

Department of Foreign Affairs and Trade (DFAT)

Agency resources and planned performance

**DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
(DFAT)**

Section 1: Agency overview and resources 13

1.1 Strategic Direction Statement..... 13

1.2 Agency Resource Statement..... 16

1.3 Budget Measures..... 18

Section 2: Outcomes and planned performance 20

2.1 Outcomes and performance information 20

Section 3: Explanatory tables and budgeted financial statements 41

3.1 Explanatory tables 41

3.2 Budgeted Financial Statements..... 44

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE (DFAT)

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

In 2011-12, the Department of Foreign Affairs and Trade (DFAT) will continue to develop and implement the government's foreign, trade and international security priorities and, in so doing, advance the interests of Australia and Australians internationally.

The department will work to strengthen key international partnerships, bilaterally and in regional and multilateral forums. The department recognises that in an increasingly complex and inter-dependent world, developments in a particular relationship or issue may have wider resonance and that international cooperation and coordination accordingly is more important than ever before.

The department will seek to deepen engagement with Australia's main strategic ally, the United States, across a spectrum of economic, political and security issues. It will build on Australia's broad and deep ties with Japan. It will intensify engagement with China, and work to strengthen growing links with the Republic of Korea, based on significant shared interests. The department will continue to implement the Government's commitment to bring Australia's relationship with India to the front rank of our international partnerships. It will expand cooperation on security, trade and people-to-people links with Indonesia. It will enhance long-standing productive relations with Canada, New Zealand and the United Kingdom.

The department will continue to develop and implement policies to advance Australia's national interests in multilateral forums, particularly the United Nations.

The department will work to ensure the G20, as the premier forum for international economic cooperation, identifies practical outcomes at the G20 Summit in November 2011. The department will develop and deepen its engagement with major emerging economies whose political and economic significance to Australia and contribution to solving shared global problems continue to grow. It will also engage in outreach with non-G20 members.

Support for strengthened regional architecture that promotes enhanced political, security and economic dialogue among regional states will be core work for the department in 2011-12. Through the expanded East Asia Summit in late 2011, and Asia Pacific Economic Cooperation (APEC) with the United States as chair, the department will seek to create partnerships, build regional integration and promote stability.

Australia's alliances and security partnerships will be critical to countering global terrorism, nuclear proliferation and people smuggling activities. In 2011-12, the department will continue to contribute to international stabilisation efforts in Afghanistan. The department will again jointly lead with Indonesia the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime. The measure *Border Security - International Engagement to Prevent and Disrupt Maritime People Smuggling*, part of a whole-of-government effort, will allow it to strengthen cooperation with regional partners and sustain momentum on regional initiatives to prevent and disrupt people smuggling.

The department will seek to maximise market access and trade competitiveness gains for Australia, pursuing trade liberalisation through multilateral, regional and bilateral initiatives. While negotiations will remain complex and difficult, the department will continue to advocate for ambitious outcomes from the World Trade Organization's Doha Round and pursue Free Trade Agreements (FTAs) with China, Japan, Republic of Korea, India, Indonesia, Malaysia and the Gulf Cooperation Council in support of more open, predictable and non-discriminatory trading arrangements for Australian exporters and investors. The department will work to advance negotiations on the Trans-Pacific Partnership to increase economic integration among its nine Pacific-rim members. It will continue to leverage the benefits of Australia's existing free trade agreements with the countries of Southeast Asia, New Zealand, the United States and Chile.

The department will uphold Australia's strong record of global action on climate change, continuing to play a constructive role to deliver on the Cancun Agreements and to support action on climate change in developing countries and small island states.

The department will continue to strengthen Australia's relations with Pacific island countries and support Australia's role in the Pacific Islands Forum, including to advance regional trade and economic integration. It will promote and actively support international pressure on Fiji's military regime to return the country to democracy and the rule of law.

The department will seek to strengthen Australia's political and economic relations with Europe both bilaterally and through participation in the Organisation for Security and Cooperation in Europe (OSCE) and the Asia Europe Meeting (ASEM) process. The department recognises the growing significance to Australia's interests of countries in Africa, the Middle East, Latin America and the Caribbean and will work to

develop and deepen these ties. It will support Australia's hosting of the Commonwealth Heads of Government Meeting in Perth in October 2011.

As the number of Australians travelling overseas each year continues to increase, the department will once again place priority on the effective delivery of consular services to Australians in need. It will promote safe travel messages through accurate and timely travel advice, including through the *smartraveller* campaign.

The department will continue to deliver an efficient passport service for Australian citizens. In 2011-12, work will commence on the detailed design and scheduling of the next 'P-series' passport to provide a contemporary, secure travel document to Australian citizens. The department will take forward the *National Security - Improved Passport Integrity and Strengthened Issuance Systems* program, announced in 2010-11, to enable it to meet the projected increase in demand for passport services in forward years.

In an inherently high-risk environment, the department will continue to place priority on the safety of Australian government personnel overseas and the security of its missions. Through the measure *National Security - Baghdad Embassy Civilian Security Arrangements - Final Phase*, the department will become fully responsible for security at Australia's diplomatic mission in Baghdad. In line with the improving security environment in Iraq, the measure will enable the final transition of responsibility for all security capabilities from the Australian Defence Force to the department. It will also provide for the transition to the department of services currently provided by the United States Forces - Iraq and infrastructure upgrades at the Embassy. The department will also work to enhance information and communications technology infrastructure, including the security of government information.

The department will continue to manage its resources efficiently through careful prioritisation and regular review of budget allocations. It will seek to maintain a professional workforce that will respond effectively and flexibly to emerging foreign, trade and economic, international security and consular priorities.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Department of Foreign Affairs and Trade Resource Statement — Budget Estimates for 2011-12 as at Budget May 2011

	Estimate of prior + year amounts available in 2011-12 \$'000	Proposed at Budget = 2011-12 \$'000	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	382,323	-	382,323	406,655
Departmental appropriation ³	-	911,273	911,273	951,686
s31 Relevant agency receipts ⁴	-	51,433	51,433	41,404
Total	382,323	962,706	1,345,029	1,399,745
Administered expenses				
Outcome 1	-	267,228	267,228	285,935
Outcome 2	-	750	750	750
Outcome 3	-	-	-	-
Payments to CAC Act bodies	-	6,022	6,022	8,275
Total	-	274,000	274,000	294,960
Total ordinary annual services	A 382,323	1,236,706	1,619,029	1,694,705
Other services				
Departmental non-operating				
Equity injections ⁵	108,390	72,005	180,395	72,406
Total	108,390	72,005	180,395	72,406
Total other services	B 108,390	72,005	180,395	72,406
Total available annual appropriations	490,713	1,308,711	1,799,424	1,767,111
Special appropriations				
Special appropriations limited by amount				
Special Appropriation FMA Act, s28				
Passport Refunds	-	150	150	650
Total special appropriations	C -	150	150	650
Total appropriations excluding Special Accounts	490,713	1,308,861	1,799,574	1,767,761

Table 1.1: Department of Foreign Affairs and Trade Resource Statement — Budget Estimates for 2011-12 as at Budget May 2011 (continued)

	Estimate of prior + year amounts available in 2011-12 \$'000	Proposed at Budget = 2011-12 \$'000	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Special Accounts				
Opening balance ⁶	292,923	-	292,923	303,035
Appropriation receipts ⁷	-	72,189	72,189	77,105
Appropriation receipts - other agencies ⁸	-	34,695	34,695	32,676
Non-appropriation receipts to Special Accounts	-	9,924	9,924	24,000
Total Special Account	D 292,923	116,808	409,731	436,816
Total resourcing				
A+B+C+D	783,636	1,425,669	2,209,305	2,204,577
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through annual appropriations	-	(72,189)	(72,189)	(77,105)
	-	(6,022)	(6,022)	(8,275)
Total net resourcing for DFAT	-	(78,211)	(78,211)	(85,380)

¹ Appropriation Bill (No.1) 2011-12² Estimated adjusted balance carried forward from previous year³ Includes an amount of \$73.446m in 2011-12 for the Departmental Capital Budget (refer to table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.⁴ s31 Relevant Agency receipts - estimate⁵ Appropriation Bill (No.2) 2011-12⁶ Estimated opening balance for special accounts (less 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for other Government and Non-agency Bodies accounts (SOG), or Services for Other Entities and Trust Moneys Special accounts (SOETM)).

For further information on special accounts see Table 3.1.2.

⁷ Appropriation receipts from DFAT annual and special appropriations for 2010-11 included above⁸ Appropriation receipts from other agencies credited to DFAT's special accounts**Reader note: All figures are GST exclusive.****Third party payments from and on behalf of other agencies**

	2011-12 \$'000	2010-11 \$'000
Receipts received from other agencies for the provision of services (disclosed above within Departmental section 31)	51,433	41,404
Payments made to CAC Act bodies within the Portfolio		
Export Finance and Insurance Corporation Appropriation Acts 1 &	6,022	8,275

1.3 BUDGET MEASURES

Budget measures relating to the Department of Foreign Affairs and Trade are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Agency 2011-12 Budget measures

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures						
Consular Services - additional funding	2.1					
Departmental expenses		-	4,000	-	-	-
Total		-	4,000	-	-	-
Efficiency dividend - temporary increase in the rate	1.1, 2.1, 2.2, 3.1					
Departmental expenses		-	(4,092)	(7,988)	(9,886)	(12,015)
Total		-	(4,092)	(7,988)	(9,886)	(12,015)
International Australian Television Service - The Australia Network ¹	1.3					
Administered expenses		-	-	-	-	-
Total		-	-	-	-	-
Japan Earthquake and Tsunami - donation to the Red Cross Japan and Pacific Disaster Appeal	1.1					
Departmental expenses		10,000	-	-	-	-
Total		10,000	-	-	-	-
National Security - Baghdad Embassy civilian security arrangements - final transition	3.1					
Departmental expenses		-	13,417	-	-	-
Total		-	13,417	-	-	-
Border Security - international engagement to prevent and disrupt maritime people smuggling	1.1					
Departmental expenses		-	4,497	4,502	-	-
Total		-	4,497	4,502	-	-
National Security - United Nations Security Council - final phase ²	1.1					
Departmental expenses		-	-	-	-	-
Total		-	-	-	-	-
United States Study Centre - contribution ³	1.1					
Departmental expenses		-	(166)	(167)	(167)	-
Total		-	(166)	(167)	(167)	-
Total expense measures						
Administered		-	-	-	-	-
Departmental		10,000	17,656	(3,653)	(10,053)	(12,015)
Total		10,000	17,656	(3,653)	(10,053)	(12,015)

Table 1.2: Agency 2011-12 Budget measures (cont)

Capital measures						
Efficiency dividend - temporary increase in the rate	1.1, 2.1, 2.2, 3.1					
Departmental capital		-	(373)	(806)	(1,510)	(1,307)
Total		-	(373)	(806)	(1,510)	(1,307)
National Security - Baghdad Embassy civilian security arrangements - final transition	3.1					
Departmental capital		-	3,069	-	-	-
Total		-	3,069	-	-	-
Total capital measures						
Administered		-	-	-	-	-
Departmental		-	2,696	(806)	(1,510)	(1,307)
Total		-	2,696	(806)	(1,510)	(1,307)

1. The funding profile of the measure *International Australian Television Service - The Australia Network* is subject to negotiation. As an amount is already included in the Forward Estimates, the table shows zero funding.

2. The measure *National Security - United Nations Security Council - final phase* will be funded through existing departmental resources.

3. The government is providing \$2 million over three years as a contribution to the United States Study Centre at the University of Sydney. The measure *United States Study Centre - contribution* represents DFAT's contribution transferred to the Department of Prime Minister and Cabinet.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of the Department of Foreign Affairs and Trade in achieving Government outcomes.

Outcome 1: The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign and trade policy priorities

Outcome 1 Strategy

The department will assist the government to meet its foreign, trade and economic, and security objectives over 2011-12 and forward years through:

- developing further Australia's relations with key international partners and countries of growing significance to Australia's national interests;
- working multilaterally to address global challenges relating to peace and security, climate change, sustainable growth and human rights and to advance Australia's interests through the United Nations, G20 and significant regional forums;
- promoting and strengthening regional and global cooperation and governance in countering terrorism, people smuggling and nuclear proliferation;
- contributing to national prosperity by maximising Australia's trade opportunities and market access gains through multilateral, regional and bilateral means;
- developing and implementing programs and projects to enhance international awareness and understanding of Australia and Australian policies to advance our national interests.

As the lead agency managing Australia's external affairs, the department will also continue to provide leadership at Australia's diplomatic missions overseas, manage

and maintain Australia's diplomatic network, including the provision of services to other agencies represented overseas, and deliver services to diplomatic and consular representatives in Australia.

Outcome Expense Statement

Table 2.1 provides an overview of the total expenses for Outcome 1 by program.

Table 2.1: Budgeted Expenses for Outcome 1

Outcome 1: The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign and trade policy priorities	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1.1: Foreign Affairs and Trade Operations		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	9,387	9,873
Departmental expenses		
Departmental appropriation ^{1,2}	551,530	448,490
Expenses not requiring appropriation in the Budget year ³	54,996	56,069
Total for Program 1.1	615,913	514,432
Program 1.2: Payments to International Organisations		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	245,480	238,887
Total for Program 1.2	245,480	238,887
Program 1.3: Public Information and Public Diplomacy		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	23,948	24,490
Special Accounts	7,482	15
Total for Program 1.3	31,430	24,505
Outcome 1 Totals by appropriation type		
Administered Expenses		
Ordinary annual services (Appropriation Bill No. 1)	278,815	273,250
Special Accounts	7,482	15
Departmental expenses		
Departmental appropriation ^{1,2}	551,530	448,490
Expenses not requiring appropriation in the Budget year ³	54,996	56,069
Total expenses for Outcome 1	892,823	777,824
	2010-11	2011-12
Average Staffing Level (number) ⁴	2,115	2,102

Notes: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

¹ Departmental Appropriation combines "Ordinary annual services (Appropriation Bill No. 1)" and "Revenue from independent sources (s31)".

² These expenses include a portion of an intra-entity amount of \$73.5 million (2010-11: \$101.9 million) representing rent paid by DFAT to the DFAT Overseas Property Office which is eliminated upon consolidation in the Comprehensive Income Statement (Table 3.2.1)

³ Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense, Amortisation Expense, and Audit Fees.

⁴ ASL figures are estimates only. ASL allocated to Outcome 1 may also, at times, contribute to Outcome 2 - Program 2.1 (Consular Services). Figures do not include EFIC staff involved in the National Interest Account (6 in 2010-11 and 6 in 2011-12).

Contributions to Outcome 1

Program 1.1: Foreign Affairs and Trade Operations

Program objective

- To protect and advance the national interest through engaging in effective advocacy in Australia and overseas that promotes Australia's foreign, trade and economic, and international security interests;
- To deliver accurate and timely policy advice to Ministers and other high-level clients that addresses the challenges of an evolving international environment;
- To promote a whole-of-government approach to pursuit of Australia's interests abroad, including through leadership at overseas missions and coordination of the overseas diplomatic network;
- To ensure the security and protect the dignity of the diplomatic and consular corps serving in Australia by delivering a quality service and upholding Australia's obligations under the Vienna Conventions.

Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual administered expenses:					
Export Finance and Insurance Corporation (EFIC) - National Interest Account Expenses	6,841	6,022	5,334	4,459	3,431
Hosting of the 35th Antarctic Treaty Consultative Meeting	29	1,386	-	-	-
Personal Benefits - Locally Engaged Staff pension schemes	2,038	1,976	1,976	1,993	2,011
Other Administered Items	479	489	498	508	518
Annual departmental expenses:					
Foreign Affairs and Trade Operations	551,530	448,490	444,856	438,980	449,109
Expenses not requiring appropriation in the Budget year ¹	54,996	56,069	58,351	57,909	50,362
Total program expenses	615,913	514,432	511,015	503,849	505,431

¹ Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense, Amortisation Expense, and Audit Fees.

Program 1.1 Deliverables

- Australia's foreign and trade policy interests and international standing are advanced through:
 - strengthened key international relationships, including a strong alliance with the United States, high-level political and economic engagement with Japan, China, India, Republic of Korea, and the countries of Southeast Asia, a stronger partnership with the European Union and its members, and continued close ties with New Zealand and Canada;
 - sustained engagement with Pacific Island countries, the Middle East, Africa and Latin America and the Caribbean to meet shared challenges and to promote global and regional stability, security and prosperity;
 - strong participation in the United Nations and other multilateral forums, including international support for Australia's election to the UN Security Council for the 2013-14 term, promotion of effective international climate change action and sustainable development, and advocacy of human rights;
 - contribution to enhanced regional architecture through the East Asia Summit (EAS), the Asia Pacific Economic Cooperation (APEC) forum and dialogue with the Association of South East Asian Nations (ASEAN);
 - support for Australia's hosting of the Commonwealth Heads of Government Meeting in Perth in 2011; and
 - promotion of high-quality public diplomacy, international media and cultural visit programs which improve understanding of Australia and Australian Government foreign and trade policies.
- Australia's trade and economic opportunities are maximised, including through:
 - effective participation in the World Trade Organization (WTO), including through the Doha Round and leadership of the Cairns Group of agricultural exporting countries, and through G20 processes; and
 - effective leadership in advancing Australia's free trade agreement (FTA) agenda, including negotiating and implementing FTAs, and exploring opportunities where appropriate for new bilateral or regional FTAs.
- An enhanced environment for security and development, including through:
 - effective whole-of-government efforts to promote stability and development

in Afghanistan;

- promotion of nuclear non-proliferation and disarmament, and counter-proliferation and arms control efforts, including in arms trade treaty negotiations and as chair of the Australia Group;
 - participation in counter-terrorism programs and activities, including in South Asia, Southeast Asia, the Middle East, eastern Africa, and in the new Global Terrorism Forum; and
 - contribution to whole-of-government efforts bilaterally and regionally to counter people smuggling, in particular through the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime.
- Australia’s international and portfolio responsibilities are met through:
 - effective coordination and sound advice to Ministers, members of parliament, government agencies, state and territory governments, business, non-governmental organisations, media and members of the public;
 - sound advice on compliance with international legal obligations and contribution to the development of a strong international legal framework;
 - effective leadership of, and provision of advice and support to, other government agencies at overseas missions in line with the Prime Minister’s Directive on the Guidelines for the Management of the Australian Government Presence Overseas and service level agreements;
 - quality service and support to the diplomatic and consular corps serving in Australia, including facilitation of accreditation and diplomatic visas, and the security and protection of dignity of diplomatic missions and their personnel, upholding Australia’s obligations under the Vienna Conventions; and
 - management of the EFIC National Interest Account.

Program 1.1 Key Performance Indicators

- High level of satisfaction of Ministers and other stakeholders with the quality and timeliness of advice, briefing and support in relation to Australia's foreign, trade and economic, and international security interests.
- The department's advocacy, negotiation and liaison on Australia's foreign, trade and economic, and international security interests contributes positively to bilateral, regional and multilateral outcomes that help ensure the security and prosperity of Australia and Australians.
- Government agencies at overseas missions are satisfied with service provided in accordance with the Prime Minister's Directive on the Guidelines for the Management of the Australian Government Presence Overseas and service level agreements in place.
- The diplomatic and consular corps posted or accredited to Australia are satisfied with the level of service provided, including in terms of responsiveness and timeliness in meeting Australia's obligations under the Vienna Conventions.

Program 1.2: Payments to International Organisations

Program objective

- To enable Australia to advance its foreign, trade and economic, and security interests through participation in international organisations.

Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual administered expenses:					
Payments to International Organisations	245,480	238,887	238,887	240,781	243,139
Total program expenses	245,480	238,887	238,887	240,781	243,139

Program 1.2 Deliverables

- Australia retains membership of relevant international organisations and provides voluntary contributions as appropriate.

Program 1.2 Key Performance Indicators

- Payments to international organisations and of voluntary contributions are timely and within budget.

Program 1.3: Public Information Services and Public Diplomacy

Program objective

- To project a positive and contemporary image of Australia and promote a clear understanding of government policies and objectives through the department's public diplomacy, cultural and media activities.

Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual administered expenses:					
International Relations Grants Program	4,594	4,594	4,594	4,594	4,594
Australia Network	19,354	19,896	20,414	20,924	21,448
Special Account Expenses:					
Expositions Special Account	7,482	15	-	-	-
Total program expenses	31,430	24,505	25,008	25,518	26,042

Program 1.3 Deliverables

- An independent, credible and reliable voice and image in the region through effective management of the new contract for Australia's international television broadcasting and associated digital media services.
- Promotion of people-to-people links and a contemporary and positive image of Australia and support for the government's international policy goals, including through grants and other support to bilateral foundations, councils and institutes.

Program 1.3 Key Performance Indicators

- An accurate and contemporary image of Australia, an understanding of the government's foreign and trade policies, and strengthened people-to-people links and trade and economic ties.

Outcome 2: The protection and welfare of Australians abroad and access to secure international travel documentation through timely and responsive travel advice and consular and passport services in Australia and overseas

Outcome 2 Strategy

With more Australians travelling overseas each year, the department will continue to give high priority to delivery of effective consular services. The department will help Australians make informed decisions about their security, safety and well-being by maintaining its comprehensive system of travel advisories. The department's consular outreach program will continue in 2011-12, promoting safe travel messages and delivering accurate and timely travel advice, including through the *smartraveller* campaign.

Practical planning for contingency and rapid crisis response will remain a focus through 2011-12. The department will work to enhance its ability to respond quickly to consular incidents, particularly in remote locations or where consular representation is less concentrated. It will also continue to lead whole-of-government responses to future consular crises and serious incidents overseas, activating the department's Crisis Centre as needed.

The department will commence work on the detailed design and scheduling of the next passport series to ensure the government can continue to deliver a contemporary, secure travel document. The department will continue to take forward the *National Security – Improved Passport Integrity and Strengthened Issuance Systems* program, announced in 2010-11, to enable it to meet the projected increase in demand for passport services in forward years.

Outcome Expense Statement

Table 2.1.1 provides an overview of the total expenses for Outcome 2 by program.

Table 2.1.1: Budgeted Expenses for Outcome 2

Outcome 2: The protection and welfare of Australians abroad and access to secure international travel documentation through timely and responsive travel advice and consular and passport services in Australia and overseas	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 2.1: Consular Services		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1) ¹	200	200
Departmental expenses		
Departmental appropriation ^{2, 3}	73,417	70,184
Expenses not requiring appropriation in the Budget year ⁴	4,566	4,852
Total for Program 2.1	78,183	75,236
Program 2.2: Passport Services		
Administered expenses		
Special appropriations	860	860
Departmental expenses		
Departmental appropriation ^{2, 3}	184,830	187,548
Expenses not requiring appropriation in the Budget year ⁴	11,105	12,541
Total for Program 2.2	196,795	200,949
Outcome 2 Totals by appropriation type		
Administered Expenses		
Ordinary annual services (Appropriation Bill No. 1)	200	200
Special appropriations	860	860
Departmental expenses		
Departmental appropriation ^{2, 3}	258,247	257,732
Expenses not requiring appropriation in the Budget year ⁴	15,671	17,393
Total expenses for Outcome 2	274,978	276,185
	2010-11	2011-12
Average Staffing Level (number) ⁵	1,036	1,055

Notes: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

¹ Travellers' Emergency Loans of \$550,000 are excluded from the table as they are treated as a receivable. Travellers' Emergency Loans form part of the receivable balance in Table 3.2.8

² Departmental Appropriation combines "Ordinary annual services (Appropriation Bill No. 1)" and "Revenue from independent sources (s31)".

³ These expenses include a portion of an intra-entity amount of \$73.5 million (2010-11: \$101.9 million) representing rent paid by DFAT to the DFAT Overseas Property Office which is eliminated upon consolidation in the Comprehensive Income Statement (Table 3.2.1)

⁴ Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense, Amortisation Expense, and Audit Fees.

⁵ ASL figures are estimates only. ASL allocated to Outcome 1 may also, at times, contribute to Outcome 2 - Program 2.1 (Consular Services).

Contributions to Outcome 2

Program 2.1: Consular Services

Program objective

- To support and assist Australian travellers and Australians overseas through high-quality consular services, including accurate and timely travel advice, practical contingency planning and rapid crisis response.

Linked to: Austrade Program 2.1: Consular and passport services.

Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forw ard year 1 \$'000	2013-14 Forw ard year 2 \$'000	2014-15 Forw ard year 3 \$'000
Annual administered expenses:					
Consular Services ¹	200	200	200	200	200
Annual departmental expenses:					
Consular Services	73,417	70,184	68,488	68,728	69,953
Expenses not requiring appropriation in the Budget year ²	4,566	4,852	4,882	4,836	8,344
Total program expenses	78,183	75,236	73,570	73,764	78,497

¹ Travellers' Emergency Loans of \$550,000 are excluded from the table as they are treated as a receivable. Travellers' Emergency Loans form part of the receivable balance in Table 3.2.8

² Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense, Amortisation Expense, and Audit Fees.

Program 2.1 Deliverables

- High-quality consular services to an increasing number of Australian travellers and Australian citizens living overseas, including notarial services and assistance with welfare issues, whereabouts enquiries, arrest or detention matters, deaths, medical emergencies and payment of travellers' emergency loans to Australians in need.
- High-quality travel advisory services, including issuing travel information on travel destinations, promoting this information through continuation of the *smartraveller* campaign and effectively managing an online travel registration service.
- Effective consular contingency planning for major events or high-risk scenarios, including through regular reviews of procedures and available resources, training of staff, and coordination with other government agencies and foreign governments.
- Coordination of whole-of-government responses to large-scale crises involving conflict, civil unrest, natural disasters or terrorist incidents.

Program 2.1 Key Performance Indicators

- The department's delivery of consular services is effective, efficient, timely and responsive, and within the scope of Australian Government responsibility.
- Accurate and timely travel advisories which provide clear guidance to a broad audience of potential risks and the extent of Australian Government assistance, and continued growth of public use of the *smartraveller* website and the online registration service.
- Consular contingency planning accurately anticipates high-risk events and scenarios, necessary resources for response are readily available, procedures and networks remain valid and viable, and plans are tested and reviewed regularly.
- Timely and effective consular support to Australians through well-coordinated implementation of whole-of-government responses to large-scale crises.

Program 2.2: Passport Services

Program objective

- To provide Australians access to secure international travel documentation through the delivery of a high-quality passport services.

Linked to: Austrade Program 2.1: Consular and passport services.

Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forw ard year 1 \$'000	2013-14 Forw ard year 2 \$'000	2014-15 Forw ard year 3 \$'000
Special Appropriations:					
<i>Special Appropriation FMA Act s28</i>					
<i>Passport Refunds</i>	860	860	860	860	860
Annual departmental expenses:					
Passport Services	184,830	187,548	199,304	199,309	194,930
Expenses not requiring appropriation in the Budget year ¹	11,105	12,541	12,698	19,158	29,542
Total program expenses	196,795	200,949	212,862	219,327	225,332

¹ Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense, Amortisation Expense, and Audit Fees.

Program 2.2 Deliverables

- High-quality passport services to Australians, including processing new passport applications, registering lost or stolen passports, issuing emergency passports, and detecting passport fraud.
- Maintenance of security standards, promotion of web-enabled services, and adherence to the client service commitment of passport issue within ten working days, while effectively managing an increasing workload.
- Ongoing implementation of the *National Security – Improved Passport Integrity and Strengthened Issuance Systems* program.
- Finalisation of the design for a new series of Australian travel documents.

Program 2.2 Key Performance Indicators

- Public and travel industry clients are satisfied with the department's efficiency and effectiveness in delivering passport services, with routine passports issued within ten working days and urgent passport issues dealt with in a timely and responsive manner.
- Staged delivery of the *National Security – Improved Passport Integrity and Strengthened Issuance Systems* program within budget and against timelines.
- Design approval for the new series of Australian travel documents.

Outcome 3: A secure Australian Government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas owned estate

Outcome 3 Strategy

The department continues to place priority on the safety of Australian Government personnel overseas, the security of its diplomatic and consular posts and the safeguarding of government information in line with an environment of increasing security risk. Its activities in this area will be underpinned by thorough assessments of security threats and the preparation and implementation of appropriate risk mitigation strategies and security measures.

The department will work to enhance information and communications technology (ICT) capabilities, at home and at Australia's overseas missions. It will continue to respond to emerging influences on its ICT operating environment, including the increasing use of the internet, a greater focus on whole-of-government programs and solutions, and a continuing increase in the number of staff from other agencies using departmental ICT systems and a challenging cyber-threat environment.

The department will manage the Government's owned estate in an efficient and effective manner. The department's five-year rolling plan for maintaining, upgrading and refurbishing the overseas property estate will continue with the objective of meeting the Government's accommodation needs and enhancing the estate's value. In managing the estate, the department will remain focused on providing the best possible protective security, and capability to respond promptly when new or unforeseen security-related challenges arise

Outcome Expense Statement

Table 2.1.2 provides an overview of the total expenses for Outcome 3 by program.

Table 2.1.2: Budgeted Expenses for Outcome 3

Outcome 3: A secure Australian Government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas owned estate	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 3.1: Foreign Affairs and Trade Operations		
Departmental expenses		
Departmental appropriation ^{1, 2}	173,350	171,258
Expenses not requiring appropriation in the Budget year ³	12,722	15,235
Total for Program 3.1	186,072	186,493
Program 3.2: Overseas Property		
Departmental expenses		
Special Accounts	70,950	68,479
Total for Program 3.2	70,950	68,479
Outcome 3 Totals by appropriation type		
Departmental expenses		
Departmental appropriation ^{1, 2}	173,350	171,258
Expenses not requiring appropriation in the Budget year ³	12,722	15,235
Special Accounts	70,950	68,479
Total expenses for Outcome 3	257,022	254,972
	2010-11	2011-12
Average Staffing Level (number) ⁴	656	660

Notes: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

¹ Departmental Appropriation combines "Ordinary annual services (Appropriation Bill No. 1)" and "Revenue from independent sources (s31)".

² These expenses include a portion of an intra-entity amount of \$73.5 million (2010-11: \$101.9 million) representing rent paid by DFAT to the DFAT Overseas Property Office which is eliminated upon consolidation in the Comprehensive Income Statement (Table 3.2.1)

³ Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense, Amortisation Expense, and Audit Fees.

⁴ ASL figures are estimates only

Contributions to Outcome 3

Program 3.1: Foreign Affairs and Trade Operations

Program objective

- To ensure a secure Australian Government presence overseas by sustaining and improving security, and strengthening information and communications technology (ICT) capability at Australia's overseas missions.

Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forw ard year 1 \$'000	2013-14 Forw ard year 2 \$'000	2014-15 Forw ard year 3 \$'000
Annual departmental expenses:					
Foreign Affairs and Trade Operations	173,350	171,258	121,398	121,964	124,360
Expenses not requiring appropriation in the Budget year ¹	12,722	15,235	14,380	12,992	14,834
Total program expenses	186,072	186,493	135,778	134,956	139,194

¹ Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense, Amortisation Expense, and Audit Fees.

Program 3.1 Deliverables

- Enhanced protection through strengthened security measures in line with the evolving security environment, particularly in high-threat locations.
- Protection of classified information and ICT services through effective management of ICT systems and security vetting processes, as well as through staff security training to ensure high standards of awareness and vigilance.
- Continued progress in moving the department's ICT systems infrastructure to a common platform that can be more efficiently integrated and supported, and implementation of key elements of the Government's ICT Reform Program and ICT elements of the Government national security policy and objectives.
- High-quality overseas ICT services to other government agencies.

Program 3.1 Key Performance Indicators

- Security risks relating to classified information are minimised, as evidenced by a low number of sensitive security breaches.
- Effective risk mitigation strategies appropriate to increased security risks.
- Client satisfaction with the accessibility, reliability and effectiveness of the secure cable network (Official Diplomatic Information Network) and the global secure telecommunications infrastructure.

Program 3.2: Overseas Property

Program objective

- To ensure a secure Australian Government presence overseas through the effective management of the Commonwealth's overseas owned estate.

Program expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special Account Expenses:					
<i>Overseas Property Special Account - Finance Determination 2002-01 (D)</i>	70,950	68,479	64,361	64,961	75,157
Total program expenses	70,950	68,479	64,361	64,961	75,157

Program 3.2 Deliverables

- Efficient and effective management and delivery of a substantial construction and refurbishment program in the overseas property estate, including:
 - making progress in construction of a new chancery, residential accommodation and a Head of Mission residence in Jakarta; construction of a new chancery and Head of Mission residence in Bangkok; and refurbishment of the chancery in Paris.
- Efficient and effective management of the overseas property estate to meet the Government's requirements and maintain conditions and service capabilities.
- Effective management of outsourced property contract arrangements.

Program 3.2 Key Performance Indicators

- Completion of construction and refurbishment projects within an agreed timeframe and budget.
- Effective and accountable management of the property services contract and construction project contracts.
- Achieve a portfolio condition and utility rating of good or better.
- The majority of tenants rate the performance of the service provider and the Overseas Property Office as good or better.
- Asset management plans are in place for all owned properties in the estate.
- Achieve a management expense ratio appropriate to the unique nature of the Commonwealth's overseas owned estate.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2011-12 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period with the agreement of the Finance Minister may be moved to a future year.

There has been no movement of administered funds between years for DFAT since the 2010-11 Additional Estimates.

3.1.2 Special Accounts

Special Accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the FMA Act under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by DFAT.

Table 3.1.2: Estimates of Special Account Flows and Balances

		Opening balance 2011-12 2010-11	Receipts 2011-12 2010-11	Payments 2011-12 2010-11	Adjustments 2011-12 2010-11	Closing balance 2011-12 2010-11
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Administered Payments and Receipts for Other Entities Special Account - FMA Act 1997 s20 (A)	1	5,000	230,000	(230,000)	-	5,000
		5,000	230,000	(230,000)	-	5,000
Consular Services Special Account - FMA Act 1997 s20 (A)	2	51	100	(100)	-	51
		51	100	(100)	-	51
Expositions Special Accounts - FMA Act 1997 s20 (A)	1	4,882	100	(15)	-	4,967
		5,407	7,880	(8,405)	-	4,882
Services for Other Entities and Trust Moneys - Foreign Affairs and Trade Special Account (A)	1	2,108	5,000	(5,000)	-	2,108
		2,108	5,000	(5,000)	-	2,108
Overseas Property Special Account - DFAT - s20 FMA Act Det 2002/01 (D)	3	288,041	116,708	(172,938)	-	231,811
		297,628	181,523	(191,087)	-	288,041
Total Special Accounts 2011-12 Budget estimate		300,082	351,908	(408,053)	-	243,937
<i>Total Special Accounts 2010-11 estimate actual</i>		<i>310,194</i>	<i>424,503</i>	<i>(434,592)</i>	-	<i>300,082</i>

(A) = Administered

(D) = Departmental

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

Outcome	Appropriations				Other	Total	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
Department of Foreign Affairs and Trade							
Outcome 1							
Departmental 2011-12	1,075	-	-	1,075	-	1,075	1.1
<i>Departmental 2010-11</i>	738	-	-	738	-	738	1.1
Total outcome 2011-12	1,075	-	-	1,075	-	1,075	
<i>Total outcome 2010-11</i>	738	-	-	738	-	738	
Total departmental 2011-12	1,075	-	-	1,075	-	1,075	
<i>Total departmental 2010-11</i>	738	-	-	738	-	738	
Total AGIE 2011-12	1,075	-	-	1,075	-	1,075	
<i>Total AGIE 2010-11</i>	738	-	-	738	-	738	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Analysis of budgeted financial statements

Budgeted departmental comprehensive income statement

Total budgeted appropriation in 2011-12 is \$827.8 million, which represents a decrease of \$52.9 million in appropriations from 2010-11 as shown at Table 3.2.1. The decrease is primarily a result of:

- the removal of amortisation funding arrangements relating to the Overseas Property Office;
- foreign exchange movements; and
- savings measures agreed in the 2010-11 Mid Year Economic and Fiscal Outlook.

This is partially offset by:

- funding for new measures; and
- parameter adjustments for overseas and domestic inflation.

The Income Statement shows a budgeted deficit in 2011-12 of \$41.2 million, due to no funding for depreciation and amortisation under the Net Cash funding arrangements. Overall, the operating result attributable to the Department is a surplus of \$67.2 million in 2011-12, all of which relates to the Overseas Property Special Account.

Budgeted departmental balance sheet

The Department will receive equity injections of \$72.0 million in 2011-12 for the purchase or construction of new assets. The Department will also receive \$73.5 million through its Departmental Capital Budget to fund the replacement of existing assets.

For 2011-12, the Department's non financial asset position is budgeted to be \$2,326.0 million at year-end. The major asset component is \$1,917.6 million for Land and Buildings of which \$1,658.3 million is held in the Overseas Property Special Account.

Schedule of Budgeted Income and Expenses Administered on behalf of the Government.

Budgeted administered income is projected to increase by \$15.8 million in 2011-12. This increase is due primarily to the increase in the passport fee and an increase in the projected volume of passport issues, and therefore an increase in expected passport

revenue (\$33 million). This is partially offset by a decrease in the expected dividend revenue (\$13.7 million) from the *Export Finance and Insurance Corporation* (EFIC).

Budgeted administered expenses are projected to decrease by \$13 million compared to 2010-11. This decrease is primarily due to contributions to international organisations and the Shanghai World Expo. These are expected to reduce by \$6.6 million and \$7.4 million respectively due to the strength of the Australian dollar and conclusion of the Shanghai World Expo.

Schedule of Budgeted Assets and Liabilities Administered on behalf of the Government.

Assets and liabilities administered on behalf of the Government are budgeted at \$484.4 million and \$154.1 million respectively for the year ending 30 June 2012. The assets mainly represent the investment in the government entity *Export Finance and Insurance Corporation* (EFIC) (\$407.6 million) and receivables (\$71.4 million) including appropriation receivable (\$67.5 million). The investment in EFIC has increased by \$30.9 million compared to 2010-11. Liabilities comprise primarily amounts relating to a payable to the National Interest Account and to Locally Engaged Staff Pension Schemes.

Schedule of Budgeted Administered Cash Flows

Administered cash received generally moves in line with the administered revenue, with the exception of Australian Accounting Standards related fair value revenue which has no cash impact. All administered cash is returned to the Consolidated Revenue Fund.

Administered cash used is forecast to decrease by \$11.5 million in 2011-12, compared to 2010-11, principally due to the budgeted decrease in contributions to international organisations and peace keeping operations as a result of expected changes in the exchange rate values.

The 2011-12 forecast of administered cash receipts of \$421.8 million primarily comprises cash receipts from passport and consular services, and the annual dividend from the administered investments in EFIC.

3.2.3 Budgeted financial statements tables

**Table 3.2.1 Comprehensive Income Statement (Showing Net Cost of Services)
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2010-11	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	429,234	412,778	386,442	417,022	399,468
Supplier expenses	463,354	434,976	416,909	386,354	425,072
Grants	900	900	900	900	900
Depreciation and amortisation	102,882	108,487	110,197	117,668	126,082
Finance costs	400	300	300	300	300
Write-down and impairment of assets	-	-	-	-	-
Losses from asset sales	63	150	188	-	-
Other	(15,800)	3,329	1,857	-	-
Total expenses	981,033	960,920	916,793	922,244	951,822
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	88,336	89,673	91,979	91,850	92,329
Other	28,397	1,780	2,033	2,144	3,078
Total own-source revenue	116,733	91,453	94,012	93,994	95,407
Gains					
Sale of assets	4,019	-	-	-	-
Other	390	392	392	400	400
Total gains	4,409	392	392	400	400
Total own-source income	121,142	91,845	94,404	94,394	95,807
Net cost of (contribution by) services	859,891	869,075	822,389	827,850	856,015
Revenue from Government	880,734	827,827	784,718	776,106	785,348
Surplus (Deficit)	20,843	(41,248)	(37,671)	(51,744)	(70,667)
Surplus (Deficit) attributable to the Australian Government	20,843	(41,248)	(37,671)	(51,744)	(70,667)
Note: Reconciliation of comprehensive income attributable to the agency					
	2010-11	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Comprehensive Income (loss) Attributable to the Australian Government	20,843	(41,248)	(37,671)	(51,744)	(70,667)
plus non-appropriated expenses depreciation and amortisation expenses	102,882	108,487	110,197	117,668	126,082
Total Comprehensive Income (loss) Attributable to the agency	123,725	67,239	72,526	65,924	55,415

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2010-11	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	67,103	80,086	81,696	83,306	83,306
Trade and other receivables	680,138	580,357	496,847	350,730	320,316
Total financial assets	747,241	660,443	578,543	434,036	403,622
Non-financial assets					
Land and buildings	1,844,630	1,917,595	2,001,126	2,071,972	2,372,355
Property, plant and equipment	137,043	220,360	280,957	317,873	329,639
Intangibles	26,737	29,376	23,650	16,234	12,691
Inventories	34,686	34,686	34,686	34,686	34,686
Other	58,839	123,972	207,043	356,351	143,240
Total non-financial assets	2,101,933	2,325,987	2,547,460	2,797,114	2,892,609
Assets held for sale					
Total assets	2,849,174	2,986,430	3,126,003	3,231,150	3,296,231
LIABILITIES					
Payables					
Suppliers	83,109	83,109	83,109	83,109	83,109
Other	18,878	18,878	18,878	18,878	18,878
Total payables	101,987	101,987	101,987	101,987	101,987
Provisions					
Employee provisions	126,060	126,060	126,060	126,060	126,060
Other	23,979	23,979	23,979	23,979	23,979
Total provisions	150,039	150,039	150,039	150,039	150,039
Total liabilities	252,026	252,026	252,026	252,026	252,026
Net assets	2,597,148	2,734,404	2,873,977	2,979,124	3,044,205
EQUITY*					
Parent entity interest					
Contributed equity	1,711,410	1,856,861	1,985,656	2,152,646	2,266,203
Reserves	319,337	355,191	403,640	393,541	415,732
Retained surplus (accumulated deficit)	566,401	522,352	484,681	432,937	362,270
Total parent entity interest	2,597,148	2,734,404	2,873,977	2,979,124	3,044,205
Total Equity	2,597,148	2,734,404	2,873,977	2,979,124	3,044,205

* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2011-12)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	566,401	319,337	-	1,711,410	2,597,148
Adjusted opening balance	566,401	319,337	-	1,711,410	2,597,148
Comprehensive income					
Other comprehensive income	-	35,854	-	-	35,854
Surplus (deficit) for the period	(41,248)	-	-	-	(41,248)
Total comprehensive income	(41,248)	35,854	-	-	(5,394)
Transactions with owners					
<i>Distributions to owners</i>					
Cash transfers to the OPA	(2,801)	-	-	-	(2,801)
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	72,005	72,005
Departmental Capital Budget (DCBs)	-	-	-	73,446	73,446
Sub-total transactions with owners	(2,801)	-	-	145,451	142,650
Estimated closing balance as at 30 June 2012	522,352	355,191	-	1,856,861	2,734,404

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2010-11	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	114,822	89,673	91,979	91,850	92,329
Appropriations	934,809	878,575	810,951	799,939	814,155
Dividends	-	1,905	1,714	1,714	-
Net GST received	19,362	19,363	19,363	-	-
Other	1,931	1,780	2,033	2,144	3,078
Total cash received	1,070,924	991,296	926,040	895,647	909,562
Cash used					
Employees	430,142	412,018	384,985	415,564	397,971
Suppliers	433,769	442,719	424,151	393,690	432,583
Borrow ing costs	400	300	300	300	300
Net GST paid	19,362	19,363	19,363	-	-
Other	23,683	4,229	2,945	900	900
Total cash used	907,356	878,629	831,744	810,454	831,754
Net cash from (used by) operating activities	163,568	112,667	94,296	85,193	77,808
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	14,736	2,979	-	-	-
Total cash received	14,736	2,979	-	-	-
Cash used					
Purchase of property, plant and equipment	188,477	184,538	147,340	212,535	136,050
Other	37,453	114,020	135,881	164,886	63,336
Total cash used	225,930	298,558	283,221	377,421	199,386
Net cash from (used by) investing activities	(211,194)	(295,579)	(283,221)	(377,421)	(199,386)

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June) (continued)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
FINANCING ACTIVITIES					
Cash received					
Contributed equity	128,544	145,451	128,795	166,990	113,557
Other	10,344	56,232	63,455	128,562	8,021
Total cash received	138,888	201,683	192,250	295,552	121,578
Cash used					
Dividends paid	58,834	1,905	1,714	1,714	-
Other	13,880	2,801	-	-	-
Total cash used	72,714	4,706	1,714	1,714	-
Net cash from (used by) financing activities	66,174	196,977	190,536	293,838	121,578
Net increase (decrease) in cash held	18,548	14,065	1,611	1,610	-
Cash and cash equivalents at the beginning of the reporting period	48,555	67,103	81,168	82,779	84,389
Cash and cash equivalents at the end of the reporting period	67,103	81,168	82,779	84,389	84,389

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental Capital Budget Statement

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2010-11	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	57,681	73,446	79,224	118,572	85,431
Equity injections - Bill 2 ¹	72,686	72,005	49,571	48,418	28,126
Total capital appropriations	130,367	145,451	128,795	166,990	113,557
Total new capital appropriations					
Represented by:					
Purchase of non-financial assets	128,824	145,451	128,795	166,990	113,557
Other Items	1,543	-	-	-	-
Total Items	130,367	145,451	128,795	166,990	113,557
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	61,464	92,637	64,788	64,363	50,519
Funded by capital appropriation - DCB ²	47,746	83,381	79,224	118,572	85,431
Funded internally from departmental resources ³	99,721	58,487	56,138	45,178	276,547
TOTAL	208,931	234,505	200,150	228,113	412,497
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	208,931	234,505	200,150	228,113	412,497
Total cash used to acquire assets	208,931	234,505	200,150	228,113	412,497

¹ Equity injection in 2010-11 is higher than the amount in Table 1.1 due to an additional \$0.280m in relation to a 2010-11 measure.

² Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental Capital Budgets.

³ Includes the following sources of funding:

- annual and prior year appropriations
- donations and contributions
- gifts
- internally developed assets
- s31 relevant agency receipts
- proceeds from the sale of assets

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of Asset Movements (2011-12)

	Land	Buildings	Other property, plant and equipment	Heritage and cultural assets	Investment property	Intangibles	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2011								
Gross book value	937,893	1000,637	224,577	-	-	66,913	2,867	2,232,887
Accumulated depreciation/amortisation and impairment	-	(93,900)	(87,534)	-	-	(40,676)	(2,867)	(224,977)
Opening net book balance	937,893	906,737	137,043	-	-	26,237	-	2,007,910
CAPITAL ASSET ADDITIONS								
Estimated expenditure on new or replacement assets								
By purchase - appropriation equity ¹	-	49,925	26,913	-	-	15,529	-	92,367
By purchase - appropriation ordinary annual services ²	-	20,487	35,366	-	-	17,593	-	73,446
By purchase - other	8,900	49,487	100	-	-	-	-	58,487
Total additions	8,900	119,899	62,379	-	-	33,122	-	224,300
Other movements								
Depreciation/amortisation expense	-	(28,612)	(48,285)	-	-	(9,717)	-	(86,614)
Disposals ³	2,616	363	-	-	-	-	-	2,979
Other	30,864	(1,855)	-	-	-	-	-	14,009
As at 30 June 2012								
Gross book value	975,041	1065,066	356,179	-	-	79,269	2,867	2,478,422
Accumulated depreciation/amortisation and impairment	-	(122,512)	(135,819)	-	-	(50,393)	(2,867)	(311,591)
Closing net book balance	975,041	942,554	220,360	-	-	28,876	-	2,166,831

¹ "Appropriation equity" refers to equity injections or Administered Assets and Liabilities appropriations provided through Appropriation Bill (No.2) 2011-12, including CDABs.

² "Appropriation ordinary annual services" refers to funding provided through Appropriation Bill (No.1) 2011-12 for depreciation / amortisation expenses, DCBs / ACBs or other operational expenses.

³ Proceeds may be returned to the OPA.

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forw ard estimate 2012-13 \$'000	Forw ard estimate 2013-14 \$'000	Forw ard estimate 2014-15 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation revenue					
Sale of goods and rendering of services	366,279	399,266	430,842	463,499	497,133
Interest	5,294	4,694	3,946	3,114	2,139
Dividends	28,708	15,000	10,000	10,000	10,000
Other	9,837	6,939	8,029	8,920	9,592
Total non-taxation revenue	410,118	425,899	452,817	485,533	518,864
Total revenues administered on behalf of Government	410,118	425,899	452,817	485,533	518,864
Total income administered on behalf of Government	410,118	425,899	452,817	485,533	518,864
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Employee benefits	647	15	-	-	-
Supplier expenses	29,108	24,131	23,272	23,693	24,125
Personal benefits	2,038	1,976	1,976	1,993	2,011
Grants	250,274	243,681	243,681	245,575	247,933
Finance costs	5,290	4,522	3,834	3,058	2,131
Total expenses administered on behalf of Government	287,357	274,325	272,763	274,319	276,200

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2010-11	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	4,841	5,318	5,318	5,318	5,318
Receivables	83,022	71,392	61,272	51,092	40,402
Investments accounted for using the equity method	407,606	407,606	407,606	407,606	407,606
Other	122	122	122	122	122
Total financial assets	495,591	484,438	474,318	464,138	453,448
Non-financial assets					
Other	3,649	3,649	3,649	3,649	3,649
Total non-financial assets	3,649	3,649	3,649	3,649	3,649
Total assets administered on behalf of Government	499,240	488,087	477,967	467,787	457,097
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	16,517	16,517	16,517	16,517	16,517
Other	91,917	77,817	65,317	52,817	40,317
Total payables	108,434	94,334	81,834	69,334	56,834
Interest bearing liabilities					
Other	25,244	20,266	15,656	12,018	9,441
Total interest bearing liabilities	25,244	20,266	15,656	12,018	9,441
Provisions					
Other	39,466	39,466	39,466	39,466	39,466
Total provisions	39,466	39,466	39,466	39,466	39,466
Total liabilities administered on behalf of Government	173,144	154,066	136,956	120,818	105,741

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2010-11	2011-12	2012-13	2013-14	2014-15
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	362,451	399,266	430,842	463,499	497,133
Interest	59	83	83	83	83
Dividends	28,708	15,000	10,000	10,000	10,000
Net GST received	2,655	2,129	2,042	2,093	2,145
Other	10,345	5,303	6,185	7,129	8,156
Total cash received	404,218	421,781	449,152	482,804	517,517
Cash used					
Grant payments	250,824	244,231	244,231	246,125	248,483
Personal benefits	2,905	1,976	1,976	1,993	2,011
Suppliers	23,599	22,631	21,772	22,293	22,825
Net GST paid	3,140	2,129	2,042	2,093	2,145
Borrowing costs	6,400	5,114	4,762	3,738	2,751
Employees	647	15	-	-	-
Other	1,566	1,500	1,600	1,500	1,300
Total cash used	289,081	277,596	276,383	277,742	279,515
Net cash from (used by) operating activities	115,137	144,185	172,769	205,062	238,002
FINANCING ACTIVITIES					
Cash received					
Other	12,500	12,500	12,500	12,500	12,500
Total cash received	12,500	12,500	12,500	12,500	12,500
Cash used					
Other	12,500	12,500	12,500	12,500	12,500
Total cash used	12,500	12,500	12,500	12,500	12,500
Net cash from (used by) financing activities	-	-	-	-	-
Net increase (decrease) in cash held					
Cash and cash equivalents at beginning of reporting period	11,376	4,841	5,318	5,318	5,318
Cash from Official Public Account for:					
- Appropriations	285,584	274,910	273,784	275,092	275,576
	285,584	274,910	273,784	275,092	275,576
Cash to Official Public Account for:					
- Appropriations	407,256	418,618	446,553	480,154	513,578
	407,256	418,618	446,553	480,154	513,578
Cash and cash equivalents at end of reporting period	4,841	5,318	5,318	5,318	5,318

Prepared on Australian Accounting Standards basis.

3.2.4 NOTES TO THE FINANCIAL STATEMENTS

Departmental Financial Statements and Schedule of Administered Activity

Under the Australian Government's budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are budgeted for, and reported on, separately to transactions which 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 budgeting framework

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

- Departmental appropriations: representing the Government's funding for agency programs;
- Departmental capital budget appropriations: representing the Government's funding through additional equity for the replacement of existing agency assets as they reach the end of their useful life;
- Departmental capital appropriations: for new investments by the Government through additional equity;
- Administered expense appropriations: for the estimated administered expenses relating to specific programs; and
- Administered capital appropriations: for increases in administered equity through funding non-expense administered payments.

Administered investments in controlled entities

The department has one administered investment in the Export Finance and Insurance Corporation (EFIC) with an estimated asset value of \$407.6 million as at 30 June 2010. This investment is revalued once each financial year based on the net asset position of EFIC as at 30 June.

Asset Valuation

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