	(20,010)	0	(49,308)	0	(18,797)	(88,115)
<b>Closing net book value</b>	<b>585,018</b>	<b>0</b>	<b>780,488</b>	<b>0</b>	<b>194,551</b>	<b>0</b>	<b>18,212</b>	<b>1,578,269</b>

**Table 5.6: Schedule of budgeted revenues and expenses administered on behalf of Government for the period ended 30 June 2006**

	Estimated actual 2004-05 \$'000	Budget estimates 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>REVENUES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Taxation</b>					
Income tax	0	0	0	0	0
Indirect tax	0	0	0	0	0
Other taxes, fees and fines	0	0	0	0	0
<b>Total taxation</b>	0	0	0	0	0
<b>Non-taxation (revenues from Government)</b>					
Goods and services	164,870	174,570	207,970	226,870	207,670
Interest	27,930	23,530	26,330	28,730	25,630
Dividends	0	0	0	0	0
Net foreign exchange gains	0	0	0	0	0
Revenues from sale of assets	0	0	0	0	0
Other sources of non-taxation revenues	13,065	22,764	19,435	16,835	15,635
Rents	0	0	0	0	0
Royalties	0	0	0	0	0
Correction of fundamental error	0	0	0	0	0
<b>Total non-taxation</b>	205,865	220,864	253,735	272,435	248,935
<b>Total revenues administered on behalf of Government</b>	205,865	220,864	253,735	272,435	248,935
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	232,195	216,926	198,091	198,091	198,091
Subsidies	0	0	0	0	0
Personal benefits	5,500	5,000	4,500	4,000	4,000
Employees	1,000	0	0	0	0
Suppliers	27,500	10,000	1,501	1,501	1,501
Depreciation and amortisation	0	0	0	0	0
Write down and impairment of assets	0	0	0	0	0
Value of assets sold	0	0	0	0	0
Net foreign exchange losses	0	0	0	0	0
Borrowing costs expense	13,500	13,300	12,800	12,700	12,500
Correction of fundamental error	0	0	0	0	0
Other	3,800	3,200	3,100	3,100	3,000
Gain or (loss) on extraordinary items	0	0	0	0	0
<b>Total expenses administered on behalf of Government</b>	283,495	248,426	219,992	219,392	219,092

**Table 5.7: Schedule of budgeted assets and liabilities administered on behalf of Government as at 30 June 2006**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash	5,506	5,506	5,506	5,506	5,506
Receivables	131,565	131,590	131,590	131,590	131,590
Investments under the equity method	0	0	0	0	0
Investments (s.39 FMA Act; s.18 CAC ACT; s.19 CAC Act)	323,400	323,400	323,400	323,400	323,400
Accrued revenues	761	761	761	761	761
Other financial assets	0	0	0	0	0
<b>Total financial assets</b>	<b>461,232</b>	<b>461,257</b>	<b>461,257</b>	<b>461,257</b>	<b>461,257</b>
<b>Non-financial assets</b>					
Land and buildings	0	0	0	0	0
Infrastructure, plant and equipment	0	0	0	0	0
Investment properties	0	0	0	0	0
Heritage and cultural assets	0	0	0	0	0
Inventories	0	0	0	0	0
Intangibles	0	0	0	0	0
Other non-financial assets	3,944	3,944	3,944	3,944	3,944
<b>Total non-financial assets</b>	<b>3,944</b>	<b>3,944</b>	<b>3,944</b>	<b>3,944</b>	<b>3,944</b>
<b>Total assets administered on behalf of Government</b>	<b>465,176</b>	<b>465,201</b>	<b>465,201</b>	<b>465,201</b>	<b>465,201</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Interest bearing liabilities</b>					
Australian Government securities	0	0	0	0	0
Loans	0	0	0	0	0
Leases	0	0	0	0	0
Deposits	0	0	0	0	0
Overdrafts	0	0	0	0	0
Other interest bearing liabilities	69,513	64,538	64,538	64,538	64,538
<b>Total interest bearing liabilities</b>	<b>69,513</b>	<b>64,538</b>	<b>64,538</b>	<b>64,538</b>	<b>64,538</b>
<b>Provisions</b>					
Employees	0	0	0	0	0
Taxation refunds provided	0	0	0	0	0
Australian currency on issue	0	0	0	0	0
Other provisions	32,031	32,031	32,031	32,031	32,031
<b>Total provisions</b>	<b>32,031</b>	<b>32,031</b>	<b>32,031</b>	<b>32,031</b>	<b>32,031</b>
<b>Payables</b>					
Suppliers	1,754	1,754	1,754	1,754	1,754
Grants and subsidies	0	0	0	0	0
Personal benefits payable	0	0	0	0	0
Taxation refunds due	0	0	0	0	0
Other payables	34,985	34,985	34,985	34,985	34,985
<b>Total payables</b>	<b>36,739</b>	<b>36,739</b>	<b>36,739</b>	<b>36,739</b>	<b>36,739</b>
<b>Total liabilities administered on behalf of Government</b>	<b>138,283</b>	<b>133,308</b>	<b>133,308</b>	<b>133,308</b>	<b>133,308</b>

**Table 5.8: Schedule of budgeted administered cash flows for the period ended 30 June 2006**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Income tax	0	0	0	0	0
Indirect tax	0	0	0	0	0
Other taxes, fees and fines	0	0	0	0	0
Sales of goods	164,870	174,570	207,970	226,870	207,670
Rendering of services	0	0	0	0	0
Interest	15,330	14,530	14,130	13,930	13,630
Dividends	12,600	9,000	12,200	14,800	12,000
Other	13,065	21,864	19,435	16,835	15,635
<b>Total cash received</b>	<b>205,865</b>	<b>219,964</b>	<b>253,735</b>	<b>272,435</b>	<b>248,935</b>
<b>Cash used</b>					
Borrowing costs	0	0	0	0	0
Employees	1,000	0	0	0	0
Grant payments	232,195	216,926	198,091	198,091	198,091
Interest paid	0	0	0	0	0
Subsidies paid	0	0	0	0	0
Personal benefits	5,500	5,000	4,500	4,000	4,000
Suppliers	27,500	9,100	1,501	1,501	1,501
Other	17,300	16,500	15,900	15,800	15,500
<b>Total cash used</b>	<b>283,495</b>	<b>247,526</b>	<b>219,992</b>	<b>219,392</b>	<b>219,092</b>
<b>Net cash from/(used by) operating activities</b>	<b>(77,630)</b>	<b>(27,562)</b>	<b>33,743</b>	<b>53,043</b>	<b>29,843</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment and intangibles	0	0	0	0	0
Proceeds from sales of equity instruments	0	0	0	0	0
Proceeds from sales of investments	0	0	0	0	0
Repayments of advances	0	0	0	0	0
Cash from Official Public Account	0	0	0	0	0
Transfers from other entities	0	0	0	0	0
Investments (s.39 FMA Act, s.18 CAC Act, s.19 CAC Act)	0	0	0	0	0
Other	0	0	0	0	0
<b>Total cash received</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 5.8: Schedule of budgeted administered cash flows for the period ended 30 June 2006 (continued)**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	0	0	0	0	0
Purchase of equity instruments	0	0	0	0	0
Advances and loans made	0	0	0	0	0
Cash to Official Public Account	0	0	0	0	0
Transfers to other entities	0	0	0	0	0
Investments (s.39 FMA Act, s.18 CAC Act, s.19 CAC Act)	0	0	0	0	0
Other	0	0	0	0	0
<b>Total cash used</b>	0	0	0	0	0
<b>Net cash from/(used by) investing activities</b>	0	0	0	0	0
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from borrowing	0	0	0	0	0
Cash from Official Public Account	283,495	247,526	219,992	219,392	219,092
Other	0	0	0	0	0
<b>Total cash received</b>	0	0	0	0	0
<b>Cash used</b>					
Net repayment of borrowings	0	0	0	0	0
Dividends paid	0	0	0	0	0
Cash to Official Public Account	205,865	219,964	253,735	272,435	248,935
Other	0	0	0	0	0
<b>Total cash used</b>	0	0	0	0	0
<b>Net cash from/(used by) financing activities</b>	77,630	27,562	(33,743)	(53,043)	(29,843)
<b>Net increase or (decrease) in cash held</b>	0	0	0	0	0
Cash at beginning of reporting period	5,506	5,506	5,506	5,506	5,506
Cash from Official Public Account for					
Appropriations	0	0	0	0	0
Special accounts	0	0	0	0	0
Other	0	0	0	0	0
Transfers from other entities (Finance - Whole of Government)	0	0	0	0	0
Cash to Official Public Account for					
Appropriations	0	0	0	0	0
Special accounts	0	0	0	0	0
Other	0	0	0	0	0
Transfers from other entities (Finance - Whole of Government)	0	0	0	0	0
Effect of exchange rate movements on cash at beginning of reporting period	0	0	0	0	0
<b>Cash at end of reporting period</b>	5,506	5,506	5,506	5,506	5,506

**Table 5.9: Schedule of administered capital budget**

Not applicable to DFAT.

**Table 5.10: Schedule of property, plant, equipment and intangibles — summary of movement (Budget Year 2005-06)**

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 in 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 (asset value of \$138.9 million as at 30 June 1997) and Export Finance and Insurance Corporation (asset value of \$184.5 million as at 30 June 1997).

**Asset valuation**

From 1 July 2002 Australian Government agencies and authorities are required to use either the cost basis or the fair value basis to measure Property, Plant and Equipment. The shift from the deprival method of valuation to fair value should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.