

**PORTFOLIO
BUDGET STATEMENTS
2008-09**

FOREIGN AFFAIRS AND TRADE PORTFOLIO

BUDGET INITIATIVES AND EXPLANATIONS OF
APPROPRIATIONS SPECIFIED BY AGENCY, BY OUTCOME

BUDGET RELATED PAPER NO. 1.9

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ISBN 978-1-921244-66-7

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**PARLIAMENT HOUSE
CANBERRA 2600**

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

We hereby submit Portfolio Budget Statements in support of the 2008-09 Budget for the Foreign Affairs and Trade portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the portfolio.

We present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stephen Smith', with a horizontal line underneath.

Stephen Smith
Minister for Foreign Affairs

A handwritten signature in black ink, appearing to read 'Simon Crean', with a horizontal line underneath.

Simon Crean
Minister for Trade

Abbreviations and conventions

The following notation may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$b	\$ billion

Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

Enquiries

Should you have any enquiries regarding this publication please contact Ann Thorpe, Chief Finance Officer in the Department of Foreign Affairs and Trade on (02) 6261 1240.

A copy of this document can be located on the Australian Government Budget website at: <http://www.budget.gov.au>.

**USER GUIDE
TO THE
PORTFOLIO BUDGET
STATEMENTS**

USER GUIDE

The purpose of the 2008-09 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts) and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2008-09. In this sense the PB Statements are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates and accordingly, these entities are not reported in the PB Statements.

STRUCTURE OF THE PORTFOLIO BUDGET STATEMENTS

The Portfolio Budget Statements have been revised for the 2008-09 Budget, with significant changes made to reduce the work load on agencies and to provide Parliament with more targeted and comprehensive information on government expenditure.

Included below is a brief outline of each section of the revised document.

Portfolio overview

The portfolio overview is largely unchanged with portfolio departments required to briefly outline the responsibilities of the portfolio, list the relevant agencies and Ministers and the resources available.

Agency Resources and Planned Performance

A statement (under the name of the agency) for each agency within the Portfolio.

Section 1: Agency overview and resources

- This section includes three components:
 - 1.1 Strategic Direction for 2008-09;
 - 1.2 Resource Statement; and
 - 1.3 Measures Table.
- The intention of section one is to provide readers with an overview of the functions and responsibilities of the agency, its contribution towards its outcomes for the budget year and the resources available.
- In the *Strategic Direction for 2008-09* agencies are to present a narrative approach rather than being restricted to a fixed number of headings. The key emphasis is on telling the agency 'story': the key strategies it is implementing to achieve its outcomes, what is involved and how success and progress are to be measured.
- The agency resource statement and measures table summarise resource information into two tables. Agencies are to use the new agency resource statement which details the source and nature of the all resources available to the agency. Budget Measures information is to reflect the information covered in Budget Paper 2, with the output group against which the measures are to be pursued included to improve cross-referencing.

Agency Resources and Planned Performance (continued)	
Section 2: Outcomes and Planned Performance	<ul style="list-style-type: none"> • The outcomes section has undergone significant change to re-orientate agencies' reporting towards their results in contributing to outcomes and away from focusing on the activities and processes of agencies. • The outcome resource statement provides lower level resourcing information for general users at the results level, grouped by output group rather than appropriation type as has been the case previously. • Following the outcome resource statement, agencies will use output groups for each outcome to group their intended contributions and the performance indicators used to assess the agency's effectiveness. By focusing on the results and impacts agencies are making towards outcomes, the revised PB Statements will be more focused on how agencies contribute to outcomes rather than detailing activities.
Section 3: Explanatory tables and budgeted financial statements	<ul style="list-style-type: none"> • This section has been reworked to increase the readability of technical financial information. The section now includes: <ul style="list-style-type: none"> – an explanation of any differences at agency level between the information included in the Budget Papers and the PB Statements arising from the use of the GFS and AAS accounting methodologies; and – explanatory tables to provide supplementary information on the reconciliation between total available appropriation and outcome attribution, the re-phasing and use of appropriations, special account flows and Australian Government Indigenous Expenditure. • It should also be noted that the capital budget statement and the property, plant, equipment and intangibles statements are no longer mandatory in the financial statements. This change has been made because for the majority of agencies the information provided was of little value. Agencies with significant investment programs and/or balance sheets may continue using the statements to better explain their overall position.
Glossary	Explains key terms relevant to the portfolio.

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PORTFOLIO OVERVIEW

FOREIGN AFFAIRS AND TRADE PORTFOLIO OVERVIEW

MINISTERS AND PORTFOLIO RESPONSIBILITIES

The overarching objective of Australia's foreign and trade policy is to advance Australia's national interest - the security and prosperity of Australians - by contributing to improvements in international security, national economic and trade performance and global cooperation.

The Minister for Foreign Affairs and the Minister for Trade are the two portfolio ministers. There are three Parliamentary Secretaries with responsibilities for Trade, Pacific Island Affairs and International Development Assistance. The portfolio consists of the Department of Foreign Affairs and Trade (DFAT), the Australian Trade Commission (Austrade), AusAID (the Australian Agency for International Development), the Australian Centre for International Agricultural Research (ACIAR), the Australian Secret Intelligence Service (ASIS) and the Export Finance and Insurance Corporation (EFIC).

The Foreign Affairs and Trade portfolio retained its responsibilities in the Administrative Arrangements Orders (AAO) of 3 December 2007 and January 2008. The AAO of 3 December 2007, for the first time, referred specifically to international climate change policy and negotiations and this responsibility was allocated to the new Department of Climate Change. This resulted in a movement of resources under section 32 of the *Financial Management and Accountability Act 1997* from DFAT to the Department of Climate Change, as international climate change policy and negotiations had been managed by DFAT as part of its allocated responsibility for external affairs.

While not yet reflected in the AAO, the Government has also decided to transfer the 'investment promotion' function and responsibility for delivery of the Global Opportunities program from the Department of Innovation, Industry, Science and Research to the Australian Trade Commission (Austrade). Working with state and territory governments, Austrade will contribute to securing investment in Australia that enhances national prosperity.

In 2008-09, the portfolio will seek to advance the national interest by enhancing Australia's relations with key countries, as well as multilateral organisations and institutions, to influence global and regional developments.

The portfolio will work to reduce trade barriers and expand Australia's markets through the World Trade Organization (WTO) Doha Round of trade negotiations, the Asia-Pacific Economic Cooperation (APEC) forum and other regional arrangements, and existing and future Free Trade Agreements (FTAs) which complement and are supportive of the multilateral trading system. The portfolio will support efforts to

Portfolio Overview

improve the international competitiveness of the Australian economy and Australian exporters.

Providing efficient and effective consular services and a secure passport system to Australians is an enduring priority. The portfolio will project a positive image of Australia and promote a clear understanding of government policy.

The portfolio will manage and support Australia's overseas diplomatic network. It will manage efficiently the Commonwealth's overseas owned estate. It will continue programs to improve the security of Australia's network of overseas diplomatic missions and will maintain secure government communications for the network. The portfolio will service and engage the foreign diplomatic and consular corps in Australia.

Through Austrade, the portfolio will provide tailored services and access channels to overseas markets to increase the number and sustainability of Australian businesses establishing and growing their export and international business outcomes. Austrade will administer the Export Market Development Grants scheme and will partner with industry associations, regional development organisations and state and territory governments to deliver the TradeStart and the Corporate Partnership elements of its trade development responsibilities.

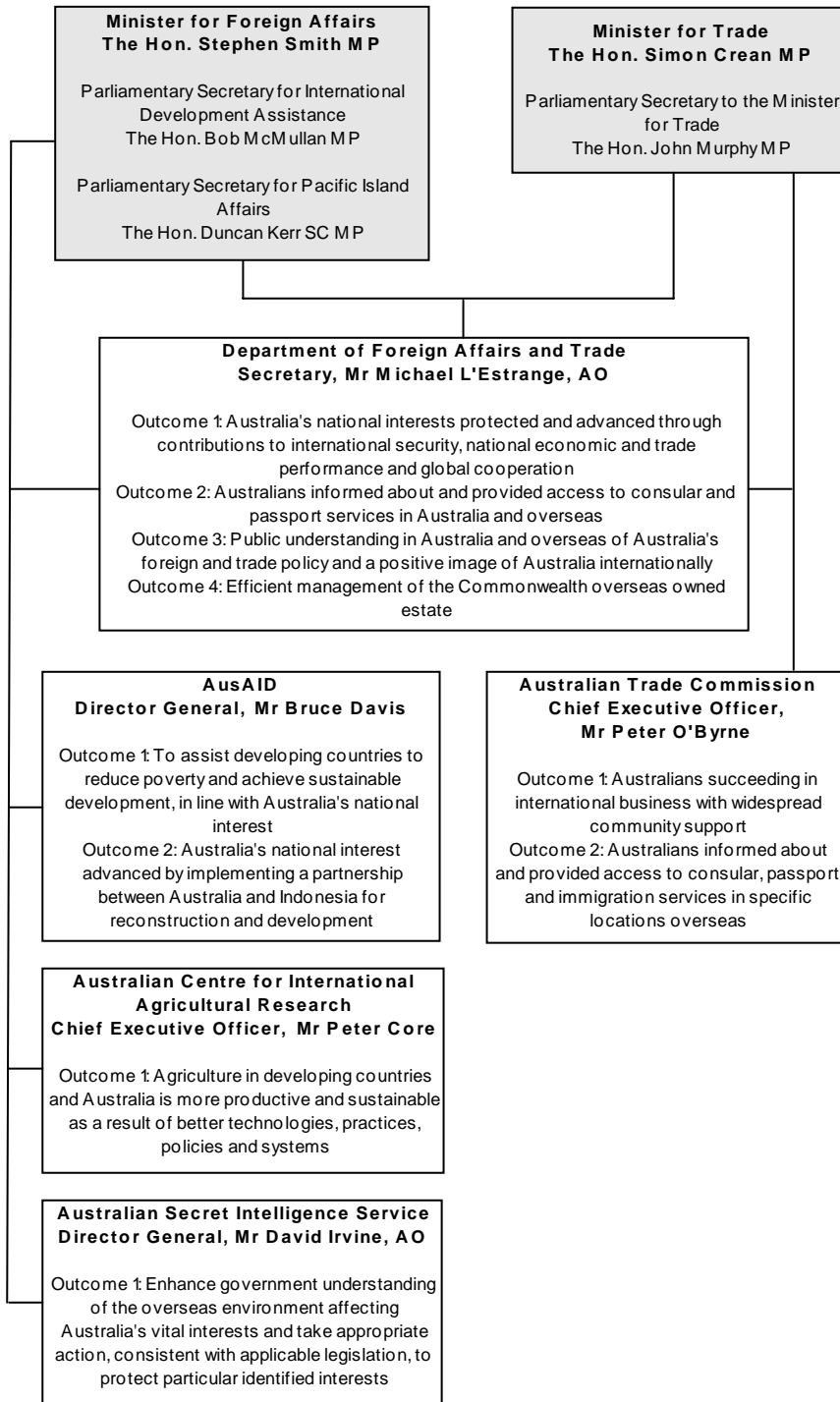
Through EFIC, the portfolio will help Australian exporters and companies investing in projects overseas to gain access to internationally competitive finance and insurance services. It will provide financial facilities for exporters of all sizes, including loans, guarantees, medium-term credit insurance and political risk insurance bonds. It will continue to manage the National Interest Account.

Through AusAID, the aid program assists developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest. In 2008-09 the aid program will emphasise assistance with adaptation to climate change, access to water and sanitation, tackling avoidable blindness and progress towards the Millennium Development Goals globally and in the Pacific region. Expanded assistance will be provided to improve basic health and education, economic infrastructure, to relieve humanitarian crises and to promote reconstruction in countries emerging from conflict.

ACIAR will contribute to poverty reduction in the Asia-Pacific region and Southern Africa through research projects aimed at fostering economic growth and sustainable development. ACIAR's research focuses on issues amenable to practical solutions where Australian research capacity can make a real difference. ACIAR's programs will focus on 'lagging' regions within partner countries and will engage marginalised groups.

Through ASIS, the portfolio will continue to enhance government understanding of the overseas environment affecting Australia's vital interests and take appropriate action, consistent with applicable legislation, to protect identified interests.

Figure 1: Foreign Affairs and Trade portfolio structure and outcomes



PORTFOLIO RESOURCES MADE AVAILABLE IN THE BUDGET YEAR

Table 1: Portfolio resources made available in the Budget year

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Department of Foreign Affairs and Trade					
Administered appropriations	306,470	-	500	22,000	328,970
Departmental appropriations	821,935	35,596	-	47,677	905,208
Total:	1,128,405	35,596	500	69,677	1,234,178
Australian Trade Commission					
Administered appropriations	150,400	-	-	-	150,400
Departmental appropriations	180,397	113	-	28,329	208,839
Total:	330,797	113	-	28,329	359,239
AusAID					
Administered appropriations	2,718,762	260,547	-	27,883	3,007,192
Departmental appropriations	129,394	1,520	-	231	131,145
Total:	2,848,156	262,067	-	28,114	3,138,337
Australian Centre for International Agricultural Research					
Administered appropriations	-	-	-	-	-
Departmental appropriations	52,333	-	-	13,271	65,604
Total:	52,333	-	-	13,271	65,604
Australian Secret Intelligence Service					
Administered appropriations	-	-	-	-	-
Departmental appropriations	164,714	16,754	-	17,805	199,273
Total:	164,714	16,754	-	17,805	199,273
Resources available within Portfolio:					4,996,631

AGENCY RESOURCES AND PLANNED PERFORMANCE

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