

# **PORTFOLIO BUDGET STATEMENTS 2007-08**

**FOREIGN AFFAIRS AND TRADE PORTFOLIO**

**BUDGET INITIATIVES AND EXPLANATIONS OF  
APPROPRIATIONS SPECIFIED BY OUTCOMES AND OUTPUTS BY AGENCY**

**BUDGET RELATED PAPER NO. 1.11**

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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 2007-08 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 'Alexander Downer'.

Alexander Downer  
Minister for Foreign Affairs

A handwritten signature in black ink, appearing to read 'Warren Truss'.

Warren Truss  
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nfp	not for publication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**

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

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# **PURPOSE AND STRUCTURE OF PORTFOLIO BUDGET STATEMENTS**





## Purpose of the Portfolio Budget Statements

The purpose of the 2007-08 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 2007-08 (or Appropriation Bill [Parliamentary Departments] No. 1 2007-08 for the parliamentary departments). 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 (PB Statements) are presented in three sections, aligned in several ways to the Budget Papers, as outlined below.

Part	Description
<b>User Guide to the Portfolio Budget Statements</b>	
An introduction, explaining the purpose of the PB Statements, the structure of the document, and styles and conventions used.	
<b>Portfolio Overview</b>	
A brief overview of the portfolio. Portfolio outcomes are depicted in a chart outlining the structure of the outcomes to which the portfolio contributes. This includes a table for Australian Indigenous Expenditures for the portfolio.	
<b>Agency Budget Statements</b>	
For each agency within the portfolio, a budget statement is presented in five sections:	
<b>Section 1: Overview</b>	A brief overview of the agency.
<b>Section 2: Resources</b>	A reconciliation of agency resourcing information from the <i>2006-07 Mid-Year Economic and Fiscal Outlook</i> to the 2007-08 Budget. Includes key changes to the agency's estimates and a table of appropriations and other revenue sources for both Administered and Departmental appropriations.
<b>Section 3: Outcomes</b>	A brief description of the agency's outcomes and, where applicable, Budget measures in summary form. Details the contribution of the agency's outputs to the outcome, performance information for the outcome(s), outputs and administered activities, and planned evaluations. Notes upcoming competitive tendering and contracting that is of a material or sensitive nature. Links the resources appropriated and their application to the agency's outputs and to Administered items.
<b>Section 4: Other reporting requirements</b>	Includes purchaser-provider and cost recovery components.
<b>Section 5: Budgeted financial statements</b>	The agency's budgeted financial statements in accrual format, covering the Budget year, the preceding year and three out-years.
<b>Glossary</b>	Explains key terms.
<b>Index</b>	Alphabetical guide to the PB Statements.

## **PORTFOLIO BUDGET STATEMENTS AND BUDGET PAPERS**

Comprehensive information on all government decisions announced in the Budget are in Budget Paper No. 2, *Budget Measures 2007-08*. The PB Statements include Budget appropriations for this Budget in each agency's Table 2.2, 2007-08 Budget Measures.

The following chart shows the parts of PB Statements which relate to specific Budget papers.

<b>Budget Paper</b>	<b>PB Statements</b>
<b>Budget Paper No. 1: Budget Strategy and Outlook</b>	
<b>Statement 1: Fiscal Strategy and Budget Priorities</b> Overview of the fiscal and economic outlook	Portfolio structure (Agency) Overview (Agency) Resources for 2007-08
<b>Statement 2: Fiscal Outlook</b> Budget aggregates and variations to the fiscal balance estimates	(Agency) Resources for 2007-08
<b>Statement 10: AAS Financial Statements</b> Accrual financial statements for the general government sector	(Agency) Budgeted financial statements
<b>Budget Paper No. 2: Budget Measures</b>	
Budget revenue, expense and capital measures	(Agency) Resources for 2007-08
<b>Budget Paper No. 3: Federal Financial Relations</b>	
Information on the Australian Government's relations with States, Territories and local government, in particular, Specific Purpose Payments (SPPs)	(Agency) Resources for 2007-08 (Agency) Outcomes
<b>Budget Paper No. 4: Agency Resourcing</b>	
Resourcing for Australian Government agencies, including Appropriation Bills	(Agency) Resources for 2007-08

## **Departmental and Administered Distinction**

Under the Australian Government's accrual-based budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies decide (departmental transactions) are separately budgeted for and reported on from transactions agencies make on behalf of others (administered transactions). This ensures that the transactions decided by agencies are reported separately from other transactions in their accounts.

### **Departmental**

Revenues, expenses, assets and liabilities 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**

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**

In the accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's funding for outputs from agencies;
- Departmental capital appropriations for investments by the Government for either additional equity or loans to agencies or payments from previous years' outputs;
- 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 Territories; 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). The appropriation framework is discussed further in the introduction to Budget Paper No. 4, *Agency Resourcing 2007-08*.

## **Components of agency financial statements**

Reporting requirements for budgeted financial statements differ between agencies (for example, according to whether the agency participates in administered transactions). Therefore, not all agencies are required to report against all schedules.

The budgeted financial statements contain the estimates prepared in accordance with the requirements of the government's financial budgeting and reporting framework, including the principles of the Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration. They show the planned financial performance for the 2006-07 Budget year and each of the forward years from 2008-09 to 2010-11. The statements also include the estimated actual for 2006-07 for comparative purposes.

The schedules included in the budgeted financial statements for 2007-08 are as follows.

<b>Schedule</b>	<b>Purpose</b>
<b>Budgeted departmental income statement</b>	Shows the expected financial results for the agency. Identifies full accrual expenses and revenues, which highlights whether the agency is operating at a sustainable level.
<b>Budgeted departmental balance sheet</b>	The financial position of the agency. It helps decision makers to track the management of assets and liabilities.
<b>Budgeted departmental statement of cash flows</b>	Provides information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.
<b>Budgeted departmental statement of changes in equity — summary of movement</b>	This is a new statement for Portfolio Budget Statements that represents the movement of parent entity (the Commonwealth) interest in the agency. The statement has been prepared to reflect the net operating result, movements of capital return and additional capital injections from the Commonwealth.
<b>Departmental capital budget statement</b>	Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.
<b>Departmental property, plant, equipment and intangibles — summary of movement</b>	Shows budgeted acquisitions and disposals of non financial assets during the Budget year.

*Purpose and Structure of Portfolio Budget Statements*

<b>Schedule</b>	<b>Purpose</b>
<b>Schedule of budgeted income and expenses administered on behalf of government</b>	Identifies the main revenues and expenses administered on behalf of government.
<b>Schedule of budgeted assets and liabilities administered on behalf of government</b>	Shows the assets and liabilities administered on behalf of government.
<b>Schedule of budgeted administered cash flows</b>	Shows cash flows administered on behalf of government.
<b>Schedule of administered capital budget</b>	Shows details of planned administered capital expenditure.
<b>Schedule of administered property, plant, equipment and intangibles — summary of movement</b>	Discloses details of movements in administered non financial assets.

# **PORTFOLIO OVERVIEW**





# FOREIGN AFFAIRS AND TRADE PORTFOLIO OVERVIEW

## PORTFOLIO RESPONSIBILITIES

The main purpose of Australia's foreign and trade policy is to advance Australia's national interest. This involves enhancing the security and prosperity of Australia and Australians.

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 Australia-Japan Foundation was re-established as a bilateral foundation within the department on 1 December 2006.

Portfolio agencies support Ministers in the conduct of Australia's foreign and trade policy. In 2007-08, the portfolio will work to **ensure Australia's national interests are protected and advanced in our bilateral, regional and multilateral relations**. It will do so by strengthening our bilateral relationships and enhancing regional and global cooperation; by opening markets and creating economic opportunities for Australians; by projecting Australia and its values internationally; and by providing effective consular and passport services to Australians overseas.

The portfolio will work to maintain and **enhance key bilateral relationships and regional partnerships** underpinning Australia's security and economic prosperity. The portfolio is committed to active engagement with partners in Asia on the full range of bilateral and regional interests, including Australia's role in evolving regional architecture. The portfolio will further strengthen our unique alliance with the United States and enhance relations with Canada and Latin America. It will coordinate whole of government approaches to Australia's engagement in Iraq and Afghanistan. The portfolio will continue to promote good governance, economic growth and regional stability in the South Pacific. It will work with international partners in the Middle East and in Africa to help promote stability, economic rehabilitation and democratic transition. The portfolio will continue to progress Australia's strategic interests with countries in Europe.

Working with other Government agencies and international partners to **heighten national and international security** will remain a vital priority for the portfolio. It will continue Australia's efforts to combat international terrorism, weapons proliferation and transnational crime, particularly in cooperation with regional partners. The portfolio will contribute to developing more **effective global counter-proliferation architecture**, including strengthening international export control regimes. The portfolio will work with the international community to address non-compliance with international non-proliferation regimes and counter-proliferation agreements.

### *Portfolio Overview*

The portfolio will continue to work to **open markets** to Australian goods, services and investment. It will promote the maintenance of the global rules-based trading system through the World Trade Organization (WTO) and Australia's leadership of the Cairns Group of agricultural exporters. It will continue efforts to build support for an outcome to the WTO Doha round of multilateral negotiations which delivers commercially valuable outcomes on agriculture, industrial products and services. Using the WTO dispute settlement system, the portfolio will pursue and defend Australia's trade and economic interests.

The portfolio will work actively to advance negotiations for **free trade agreements** (FTAs) with key trading partners aimed at maximising benefits for the Australian economy. It will continue to pursue bilateral FTA negotiations with Japan, China, Malaysia and Chile; and plurilateral FTA negotiations with ASEAN and New Zealand, and the Gulf Cooperation Council. The portfolio will fund a private sector study in 2007 on an Australia-Republic of Korea FTA. It will continue to assist Australian business in taking advantage of opportunities created by existing FTAs with the United States, Thailand, Singapore and New Zealand.

In cooperation with other agencies, the portfolio will intensify efforts to strengthen the **Asia-Pacific Economic Cooperation** (APEC) forum. The portfolio will use the opportunity of Australia's hosting of APEC in 2007 to strengthen APEC as an institution and to secure outcomes on clean development and climate change, regional economic integration, trade facilitation as well as structural reform and to promote APEC's active human security agenda.

The portfolio will advance Australia's **global interests** by contributing to whole of government initiatives to combat people smuggling and trafficking and other transnational crimes. It will contribute to promoting a comprehensive, inclusive and practical global and regional response to climate change. This includes enhancing cooperation through the Asia-Pacific Partnership on Clean Development and Climate, and the Global Initiative on Forests and Climate. It will promote international observance of human rights principles.

It will also continue to pursue structural and administrative reform of the United Nations to strengthen the organisation's capacity to play a leading role in addressing global security challenges. In addition, the portfolio will support efforts to ensure the effectiveness of other bodies, such as the Commonwealth, in international cooperation.

Providing **efficient and effective consular and passport services** to Australians is a key priority. The portfolio will continue to provide highly efficient and responsive consular support to Australians overseas. It will continue to strengthen consular contingency planning and crisis response capabilities, further enhance Australia's overseas network through the Consular Enhancement Program and provide up-to-date and accessible travel advice. The portfolio will further improve the security and efficiency of Australia's passport regime. This includes strengthening fraud detection and prevention capabilities, further enhancing facial recognition technology and

passport production processes. As part of a whole of government effort, the portfolio will continue to review and test pandemic influenza contingency plans.

**Public diplomacy** activities will continue to project a realistic and positive image of Australia, its values and ideas, with a particular focus on the Asia-Pacific region. Ensuring cultural diplomacy enhances foreign policy and trade objectives will be important. The portfolio will also lead, on behalf of the Government, preparations for Australia's participation in World Expo 2010 in Shanghai.

The portfolio will continue to give priority to the effective implementation of ongoing programmes to improve the **security of Australia's network of overseas diplomatic missions**, to maintain secure government communications, and manage efficiently the **Commonwealth overseas owned estate**.

Through **Austrade**, the portfolio will continue to provide access to overseas markets to increase the number of Australian exporters and drive growth in export value and international business outcomes. Austrade will partner with industry associations, regional development organisations and state and territory governments to continue delivering the TradeStart programme, which provides an increasing number of Australian businesses with access to the resources, advice and expertise to help them realise their export and international business potential. Austrade's New Exporter Development Programme will continue to offer a package of free services to potential exporters. The Export Market Development Grants scheme will continue financial support for Australian exporters to promote their products and services. Key priorities for 2007-08 include a continued focus on maximising export outcomes for Australian exporters through free trade agreements, assisting exporters to expand business in key growth markets such as China and India, and enhancing export development through Austrade's industry teams.

Through **EFIC** the portfolio will help Australian exporters and companies investing in projects overseas gain access to internationally competitive finance and insurance services. It will continue to provide a broad range of financial facilities for exporters of all sizes, including loans, guarantees, medium-term credit insurance, political risk insurance and bonds. EFIC will also maintain its focus on improving facilities for small and medium enterprise exporters. The portfolio will continue to manage the National Interest Account to provide support for transactions that ministers judge to be in the national interest.

Through **AusAID** the aid programme will assist developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest. As part of the strategic directions set out in the Aid White Paper: *Australian Aid: Promoting Growth and Stability*, Australia's aid programme will focus on four themes: accelerating economic growth, fostering functioning and effective states, investing in people and, promoting regional stability and cooperation. The focus of the aid programme in 2007-08 will be on the Asia-Pacific region with a commitment to improving prospects for growth, prosperity, safety and the well-being of our

### *Portfolio Overview*

neighbours. The effectiveness of the aid programme will be enhanced by: strengthening its performance orientation, combating corruption, enhancing Australia's engagement with the region, and working in partnership with regional governments and other donors. Aid partnerships with multilateral development banks, international organisations, other donors and a broader range of Australian community groups will be intensified.

Through **ACIAR** the portfolio will contribute to poverty reduction and sustainable development in the Asia-Pacific region by facilitating and funding collaborative agricultural research and development programmes with developing countries. In 2007-08, ACIAR's programmes will focus on economics and farming systems, cropping systems, natural resource management and livestock systems. ACIAR will continue to support whole-of-government efforts: in Indonesia through the AIPRD Smallholder Agribusiness Development Initiative Sub-programme - Support for Market Driven Adaptive Research (SMAR); in Pakistan via two components of the Australia Pakistan Agriculture Sector Linkages Programme; and in East Timor through the introduction of improved crop varieties. ACIAR's funding will increase in Indonesia, Laos and the Philippines. Funding for training will also increase, with 40 new fellowship placements within Australian universities established in 2007-08.

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.

## APPROPRIATIONS AND VARIATIONS AT THE PORTFOLIO LEVEL

Figure A: Departmental appropriations for agencies in the portfolio

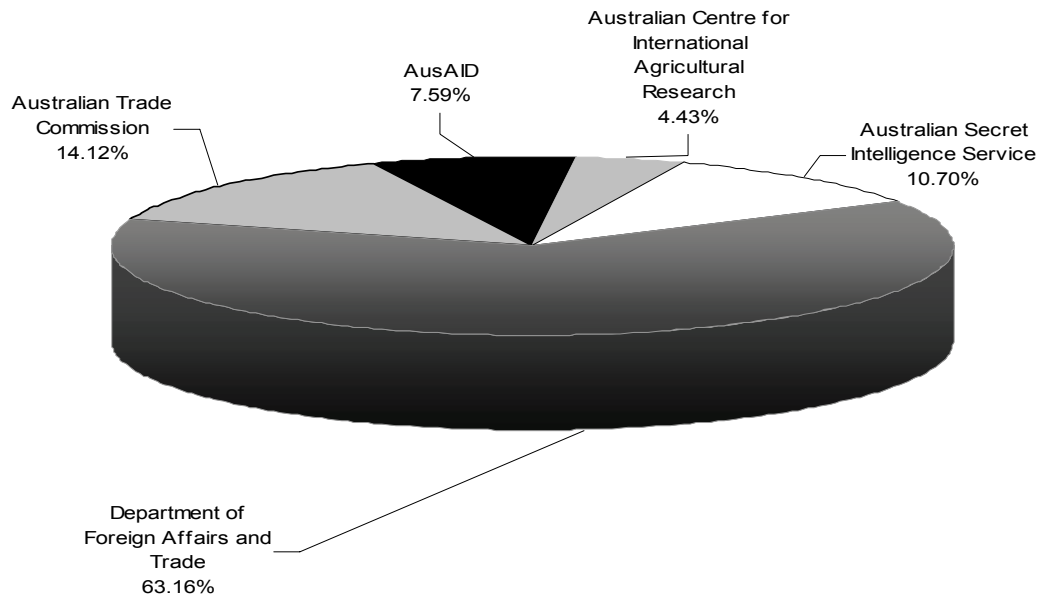


Figure B: Administered appropriations for agencies in the portfolio

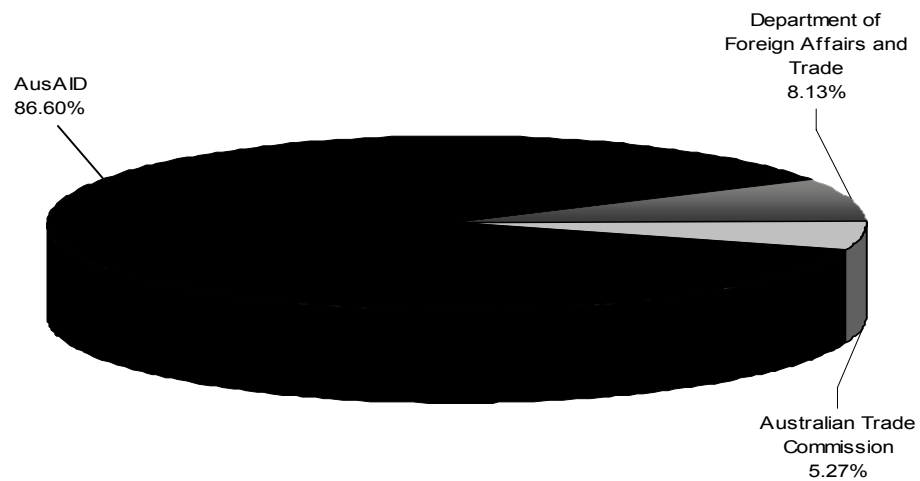
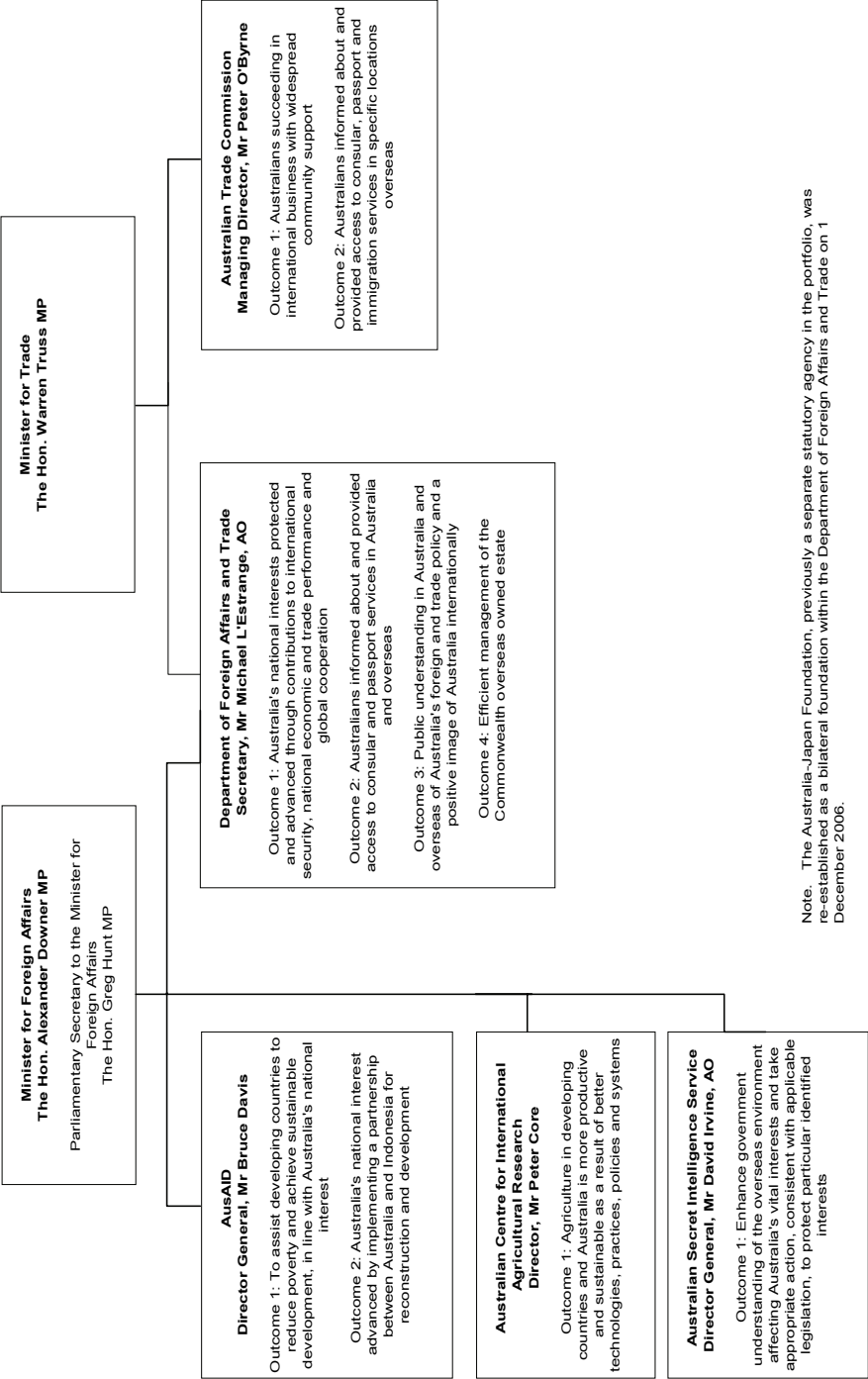


Figure 1: Portfolio structure and outcomes



Note. The Australia-Japan Foundation, previously a separate statutory agency in the portfolio, was re-established as a bilateral foundation within the Department of Foreign Affairs and Trade on 1 December 2006.

## AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE) FOREIGN AFFAIRS AND TRADE PORTFOLIO

Portfolio table 1: Australian Government Indigenous Expenditure

Outcome	Appropriations				Other		Total
	Bill	Bill	Special	Total			
	No. 1	No. 2	Approp	Approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	(A)	(B)	(C)	(D)	(E)	(F)=(D)+(E)	
<b>Foreign Affairs and Trade</b>							
<b>Outcome 1</b>							
<b>Department of Foreign Affairs and Trade</b>							
Administered 2007-08	-	-	-	-	-	-	-
<i>Administered 2006-07</i>	-	-	-	-	-	-	-
Departmental 2007-08	177	-	-	177	-	-	177
<i>Departmental 2006-07</i>	151	-	-	151	-	-	151
Total Outcome 2007-08	177	-	-	177	-	-	177
<i>Total Outcome 2006-07</i>	151	-	-	151	-	-	151
<b>Outcome 3</b>							
<b>Department of Foreign Affairs and Trade</b>							
Administered 2007-08	-	-	-	-	-	-	-
<i>Administered 2006-07</i>	-	-	-	-	-	-	-
Departmental 2007-08	168	-	-	168	-	-	168
<i>Departmental 2006-07</i>	170	-	-	170	-	-	170
Total Outcome 2007-08	168	-	-	168	-	-	168
<i>Total Outcome 2006-07</i>	170	-	-	170	-	-	170
<b>Department of Foreign Affairs and Trade</b>							
Administered 2007-08	-	-	-	-	-	-	-
<i>Administered 2006-07</i>	-	-	-	-	-	-	-
Departmental 2007-08	345	-	-	345	-	-	345
<i>Departmental 2006-07</i>	321	-	-	321	-	-	321
Total Outcome 2007-08	345	-	-	345	-	-	345
<i>Total Outcome 2006-07</i>	321	-	-	321	-	-	321
<b>Australian Trade Commission</b>							
Administered 2007-08	-	-	-	-	-	-	-
<i>Administered 2006-07</i>	-	-	-	-	-	-	-
Departmental 2007-08	107	-	-	107	-	-	107
<i>Departmental 2006-07</i>	94	-	-	94	-	-	94
Total Outcome 2007-08	107	-	-	107	-	-	107
<i>Total Outcome 2006-07</i>	94	-	-	94	-	-	94
Administered 2007-08	-	-	-	-	-	-	-
<i>Administered 2006-07</i>	-	-	-	-	-	-	-
<b>Departmental 2007-08</b>	<b>452</b>	-	-	<b>452</b>	-	-	<b>452</b>
<i>Departmental 2006-07</i>	415	-	-	415	-	-	415
<b>Total AGIE 2007-08</b>	<b>452</b>	-	-	<b>452</b>	-	-	<b>452</b>
<i>Total AGIE 2006-07</i>	415	-	-	415	-	-	415





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# DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

## Section 1: Overview

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

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

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

In 2007-08, the department will work on the Government's objectives against the four outcomes through a targeted range of activities and programmes.

### Outcome 1

The department will continue to develop and implement measures aimed at strengthening national and international security. Combating international terrorism requires a broad range of measures to complement those targeted towards traditional security threats. The department will retain leadership of whole of government efforts to combat international terrorism, coordinated through the Ambassador for Counter-Terrorism. The department will promote further close cooperation within the Asia-Pacific region, including through measures to enhance transport and border security, strengthen intelligence and law enforcement cooperation, and build regional capacity. A key priority will remain the management of programmes to promote interfaith

dialogue and encourage recognition of the shared values which serve to rebut the extremist ideology underlying terrorism.

Preventing the proliferation of weapons of mass destruction and their means of delivery will remain a priority for the department, including through intensifying regional cooperation on export controls, nuclear safety, security and safeguards standards; working to uphold global non-proliferation regimes; and contributing to international efforts to address the major proliferation challenges posed by the nuclear programmes of Iran and the Democratic People's Republic of Korea. The department will continue to work with like-minded countries to strengthen the non-proliferation goals of the Proliferation Security Initiative.

The department will maintain Australia's leading role in promoting greater controls to prevent and counteract transfers of illicit trade in certain small arms and light weapons to non-state actors. Promoting regional cooperation and more effective global regimes to reduce the human and economic costs of landmines and certain types of cluster munitions will remain a priority.

In dealing with an increasingly complex and uncertain international security environment, the department will continue to implement programmes and initiatives aimed at improving the security of Australia's network of overseas diplomatic missions and the safety of people who visit and work in them.

The portfolio will continue to work to open markets to Australian goods, services and investment. It will give a high priority to concluding the World Trade Organisation (WTO) Doha Round negotiations in a manner that delivers commercially-valuable outcomes on agriculture, industrial products and services. Australia's leadership of the Cairns Group of agricultural countries helps to maximise our influence in working for ambitious agricultural trade reform in the Doha Round negotiations. The department will use the WTO dispute settlement system to pursue and defend Australia's trade and economic interests.

In parallel with a strong commitment to the Doha round, the department will continue to negotiate a carefully selected range of free trade agreements (FTAs). Achieving a high quality FTA with China is one of the Government's principal trade policy priorities. The 2007-08 Budget measure, *Australia-China Free Trade Agreement - continuation of negotiations*, will provide additional resourcing over two years for nine Australian agencies to continue negotiating the agreement. The department will commence negotiations with Japan. The successful conclusion of FTA negotiations with Japan, the world's second largest economy and Australia's largest export market, would deliver significant economic gains to Australia. The department will continue to pursue FTAs with Malaysia, the Gulf Cooperation Council (replacing earlier negotiations with the UAE), Chile, and with ASEAN (together with New Zealand). Launching FTA negotiations with the Republic of Korea is a priority and to this end the department is supporting a private sector study on the implications of such an FTA. The department is also exploring options for enhancing economic cooperation

with Mexico. The department will lead advocacy and capacity-building efforts to strengthen constituencies in Australia and in negotiating countries in favour of comprehensive, liberalising and WTO-consistent FTAs.

The department will continue to accord priority to the effective implementation of Australia's existing free trade agreements with the United States, Thailand, Singapore and New Zealand. With Austrade, the department will encourage and assist Australian exporters to take advantage of trade and investment opportunities created by these agreements.

In cooperation with Austrade, the department will continue to support Australian exporters secure energy supply contracts, including Australian industry efforts to supply LNG to Japan, China, the Republic of Korea, Mexico and the United States, and to significant emerging markets, such as India.

In Australia's year as host of the Asia-Pacific Economic Cooperation (APEC) forum 2007, the department will lead a whole of government effort to develop and implement a set of ambitious policy objectives and organisational reform aimed at enhancing APEC's role as the key regional forum. The department will work with member economies to support the Doha Round and identify new ways to achieve trade and investment liberalisation goals, facilitate trade and improve the business environment. We will also work closely with Australian APEC Business Advisory Council (ABAC) members to produce meaningful outcomes for Australian business in 2007. While trade objectives remain at APEC's core, the department will work with member economies to advance initiatives in important areas such as clean development and climate change, economic reform, counter-terrorism, anti-corruption, good governance and avian flu preparedness.

Sustaining the impetus of the Asia-Pacific Partnership on Clean Development and Climate will remain a key priority for the department in taking forward the government's commitment to tackling environmental challenges. Significant progress has been made through the eight sectoral public-private task forces to accelerate low emission technology development and promote best practice. The Global Initiative on Forests and Climate will play a critical role in combating the contribution of deforestation to climate change. The department will play a lead role in several new environmental negotiations, including to protect marine biodiversity on the high seas and covering trade in genetic resources. Continuing to press for reform of the United Nations and support for efforts to strengthen the effectiveness of other international bodies, such as the Commonwealth, will remain a priority. The department will promote international observance of human rights principles and use our bilateral human rights dialogues with China, Vietnam and Laos to encourage implementation of international standards. The department will continue to lead and provide support to whole of government initiatives to combat people smuggling and trafficking through the People Smuggling Task Force and regional activities under the Bali process. The department will continue to actively support whole of government efforts to prevent illegal, unreported and unregulated fishing.

The department will work to strengthen Australia's key bilateral relationships. Active engagement with Asia – bilaterally and in regional groupings – will be an ongoing priority. The department will continue to play an active role in the East Asia Summit process and will seek to influence the development of East Asian regional architecture. The relationship with Japan, Australia's most important trade and strategic partner in the region, will continue to be developed in all its aspects, including through the Joint Declaration on Security Cooperation. The department will also build on recent high-level visits to broaden the base of the productive bilateral relationship with China. Supporting Australia's wide-ranging and mutually beneficial partnership with Indonesia remains an abiding objective.

The department will work actively to deepen further Australia's key alliance with the United States across the breadth of our political, economic and security interests. The department will continue to work closely with the United Kingdom, including to strengthen our cooperation in meeting security challenges. The department will work with the European Union, NATO and Canada in support of Australia's strategic interests, including in Afghanistan. The department will continue its efforts to deepen Australia's relationship with India.

The department will continue to coordinate the Australian Government's engagement with Iraq in support of stability, rehabilitation and democratic institutions. Safety of Australian troops and diplomatic staff will remain a key priority. The Australian diplomatic mission in Kabul will provide support for the expanded ADF deployment in Afghanistan, which is working to advance Australia's wider interests in promoting stability in Afghanistan and preventing it from again becoming a terrorist haven. In the Middles East, Australia will continue to support a two-state solution to the Israel-Palestinian conflict. In South-East Asia, the department will support Australian efforts to restore peace and stability in East Timor.

In the South Pacific, the department will continue to coordinate the Regional Assistance Mission to Solomon Islands and the Enhanced Cooperation Program with Papua New Guinea. The department will contribute to good governance and economic reform initiatives in other parts of the Pacific and work for the pooling of regional resources where appropriate. Continued cooperation with New Zealand and other South Pacific countries will remain important to achieving whole of government aims in the South Pacific.

In Africa, the department will advance Australia's trade, investment and humanitarian interests. It will maintain pressure on Zimbabwe to respect democracy, human rights and the rule of law and support international efforts to overcome the conflict as well as the humanitarian situation in Sudan.

The department will develop new sanctions measures if and when required and will continue to implement and enforce Australia's existing sanctions obligations – both multilateral and bilateral. We will continue to provide legal and policy support to the ADF's deployments both regionally and globally.



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

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

## Outcome 2

The department will continue to use its network of overseas posts, its dedicated consular resources in Canberra including the 24-hour Consular Emergency Centre, the new consular crisis centre, the *smartraveller* public information campaign and cooperative consular arrangements with other countries to provide highly efficient and responsive consular support to Australians overseas. The 2007-08 Budget measure, *Consular Emergency Services – reallocation of funding*, will provide emergency last-resort assistance to Australians, including minors and those medically incapacitated, who do not have the capacity to enter into legal arrangements and who consequently cannot participate in the current Travellers Emergency Loans scheme. The measure will also provide a paupers burial for deceased Australians overseas with no identifiable next-of-kin able to contribute to their burial. The department will continue to devote considerable resources to managing the growing demands of consular casework and to enhance its crisis response capabilities. Additional consular positions overseas are improving the quality, coverage and depth of the Government's consular network.

Drawing on recent experience in managing a number of significant consular crises, the department will continue to engage in ongoing contingency planning, training and testing of procedures to ensure the most effective and timely response to consular crises affecting Australians overseas. In particular, the department will progressively develop and review contingency arrangements for the 2008 Olympics in Beijing and further refine planning for pandemic influenza and for events involving large numbers of Australians overseas, including ANZAC Day 2008.

The department will continue to institute measures aimed at improving Australia's world class passports regime to provide Australians with even more secure travel documentation, to combat identity fraud and enhance border protection. This will involve strengthening the governance and integrity of the passport system to better mitigate the risk of identity fraud and the use of Australian passports for criminal activity. The department will also work to enhance the Australian passport's biometric facial recognition system in developing the next generation passport.

### Outcome 3

The department will continue to use its cultural diplomacy to promote a positive, accurate and contemporary image of Australia internationally – particularly in the Asia-Pacific region. The 2007-08 budget measure, *Australia on the World Stage - enhancement*, will provide additional financial support to the Australia International Cultural Council, the Government's peak advisory body for international cultural promotion chaired by the Minister for Foreign Affairs. In addition, the 2007-08 budget measure, *Shanghai World Expo 2010 – planning and design*, will enable the department to commence preparations for Australia's participation in the Expo, which will showcase Australia's strengths as a leading exporter of resources and services and highlight Australia's high-quality urban design, environmental management and renewable energy capacities.

### Outcome 4

The department will continue to manage the Government's \$1.4 billion owned overseas estate in an efficient and effective manner. The maintenance of a five year forward programme that identifies future requirements for capital works and other major expenditure in the overseas estate will ensure that financial objectives including the annual return of an agreed dividend to government is achieved. In managing the overseas estate, the department maintains a capability to respond when new or unforeseen security-related challenges arise. The 2007-08 Budget measure, *Kenya - acquisition of land and construction of new chancery in Nairobi*, will enable the department to provide new and more secure premises for Australia's representation in Nairobi. The 2007-08 Budget measure, *France - refurbishment of chancery in Paris*, will make significant improvement to the chancery and achieve more efficient utilisation of space by Australian tenant agencies. In addition, the 2007-08 Budget measure, *Japan - refurbishment of apartments in Tokyo*, will enable a mid-life upgrade and refurbishment of residential apartments in the Australian Government owned chancery complex in Tokyo that will improve spatial effectiveness and contribute to the maintenance of the asset.

## **1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES**

The products and services delivered by the agency (outputs and administered policies, products and services) which contribute to achievement of outcomes for the department are summarised in Table 1.1.

**Table 1.1: Contribution to outcomes**

Outcome	Description	Output groups
<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	<p>Output 1.1 - Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity</p> <p>Output 1.2 - Secure government communications and security of overseas missions</p> <p>Output 1.3 - Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)</p> <p>Output 1.4 Services to diplomatic and consular representatives in Australia</p>
<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	<p>Output 4.1 - Property management</p> <p>Output 4.2 - Contract management</p>

## Section 2: Resources for 2007-08

### 2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total appropriation for the department in the 2007-08 Budget is \$1,067.9 million, made up of \$822.1 million in departmental appropriations and \$245.8 million in administered appropriations.

New Budget measures and other adjustments affecting the department's 2007-08 appropriations follow:

#### Departmental

- **\$2.6m** for a new measure, *Australia on the World Stage - enhancement*, to promote a positive image of Australia overseas through cultural diplomacy and cultural export programmes;
- **\$4.1m** for a new measure to continue negotiations on the Australia-China Free Trade Agreement;
- **\$0.3m** for a new measure to support global sustainability of forests and climate;
- **\$1.4m** for a new measure to implement recommendations of the Cole Inquiry;
- **\$0.9m** adjustment for rent supplementation due to a security-related relocation;
- **\$1.4m** adjustment to re-phase Smartraveller II campaign funding;
- **\$4.8m** adjustment for overseas inflation;
- **(\$0.8m)** adjustment for domestic inflation;
- **(\$8.6m)** adjustment for changes in budget exchange rates between 2006-07 and 2007-08 (foreign exchange rebasing); and
- **(\$3.5m)** adjustment to re-phase security funding.

#### Administered

- **\$1.5m** for a new measure *Shanghai World Expo 2010 – planning and design*;
- **\$32.72m** for contributions to international organisations;
- **\$1.0m** for the International Relations Grant Programme for the transfer of Australia-Japan Foundation administered funding;
- **(\$0.2m)** adjustment for EFIC National Interest Account related expenses; and
- **(\$0.8m)** adjustment for the North American Pension Scheme.

**Table 2.1: Appropriations and other resources 2007-08 ('000)**

Agency/Outcome/ Non-operating	Departmental				Administered					Total
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	SPPs \$'000	Other (b) \$'000	Appropriation \$'000	Special Receipts (a) \$'000	
<b>Outcome 1</b> Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation	542,854	-	-	45,800	220,029	-	-	-	-	808,683
<b>Outcome 2</b> Australians informed about and provided access to consular and passport services in Australia and Overseas	211,521	-	-	-	500	-	-	500	-	212,521
<b>Outcome 3</b> Public understanding in Australia and overseas of Australia's foreign and trade policy and positive image of Australia internationally	53,993	-	-	697	24,778	-	-	-	-	79,468
<b>Outcome 4</b> Efficient management of Commonwealth Overseas Owned Estate	-	-	-	52,725	-	-	-	-	-	52,725
<b>Total Agency</b>	-	11,632	-	-	-	-	-	-	-	11,632
Equity injections	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Previous years' outputs	-	2,057	-	-	-	-	-	-	-	2,057
Administered assets and liabilities	-	-	-	-	-	-	-	-	-	-
Special capital	-	-	-	-	-	-	-	-	-	-
Appropriation	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	808,368	13,689	-	99,222	245,307	-	-	500	-	1,167,086

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

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

Notes:

- Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new administered expenses within new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans. "New administered expenses within new outcomes" does not include revisions to existing outcomes, for example following restructuring of outcomes; or revisions to outcomes following an AAO change where new administered items are not involved.
- Refer to Budgeted Income Statement for application of agency revenue.

## 2.2 2007-08 BUDGET MEASURES

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

**Table 2.2 Department of Foreign Affairs and Trade measures**

Measure	Outcome	Output groups affected	2007-08 \$'000			2008-09 \$'000			2009-10 \$'000			2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Expense Measures														
Australia on the World Stage - enhancement	3	3.1	-	2,584	2,584	-	4,008	4,008	-	6,828	6,828	-	6,932	6,932
Australia-China Free Trade Agreement - continuation of negotiations*	1	1.1, 1.3	-	4,130	4,130	-	4,082	4,082	-	-	-	-	-	-
Cole Inquiry - implementation of recommendations*	1	1.1, 1.3	-	1,429	1,429	-	1,024	1,024	-	1,034	1,034	-	1,045	1,045
Climate change - Global Initiative on Forests and Climate*	1	1.1, 1.3	-	348	348	-	364	364	-	343	343	-	350	350
Australia-Japan Free Trade Agreement - commencement of negotiations*	1	1.1, 1.3	-	-	-	-	-	-	-	-	-	-	-	-
Shanghai World Expo 2010 - planning and design	3		1,500	-	1,500	-	-	-	-	-	-	-	-	-
Consular emergency services - reallocation of funding	2		-	-	-	-	-	-	-	-	-	-	-	-
International Relations Grants Programme - continuation of funding	3		-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses Measures			1,500	8,491	9,991	-	9,478	9,478	-	8,205	8,205	-	8,327	8,327

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

<u>Capital Measures</u>									
Cole Inquiry - implementation of recommendations*	1	1.1, 1.3	-	443	443	-	-	-	-
Kenya - acquisition of land and construction of new chancery in Nairobi	4	4.1	-	4,200	4,200	-	5,500	5,500	-
France - refurbishment of chancery in Paris	4	4.1	-	500	500	-	5,500	5,500	-
Japan - refurbishment of apartments in Tokyo	4	4.1	-	1,300	1,300	-	14,600	14,600	-
<b>Total Capital Measures</b>			-	<b>6,443</b>	<b>6,443</b>	-	<b>25,600</b>	<b>25,600</b>	-
<u>Revenue Measures</u>									
Passport Fees - CPI Indexation	2		(8,500)	-	(8,500)	(14,900)	-	(14,900)	(26,600)
<b>Total Revenue Measure</b>			<b>(8,500)</b>	-	<b>(8,500)</b>	<b>(14,900)</b>	-	<b>(14,900)</b>	<b>(26,600)</b>
<b>Total of all Measures</b>			<b>(7,000)</b>	<b>14,850</b>	<b>7,850</b>	<b>(14,900)</b>	<b>34,994</b>	<b>20,094</b>	<b>18,543</b>

## 2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by the department for provision of goods or services. These resources are approved for use by the department and are included in Table 2.1.

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

	Estimated resources 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Departmental resources</b>		
Sales of goods and services (FMA Act s.31)	91,462	97,732
Resources received free of charge	390	390
Other	1,100	1,100
<b>Total departmental other resources available to be used</b>	<b>92,952</b>	<b>99,222</b>
<b>Administered other resources</b>		
Sponsorship (FMA Act s.31)	-	-
<b>Total administered other resources available to be used</b>	<b>-</b>	<b>-</b>

Notes:

1. This table represents own source receipts available for spending on departmental purposes.
2. *Financial Management and Accountability Act 1997* (FMA Act) section 31 items are to be included as separate rows. Significant section 31 items are to be identified separately from other section 31 resources where appropriate.



## **2.4 MOVEMENT OF ADMINISTERED FUNDS**

The department did not move administered funds from 2006-07 to 2007-08.

## 2.5 SPECIAL APPROPRIATIONS

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

	Outcome	Note	Estimated expenses 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Estimated expenses</b>				
Special Appropriation FMA Act, s28 (A)	2	1	500	500
<b>Total estimate expenses</b>			500	500

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

## 2.6 MOVEMENTS IN SPECIAL ACCOUNTS

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

Table 2.6: Estimates of Special Account cash flows and balances

	Note	Outcome	Opening balance <sup>2</sup>		Receipts		Payments		Adjustments		Closing balance	
			2006-07		2007-08		2006-07		2007-08		2006-07	
			\$'000		\$'000		\$'000		\$'000		\$'000	
Australia-China Council Special Account - s20 FMA Act (A)		3	0	725	0	725	725	0	0	0	0	0
Australia-France Endowment Special Account - s20 FMA Act (A)		1	1	742	0	53	53	0	0	0	0	0
Australia-India Council Special Account - s20 FMA Act (A)		3	29	53	0	53	82	0	0	0	0	0
Australia-Indonesia Institute Special Account - s20 FMA Act (A)		3	328	725	0	725	725	0	0	0	0	0
Australia-Korea Foundation Special Account - s20 FMA Act (A)		3	1	836	0	725	1,078	0	0	0	0	0
Consular Services Special Account - s20 FMA Act (A)		2	8	752	0	200	725	0	0	0	0	0
Australia-Japan Foundation Special Account - s20 FMA Act (A)		3	43	150	0	193	725	0	0	0	0	0
Services for Other Governments & Non-Agency Bodies Account - s20 FMA Act (A)		1,2,3	0	1,312	0	1,312	1,312	0	0	0	0	0
Other Trust Moneys Account - s20 FMA Act (A)		1,2,3	1,040	2,000	0	2,000	2,000	0	0	0	0	0
Administered Payment and Receipts for Other Entities Special Account - s20 FMA Act (A)		1,2,3	5,000	230,000	0	230,000	230,000	0	0	0	5,000	5,000
Overseas Property Account - Finance Determination 2002-01 (D)		4	131,797	158,967	111,196	111,196	163,237	0	179,568	131,797	0	131,797
<b>Total special accounts</b>												
<b>2007-08 Budget estimate</b>												
<b>Total special accounts</b>												
<b>2006-07 estimate actual</b>												

(A) = Administered

(D) = Departmental

Acts Glossary: FMA Act = Financial Management and Accountability Act, 1997

## Section 3: Outcomes

General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the 4 outcomes for the department. Emphasis is placed on estimating the contribution to outcomes through administered items and outputs delivered by the agency. Key performance measures and performance evaluation activities are specified for each outcome. More detailed information on output and administered item attributes is maintained by agencies for internal management purposes.

### 3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of the department and the outcomes is summarised in Figure 2.

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

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

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

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

#### Output cost attribution

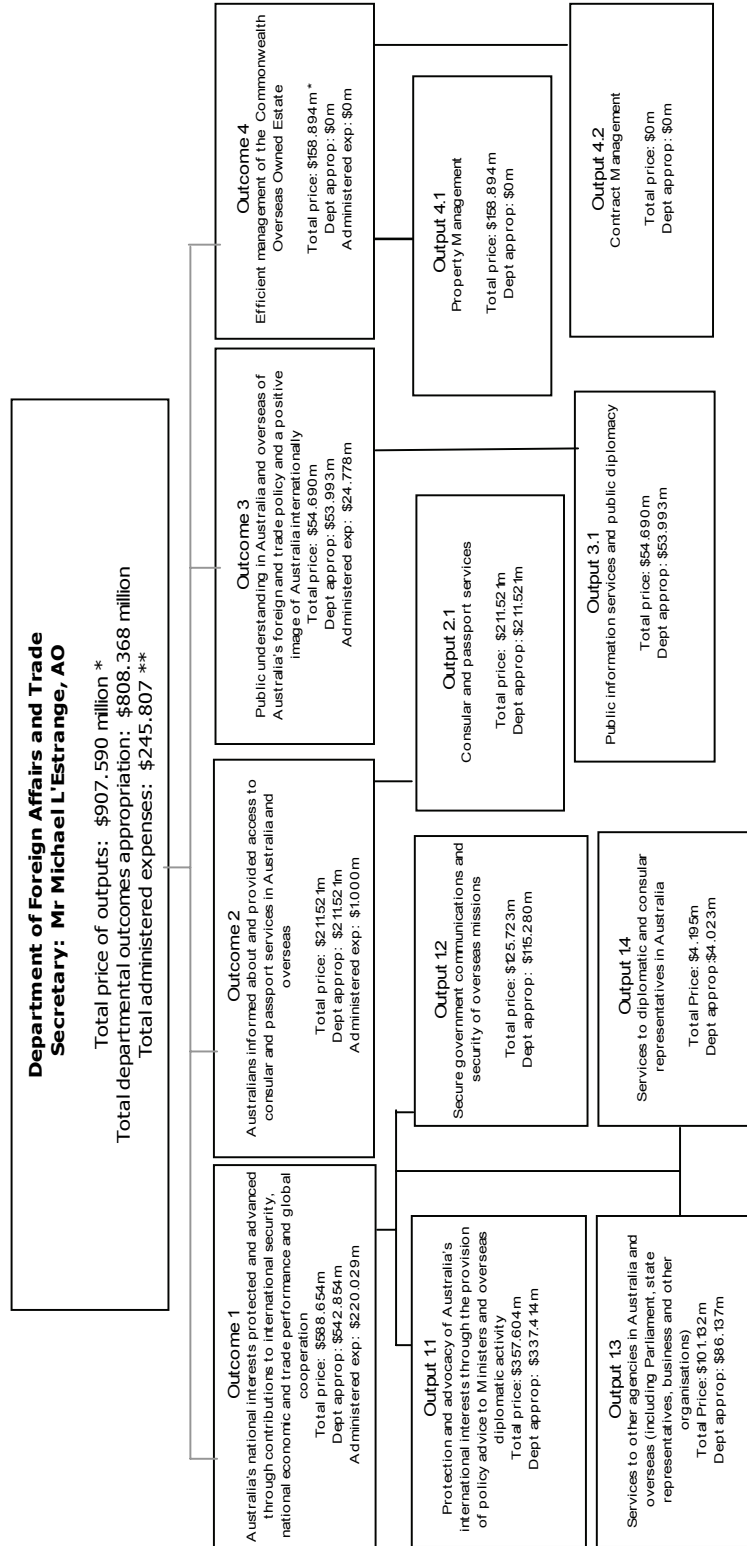
The department allocates resources to outputs based on its activity based costing model. Allocations in 2007-08 have been calculated based on the underlying model coupled with contemporary estimates data. The Overseas Property Office costs are excluded from the department's costing model as all activities are accounted for separately and allocated directly to Outcome 4 (Output 4.1).

*DFAT Budget Statement: Outcomes*

There have been no changes to the department's outcomes and outputs since the 2006-07 Portfolio Budget Statements were tabled.

The relationship between activities of the department and outcomes is summarised in Figure 2.

Figure 2: Contributions to outcomes



\* Total Price of Outputs does not equal the sum of total price for each outcome. Outcome 4: Price of Outputs shown under this outcome includes an amount of \$106.169 million for inter-entity transactions, being rent paid by DFA T to the Overseas Property Office for services provided to DFA T's overseas diplomatic network. The contribution of this outcome to DFA T's total price of outputs is \$52.725 million.

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

### 3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

#### Outcome 1 resourcing

Table 3.1 below shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Administered appropriations</b>		
Bill No 1	194,059	220,029
Special Appropriation	-	-
<b>Total administered appropriations</b>	<b>194,059</b>	<b>220,029</b>
<b>Departmental appropriations</b>		
Output 1.1	302,386	337,414
Output 1.2	103,312	115,280
Output 1.3	77,195	86,137
Output 1.4	3,606	4,023
<b>Total revenue from government (appropriations)</b>	<b>486,499</b>	<b>542,854</b>
<b>Contributing to price of departmental outputs</b>	<b>92%</b>	<b>92%</b>
<b>Other resources available to be used</b>		
Output 1.1	18,749	20,190
Output 1.2	9,698	10,443
Output 1.3	13,926	14,995
Output 1.4	160	172
<b>Total revenue from other sources</b>	<b>42,533</b>	<b>45,800</b>
<b>Total resources</b>		
(Total revenue from government and from other sources)	529,032	588,654
<b>Total estimated resourcing for Outcome 1</b>	<b>723,091</b>	<b>808,683</b>
(Total price of outputs and administered appropriations)		
	2006-07	2007-08
<b>Average staffing level (number)</b>	<b>2,327</b>	<b>2,313</b>

#### Measures affecting Outcome 1

##### Australia-China Free Trade Agreement – continuation of negotiations

The department will receive \$4.130 million in 2007-08 and \$4.082 million in 2008-09 under *Appropriation Bill No.1* for this measure, which will contribute to Outcome 1. Further description of this measure is contained in Budget Paper No.2.



**Australia-Japan Free Trade Agreement – commencement of negotiations**

The department will lead negotiations on a free trade agreement with Japan. It will not receive additional funding for this new measure, which will contribute to Outcome 1. Further description of this measure is contained in Budget Paper No.2.

**Cole Inquiry - implementation of recommendations**

The department will receive \$1.345 million in 2007-08, \$0.940 million in 2008-09, \$0.950 million in 2009-10 and \$0.961 million in 2010-11 under *Appropriation Bill No.1* and \$0.443 million in 2007-08 for this measure, which will contribute to Outcome 1. Further description of this measure is contained in Budget Paper No.2.

**Climate change - Global Initiative on Forests and Climate**

The department will receive \$0.348 million in 2007-08, \$0.364 million in 2008-09, \$0.343 million in 2009-10 and \$0.350 million in 2010-11 under *Appropriation Bill No.1* for this measure, which will contribute to Outcome 1. Further description of this measure is contained in Budget Paper No.2.

**Contributions to achievement of Outcome 1**

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

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

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

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

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

The department provides international services to State, Territory and Federal parliamentarians including support for their visits overseas and those of their overseas

counterparts to Australia. Services to attached agencies overseas are provided under a Service Level Agreement (SLA). Business, other community groups and State, Territory and Federal government agencies are supported through the provision of information about Australia's international interests and obligations and through representations to foreign governments.

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

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

**Performance information for Outcome 1**

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

Performance information for administered items, individual outputs and output groups relating to the department are summarised in Table 3.2.

The Agency Overview contains specific and measurable priorities for 2007-08 against the department's outcomes. The department's performance reporting for 2007-08 (contained in the Annual Report) will measure the implementation of these priorities in conjunction with the effectiveness indicators below, demonstrating the linkage between the Agency Overview and performance reporting.

**Table 3.2: 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 preventing the proliferation of weapons of mass destruction and their means of delivery, as well as illicit trade in certain small arms and light weapons.</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 and energy-related issues consistent with Australian policy positions.</p> <p>Contribution to the development of a strong international legal framework.</p> <p>Encouragement of wider international application of universal human rights standards, democratic principles and good governance.</p>
<b>Performance information for departmental outputs</b>	
<b>Output 1.1: Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity</b>	
	<p><i>Quality</i></p> <p>Satisfaction of portfolio ministers with the department's policy advice, analysis, speeches and briefings, including the department's contribution to the development of policies of other Australian Government agencies which have an international dimension.</p> <p>Satisfaction of portfolio ministers with the protection and advancement of Australia's international interests, including the conduct and timeliness of bilateral and multilateral negotiations, effective advocacy and representations, post reporting and the organisation of official programs.</p> <p>Strong capacity to assess, analyse and advise on responses to international developments.</p>

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

	<p><i>Quantity</i></p> <p>Scope and composition of the DFAT-managed diplomatic network.</p> <p>Number of units of policy advice delivered, including ministerial and cabinet submissions, ministerial correspondence, and speeches and briefings including parliamentary briefings.</p> <p>Number of consultations conducted with other Australian Government agencies, state and territory governments, business and non-government organisations in the context of the department's development of foreign and trade policy advice.</p> <p>Number of representations made to other governments and international organisations in support of Australia's international interests.</p> <p>Number of international meetings or negotiations attended, including on behalf of other Australian Government agencies.</p> <p>Number of official programs prepared for portfolio ministers and senior officials.</p> <p>Number of official programs prepared for the Prime Minister, other Australian Government ministers and senior officials.</p> <p>Number of reporting cables produced by our overseas posts.</p> <p>Number of occasions on which the department has contributed to the development of policies by other Australian Government agencies.</p> <p>Number of Foreign Affairs Council and Trade Policy Advisory Council meetings organised.</p> <p><i>Price</i></p> <p>\$357.604 million</p>
	<p><b>Output 1.2: Secure government communications and security of overseas missions</b></p> <p><i>Quality</i></p> <p>Client satisfaction with the secure communications network and secure telecommunications infrastructure.</p> <p>Availability to clients, and reliability, of communications through the secure network (including cable delivery).</p> <p>Client satisfaction with the level of physical security at overseas chanceries and residences, including responsiveness to unexpected events.</p> <p><i>Quantity</i></p> <p>Number of posts and Australian Government entities with access to the secure communications network and secure telecommunications infrastructure.</p> <p>Number of clients serviced, types of services provided and volume of traffic handled.</p> <p>Number of visits to overseas missions to address protective security issues.</p> <p>Number of security clearances and reviews processed.</p> <p><i>Price</i></p> <p>\$125.723 million</p>

**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>	
	<i>Quality</i> Client satisfaction with briefing, administrative, visit facilitation, communications and other services provided.
	<i>Quantity</i> Scope and composition of administrative services provided to other agencies overseas. Number of official programs organised for members of the Australian Parliament (excluding the Prime Minister or ministers) and parliamentary delegations. Number of services provided to parliamentary committees. Number of overseas visits by representatives of state or territory governments, and by state and territory parliamentarians, supported by the department. Number of Australian companies supported by the department with advice on market conditions, access to government and private sector contacts, and through representations directly connected with their particular interests.
	<i>Price</i> \$101.132 million
<b>Output 1.4: Services to diplomatic and consular representatives in Australia</b>	
	<i>Quality</i> Client satisfaction with the provision of services to diplomatic and consular representatives.
	<i>Quantity</i> Number of diplomatic and consular representatives for whom the department provides services. Number and category of services provided.
	<i>Price</i> \$4.195 million
<b>Performance information for Administered Items</b>	
<b>Contributions to international organisations</b>	
	<i>Quality</i> Efficiency and timeliness of administration of contributions paid in accordance with the requirements of relevant organisations.
	<i>Quantity</i> Number of international organisations to which Australia contributes.
	<i>Price</i> \$208.620 million
<b>Export Finance and Insurance Corporation National Interest Account</b>	
	<i>Quality</i> National interest payments and receipts managed in accordance with the national interest provisions of the <i>Export Finance and Insurance Corporation Act 1991</i> .
	<i>Quantity</i> Value of exports supported on EFIC's National Interest Account; value of claims paid on National Interest Account business.
	<i>Price</i> \$8.200 million
<b>Compensation for detriment caused by defective administration</b>	
	<i>Quality</i> Efficiency and timeliness of case management, where necessary.
	<i>Quantity</i> Where necessary, number of cases successfully managed.
	<i>Price</i> \$0.054 million

## **Evaluations for Outcome 1**

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

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

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

## **Competitive tendering and contracting**

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

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

## Outcome 2 resourcing

Table 3.1 below shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 2, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Administered appropriations</b>		
Bill No 1	500	500
Special Appropriation	500	500
<b>Total administered appropriations</b>	<b>1,000</b>	<b>1,000</b>
<b>Departmental appropriations</b>		
Output 2.1	296,776	211,521
<b>Total revenue from government (appropriations)</b>	<b>296,776</b>	<b>211,521</b>
<b>Contributing to price of departmental outputs</b>	<b>100%</b>	<b>100%</b>
<b>Other resources available to be used</b>		
Output 2.1	-	-
<b>Total revenue from other sources</b>	<b>-</b>	<b>-</b>
<b>Total resources</b>		
(Total revenue from government and from other sources)	296,776	211,521
<b>Total estimated resourcing for Outcome 2</b>	<b>297,776</b>	<b>212,521</b>
(Total price of outputs and administered appropriations)		
	2006-07	2007-08
<b>Average staffing level (number)</b>	<b>817</b>	<b>844</b>

## Measures affecting Outcome 2

### Consular emergency services – reallocation of funding

The department will provide for this new measure, which will contribute to Outcome 2, within current funding levels. Further description of this measure is contained in Budget Paper No.2.

### Passport Fees – CPI indexation

This measure increases the fees charged for passports and other travel documents in line with the movement in the Consumer Price Index. The department will collect on behalf of the Government \$8.500 million in 2007-08, \$14.900 million in 2008-09, \$20.400 million in 2009-10 and \$26.600 million in 2010-11. Further description of this measure is contained in Budget Paper No.2.

## **Contributions to achievement of Outcome 2**

### **Output 2.1: Consular and passport services**

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

### **Performance information for Outcome 2**

Performance information for administered items, individual outputs and output groups relating to the department are summarised in Table 3.2 below.



**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>	
	<i>Quality</i>
	Satisfaction of the public and travel industry with consular services.
	Extent to which highly developed crisis management procedures are in place and tested.
	Client satisfaction with the suitability and effectiveness of contingency plans at overseas missions.
	Response time to consular issues.
	<i>Quantity</i>
	Number of Australians assisted overseas, including the number of public inquiries handled, notarial acts performed and travel advisories issued.
	Number of unexpected events or crises handled by the department, number of associated Emergency Task Force meetings held, and the duration of Crisis Centre operations.
<b>Passport services</b>	
	<i>Quality</i>
	Satisfaction of the public and travel industry with passport services.
	Turnaround time for passport issue, including urgent issues.
	<i>Quantity</i>
	Number of passport inquiries handled by the Australian Passport Information Service.
	Number of travel documents issued, including urgent issues.
	<i>Price</i>
	\$211.521 million
<b>Performance information for Administered Items</b>	
<b>Travellers emergency loans</b>	
	<i>Quality</i>
	Travellers emergency loans granted to Australian travellers in accordance with the guidelines laid down in the Consular Handbook.
	<i>Quantity</i>
	Number of Australian travellers assisted by emergency loans.
	Success of debt recovery activities.
	<i>Price</i>
	\$0.300 million
<b>Consular emergency services</b>	
	<i>Quality</i>
	Consular emergency services provided to Australian travellers in accordance with the guidelines laid down in the Consular Handbook.
	<i>Quantity</i>
	Number of Australian travellers assisted by emergency services.
	<i>Price</i>
	\$0.200 million

*DFAT Budget Statement: Outcomes*

**Evaluations for Outcome 2**

See description contained in 'Evaluations for Outcome 1'.

**Competitive tendering and contracting**

See description contained in 'Competitive tendering and contracting' under Outcome 1.

### Outcome 3 resourcing

Table 3.1 below shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 3, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Administered appropriations</b>		
Bill No 1	22,720	24,778
Special Appropriation	-	-
<b>Total administered appropriations</b>	<b>22,720</b>	<b>24,778</b>
<b>Departmental appropriations</b>		
Output 3.1	48,425	53,993
<b>Total revenue from government (appropriations)</b>	<b>48,425</b>	<b>53,993</b>
<b>Contributing to price of departmental outputs</b>	<b>99%</b>	<b>99%</b>
<b>Other resources available to be used</b>		
Administered Item 1	2,029	-
Output 3.1	648	697
<b>Total revenue from other sources</b>	<b>2,677</b>	<b>697</b>
<b>Total resources</b> (Total revenue from government and from other sources)	<b>51,102</b>	<b>54,690</b>
<b>Total estimated resourcing for Outcome 3</b> (Total price of outputs and administered appropriations)	<b>73,822</b>	<b>79,468</b>
	2006-07	2007-08
<b>Average staffing level (number)</b>	<b>220</b>	<b>219</b>

### Measures affecting Outcome 3

#### Shanghai World Expo 2010 – planning and design

The department will receive \$1.5 million in 2007-08 under *Appropriation Bill No.1* for this measure, which will contribute to Outcome 3. Further description of this measure is contained in Budget Paper No.2.

#### Australia on the world stage - enhancement

The department will receive \$2.584 million in 2007-08, \$4.008 million in 2008-09, \$6.828 million in 2009-10 and \$6.932 million in 2010-11 under *Appropriation Bill No.1* for this measure, which will contribute to Outcome 3. Further description of this measure is contained in Budget Paper No.2.

**International Relations Grants Programme - continuation of funding**

This measure, which will contribute to Outcome 3, provides for the continuation of funding for this programme. Further description of this measure is contained in Budget Paper No.2.

**Contributions to achievement of Outcome 3**

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

The department provides information services and manages a range of public diplomacy programmes both overseas and in Australia aimed at promoting a positive image of Australia internationally and increasing public understanding of Australia's foreign and trade policies. The department operates a 24-hour media inquiries service and comprehensive websites, conducts regular media briefings and issues media releases.

**Performance information for Outcome 3**

Performance information for administered items, individual outputs and output groups relating to the department are summarised in Table 3.2.

**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>	
	<i>Quality</i>
	Satisfaction, particularly of ministers, with the provision and impact of public diplomacy and information activities in Australia and the degree to which a positive image of Australia is projected internationally and Australia's profile raised.
	Timeliness and relevance of cultural and media activities and publications.
	Number of departmentally processed Freedom of Information and Archives requests not subject to requests for review and appeal.
	<i>Quantity</i>
	Number of Australian performing groups, artists, exhibitors and other cultural visitors supported.
	Number of public briefings given by departmental staff in Australia and overseas.
	Number of other public diplomacy/cultural activities organised.
	Number of media-related inquiries handled by the media liaison section.
	Number of visits organised under the International Media Visits Program, the Special Visits Program and the International Cultural Visits Program.
	Number of publications produced and number of copies distributed.
	Number of statistical services provided to external clients.
	Number of treaties maintained on, and added to, the international treaties database.
	Number of Freedom of Information requests processed.
	Number of records assessed for international relations sensitivities before release under the <i>Archives Act 1983</i> and number of completed requests for archival information.
	<i>Price</i>
	\$54.69 million

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

<b>Performance information for Administered Items</b>	
<b>Grants</b>	
	<i>Quality</i>
	Grants administered in accordance with Government guidelines on the administration of the Discretionary Grants Program.
	<i>Quantity</i>
	Number of grants.
	<i>Price</i>
	\$4.541 million
<b>Australia Network - Australia's Asia-Pacific Television Service</b>	
	<i>Quality</i>
	Australia Network - Australia's Asia Pacific television service to meet its contractual obligations with the department in regard to the quality, coverage and management of the television service.
	<i>Quantity</i>
	Performance of the television service measured by tests and assessments prescribed in the contract.
	<i>Price</i>
	\$18.737 million
<b>Shanghai World Expo 2010 - planning and design</b>	
	<i>Quality</i>
	Stakeholder satisfaction with design and other plans produced.
	<i>Quantity</i>
	The number of planning and design options produced.
	<i>Price</i>
	\$1.500 million

### Evaluations for Outcome 3

See description contained in 'Evaluations for Outcome 1'.

### Competitive tendering and contracting

See description contained in 'Competitive tendering and contracting' under Outcome 1.

## Outcome 4 resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 4, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Administered appropriations</b>		
Bill No 1	-	-
Special Appropriation	-	-
<b>Total administered appropriations</b>	-	-
<b>Departmental appropriations</b>		
Output 4.1	-	-
<b>Total revenue from government (appropriations)</b>	-	-
<b>Contributing to price of departmental outputs</b>	0%	0%
<b>Other resources available to be used</b>		
Output 4.1	49,771	52,725
<b>Total revenue from other sources</b>	49,771	52,725
<b>Total resources</b> (Total revenue from government and from other sources)	49,771	52,725
<b>Total estimated resourcing for Outcome 3</b> (Total price of outputs and administered appropriations)	49,771	52,725
	2006-07	2007-08
<b>Average staffing level (number)</b>	21	24

## Measures affecting Outcome 4

### Kenya – acquisition of land and construction of new chancery in Nairobi

This measure, which will contribute to Outcome 4, will involve \$4.200 million in 2007-08 and \$5.500 million in 2008-09 from the Overseas Property Special Account. Further description of this measure is contained in Budget Paper No.2.

### France - refurbishment of chancery in Paris

This measure, which will contribute to Outcome 4, will involve \$0.500 million in 2007-08, \$5.500 million in 2008-09, \$12.000 million in 2008-09 and \$10.300 million in 2010-11 from the Overseas Property Special Account. Further description of this measure is contained in Budget Paper No.2.

### Japan - refurbishment of apartments in Tokyo

This measure, which will contribute to Outcome 4, will involve \$1.300 million in 2007-08, \$14.600 million in 2008-09 and \$6.100 million in 2008-09 from the Overseas

Property Special Account. Further description of this measure is contained in Budget Paper No.2.

#### **Contributions to achievement of Outcome 4**

##### **Output 4.1: Property Management, and**

##### **Output 4.2: Contract Management**

The Overseas Property Office (OPO) manages the Government's owned overseas property portfolio on a commercial basis. The owned overseas estate comprises office and staff residential accommodation in 61 locations, with a market value in the order of \$1.4 billion. The OPO manages the overseas estate through a five-year rolling programme for major expenditure and capital works.

#### **Performance information for Outcome 4**

Performance information for administered items, individual outputs and output groups relating to the department are summarised in Table 3.2.



**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 Australian Government Property Ownership Framework.	
Australian Government representatives overseas provided with appropriate accommodation, including through effective management of the United Group Services strategic alliance contract.	
Efficient financial and physical management of assets.	
<b>Performance information for departmental outputs</b>	
<b>Output 4.1 — Property management</b>	
	<i>Quality</i>
	Portfolio condition to be maintained to industry standards.
	Tenant satisfaction to be reviewed by annual survey.
	<i>Quantity</i>
	Return on investment to be compared with external industry benchmarks and the agreed annual requirement as determined each year.
	Management expense ratio to be consistent with external industry benchmarks.
	Pay agreed annual dividend to Government.
	<i>Price</i>
	\$158.894 million*
<b>Output 4.2 — Contract management</b>	
	<i>Quality</i>
	Efficient and effective management of construction projects for new capital works.
	Ensuring measurement of contractual outcomes required of United Group Services.
	Tenant satisfaction with United Group Services contract delivery.
	<i>Quantity</i>
	Number of project contracts managed.
	Number of calls answered by United Group Services call centre and agreed response times for successful service delivery achieved.
	<i>Price</i>
	Nil

\* Price shown under this outcome includes an amount of \$106.169 million for rent paid by DFAT to the Overseas Property Office for services provided to DFAT's overseas diplomatic network.

**Evaluations for Outcome 4**

See description contained in 'Evaluations for Outcome 1'.

**Competitive tendering and contracting**

See description contained in 'Competitive tendering and contracting' under Outcome 1.

## Section 4: Other reporting requirements

### 4.1 PURCHASER-PROVIDER ARRANGEMENTS

#### 4.1.1 Cross agency overview

The department has a cross agency arrangement, the Service Level Agreement (SLA), under which it provides common administrative services to Australian Government agencies overseas. The current SLA agreement covers the period September 2004 to June 2007. During 2006-07, the department provided services under the SLA to:

AusAID (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 Defence  
Department of Education, Science and Training  
Department of Employment and Workplace Relations  
Department of Family, Community Services and Indigenous Affairs  
Department of Health and Ageing (Therapeutic Goods Administration)  
Department of Immigration and Citizenship  
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 Citizenship, the Department of Defence, AusAID, the Australian Federal Police and the Department of Education, Science and Training are the main purchasers of services under the SLA.

*DFAT Budget Statement: Other reporting requirements*

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 and divisions of agencies:

Attorney-General's Department  
Australian Transaction Reports and Analysis Centre  
AusAID  
Australian Antarctic Division  
Australian Centre for International Agricultural Research  
Australian Customs Service  
Australian Federal Police  
Australian Institute of Criminology  
Australian Nuclear Science and Technology Organisation  
Australian Radiation Protection and National Safety Authority  
Australian Trade Commission  
Defence Intelligence Organisation  
Department of Agriculture, Fisheries and Forestry  
Department of Communications, Information and the Arts  
Department of Defence  
Department of Education, Science and Training  
Department of Employment and Workplace Relations  
Department of Environment and Heritage  
Department of Finance and Administration  
Department of Health and Ageing  
Department of Immigration and Multicultural Affairs  
Department of Industry, Tourism and Resources  
Department of the Prime Minister and Cabinet  
Department of Transport and Regional Services  
Department of the Treasury  
Department of Veteran Affairs  
Export Finance and Insurance Corporation  
National Library of Australia  
Office of National Assessments  
Parliamentary Relations Office  
Therapeutic Goods Administration

The department also provides ICT services to the New Zealand Ministry of Foreign Affairs and International Trade.

**Responsibility**

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

## **4.2 COST RECOVERY ARRANGEMENTS**

In 2006-07, in accordance with the Government's cost recovery review schedule, the department completed a review of its cost recovery arrangements to ensure compliance with the Australian Government Cost Recovery Guidelines. In undertaking the review it was found that all the department's activities involving revenue collection, including revenue collection for Australian passport applications and for inter-governmental charging, were exempt under the Guidelines.

*DFAT Budget Statement: Other reporting requirements*

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

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

## Section 5: Budgeted financial statements

### 5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

#### Budget Departmental Statement of Financial Performance

The department will receive additional appropriation funding of \$2.7 million (excluding capital funding) in 2007-08. This comprises funding of \$8.5 million for new measures (Figure 2.2 in Section 2 refers) less \$5.8 million in other adjustments, primarily relating to foreign exchange and inflation.

In 2007-08, the Overseas Property Office is forecasting to return \$7.3 million to the Official Public Account in the form of a dividend payment.

#### Budgeted Departmental State of Financial Position

For 2007-08, the Department's non financial asset position is budgeted to be \$1,881.8 million at year-end. The major asset component is \$1,627.2 million for Land and Buildings which includes \$1,436.8 million managed by the Overseas Property Office.

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

Total administered revenues have been budgeted at \$277.1 million in 2007-08. Total revenue is estimated to increase by \$15.6 million from the *Portfolio Budget Statements 2006-07*. This is primarily due to an increase in projected passport revenue offset by an expected decrease in interest revenue collected from EFIC due to the early settlement of the Russian Government debt on the National Interest Account.

Total expenses administered on behalf of government are budgeted at \$249.5 million in 2007-08. The major components are contributions to international organisations, payments to the ABC Australia Network television service, expenses associated with the EFIC National Interest Account (NIA) and payments under the International Relations Grants Programme. Total estimated expenses have increased by approximately \$44.1 million from the *Portfolio Budget Statements 2006-07*, primarily due to a forecast increase in payments to international organisations and the Australia Network expense measure included in the *Portfolio Additional Estimates Statements 2006-07*.

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

Asset and liabilities are budgeted at \$355.8 million and \$183.7 million respectively for the year ending 30 June 2008. The assets mainly represent the whole of government

*DFAT Budget Statement: Budgeted financial statements*

component of the National Interest Account. Liabilities comprise primarily amounts relating to the National Interest Account and Locally Engaged Staff Pension Schemes. Changes to the schedule of budgeted assets and liabilities administered on behalf of the government since the *Portfolio Budget Statements 2006-07* reflect fair value adjustments required under the new Australian Equivalents to International Financial Reporting Standards (AEIFRS) and the subsequent adjustment for the disposal of the investment in the Australian Trade Commission (following its change to an FMA Agency on 1 July 2006) and the early repayment of the Russian Government NIA debt receivable in August 2006.



## 5.2: BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement (for the period ended 30 June 2008)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	842,183	810,425	827,788	832,008	824,631
Goods and services	91,462	97,732	97,184	85,725	87,872
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Other	1,100	1,100	1,100	1,521	1,911
<b>Total revenue</b>	<b>934,745</b>	<b>909,257</b>	<b>926,072</b>	<b>919,254</b>	<b>914,414</b>
<b>Gains</b>					
Net foreign exchange gains	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other	390	390	390	390	390
<b>Total gains</b>	<b>390</b>	<b>390</b>	<b>390</b>	<b>390</b>	<b>390</b>
<b>Total income</b>	<b>935,135</b>	<b>909,647</b>	<b>926,462</b>	<b>919,644</b>	<b>914,804</b>
<b>EXPENSE</b>					
Employees	353,869	370,627	379,521	387,994	344,973
Suppliers	388,002	360,579	369,558	383,598	422,355
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Depreciation and amortisation	70,746	75,668	78,844	87,317	89,135
Finance costs	673	649	624	457	400
Write-down of assets and impairment of assets	5,474	28,004	3,360	-	-
Net losses from sale of assets	477	4	910	800	-
Net foreign exchange losses	-	-	-	-	-
Other	-	-	-	-	-
<b>Total expenses</b>	<b>819,241</b>	<b>835,531</b>	<b>832,817</b>	<b>860,166</b>	<b>856,863</b>
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-

**Table 5.1: Budgeted departmental income statement (for the period ended 30 June 2008) (continued)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000	Forw ard estimate 2010-11 \$'000
<b>Operating result from continuing operations</b>	115,894	74,116	93,645	59,478	57,941
Operating result from discontinued operations	-	-	-	-	-
Gain (loss) on remeasuring discontinued operations	-	-	-	-	-
<b>Operating result</b>	115,894	74,116	93,645	59,478	57,941
Minority interest in net surplus or (deficit)	-	-	-	-	-
<b>Net surplus or (deficit) attributable to the Australian Government</b>	115,894	74,116	93,645	59,478	57,941

**Table 5.2: Budgeted departmental balance sheet (as at 30 June 2008)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	39,610	41,557	41,583	41,609	41,638
Receivables	309,651	389,000	360,966	404,490	404,521
Investments accounted for under the equity method	-	-	-	-	-
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	-	-	-	-	-
Other investments	-	-	-	-	-
Tax assets	-	-	-	-	-
Accrued revenues	543	543	543	543	543
Other	-	-	-	-	-
<b>Total financial assets</b>	<b>349,804</b>	<b>431,100</b>	<b>403,092</b>	<b>446,642</b>	<b>446,702</b>
<b>Non-financial assets</b>					
Land and buildings	1,576,301	1,627,201	1,659,355	1,663,489	1,781,804
Infrastructure, plant and equipment	118,267	105,374	92,208	155,106	153,549
Investment properties	9,082	9,082	9,082	9,082	9,082
Heritage and cultural assets	-	-	-	-	-
Inventories	22,335	22,335	22,335	22,335	22,335
Intangibles	16,847	26,286	25,392	18,950	17,801
Biological assets	-	-	-	-	-
Assets held for sale	1,145	1,145	1,145	1,145	1,145
Other	120,729	90,361	138,252	184,887	121,231
<b>Total non-financial assets</b>	<b>1,864,706</b>	<b>1,881,784</b>	<b>1,947,769</b>	<b>2,054,994</b>	<b>2,106,947</b>
<b>Total assets</b>	<b>2,214,510</b>	<b>2,312,884</b>	<b>2,350,861</b>	<b>2,501,636</b>	<b>2,553,649</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Loans	-	-	-	-	-
Leases	2,215	1,460	649	-	-
Deposits	-	-	-	-	-
Overdraft	-	-	-	-	-
Other	-	-	-	-	-
<b>Total interest bearing liabilities</b>	<b>2,215</b>	<b>1,460</b>	<b>649</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>					
Employees	106,516	106,226	106,270	106,411	106,430
Other	-	-	-	-	-
<b>Total provisions</b>	<b>106,516</b>	<b>106,226</b>	<b>106,270</b>	<b>106,411</b>	<b>106,430</b>
<b>Payables</b>					
Suppliers	53,306	61,098	61,089	51,283	51,273
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Finance costs	-	-	-	-	-
Other	17,087	17,779	18,486	19,029	19,029
<b>Total payables</b>	<b>70,393</b>	<b>78,877</b>	<b>79,575</b>	<b>70,312</b>	<b>70,302</b>
Liabilities included in disposal groups held for sale	-	-	-	-	-
<b>Total liabilities</b>	<b>179,124</b>	<b>186,563</b>	<b>186,494</b>	<b>176,723</b>	<b>176,732</b>

**Table 5.2: Budgeted departmental balance sheet (as at 30 June 2008)**  
(continued)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	1,480,073	1,491,706	1,521,681	1,616,617	1,616,617
Reserves	239,366	251,965	253,385	259,517	253,580
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	315,947	382,650	389,301	448,779	506,720
<b>Total parent entity interest</b>	<b>2,035,386</b>	<b>2,126,321</b>	<b>2,164,367</b>	<b>2,324,913</b>	<b>2,376,917</b>
<b>Minority interest</b>					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
<b>Total minority interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>2,035,386</b>	<b>2,126,321</b>	<b>2,164,367</b>	<b>2,324,913</b>	<b>2,376,917</b>
<b>Current assets</b>	<b>373,284</b>	<b>454,580</b>	<b>426,572</b>	<b>470,122</b>	<b>470,182</b>
<b>Non-current assets</b>	<b>1,841,226</b>	<b>1,858,304</b>	<b>1,924,289</b>	<b>2,031,514</b>	<b>2,083,467</b>
<b>Current liabilities</b>	<b>163,068</b>	<b>169,841</b>	<b>169,778</b>	<b>160,883</b>	<b>160,891</b>
<b>Non-current liabilities</b>	<b>16,056</b>	<b>16,722</b>	<b>16,716</b>	<b>15,840</b>	<b>15,841</b>

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

**Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June 2008)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	90,784	97,040	96,476	85,184	87,872
Appropriations	898,602	763,203	790,596	758,202	821,357
Interest					
Dividends					
GST Receipts	19,008	19,362	19,362	19,362	19,362
Other	1,469	1,479	1,116	1,931	1,931
<b>Total cash received</b>	<b>1,009,863</b>	<b>881,084</b>	<b>907,550</b>	<b>864,679</b>	<b>930,522</b>
<b>Cash used</b>					
Employees	354,987	371,769	380,753	387,936	344,954
Suppliers	389,121	344,312	367,768	367,495	421,975
Grants					
Borrowing costs			20	20	400
GST Payments	19,377	19,637	19,362	19,362	19,362
Other	20	20	20	20	-
<b>Total cash used</b>	<b>763,505</b>	<b>735,738</b>	<b>767,923</b>	<b>774,833</b>	<b>786,691</b>
<b>Net cash from or (used by) operating activities</b>	<b>246,358</b>	<b>145,346</b>	<b>139,627</b>	<b>89,846</b>	<b>143,831</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	11,100	2,434	4,769	4,497	-
Proceeds from sales of financial instruments					
Investments					
Other					
<b>Total cash received</b>	<b>11,100</b>	<b>2,434</b>	<b>4,769</b>	<b>4,497</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	208,143	52,736	59,996	118,080	98,059
Purchase of financial instruments					
Investments					
Other	53,070	49,546	86,987	106,678	48,966
<b>Total cash used</b>	<b>261,213</b>	<b>102,282</b>	<b>146,983</b>	<b>224,758</b>	<b>147,025</b>
<b>Net cash from or (used by) investing activities</b>	<b>(250,113)</b>	<b>(99,848)</b>	<b>(142,214)</b>	<b>(220,261)</b>	<b>(147,025)</b>

**Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June 2008) (continued)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - Capital Injection	49,236	11,633	29,975	94,936	-
Proceeds from issuing financial instruments					
Other	(550)	(47,771)	59,632	35,505	3,223
<b>Total cash received</b>	<b>48,686</b>	<b>(36,138)</b>	<b>89,607</b>	<b>130,441</b>	<b>3,223</b>
<b>Cash used</b>					
Repayments of debt					
Dividends paid	25,837	7,344	84,731	-	-
Other	8,186	69	2,263	-	-
<b>Total cash used</b>	<b>34,023</b>	<b>7,413</b>	<b>86,994</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>	<b>14,663</b>	<b>(43,551)</b>	<b>2,613</b>	<b>130,441</b>	<b>3,223</b>
<b>Net increase or (decrease) in cash held</b>	<b>10,908</b>	<b>1,947</b>	<b>26</b>	<b>26</b>	<b>29</b>
Cash at the beginning of the reporting period	28,713	39,610	41,557	41,583	41,609
Effect of exchange rate movements on cash at the beginning of reporting period					
Net Cash from /(to) Clearing Accounts	(11)	-	-	-	-
<b>Cash at the end of the reporting period</b>	<b>39,610</b>	<b>41,557</b>	<b>41,583</b>	<b>41,609</b>	<b>41,638</b>

**Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2007</b>					
Balance carried forward from previous period	315,947	239,361	5	1,480,073	2,035,386
Adjustment for changes in accounting policies	-	-	-	-	-
<b>Adjusted opening balance</b>	315,947	239,361	5	1,480,073	2,035,386
<b>Income and expense</b>					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	12,599	-	-	12,599
<b>Sub-total income and expense</b>	-	12,599	-	-	12,599
Net operating result	74,116	-	-	-	74,116
<b>Total income and expenses recognised directly in equity</b>	74,116	12,599	-	-	86,715
<b>Transactions with owners</b>					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	(7,344)	-	-	-	(7,344)
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	11,633	11,633
Other:					
Restructuring	-	-	-	-	-
<i>Amount(to)/from OPA - Agency</i>					
Cash transfers to the OPA	(69)	-	-	-	(69)
<b>Sub-total transactions with owners</b>	(7,413)	-	-	11,633	4,220
Transfers between equity components	-	-	-	-	-
<b>Estimated closing balance as at 30 June 2008</b>	382,650	251,960	5	1,491,706	2,126,321

**Table 5.5: Departmental capital budget statement**

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	49,236	11,632	29,976	94,935	-
Appropriation of Previous Year Accrued Revenue	10,482	2,057			
<b>Total capital appropriations</b>	<b>59,718</b>	<b>13,689</b>	<b>29,976</b>	<b>94,935</b>	<b>-</b>
<b>Represented by:</b>					
Purchase of non-financial assets	49,236	11,632	29,976	94,935	-
Other	10,482	2,057			
<b>Total represented by</b>	<b>59,718</b>	<b>13,689</b>	<b>29,976</b>	<b>94,935</b>	<b>-</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	49,236	11,632	29,976	94,935	-
Funded internally by Departmental resources	176,712	129,320	74,437	56,636	210,681
<b>Total</b>	<b>225,948</b>	<b>140,952</b>	<b>104,413</b>	<b>151,571</b>	<b>210,681</b>



**Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)**

	Land	Investment	Buildings	Specialist	Other	Heritage	Computer	Other	Total
	property								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2007</b>									
Gross book value	777,924	9,082	816,683	-	155,990	-	49,626	-	1,809,305
Accumulated depreciation	-	-	(18,306)	-	(37,723)	-	(32,779)	-	(88,808)
<b>Opening net book value</b>	<b>777,924</b>	<b>9,082</b>	<b>798,377</b>	<b>-</b>	<b>118,267</b>	<b>-</b>	<b>16,847</b>	<b>-</b>	<b>1,720,497</b>
Additions:									
by purchase	13,000	-	94,969	-	13,591	-	19,393	-	140,953
by finance lease	-	-	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	12,574	-	(28,004)	-	25	-	-	-	(15,405)
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	(41,566)	-	(24,148)	-	(9,954)	-	(75,668)
Impairments recognised in operating result	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	(73)	-	-	-	(2,361)	-	-	-	(2,434)
<b>As at 30 June 2008</b>									
Gross book value	803,425	9,082	883,648	-	167,245	-	69,019	-	1,932,419
Accumulated depreciation	-	-	(59,872)	-	(61,871)	-	(42,733)	-	(164,476)
<b>Estimated closing net book value</b>	<b>803,425</b>	<b>9,082</b>	<b>823,776</b>	<b>-</b>	<b>105,374</b>	<b>-</b>	<b>26,286</b>	<b>-</b>	<b>1,767,943</b>

**Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June 2008)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	-	-	-	-	-
<b>Total taxation</b>	-	-	-	-	-
<b>Non-taxation</b>					
Goods and services	227,300	248,028	277,686	272,962	284,937
Fees and fines	-	-	-	-	-
Interest	16,149	6,500	6,300	6,100	6,100
Dividends	14,400	12,200	15,000	15,000	15,000
Other sources of non-taxation revenues	19,990	10,360	7,420	7,480	7,740
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
<b>Total non-taxation</b>	277,839	277,088	306,406	301,542	313,777
<b>Total revenues administered on behalf of Government</b>	277,839	277,088	306,406	301,542	313,777
<b>Gains</b>					
Foreign exchange	-	-	-	-	-
Sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Reversal of previous asset writedowns	-	-	-	-	-
<b>Total gains administered on behalf of Government</b>	-	-	-	-	-
<b>Total income administered on behalf of Government</b>	-	-	-	-	-
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	180,607	213,361	213,361	213,361	213,361
Subsidies	-	-	-	-	-
Personal benefits	2,450	2,200	1,950	1,950	1,700
Employees	-	-	-	-	-
Suppliers	1,501	21,767	20,385	20,867	20,956
Depreciation and amortisation	-	-	-	-	-
Write down and impairment of assets	-	-	-	-	-
Finance costs	15,400	8,600	8,200	7,800	7,600
Other	21,821	3,600	3,000	2,500	1,700
Asset sales	-	-	-	-	-
Foreign exchange	-	-	-	-	-
<b>Total expenses administered on behalf of Government</b>	221,779	249,528	246,896	246,478	245,317

**Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June 2008)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	5,220	5,220	5,220	5,220	5,220
Receivables	27,488	27,788	28,088	28,088	28,088
Taxation receivables	-	-	-	-	-
Investments	321,700	321,700	321,700	321,700	321,700
Accrued Revenues	1,121	1,121	1,121	1,121	1,121
Other financial assets	-	-	-	-	-
<b>Total financial assets</b>	<b>355,529</b>	<b>355,829</b>	<b>356,129</b>	<b>356,129</b>	<b>356,129</b>
<b>Non-financial assets</b>					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	-	-	-	-	-
Investment properties	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	-	-	-	-	-
Biological assets	-	-	-	-	-
Other	-	-	-	-	-
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets administered on behalf of Government</b>	<b>355,529</b>	<b>355,829</b>	<b>356,129</b>	<b>356,129</b>	<b>356,129</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Interest bearing liabilities</b>					
Australian Government securities	-	-	-	-	-
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Other	114,270	114,270	114,270	114,270	114,270
<b>Total interest bearing liabilities</b>	<b>114,270</b>	<b>114,270</b>	<b>114,270</b>	<b>114,270</b>	<b>114,270</b>
<b>Provisions</b>					
Employees	-	-	-	-	-
Taxation refunds provided	-	-	-	-	-
Australian currency on issue	-	-	-	-	-
Other provisions	41,494	41,494	41,494	41,494	41,494
<b>Total provisions</b>	<b>41,494</b>	<b>41,494</b>	<b>41,494</b>	<b>41,494</b>	<b>41,494</b>

**Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June 2008) (continued)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000	Forw ard estimate 2010-11 \$'000
<b>Payables</b>					
Suppliers	220	220	220	220	220
Subsidies					
Personal benefits payable					
Grants					
Other payables	30,874	27,674	24,974	22,574	20,574
<b>Total payables</b>	<b>31,094</b>	<b>27,894</b>	<b>25,194</b>	<b>22,794</b>	<b>20,794</b>
Liabilities included in disposal groups held for sale	-	-	-	-	-
<b>Total liabilities administered on behalf of Government</b>	<b>186,858</b>	<b>183,658</b>	<b>180,958</b>	<b>178,558</b>	<b>176,558</b>

**Table 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June 2008)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Taxes	-	-	-	-	-
Fees	-	-	-	-	-
Sales of goods and rendering of services	227,300	248,028	277,686	272,962	284,937
Interest	113,580	100	100	100	100
Dividends	14,400	12,200	15,000	15,000	15,000
Net GST received	-	-	-	-	-
Other	19,990	7,160	4,720	5,080	5,740
<b>Total cash received</b>	<b>375,270</b>	<b>267,488</b>	<b>297,506</b>	<b>293,142</b>	<b>305,777</b>
<b>Cash used</b>					
Borrowing costs	11,400	4,600	4,200	3,800	7,600
Employees	-	-	-	-	-
Grant payments	180,607	213,661	213,661	213,361	213,361
Subsidies paid	-	-	-	-	-
Personal benefits	2,450	2,200	1,950	1,950	1,700
Suppliers	1,501	21,767	20,385	20,867	20,956
Net GST paid	-	-	-	-	-
Other	21,821	3,579	2,948	2,432	1,711
<b>Total cash used</b>	<b>217,779</b>	<b>245,807</b>	<b>243,144</b>	<b>242,410</b>	<b>245,328</b>
<b>Net cash from or (used by) operating activities</b>	<b>157,491</b>	<b>21,681</b>	<b>54,362</b>	<b>50,732</b>	<b>60,449</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment and intangibles	-	-	-	-	-
Proceeds from sales of investments	-	-	-	-	-
Repayments of advances	-	-	-	-	-
Transfers from other entities	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June 2008) (continued)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	-	-	-	-	-
Advances and loans made	-	-	-	-	-
Transfers to other entities	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from or (used by) investing activities</b>	-	-	-	-	-
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from borrowing	-	-	-	-	-
Cash from Official Public Account	217,779	245,807	243,144	242,410	245,328
Other	700	700	700	700	-
<b>Total cash received</b>	218,479	246,507	243,844	243,110	245,328
<b>Cash used</b>					
Net repayment of borrowings	-	-	-	-	-
Dividends paid	-	-	-	-	-
Cash to Official Public Account	375,270	267,488	297,506	293,142	305,777
Other	700	700	700	700	-
<b>Total cash used</b>	375,970	268,188	298,206	293,842	305,777
<b>Net cash from or (used by) financing activities</b>	(157,491)	(21,681)	(54,362)	(50,732)	(60,449)
<b>Net increase or (decrease) in cash held</b>	-	-	-	-	-
Cash at beginning of reporting period	5,220	5,220	5,220	5,220	5,220
Cash from Official Public Account for:					
- appropriations	-	-	-	-	-
- special accounts	-	-	-	-	-
Transfers from other entities (Finance - Whole of Government)	-	-	-	-	-
Cash to Official Public Account for:					
- appropriations	-	-	-	-	-
- special accounts	-	-	-	-	-
Transfers to other entities (Finance - Whole of Government)	-	-	-	-	-
Effect of exchange rate movements on cash at beginning of reporting period	-	-	-	-	-
<b>Cash at end of reporting period</b>	5,220	5,220	5,220	5,220	5,220

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

Not applicable to the department.

**Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget Year 2007-08)**

Not applicable to the department.



## 5.3 NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

*DFAT Budget Statement: Budgeted financial statements*

**Administered investments in controlled entities**

The department has one administered investment in the Export Finance and Insurance Corporation with an estimated asset value of \$321.7 million as at 30 June 2008.

**Asset valuation**

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

# AUSTRALIAN TRADE COMMISSION

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## **AUSTRALIAN TRADE COMMISSION**

### **Section 1: Overview**

The Australian Trade Commission (Austrade) is the Australian Government's export and international business facilitation agency. It supports Australian companies to access overseas markets, export market development grants and international opportunities through Austrade offices overseas and across Australia and through partners across Australia. As the Australian Government's principal trade and international business facilitation agency, operating as a statutory agency within the Foreign Affairs and Trade portfolio, Austrade's mandate is to help Australian businesses reduce the time, cost and risks involved in entering overseas markets and expanding commerce in these markets.

Austrade delivers:

- International business opportunities to Australians;
- Export and outward investment services;
- Administration of the Export Market Development Grants (EMDG) scheme;
- Programs designed to improve community awareness of, and commitment to, international trade and investment;
- Advice to the Australian Government about, and coordination of, its export and international business facilitation activities; and
- Consular, passport and immigration services in designated overseas locations.

Austrade delivers these services through a global network of offices, with representatives overseas in over 140 locations in more than 60 countries. In addition, across Australia Austrade operates 18 offices and a network of 54 TradeStart offices including 8 Export Hubs in partnership with public and private sector ally organisations. Through this network Austrade works with Australian businesses to identify and capture export opportunities.

Responding to the Government's policy and priorities, Austrade's Corporate Plan has the following three priorities:

- drive export outcomes through existing free trade agreements (FTA). These include the Australia-United States Free Trade Agreement, Australia New Zealand Closer Economic Relations Agreement, Thailand-Australia Free Trade Agreement,

*Austrade Budget Statement: Resources*

and Singapore-Australia Free Trade Agreement. Austrade is also increasing its focus on anticipated future FTA markets of China, Japan, Gulf Cooperation Council, Chile, Malaysia and ASEAN (with New Zealand);

- expand Australia's international business in established markets and in key growth markets, and
- enhance export development through an industry focus in our onshore and offshore network and through alignment with industry allies and Government agencies.

These priorities for 2007-08 are within the broad objectives of the Corporate Plan, which are to drive growth in export value and increase the number of Australian exporters through:

- assisting more Australian businesses to become sustainable exporters;
- growing established exporters to expand international business;
- providing more value to Australian businesses by expanding delivery of Austrade services through allies and partners; and
- raising awareness of the benefit of export among businesses and the community including working closely with DFAT to raise awareness in the Australian business community of opportunities resulting from FTAs and international business.

## 1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the agency (outputs and administered policies, products and services) which contribute to achievement of outcomes for the Australian Trade Commission are summarised in Table 1.1.

**Table 1.1: Contribution to outcomes**

Outcome	Description	Output groups
<b>Outcome 1</b>		
Australians succeeding in international business with widespread community support.	<p>Austrade focuses its effort and resources on delivering:</p> <ul style="list-style-type: none"> <li>- International business opportunities to Australians;</li> <li>- Export and outward investment services;</li> <li>- Access to the Export Market Development Grants scheme as an incentive and support for Australian SMEs to enter export markets and become sustainable exporters;</li> <li>- Programmes designed to improve community awareness of, and commitment to, trade and international investment;</li> <li>- Advice to the Australian Government about, and coordination of, its export and international business facilitation activities</li> </ul>	<p>Output 1.1 - Awareness raising: Community commitment to trade and investment; understanding of the Australian Government's export assistance programme and a positive image of Australia overseas</p> <p>Output 1.2 - Government advice and coordination: Advice to the Australian Government and coordination of Australia's export activities</p> <p>Output 1.3 - Services and Opportunities: Export and investment services and opportunities for Australians through a national and global network</p> <p>Output 1.4 - Austrade Administered: Export Market Development Grants for small to medium sized businesses</p>
<b>Outcome 2</b>		
Australians informed about and provided access to consular; passport and immigration services in specific locations overseas.	Consular, passport and immigration services in designated locations.	Output 2.1 - Consular, passport and immigration services

## Section 2: Resources for 2007-08

### **2.1 APPROPRIATIONS AND OTHER RESOURCES**

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total appropriation for Austrade's outputs in the 2007-08 Budget is \$329.6 million.



**Table 2.1: Appropriations and other resources 2007-08 ('000)**

Agency/Outcome/ Non-operating	Australian Trade Commission Agency Resourcing—2007-2008									
	Departmental				Administered					
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	SPP \$'000	Other (b) \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Total \$'000
Outcome 1 - Australians succeeding in international business with widespread community support	160,637	-	-	30,625	159,280	-	-	-	-	350,542
Outcome 2 - Australians informed about and provided access to consular, passport and immigration services in specific locations overseas	9,706	-	-	2,531	-	-	-	-	-	12,237
Equity injections	-	4,873	-	-	-	-	-	-	-	4,873
Loans	-	-	-	-	-	-	-	-	-	-
Previous years' outputs	-	3,733	-	-	-	-	-	-	-	3,733
Administered assets and liabilities	-	-	-	-	-	-	-	-	-	-
Special capital	-	-	-	-	-	-	-	-	-	-
Appropriation	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>170,343</b>	<b>8,606</b>	<b>-</b>	<b>33,156</b>	<b>159,280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>371,385</b>

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

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

Notes:

- Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new administered expenses within new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans. "New administered expenses within new outcomes" does not include revisions to existing outcomes, for example following restructuring of outcomes; or revisions to outcomes following an AAO change where new administered items are not involved.
- Refer to Budgeted Income Statement for application of agency revenue.

## 2.2 2007-08 BUDGET MEASURES

Budget measures relating to the Australian Trade Commission 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 Australian Trade Commission measures**

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09 \$'000			Appropriations forward estimate 2009-10 \$'000			Appropriations forward estimate 2010-11 \$'000		
			Admin	Dept	Total	Admin	Dept	Total	Admin	Dept	Total	Admin	Dept	Total
Global Integration export facilitators for the United States market - extension	1	1.3	-	-	-	-	-	-	-	-	-	-	-	-
Provision for this funding has already been included in the forward estimates.														

## 2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by Austrade for provision of goods or services. These resources are approved for use by Austrade and are included in Table 2.1.

**Table 2.3: Other resources available to be used<sup>1</sup>**

	Estimated receipts 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Departmental resources</b>		
Sale of goods and services (FMA Act s.31) <sup>2</sup>	27,910	29,479
Other (FMA Act s.31) <sup>2</sup>	2,750	3,677
<b>Total departmental other resources available to be used</b>	<b>30,660</b>	<b>33,156</b>
<b>Administered other resources</b>		
	-	-
<b>Total administered other resources available to be used</b>	<b>-</b>	<b>-</b>

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

2. Financial Management and Accountability Act 1997 (FMA Act) section 31 items are to be included as separate rows. Significant section 31 items are to be identified separately from other section 31 resources where appropriate.

## 2.4 MOVEMENT OF ADMINISTERED FUNDS

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period are subject to review by the Minister for Finance and Administration, and may be moved to a future period, in accordance with provisions in legislation. Table 2.4 shows the movement of administered funds approved since the 2006-07 Additional Estimates. These funds, resulting from lower estimated grant payments in 2006-07, have been moved to 2007-08 to provide for an expected increase in applications under the Export Market Development Grants scheme.

**Table 2.4: Movement of administered funds between years**

M	Movements of funding between years	\$'000
	Output 1.4 - Austrade Administered - Export Market Development Grants	8,880

## 2.5 SPECIAL APPROPRIATIONS

Not applicable to Austrade.

## 2.6 MOVEMENTS IN SPECIAL ACCOUNTS

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

**Table 2.6: Estimates of Special Account cash flows and balances**

		Opening balance 2007-08 2006-07	Receipts 2007-08 2006-07	Payments 2007-08 2006-07	Adjustments 2007-08 2006-07	Closing balance 2007-08 2006-07
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Admin Payments and receipts for Other Entities (A)	1	100	6,000	6,000	-	100
Other Trust Moneys - Australian Trade Commission (D)	1	-	800	800	-	-
<b>Total special accounts 2007-08 Budget estimate</b>		<b>100</b>	<b>6,800</b>	<b>6,800</b>	<b>-</b>	<b>100</b>
Total special accounts 2006-07 estimate actual		100	6,800	6,800	-	100

D= Departmental; A= Administered

## Section 3: Outcomes

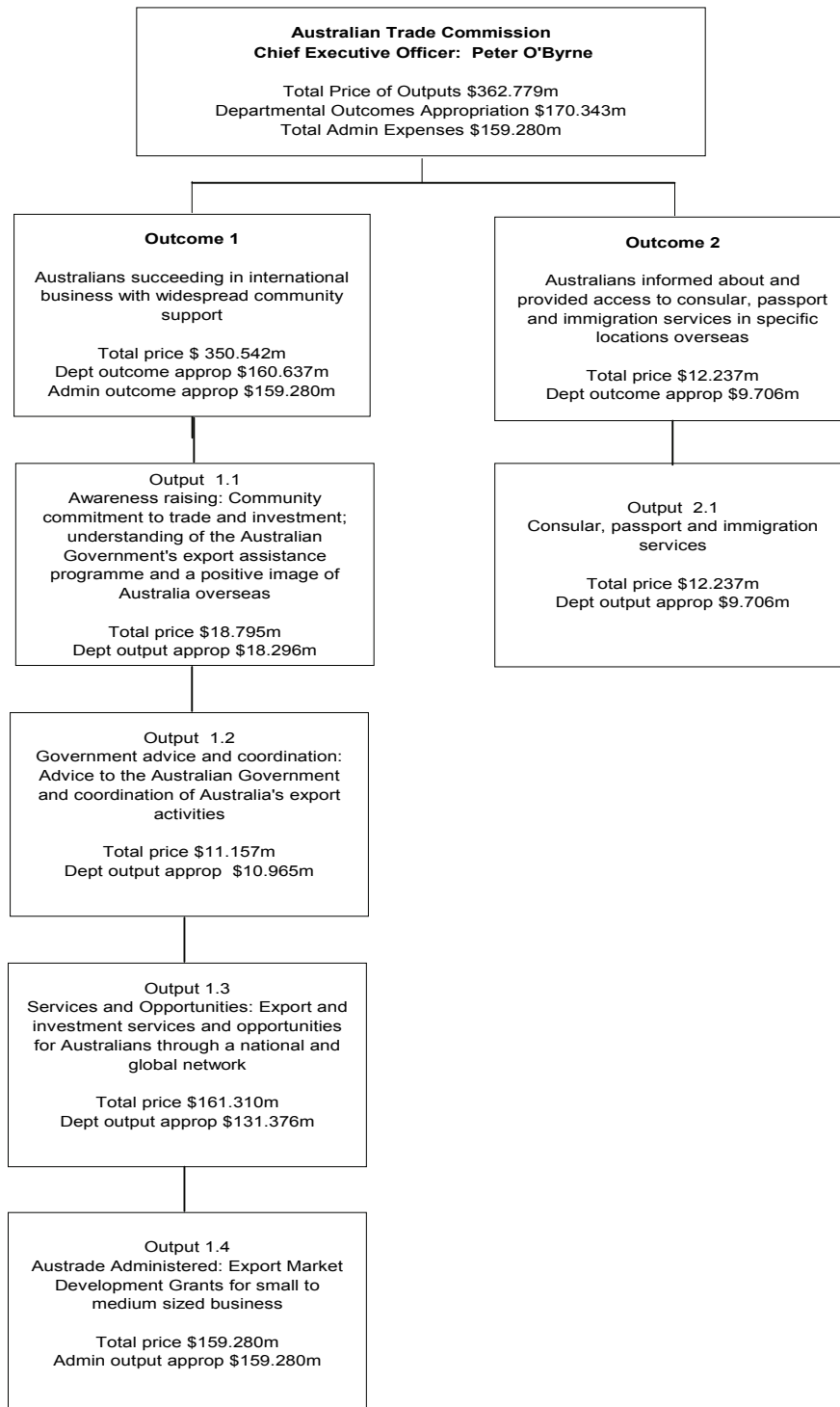
General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the 2 outcomes for the Australian Trade Commission. Emphasis is placed on estimating the contribution to outcomes through administered items and outputs delivered by the agency. Key performance measures and performance evaluation activities are specified for each outcome. More detailed information on output and administered item attributes is maintained by agencies for internal management purposes.

### **3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES**

The relationship between activities of Austrade and the outcomes are summarised in Figure 2.

**Figure 2: Contributions to outcomes**



### 3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

#### 3.2.1 Outcome 1 resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Departmental appropriations</b>		
Output 1.1 - Awareness Raising	18,932	18,296
<b>Subtotal Output 1.1</b>	18,932	18,296
<b>Departmental appropriations</b>		
Output 1.2 - Government advice and coordination	11,346	10,965
<b>Subtotal Output 1.2</b>	11,346	10,965
<b>Departmental appropriations</b>		
Output 1.3 - Services and opportunities	136,017	131,376
<b>Subtotal Output 1.3</b>	136,017	131,376
<b>Total revenue from government (appropriations)</b>	166,295	160,637
<b>Contributing to price of departmental outputs</b>	85.40%	84.00%
<b>Revenue from other sources</b>		
Sale of goods and services	25,518	26,948
Other	2,750	3,677
<b>Total revenue from other sources</b>	28,268	30,625
<b>Total price from departmental outputs</b> (Total revenue from government and from other sources)	194,563	191,262
<b>Administered appropriations</b>		
Output 1.4 - Austrade Administered	151,520	159,280
<b>Total administered appropriations</b>	151,520	159,280
<b>Total estimated resourcing for Outcome 1</b> (Total price of outputs and administered appropriations)	346,083	350,542
	2006-07	2007-08
<b>Average staffing level (number)</b>	996	986

### **3.2.2 Measures affecting Outcome 1**

#### **Global Integration export facilitators for the United States market – extension**

**Financial Impact:** The Government will provide \$11.1 million over the two years, 2007-08 to 2008-09, to extend the appointment of 30 export facilitators to pursue export opportunities arising from the Australia-United States Free Trade Agreement. The extension will help small and medium-sized Australian business take advantage of export opportunities, targeting government procurement, agricultural and other niche markets.

Provision for this funding has already been included in the forward estimates. The cost of this measure will be partially met (\$5.1 million over two years) from within the existing resourcing of Austrade.

### **3.2.3 Contributions to achievement of Outcome 1**

Austrade's objective for the 2007-08 period is the delivery of services to assist Australians succeeding in international business with widespread community support. Within this context, Austrade is aiming to increase the number of exporters <sup>(1)</sup> and drive growth in export sustainability and value by maximising international business outcomes.

#### **Departmental outputs**

**Output 1.1 – Awareness Raising: Community commitment to trade and investment; understanding of the Australian Government's export assistance programs and a positive business image of Australia overseas.**

The contribution to this Outcome is measured by community awareness of the importance of the Government's trade and international business facilitation activities through Austrade. This awareness is assessed through an annual community attitudes survey.

**Output 1.2 – Government advice and coordination: Advice to the Australian Government and coordination of Australia's export activities.**

The contribution to this Outcome is measured by the number of briefs provided to Ministers, Parliament and public sector agencies. This contribution is also measured by the ability of Austrade to supply this material within agreed timeframes.

**Output 1.3 – Services and Opportunities: Export and investment services and opportunities for Australians through a national and global network.**

Austrade's Australian and overseas network offers advice, market intelligence and ongoing support and assistance to Australian businesses looking to develop international markets.

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<sup>(1)</sup> Externally reported measure by the Australian Bureau of Statistics of total number of Australian exporters. Not wholly within Austrade's control.



The level of assistance provided is tailored to meet the needs of each business. The contribution to this Outcome is measured primarily through the number of Australian businesses that Austrade assists to achieve export deals and the overall value of those deals.

**Administered activities**

**Output 1.4 – Austrade Administered – Export Market Development Grants for small to medium sized businesses**

The Export Market Development Grants scheme provides partial reimbursement for expenditure made by Australian small and medium enterprises on eligible export promotion activities, as an incentive for businesses to enter into export and grow to become sustainable exporters. A maximum of seven taxable grants of up to \$150,000 each per year may be paid to an individual grant recipient. The eligibility rules for the scheme are legislated in the *Export Market Development Grants Act 1997*. The contribution to this outcome is measured by the number of applicants attracted to the scheme and the number who become successful recipients of grant assistance.

### 3.2.4 Performance information for Outcome 1

Performance information for administered items and individual outputs relating to Austrade are summarised in Table 3.2.

**Table 3.2: Performance information for Outcome 1**

<b>Performance indicators for departmental outputs</b>	
<b>Output 1.1 -</b>	
Awareness Raising: Community commitment to trade and investment; understanding of the Australian Government's export assistance programme and a positive business image of Australia overseas	<i>Quality</i>
	Client satisfaction - Minister's Office <sup>(1)</sup>
	<i>Quantity</i>
	Community awareness of the importance of the Government's trade and international business facilitation activities through Australia <sup>(2)</sup> (75%) Proportion of Australian who believe exports make a major contribution to the economy <sup>(2)</sup> (80%)
	<i>Price</i>
	\$18.795m
(1) The measure of the Minister's satisfaction will be provided to the Chief Executive by the Minister	
(2) Not wholly within Austrade's control	
<b>Output 1.2 -</b>	
Government advice and coordination: Advice to the Australian Government and coordination of Australia's export activities	<i>Quality</i>
	Client satisfaction - Minister's Office <sup>(1)</sup>
	<i>Quantity</i>
	Number of briefs (incl submissions and Ministerials) provided to Ministers, Parliament, public sector agencies (450) <sup>(3)</sup> Percentage of material prepared within agreed timeframes (100%) <sup>(4)</sup>
	<i>Price</i>
	\$11.157m

**Table 3.2: Performance information for Outcome 1 (cont)**

**Output 1.3 -**

Services and Opportunities: Export and investment services and opportunities for Australians through a national and global network

*Quality*

Client satisfaction (85%)

*Quantity*

Number of clients achieving export success with Austrade's assistance (5,500) <sup>(4)</sup>

Number of new and irregular exporter clients achieving export success with Austrade's assistance (1,900) <sup>(4)</sup>

Number of established clients achieving export success with Austrade's assistance (3,600) <sup>(4)</sup>

Dollar value of those export successes achieved by clients with acknowledged assistance from Austrade (\$18.00b) <sup>(4)</sup>

Total number of clients achieving outward investment success with Austrade assistance (170) <sup>(3)</sup>

Total number of businesses achieving export success indirectly through Austrade (1,000) <sup>(3)</sup>

Total number of clients receiving services from Austrade (16,000) <sup>(3)</sup>

*Price*

\$161.310m

(3) Estimate is a quantity based on historical performance

(4) Target is a quantity based on planned levels of activity

**Performance indicators for administered items including third party outputs**

**Output 1.4 -**

Austrade Administered: Export Market Development Grants for small to medium sized businesses

*Quantity*

Total number of grant applicants (4,150) <sup>(3)</sup>

Total number of grant recipients (3,840) <sup>(3)</sup>

Number of first-time grant applicants (1,245) <sup>(3)</sup>

Number of first-time grant recipients (1,150) <sup>(3)</sup>

(1) The measure of the Minister's satisfaction will be provided to the Chief Executive by the Minister

(3) Estimate is a quantity based on historical performance

(4) Target is a quantity based on planned levels of activity

### 3.2.5 Evaluations for Outcome 1

Planned evaluations and reviews affecting Austrade in 2006-07, include:

- Risk Management and Internal Audit – appropriate reviews will be undertaken in accordance with the internal audit and risk management plans to ensure that sound financial, legal and ethical decision making processes are adhered to and monitored.
- Australian National Audit Office (ANAO) Performance Audits – Austrade may participate in some reviews that will be commissioned by the ANAO.

### **Competitive tendering and contracting**

Austrade is committed to achieving value for money with all procurement activity. Consistent with the Commonwealth Procurement Guidelines and ANAO Better Practice, Austrade has in place effective procurement processes that include:

- automated document templates for planning, evaluation, tendering and reporting tenders;
- full electronic tendering including distribution, receipt and both remote and centralised evaluation of tenders;
- on-going training for staff involved in procurement processes and a panel of procurement support service providers to assist business units to manage tendering processes.

Austrade's procurement and contracting activities are overseen by its Procurement and Contract Management team. This team is responsible for the provision of high quality policy advice relating to procurement, tendering and contract management to ensure full compliance with Commonwealth and agency specific procurement guidelines. The team has also developed and maintains procurement and contract related documentation and templates in liaison with Austrade's legal team as well as managing Austrade's external procurement and contract reporting obligations.

A key focus reflected in Austrade's operational plan is the implementation of a number of strategic sourcing initiatives. Several panel arrangements have been established to improve procurement efficiency. Opportunities to cluster procurement arrangements with other government agencies to maximise purchasing power and share resources are also explored and utilised where appropriate. Austrade plans to continue this approach during 2007-08.

Major functions currently performed by external service providers include legal services, internal audit, logistical and delivery services, mail processing, archival processing, aspects of recruitment and training, travel management services, provision of IT hardware, telecommunication services and security and facilities management at some overseas posts.

### 3.2.6 Outcome 2 resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 2, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Departmental appropriations</b>		
Output 2.1 - Consular, passport and immigration services	9,972	9,706
<b>Subtotal Output 2.1</b>	9,972	9,706
<b>Total revenue from government (appropriations)</b>	9,972	9,706
<b>Contributing to price of departmental outputs</b>	81.20%	79.30%
<b>Revenue from other sources</b>		
Sale of goods and services	2,392	2,531
Other	-	-
<b>Total revenue from other sources</b>	2,392	2,531
<b>Total price from departmental outputs</b> (Total revenue from government and from other sources)	12,364	12,237
<b>Total estimated resourcing for Outcome 2</b> (Total price of outputs and administered appropriations)	12,364	12,237
	2006-07	2007-08
<b>Average staffing level (number)</b>	51	51

### 3.2.7 Measures affecting Outcome 2

Not applicable to Austrade.

### 3.2.8 Contributions to achievement of Outcome 2

Austrade's objective for the 2007-08 period is the delivery of comprehensive, responsive, high quality consular and passport services in specific locations overseas.

#### **Administered activities**

There are no administered programmes run by Austrade under Outcome 2.

## **Departmental outputs**

### **Output 2.1 – Consular, passport and immigration services.**

In certain locations overseas, Austrade manages consulates for the Australian Government providing a range of consular, passport and immigration services. The contribution to this Outcome is measured by client satisfaction (DFAT and DIAC), as well as quantitative measures including the number of travel documents issued, the number of notarial acts prepared, the number of Australians assisted overseas and the number of visa applications received.

### **3.2.9 Performance information for Outcome 2**

Performance information for administered items and individual outputs relating to Austrade are summarised in Table 3.2.

**Table 3.2: Performance information for Outcome 2**

<b>Performance indicators for departmental outputs</b>	
<b>Output 2.1 -</b> Consular, passport and immigration services	<i>Quality</i> Client satisfaction (DFAT and DIAC)
	<i>Quantity</i> Number of travel documents issued
	Number of notarial acts
	Number of Australians assisted overseas (not receiving travel documents or notarial acts)
	Number of visa applications received
	<i>Price</i> \$12.237m

### **3.2.10 Evaluations for Outcome 2**

Refer to evaluations under Outcome 1.

## Section 4: Other reporting requirements

### 4.1 PURCHASER-PROVIDER ARRANGEMENTS

#### 4.1.1 Purchaser-provider arrangements – Where Austrade purchases cross agency services

##### Department of Foreign Affairs and Trade (DFAT)

##### Cross agency overview and responsibility

*Common Administrative Services (CAS)* – In conjunction with a number of Commonwealth departments and agencies, Austrade purchases Common Administrative Services (CAS) from the Department of Foreign Affairs and Trade at numerous DFAT managed overseas posts.

The present three year CAS Service Level Agreement will expire on 31 August 2007.

##### Resourcing

The purchase of CAS from DFAT is resourced through all outputs under Outcome 1.

*Provision of Information and Communication Technology (ICT) Services* - Under a Memorandum of Understanding with DFAT, Austrade purchases a limited range of Information and Communication Technology (ICT) services within Australia and at overseas posts.

The current MOU will expire on 30 June 2007.

The purchase of ICT services from DFAT is resourced through Outputs 1.2 and 1.3 under Outcome 1 and through Output 2.1 under Outcome 2.

#### 4.1.2 Provider Arrangements - Where Austrade supplies cross agency services

In 2007-08, Austrade will be providing services to:

- Department of Agriculture, Fisheries and Forestry;
- Department of Foreign Affairs and Trade;
- Department of Industry, Tourism and Resources;

*Austrade Budget Statement: Other reporting requirements*

- Department of Immigration and Citizenship; and
- Department of Education, Science and Training.

**Department of Agriculture, Fisheries and Forestry**

**Wine Promotion**

Austrade works closely with the Australian Wine and Brandy Corporation to develop strategies and undertake marketing and promotion activities in a number of markets to increase exports of Australian wine.

Resourcing and performance information for the provision of these services can be found under Outcome 1, Output 1.3.

**Department of Foreign Affairs and Trade**

**Consular Services**

DFAT is responsible for the provision of access to consular and passport services in Australia and overseas. In certain locations overseas, Austrade manages consulates for the Australian Government, providing a range of consular assistance, including passport services, notarial acts, medical evacuations, prison visits and general advice and assistance to Australians overseas.

Resourcing and performance information for the provision of these services can be found under Outcome 2, Output 2.1.

**Department of Industry, Tourism and Resources**

**Investment Attraction**

Invest Australia, part of the Department of Industry, Tourism and Resources, is the Australian Government's investment attraction agency. Under a memorandum of understanding (MOU) with Invest Australia, Austrade supports Invest Australia's inwards investment role and provides IT services. This is done through the Australian Trade Commissioner network overseas.

Resourcing and performance information for the provision of these services can be found under Outcome 1, Output 1.3.

**Tourism**

Tourism Australia is the Australian Government's statutory authority responsible for international and domestic tourism marketing as well as the delivery of research and forecasts for the sector.



Austrade and Tourism Australia have entered into a MOU which sets out the operating guidelines for both agencies in markets where both agencies have a presence and in markets where only Austrade is represented. Tourism Australia makes their *Aussie Enthusiast* collateral available to Austrade.

Resourcing and performance information for the provision of these services can be found under Outcome 1, Output 1.3.

## **Department of Immigration and Citizenship**

### **Visa Services**

In a limited number of overseas locations, Austrade manages the delivery of immigration (visa) services on behalf of the Department of Immigration and Citizenship.

Resourcing and performance information for the provision of these services can be found under Outcome 2, Output 2.1.

## **Department of Education, Science and Training**

### **Australian Education and Training Services**

Australian Education International (AEI) is part of the Department of Education, Science and Training (DEST). Austrade has a Memorandum of Understanding with DEST which sets out the operating guidelines for both agencies. Austrade delivers generic marketing and promotion services on behalf of AEI in Europe and Latin America.

DEST has also entered into a Service Level Agreement with Austrade for the provision of ICT services to AEI in a number of overseas posts.

Resourcing and performance information for the provision of these services can be found under Outcome 1, Output 1.3.

## **4.2 COST RECOVERY ARRANGEMENTS**

### **Summary of Cost recovery Impact Statement**

In 2006-07 Austrade completed a review of its cost recovery arrangements to ensure compliance with the Australian Government Cost Recovery Guidelines ("the guidelines"). The authority to charge fees is Section 9B of the Australian Trade Commission Act (1985) which states that the "CEO may charge fees for the provision of services, or the performance of other work, in connection with the performance of his or her functions under this Act".

All Austrade's activities were considered as part of the review. Cost recovery activities included in the Cost Recovery Impact Statement are:

- **Tailored services for Australian businesses** – Austrade charges a fee to recover direct costs for providing these services. Currently \$190 per hour is charged for tailored export facilitation services provided to a specific Australian business or groups of Australian businesses offshore. The charge is based on the on the total average cost per hour of available marketing staff time in offshore operations. The review confirmed the appropriateness of this rate and it is proposed to continue charging \$190 per hour in 2007-08. Forecast revenue for 2006-07 is \$10.9 million
- **Trade shows and events, and workshops and seminars** – Austrade conducts a range of tradeshow and events offshore and workshops and seminars onshore in support of Australian export opportunities. Fees charged to participants vary depending on the type of event and may be provided at no charge or may be subject to full cost recovery. No fees are charged for events that relate to general information on Australia, Australian export capability or advice about Austrade services. Forecast revenue for 2006-07 is \$4.8 million.
- **Transaction handling and expense recovery from clients** - Austrade charges a handling fee to recover the costs of administration and transactions when it pays expenses on behalf of clients in overseas locations associated with export and international business opportunities. Forecast revenue for 2006-07 is \$0.18 million.

Charging for services to other Commonwealth and State government organisations are specifically excluded from CRIS requirements. The charges where levied, however are consistent with the cost recovery principles outlined above.

Austrade continues to monitor charges and recoveries on an annual basis and charge rates are revised as appropriate. Stakeholder feedback is sought annually from clients. The next formal review of the policy and charging framework is planned for 2011-12.

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

Refer to Portfolio Table 1 in the 'Portfolio Overview' section.

## Section 5: Budgeted financial statements

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

An analysis of Austrade's budgeted financial statements, as reflected in the budgeted Departmental financial statements and Administered schedules for 2007-08, is provided below.

#### **Departmental financial statements**

The Departmental financial statements represent the assets, liabilities, revenues and expenses which are controlled by Austrade. Departmental expenses include employee and supplier expenses and other administrative costs which are incurred by Austrade in undertaking its operations.

#### **Budgeted departmental income statement**

Total income in 2007-08 is estimated to be \$203.5 million, a decrease of \$3.4 million from the 2006-07 estimated actual. Austrade's appropriation has decreased by \$5.9 million mainly due to decreased funding requirements resulting from the strong Australian dollar. This is offset by increases in goods and services revenue of \$1.6 million and other revenue of 0.9 million.

Total expenses are estimated to be \$203.5 million, a decrease of \$7.4 million from the 2006-07 estimated actual. The decrease is primarily due to reduced employee and supplier expenses partly as a result of the stronger Australian dollar.

#### **Budgeted departmental balance sheet**

Austrade's budgeted net asset position of \$56.3 million represents an increase of \$4.9 million from the 2006-07 estimated actual due to an equity injection to continue improving security for Austrade's operations.

As a part of the agency's transition from CAC to FMA agency at the start of the 2006-07 financial year, overseas property assets were transferred to OPO (Overseas Property Office) within DFAT reducing Austrade's net assets by approximately \$45.0 million.

Total liabilities are expected to increase by \$0.4 million over the 2007-08 year to \$38.4 million. Austrade's primary liabilities continue to be accrued employee leave entitlements of \$22.2 million, and general suppliers' liabilities for goods and services provided of \$10.7 million.

**Budgeted departmental statement of cash flows**

This statement shows the extent and nature of cash flows to and from Austrade's operating, investing, and financing activities. The estimated 2006-07 end of year cash is \$5.5 million, a reduction of \$26.4 million offset by higher receivables from Government. This is a result of Austrade's transition from CAC to FMA agency where Austrade is now required to operate under a "just-in-time" draw-down arrangement.

**Departmental statement of changes in equity — summary of movement**

This statement shows changes in equity resulting from the net impact of movements in accumulated results, assets revaluation and other reserves, and contributed equity. Total equity in 2007-08 is estimated to be \$56.3 million, an increase of \$4.9 million from equity injections.

**Departmental capital budget statement**

This statement shows all planned Departmental capital expenditure on non-financial assets, whether funded through capital appropriations, additional equity, borrowings, or funds from internal sources.

**Departmental property, plant, equipment and intangibles — summary of movement**

This statement shows budgeted acquisitions and disposals of non-financial assets during the budget year. The major movement to non-financial assets is from estimated additions of \$21.8 million in infrastructure, plant and equipment, and intangibles.

**Schedules of administered activity**

Details of transactions administered by Austrade on behalf of the Commonwealth are shown in the following schedules to the financial statements.

**Schedule of budgeted income and expenses administered on behalf of government**

Austrade will have available appropriation revenue of \$159.28 million for payments it will administer on behalf of the government including the movement of administered funds from 2006-07 of \$8.88 million

Grant expenditure relating to the EMDG scheme is budgeted at \$151.32 million. The balance of \$7.96 million in expenditure relates to the costs of administering the EMDG scheme on behalf of the Government.

**Schedule of budgeted assets and liabilities administered on behalf of government**

Total assets and liabilities administered by Austrade on behalf of the Commonwealth are not expected to change in 2007-08.

**Schedule of budgeted administered cash flows**

This schedule shows cash flows administered on behalf of the Government. All cash received is expected to be expended on the Export Market Development Grants scheme.

**Schedule of administered property, plant, equipment and intangibles —  
summary of movement**

Not applicable to Austrade.

## 5.2: BUDGETED FINANCIAL STATEMENTS TABLES

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	176,267	170,343	170,982	172,628	174,306
Goods and services	27,910	29,479	29,479	29,479	29,479
Fees and fines	-	-	-	-	-
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Other	2,500	3,427	3,227	3,227	3,227
<b>Total revenue</b>	<b>206,677</b>	<b>203,249</b>	<b>203,688</b>	<b>205,334</b>	<b>207,012</b>
<b>Gains</b>					
Foreign exchange gains	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Sale of assets	250	250	250	250	250
Other	-	-	-	-	-
<b>Total gains</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>
<b>Total income</b>	<b>206,927</b>	<b>203,499</b>	<b>203,938</b>	<b>205,584</b>	<b>207,262</b>
<b>EXPENSE</b>					
Employees	101,928	97,732	97,921	98,055	98,742
Suppliers	95,571	92,236	92,242	93,754	94,745
Grants	-	-	-	-	-
Depreciation and amortisation	13,028	13,131	13,375	13,375	13,375
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	200	200	200	200	200
Losses from sale of assets	200	200	200	200	200
Foreign exchange losses	-	-	-	-	-
Other	-	-	-	-	-
<b>Total expenses</b>	<b>210,927</b>	<b>203,499</b>	<b>203,938</b>	<b>205,584</b>	<b>207,262</b>
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>Surplus (Deficit) before income tax</b>					
<b>Income tax expense</b>					
<b>Surplus/(Deficit)</b>					
Minority interest in surplus (deficit)	-	-	-	-	-
<b>Surplus (deficit) attributable to the Australian Government</b>	(4,000)	-	-	-	-

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	5,500	5,500	5,500	5,500	5,500
Trade and other Receivables	30,817	22,822	24,512	26,202	27,005
Investments accounted for under the equity method	-	-	-	-	-
Investments	-	-	-	-	-
Other investments	-	-	-	-	-
Tax assets	-	-	-	-	-
Other	-	-	-	-	-
<b>Total financial assets</b>	<b>36,317</b>	<b>28,322</b>	<b>30,012</b>	<b>31,702</b>	<b>32,505</b>
<b>Non-financial assets</b>					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	35,808	48,581	46,996	45,411	43,826
Investment properties	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	12,304	12,773	13,155	13,537	13,919
Biological assets	-	-	-	-	-
Other	4,961	4,961	4,961	4,961	4,961
<b>Total non-financial assets</b>	<b>53,073</b>	<b>66,315</b>	<b>65,112</b>	<b>63,909</b>	<b>62,706</b>
Assets held for sale					
<b>Total assets</b>	<b>89,390</b>	<b>94,637</b>	<b>95,124</b>	<b>95,611</b>	<b>95,211</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Other	-	-	-	-	-
<b>Total interest bearing liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>					
Employees	20,736	22,236	23,736	25,236	25,236
Other	-	-	-	-	-
<b>Total provisions</b>	<b>20,736</b>	<b>22,236</b>	<b>23,736</b>	<b>25,236</b>	<b>25,236</b>
<b>Payables</b>					
Suppliers	11,528	10,710	9,892	9,074	9,074
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Other	5,720	5,412	5,104	4,796	4,796
<b>Total payables</b>	<b>17,248</b>	<b>16,122</b>	<b>14,996</b>	<b>13,870</b>	<b>13,870</b>
Liabilities included in disposal groups held for sale	-	-	-	-	-
<b>Total liabilities</b>	<b>37,984</b>	<b>38,358</b>	<b>38,732</b>	<b>39,106</b>	<b>39,106</b>
<b>Net assets</b>	<b>51,406</b>	<b>56,279</b>	<b>56,392</b>	<b>56,505</b>	<b>56,105</b>



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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	30,193	35,066	35,179	35,292	35,292
Reserves	35,373	35,373	35,373	35,373	34,973
Retained surpluses or accumulated deficits	(14,160)	(14,160)	(14,160)	(14,160)	(14,160)
<b>Total parent entity interest</b>	<b>51,406</b>	<b>56,279</b>	<b>56,392</b>	<b>56,505</b>	<b>56,105</b>
<b>Minority interest</b>					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
<b>Total minority interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>51,406</b>	<b>56,279</b>	<b>56,392</b>	<b>56,505</b>	<b>56,105</b>
<b>Current assets</b>	<b>39,598</b>	<b>31,603</b>	<b>33,293</b>	<b>34,983</b>	<b>35,786</b>
<b>Non-current assets</b>	<b>49,792</b>	<b>63,034</b>	<b>61,831</b>	<b>60,628</b>	<b>59,425</b>
<b>Current liabilities</b>	<b>33,351</b>	<b>33,680</b>	<b>34,008</b>	<b>34,336</b>	<b>34,336</b>
<b>Non-current liabilities</b>	<b>4,633</b>	<b>4,678</b>	<b>4,724</b>	<b>4,770</b>	<b>4,770</b>

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

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	27,906	29,479	29,479	29,479	29,479
Appropriations	153,806	178,338	169,292	170,938	173,503
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Other	7,393	8,291	8,047	8,119	8,117
<b>Total cash received</b>	<b>189,105</b>	<b>216,108</b>	<b>206,818</b>	<b>208,536</b>	<b>211,099</b>
<b>Cash used</b>					
Employees	102,428	96,232	96,307	96,555	98,742
Suppliers	96,697	93,362	93,482	94,880	94,745
Grants	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other	4,893	4,864	4,820	4,892	4,890
Income taxes paid	-	-	-	-	-
<b>Total cash used</b>	<b>204,018</b>	<b>194,458</b>	<b>194,609</b>	<b>196,327</b>	<b>198,377</b>
<b>Net cash from or (used by) operating activities</b>	<b>(14,913)</b>	<b>21,650</b>	<b>12,209</b>	<b>12,209</b>	<b>12,722</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	250	250	250	250	50
Proceeds from sales of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash received</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>50</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	20,050	26,773	12,572	12,572	12,772
Purchase of financial instrument	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash used</b>	<b>20,050</b>	<b>26,773</b>	<b>12,572</b>	<b>12,572</b>	<b>12,772</b>
<b>Net cash from or (used by) investing activities</b>	<b>(19,800)</b>	<b>(26,523)</b>	<b>(12,322)</b>	<b>(12,322)</b>	<b>(12,722)</b>

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	8,281	4,873	113	113	-
Proceeds from issuing financial instruments	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash received</b>	<b>8,281</b>	<b>4,873</b>	<b>113</b>	<b>113</b>	<b>-</b>
<b>Cash used</b>					
Repayments of debt	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>	<b>8,281</b>	<b>4,873</b>	<b>113</b>	<b>113</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	<b>(26,432)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	31,932	5,500	5,500	5,500	5,500
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
<b>Cash at the end of the reporting period</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>

**Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2007</b>					
Balance carried forward from previous period	(14,160)	19,499	15,874	30,193	51,406
Adjustment for changes in accounting policies	-	-	-	-	-
<b>Adjusted opening balance</b>	<b>(14,160)</b>	<b>19,499</b>	<b>15,874</b>	<b>30,193</b>	<b>51,406</b>
<b>Income and expense</b>					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
<b>Sub-total income and expense</b>	<b>(14,160)</b>	<b>19,499</b>	<b>15,874</b>	<b>30,193</b>	<b>51,406</b>
Surplus (deficit) for the period	-	-	-	-	-
<b>Total income and expenses recognised directly in equity</b>	<b>(14,160)</b>	<b>19,499</b>	<b>15,874</b>	<b>30,193</b>	<b>51,406</b>
<b>Transactions with owners</b>					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	4,873	4,873
Other:					
Restructuring	-	-	-	-	-
<b>Sub-total transactions with owners</b>	<b>(14,160)</b>	<b>19,499</b>	<b>15,874</b>	<b>35,066</b>	<b>56,279</b>
Transfers between equity components	-	-	-	-	-
<b>Estimated closing balance as at 30 June 2008</b>	<b>(14,160)</b>	<b>19,499</b>	<b>15,874</b>	<b>35,066</b>	<b>56,279</b>

**Table 5.5: Departmental capital budget statement**

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	8,281	4,873	113	113	-
Total loans					
<b>Total capital appropriations</b>	<b>8,281</b>	<b>4,873</b>	<b>113</b>	<b>113</b>	<b>-</b>
<b>Represented by:</b>					
Purchase of non-financial assets	8,281	4,873	113	113	-
Other	-	-	-	-	-
<b>Total represented by</b>	<b>8,281</b>	<b>4,873</b>	<b>113</b>	<b>113</b>	<b>-</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	8,281	4,873	113	113	-
Funded internally by					
Departmental resources	11,769	21,900	12,459	12,459	12,772
<b>Total</b>	<b>20,050</b>	<b>26,773</b>	<b>12,572</b>	<b>12,572</b>	<b>12,772</b>

**Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)**

	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	\$'000
<b>As at 1 July 2007</b>									
Gross book value	-	-	-	-	46,216	-	28,271	-	74,487
Accumulated depreciation	-	-	-	-	10,408	-	15,967	-	26,375
<b>Opening net book value</b>	-	-	-	-	<b>56,624</b>	-	<b>12,304</b>	-	<b>68,928</b>
Additions:									
by purchase	-	-	-	-	21,779	-	4,994	-	26,773
by finance lease	-	-	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	-	8,606	-	4,525	-	13,131
Impairments recognised in operating result	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	200	-	-	-	200
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	200	-	-	-	200
<b>As at 30 June 2008</b>									
Gross book value	-	-	-	-	67,595	-	33,265	-	100,860
Accumulated depreciation	-	-	-	-	19,014	-	20,492	-	39,506
<b>Estimated closing net book value</b>	-	-	-	-	<b>48,581</b>	-	<b>12,773</b>	-	<b>61,354</b>

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	-	-	-	-	-
<b>Total taxation</b>	-	-	-	-	-
<b>Non-taxation</b>					
Goods and services	-	-	-	-	-
Fees and fines	-	-	-	-	-
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Other sources of non-taxation revenues	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
<b>Total non-taxation</b>	-	-	-	-	-
<b>Total revenues administered on behalf of Government</b>	-	-	-	-	-
<b>Gains</b>					
Foreign exchange	-	-	-	-	-
Sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Reversal of previous asset writedowns	-	-	-	-	-
<b>Total gains administered on behalf of Government</b>	-	-	-	-	-
<b>Total income administered on behalf of Government</b>	-	-	-	-	-
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	143,500	151,316	142,880	142,880	142,880
Subsidies	-	-	-	-	-
Personal benefits	-	-	-	-	-
Employees	5,792	5,680	5,350	5,350	5,350
Suppliers	2,228	2,284	2,170	2,170	2,170
Depreciation and amortisation	-	-	-	-	-
Write down and impairment of assets	-	-	-	-	-
Finance costs	-	-	-	-	-
Other	-	-	-	-	-
Asset sales	-	-	-	-	-
Foreign exchange	-	-	-	-	-
<b>Total expenses administered on behalf of Government</b>	151,520	159,280	150,400	150,400	150,400

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	50	50	50	50	50
Receivables	533	533	533	533	533
Taxation receivables	-	-	-	-	-
Investments	-	-	-	-	-
Other financial assets	-	-	-	-	-
<b>Total financial assets</b>	<b>583</b>	<b>583</b>	<b>583</b>	<b>583</b>	<b>583</b>
<b>Non-financial assets</b>					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	-	-	-	-	-
Investment properties	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	-	-	-	-	-
Biological assets	-	-	-	-	-
Other	-	-	-	-	-
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets administered on behalf of Government</b>	<b>583</b>	<b>583</b>	<b>583</b>	<b>583</b>	<b>583</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Interest bearing liabilities</b>					
Australian Government securities	-	-	-	-	-
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Other	-	-	-	-	-
<b>Total interest bearing liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>					
Employees	1,863	1,863	1,863	1,863	1,863
Taxation refunds provided	-	-	-	-	-
Australian currency on issue	-	-	-	-	-
Other provisions	-	-	-	-	-
<b>Total provisions</b>	<b>1,863</b>	<b>1,863</b>	<b>1,863</b>	<b>1,863</b>	<b>1,863</b>



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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>Payables</b>					
Suppliers	159	159	159	159	159
Subsidies	-	-	-	-	-
Personal benefits payable	-	-	-	-	-
Grants	-	-	-	-	-
Other payables	-	-	-	-	-
<b>Total payables</b>	159	159	159	159	159
Liabilities included in disposal groups held for sale	-	-	-	-	-
<b>Total liabilities administered on behalf of Government</b>	2,022	2,022	2,022	2,022	2,022

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Taxes	-	-	-	-	-
Fees	-	-	-	-	-
Sales of goods and rendering of services	-	-	-	-	-
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Net GST received	200	195	195	195	195
Other	-	-	-	-	-
<b>Total cash received</b>	<b>200</b>	<b>195</b>	<b>195</b>	<b>195</b>	<b>195</b>
<b>Cash used</b>					
Borrowing costs	-	-	-	-	-
Employees	5,792	5,680	5,350	5,350	5,350
Grant payments	143,500	151,316	142,880	142,880	142,880
Subsidies paid	-	-	-	-	-
Personal benefits	-	-	-	-	-
Suppliers	2,228	2,284	2,170	2,170	2,170
Net GST paid	200	195	195	195	195
Other	-	-	-	-	-
<b>Total cash used</b>	<b>151,720</b>	<b>159,475</b>	<b>150,595</b>	<b>150,595</b>	<b>150,595</b>
<b>Net cash from or (used by) operating activities</b>	<b>(151,520)</b>	<b>(159,280)</b>	<b>(150,400)</b>	<b>(150,400)</b>	<b>(150,400)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment and intangibles	-	-	-	-	-
Proceeds from sales of investments	-	-	-	-	-
Repayments of advances	-	-	-	-	-
Transfers from other entities	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	-	-	-	-	-
Advances and loans made	-	-	-	-	-
Transfers to other entities	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from or (used by) investing activities</b>	-	-	-	-	-
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from borrowing	-	-	-	-	-
Cash from Official Public Account	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash received</b>	-	-	-	-	-
<b>Cash used</b>					
Net repayment of borrowings	-	-	-	-	-
Dividends paid	-	-	-	-	-
Cash to Official Public Account	-	-	-	-	-
Other	-	-	-	-	-
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from or (used by) financing activities</b>	-	-	-	-	-
<b>Net increase or (decrease) in cash held</b>					
Cash at beginning of reporting period	7,040	50	50	50	50
Cash from Official Public Account for:					
- appropriations	151,520	159,280	150,400	150,400	150,400
- special accounts	-	-	-	-	-
Transfers from other entities (Finance - Whole of Government)	-	-	-	-	-
Cash to Official Public Account for:					
- appropriations	(6,990)	-	-	-	-
- special accounts	-	-	-	-	-
Transfers to other entities (Finance - Whole of Government)	-	-	-	-	-
Effect of exchange rate movements on cash at beginning of reporting period	-	-	-	-	-
<b>Cash at end of reporting period</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

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

Not applicable to Austrade

**Table 5.11: Schedule of administered property, plant, equipment and intangibles  
— summary of movement (Budget Year 2007-08)**

Not applicable to Austrade

## **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).

*Austrade Budget Statement: Budgeted financial statements*

**Asset valuation**

In accordance with current Australian Accounting Standards and the Finance Minister's Orders Austrade's assets are carried at fair value.

# AusAID

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# AusAID

## Section 1: Overview

In the 2007-08 Budget, the Government has committed an additional \$2.5 billion over four years through AusAID to implement a broad ranging set of initiatives to address critical issues in our region and to complement existing bilateral and regional programmes.

In terms of total Official Development Assistance (ODA), Australia will provide an estimated \$3.155 billion in 2007-08.

The 2007-08 Budget is significant for the aid programme and is designed to take forward the implementation of the White Paper – *Australian Aid: Promoting Growth and Stability*.

The Aid White Paper provides the strategic framework for scaling up Australia's Official Development Assistance to about \$4 billion by 2010 as announced by the Prime Minister in September 2005.

The White Paper is structured around four key themes targeted to reduce poverty and achieve sustainable development in our region. These themes are: fostering functioning and effective states, accelerating economic growth, investing in people and promoting regional stability and cooperation.

Since the tabling of the 2006-07 Portfolio Budget Statement, AusAID has amended its outcome 1 statement to reflect the overarching objective of Australia's Aid Programme as set out in the White Paper.

Full detail on sectoral and country aid allocations is contained in the statement by the Minister for Foreign Affairs "Australia's Overseas Aid Programme 2007-08" available at [www.ausaid.gov.au](http://www.ausaid.gov.au).

## 1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the agency (outputs and administered policies, products and services) which contribute to achievement of the outcomes for AusAID are summarised in Table 1.1.

**Table 1.1: Contribution to outcomes**

Outcome	Description	Output
<b>Outcome 1</b>		
To assist developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest	Promotion of sustainable development and poverty reduction in developing countries, particularly in the Asia-Pacific region.	Output 1.1 Policy Output 1.2 Programme Management
<b>Outcome 2</b>		
Australia's national interest advanced by implementing a partnership between Australia and Indonesia for reconstruction and development	To support Indonesia's reconstruction and development efforts, both in and beyond tsunami affected areas, through long-term cooperation, focused on assistance for economic and social development projects and Indonesia's programmes of reform and democratisation.	Output 2.1 Australia-Indonesia Partnership for Reconstruction and Development Management

## Section 2: Resources for 2007-08

### **2.1 APPROPRIATIONS AND OTHER RESOURCES**

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total appropriation for AusAID in the 2007-08 Budget is \$2,613.6 million<sup>1</sup>, made up of \$2,502.6 million in administered appropriations and \$110.9 million in departmental appropriations.

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<sup>1</sup> This amount relates to Appropriation Bill No. 1 and Appropriation Bill No 2 (Departmental and Administered). In addition to this amount are resources from other origins totalling \$3.4 million (see table 2.1).

**Table 2.1: Appropriations and other resources 2007-08 ('000)**

Entity/Outcome/ Non-operating	AusAID Agency Resourcing—2007-2008									
	Departmental					Administered				
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPP \$'000	Other (b) \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Total \$'000
Outcome 1	102,386	-	-	320	2,483,918	-	-	-	3,049	2,589,673
Outcome 2	6,518	-	-	-	4,482	-	-	-	-	11,000
Equity injections	-	2,093	-	-	-	-	-	-	-	2,093
Loans	-	-	-	-	-	-	-	-	-	-
Previous years' outputs	-	-	-	-	-	-	-	-	-	-
Administered assets and liabilities	-	-	-	-	-	-	14,240	-	-	14,240
Special capital	-	-	-	-	-	-	-	-	-	-
Appropriation	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>108,904</b>	<b>2,093</b>	<b>-</b>	<b>320</b>	<b>2,488,400</b>	<b>-</b>	<b>14,240</b>	<b>-</b>	<b>3,049</b>	<b>2,617,006</b>

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

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

Notes:

- Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new administered expenses within new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans. "New administered expenses within new outcomes" does not include revisions to existing outcomes, for example following restructuring of outcomes; or revisions to outcomes following an AAO change where new administered items are not involved.
- Departmental 'Receipts' also includes 'other gains - resources received free of charge' - see Table 2.3 for breakdown.
- Refer to Budgeted Income Statement for application of agency revenue.

## 2.2 2007-08 BUDGET MEASURES

Budget measures relating to AusAID 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 AusAID measures**

Measure	Outcome	Outputs affected	Appropriations budget 2007-08 \$'000			Appropriations forward estimate 2008-09 \$'000			Appropriations forward estimate 2009-10 \$'000			Appropriations forward estimate 2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Increasing overseas aid - delivering better education	1	1.1 & 1.2	40,323	2,831	43,154	59,289	3,347	62,636	183,132	3,131	186,263	245,023	3,182	248,205
Increasing overseas aid - delivering better health	1	1.1 & 1.2	52,528	2,711	55,239	75,219	3,242	78,461	168,989	2,969	171,958	222,128	3,017	225,145
Increasing overseas aid - infrastructure for growth initiative	1	1.1 & 1.2	81,978	3,127	85,105	115,554	3,401	118,955	139,075	3,215	142,290	156,168	3,272	159,440
Increasing overseas aid - Australian response to emerging country and regional priorities - enhancement	1	1.1 & 1.2	100,900	-	100,900	96,200	-	96,200	95,600	-	95,600	90,000	-	90,000

AusAID Budget Statement: Resources

**Table 2.2 AusAID measures (continued)**

Measure	Outcome	Outputs affected	Appropriations budget 2007-08 \$'000			Appropriations forward estimate 2008-09 \$'000			Appropriations forward estimate 2009-10 \$'000			Appropriations forward estimate 2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Climate change - Global Initiative on Forests and Climate <sup>1</sup>	1	1.1 & 1.2	26,590	677	27,267	29,457	3,760	33,217	40,751	2,870	43,621	39,701	2,929	42,630
Australia Pacific Technical College <sup>2</sup>	1	1.1 & 1.2	28,400	2,504	30,904	30,100	1,953	32,053	31,800	1,976	33,776	30,400	1,999	32,399
Increasing overseas aid - Australian emergency and humanitarian response capacity - enhancement	1	1.1 & 1.2	20,545	728	21,273	22,295	666	22,961	23,300	674	23,974	24,290	682	24,972
Increasing overseas aid - Australia-Indonesia partnership for Reconstruction and Development - supplementary administration costs	2	2.1	4,482	6,518	11,000	4,386	6,614	11,000	3,868	6,132	10,000	3,668	5,332	9,000

Table 2.2 AusAID measures (continued)

Measure	Outcome	Outputs affected	Appropriations budget			Appropriations forward estimate 2008-09 \$'000			Appropriations forward estimate 2009-10 \$'000			Appropriations forward estimate 2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Increasing overseas aid - Aid White Paper - continuation of programme development and realignment	1	1.1 & 1.2	-	5,346	5,346	-	5,750	5,750	-	5,710	5,710	-	5,777	5,777
Increasing overseas aid - performance incentives	1	1.1 & 1.2	40,141	1,154	41,295	72,876	1,408	74,284	-	-	-	-	-	-
Increasing overseas aid - governance and leadership programme	1	1.1 & 1.2	14,747	1,878	16,625	22,803	1,569	24,372	-	-	-	-	-	-
Increasing overseas aid - climate change, global health and multilateral initiatives - building and supporting effective partnerships	1	1.1 & 1.2	86,530	356	86,886	-	-	-	-	-	-	-	-	-

AusAID Budget Statement: Resources

**Table 2.2 AusAID measures (continued)**

Measure	Outcome	Outputs affected	Appropriations budget			Appropriations forward estimate 2008-09 \$'000			Appropriations forward estimate 2009-10 \$'000			Appropriations forward estimate 2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Increasing overseas aid - anti-corruption for development activities	1	1.1 & 1.2	15,700	957	16,657	-	-	-	-	-	-	-	-	-
Increasing overseas aid - emergency and humanitarian relief - contributions <sup>3</sup>	1	1.1 & 1.2	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total of all measures</b>			<b>512,864</b>	<b>28,787</b>	<b>541,651</b>	<b>528,179</b>	<b>31,710</b>	<b>559,889</b>	<b>686,515</b>	<b>26,677</b>	<b>713,192</b>	<b>811,378</b>	<b>26,190</b>	<b>837,568</b>

1. This measure includes funding in 2011-12 of \$17.6 million.

2. This measure was included in 2006-07 MYEFO. AusAID absorbed \$10.3 million in 2006-07 with a further estimated \$10 million to be absorbed. As a result, this measure will be not be included in Budget Paper 2 for 2007-08.

3. This measure has been absorbed from within the Global Aid Budget.



## 2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by AusAID for provision of goods or services. These resources are approved for use by AusAID and are included in Table 2.1.

**Table 2.3: Other resources available to be used<sup>1</sup>**

	Estimated receipts 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Departmental resources</b>		
Sales of goods and services (FMA Act s.31) <sup>2</sup>	260	229
Other gains - resources received free of charge	91	91
<b>Total departmental other resources available to be used</b>	<b>351</b>	<b>320</b>
<b>Administered other resources</b>		
Other non-taxation revenue (FMA Act s.31) <sup>3</sup>	2,904	3,049
<b>Total administered other resources available to be used</b>	<b>2,904</b>	<b>3,049</b>

Notes:

1. This table represents own source receipts available for spending on departmental purposes.
2. All Departmental Sales of Goods and Services are used for AusAID's outcomes (*Financial Management and Accountability Act s. 31*).
3. Administered Other non-taxation revenue refers to unused funds returned from contractors and non-government organisations and taxation paid to partner government and returned to AusAID, which were appropriated in former years.

## 2.4 MOVEMENT OF ADMINISTERED FUNDS

AusAID did not move administered funds from 2006-07 to 2007-08.

## 2.5 SPECIAL APPROPRIATIONS

AusAID has no expenses or cash drawdowns associated with special appropriations.

## 2.6 MOVEMENTS IN SPECIAL ACCOUNTS

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

**Table 2.6: Estimates of Special Account cash flows and balances**

		Opening balance <b>2007-08</b> 2006-07	Receipts <b>2007-08</b> 2006-07	Payments <b>2007-08</b> 2006-07	Adjustments <b>2007-08</b> 2006-07	Closing balance <b>2007-08</b> 2006-07
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Government and Non-Agency Bodies (A)	1	<b>2,154</b>	<b>14,000</b>	<b>14,000</b>	<b>0</b>	<b>2,154</b>
<i>Financial Management and Accountability Act 1997 s.20</i>		2,154	14,000	14,000	0	2,154
Australia-Indonesia Partnership for Reconstruction and Development (Grants) Special Account (A)	2	<b>275,738</b>	<b>0</b>	<b>130,000</b>	<b>0</b>	<b>145,738</b>
<i>Financial Management and Accountability Act 1997 s.20</i>		395,738	0	120,000	0	275,738
Australia-Indonesia Partnership for Reconstruction and Development (Loans) Special Account (A)	2	<b>453,000</b>	<b>0</b>	<b>98,000</b>	<b>0</b>	<b>355,000</b>
<i>Financial Management and Accountability Act 1997 s.20</i>		500,000	0	47,000	0	453,000
<b>Total special accounts</b>						
<b>2007-08 Budget estimate</b>		<b>730,892</b>	<b>14,000</b>	<b>242,000</b>	<b>0</b>	<b>502,892</b>
Total special accounts						
2006-07 estimated actual		897,892	14,000	181,000	0	730,892

(A) = Administered

(D) = Departmental

Note: The two special accounts for the Australia-Indonesia Partnership for Reconstruction and Development were created to hold the \$1 billion grants and loans appropriation through the 2004-05 Portfolio Supplementary Additional Estimates Statements tabled in March 2005.

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

In 2007-08, AusAID will receive an administered capital cash injection of \$14.2 million to meet obligations relating to multiyear liabilities that were in existence prior to the change to accrual budgeting, as reflected in Table 2.1.

Under the current accounting treatment for multiyear agreements, these commitments are recorded as a liability in the year the agreement is entered into, not when the cash payments fall due, which can be spread over a period of up to ten years. This means that in any given year the relationship between AusAID's cash needs, and AusAID's appropriation can vary considerably.

In 2007-08, new multiyear agreements (current estimates of \$407m) are expected to be entered into for the fifteenth replenishment of the International Development Association (IDA15) including contributions to the Heavily Indebted Poor Countries Initiative (HIPC).

AusAID will also make cash payments against existing multiyear agreements of approximately \$318.1 million.

In 2007-08, AusAID will receive a departmental capital injection of \$2.1 million for AusAID's central office fitout (\$0.2 million) and Providing for Australia's security – Australian overseas diplomatic missions – improved security (\$1.9 million).

## Section 3: Outcomes

General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the two outcomes for AusAID. Emphasis is placed on estimating the contribution to outcomes through administered items and outputs delivered by the agency. Key performance measures and performance evaluation activities are specified for each outcome.

### **3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES**

The relationship between activities of AusAID and the outcomes is summarised in Figure 2.

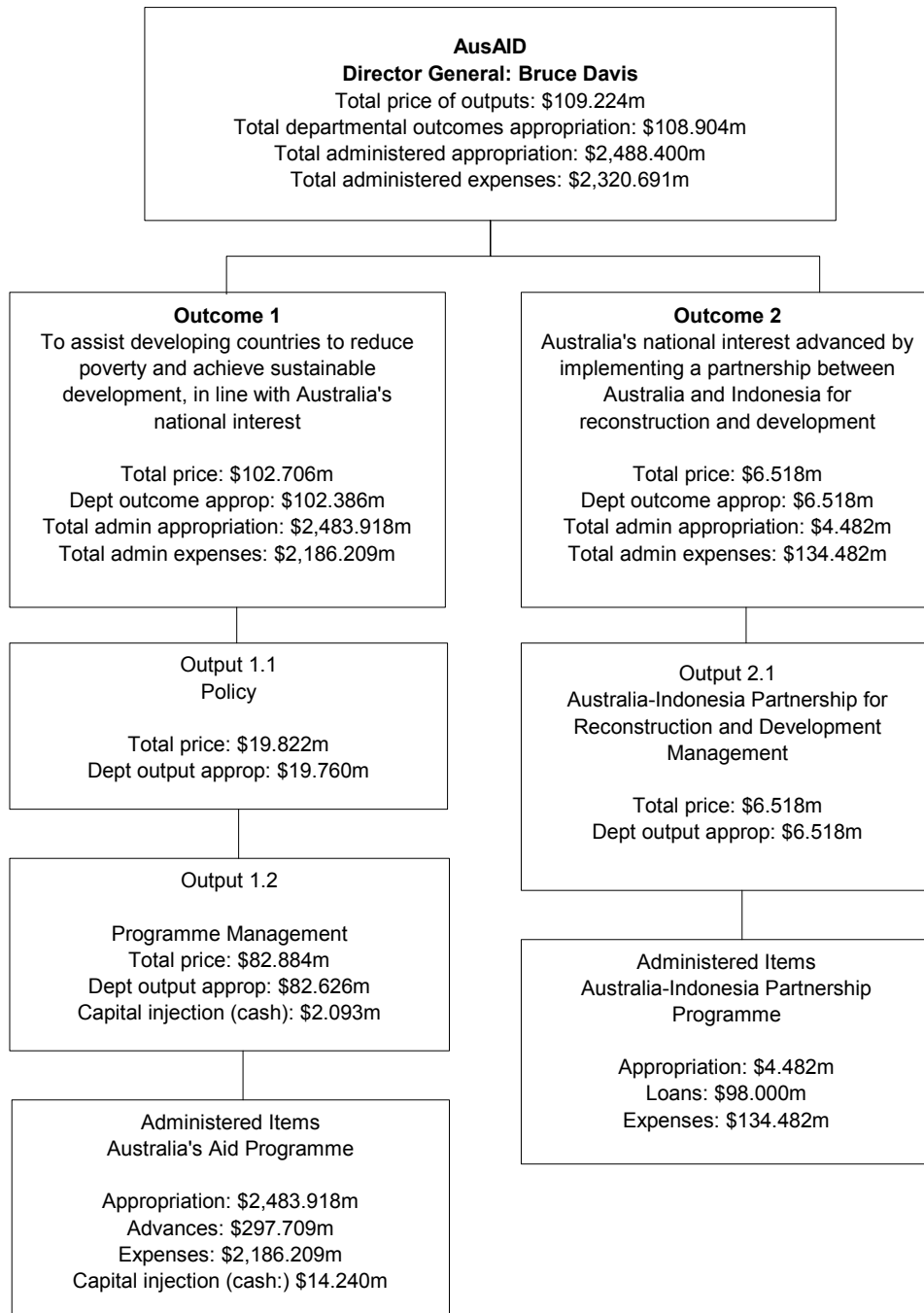
#### **Output Cost attribution**

AusAID allocates departmental resources to outputs based on an output usage survey.

#### **Change to Outcomes and Outputs**

Since the tabling of the 2006-07 Portfolio Budget Statement, AusAID has amended its outcome 1 statement to reflect the overarching objective of Australia's Aid Programme as set out in the 2006 White Paper – *Australian Aid: Promoting Growth and Stability*.

**Figure 2: Contributions to outcomes**



## 3.2 OUTCOME 1 RESOURCES AND PERFORMANCE INFORMATION

### 3.2.1 Outcome 1 resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for outcome one, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Administered appropriations</b>		
<b>Total administered appropriations</b>	1,761,820	2,483,918
<b>Departmental appropriations</b>		
Output 1.1 - Policy		
<b>Subtotal Output 1.1</b>	16,876	19,760
<b>Departmental appropriations</b>		
Output 1.2 - Programme Management		
<b>Subtotal Output 1.2</b>	70,564	82,626
<b>Total revenue from government (appropriations)</b>	87,440	102,386
<b>Contributing to price of departmental outputs</b>		
<b>Revenue from other sources</b>		
Sales of Goods and Services	260	229
Other gains (Resources received free of charge)	91	91
<b>Total revenue from other sources</b>	351	320
<b>Total price from departmental outputs</b>		
(Total revenue from government and from other sources)	87,791	102,706
<b>Total estimated resourcing for Outcome 1</b>		
(Total price of outputs and administered appropriations)	1,849,611	2,586,624
	2006-07	2007-08
<b>Average staffing level (number)</b>	491	537

### **3.2.2 Measures affecting Outcome 1<sup>2</sup>**

#### **Increasing overseas aid - delivering better education**

The Government will provide \$540.3 million over four years to improve education outcomes for young people across the Asia-Pacific region and equip them with the skills necessary to lead productive lives.

Supporting education is one of the most effective uses of aid. Education provides the foundation for economic growth and self-reliance and produces flow on benefits in health, governance, gender equity and stability and security.

#### **Increasing overseas aid - delivering better health**

The Government will provide \$530.8 million over four years to improve health in the Asia-Pacific Region. This investment will support the implementation of activities outlined in the Government's aid health policy, *Helping Health Systems Deliver*, launched by the Minister for Foreign Affairs in August 2006.

Effectively functioning health services play a key role in promoting human security and stability and help to break the vicious cycle of poverty.

#### **Increasing overseas aid - infrastructure for growth initiative**

The Government will provide \$505.8 million over four years to address critical infrastructure constraints to growth and improve the management of infrastructure in the Asia-Pacific region. This initiative will support partner countries to build and maintain key economic infrastructure, and remove impediments to private investment in infrastructure. Improved infrastructure networks with increased coverage will facilitate market access, promote regional trade and integration, and encourage private sector growth and increased productivity.

#### **Increasing overseas aid - Australian response to emerging country and regional priorities - enhancement**

The Government will provide \$382.7 million over four years to increase in-year flexibility within the aid budget to meet unforeseen and emerging country and regional aid priorities.

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<sup>2</sup> This relates to measures disclosed in the 2007-08 Budget context (that is measures agreed since the *Mid-Year Economic and Fiscal Outlook* (2006-07 MYEFO)).

### **3.2.2 Measures affecting Outcome 1 (continued)**

#### **Climate change - Global Initiative on Forests and Climate**

The Government will provide \$164.4 million through AusAID over five years in support of the “Global Initiative on Forests and Climate” announced in March 2007. This measure is part of the Government’s \$200 million commitment to this global initiative aimed at reducing global greenhouse gas emissions through improved management of tropical forests.

#### **Australia Pacific Technical College**

The Government will provide \$149.4 million for the establishment and operation of a new Australia-Pacific Technical college. The college will provide Australian-standard technical training to Pacific Island students from throughout the region. Further details of this measure may be found in the Prime Minister’s press release of 25 October 2006.

#### **Increasing overseas aid - Australian emergency and humanitarian response capacity - enhancement**

The Government will provide \$93.2 million over four years to improve Australia’s response capacity to humanitarian and emergency crises in the Asia-Pacific region. Australia’s response capacity will be enhanced through better coordination, improved access to relief stores and skilled response personnel, strengthened systems and capacity in regional partners to plan and manage crises.

#### **Increasing overseas aid - Aid White Paper - continuation of programme development and realignment**

The Government will provide \$22.6 million over four years to resource the policy, planning and design work necessary for the continued effective implementation of the Australian Government’s White Paper – *Australian Aid: Promoting Growth and Stability*.

#### **Increasing overseas aid - performance incentives**

The Government will budget for \$115.6 million over two years to recognise developing partner countries achievements in advancing essential economic and governance reforms against mutually agreed milestones.



### **3.2.2 Measures affecting Outcome 1 (continued)**

#### **Increasing overseas aid - governance and leadership programme**

The Government will provide \$41.0 million over two years on leadership development and to build demand from within partner developing countries for improved governance performance.

#### **Increasing overseas aid - climate change, global health and multilateral initiatives - building and supporting effective partnerships**

The Government will provide \$86.9 million in 2007-08 for multilateral initiatives targeting climate change and improved health standards in the Asia-Pacific region<sup>3</sup>.

#### **Increasing overseas aid - anti-corruption for development activities**

The Government will provide \$16.7 million in 2007-08 to support initial high priority work to implement the Government's policy "Tackling corruption for Growth and Development" launched in March 2007.

#### **Increasing overseas aid - emergency and humanitarian relief - contributions**

The Government has provided \$18.6 million since MYEFO 2006-07 for emergency and humanitarian relief efforts.

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

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<sup>3</sup> This measure also enables early discharge of Australia's remaining commitments to the 13<sup>th</sup> IDA replenishment of approximately \$120 million, of which some \$80 million will be bought forward from future year commitments.

### **3.2.3 Contributions to achievement of Outcome 1**

AusAID provides policy advice and analysis to the Government on international development issues. AusAID also manages and monitors aid programmes implemented in accordance with policies of the Government and priorities of partner countries.

### **3.2.4 Performance information for Outcome 1**

Performance information for administered items and individual outputs relating AusAID's outcome 1 are summarised in Table 3.2 below.

**Table 3.2: Performance information for Outcome 1**

<b>Effectiveness - Overall achievement of the Outcome</b>	
At least 75 per cent of initiatives receive a satisfactory quality rating	
Significant development results	
Significant initiative outputs	
<b>Performance indicators for administered items including third party outputs</b>	
Country and Regional Programmes	At least 75 per cent of activities receive a satisfactory quality rating. Significant development results. Significant initiative outputs.
Multilateral Organisations	At least 75 per cent of organisations receive a satisfactory quality rating. Significant development results. Organisations' significant outputs.
Emergency, Humanitarian, and Refugee Programmes	At least 75 per cent of initiatives receive a satisfactory quality rating. Significant initiative outputs.
NGO and Volunteer Programmes	At least 75 per cent of activities receive a satisfactory quality rating. Significant initiative outputs.
Information, Education and Communication Programmes	Awareness of Australia's overseas aid programme and key international development issues amongst target audiences.

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

**Performance indicators for individual outputs**

**Output 1.1 Policy**

Output 1.1

Quality: Ministerial/Parliamentary Secretary satisfaction.

Quantity: number of submissions or briefs; questions on notice; PPQ's; submissions to Parliamentary Committees; correspondence; press releases; speeches; number of programme strategies prepared or reviewed.

Price: \$19.822 million

**Output 1.2 Programme Management**

Output 1.2

Quality: major programmes harmonised with key donors and aligned with partner government systems, aid modalities reflect good international practice; continuous improvement of tools and processes; core quality principles applied.

Quantity: number of initiatives; number of new initiatives launched and ongoing initiatives managed.

Price: \$82.884 million

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## 3.2 OUTCOME 2 RESOURCES AND PERFORMANCE INFORMATION

### 3.2.1 Outcome 2 resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for outcome 2, including administered expenses, revenue from Government (appropriation), revenue from other sources, and the total price of outputs.

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Administered appropriations</b>		
<b>Total administered appropriations</b>	3,370	4,482
<b>Departmental appropriations</b>		
Output 2.1 - Australia-Indonesia Partnership for Reconstruction and Development Management		
<b>Subtotal Output 2.1</b>	5,722	6,518
<b>Total revenue from government (appropriations)</b>	5,722	6,518
<b>Contributing to price of departmental outputs</b>		
<b>Total revenue from other sources</b>	-	-
<b>Total price from departmental outputs</b>		
(Total revenue from government and from other sources)	5,722	6,518
<b>Total estimated resourcing for Outcome 2</b>		
(Total price of outputs and administered appropriations)	9,092	11,000
	2006-07	2007-08
<b>Average staffing level (number)</b>	27	27

### **3.2.2 Measures affecting Outcome 2<sup>4</sup>**

#### **Increasing overseas aid - Australia-Indonesia Partnership for Reconstruction and Development – supplementary administration costs.**

The Government will provide \$41.0 million over four years to provide administrative support for the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD).

Funding to administer the AIPRD is being provided separately to ensure funds are not diverted from the \$1 billion provided by the Australian Government for Indonesia's reconstruction and development, following the 2004 Indian Ocean tsunami.

### **3.2.3 Contributions to achievement of Outcome 2**

AusAID's second outcome reflects the Government's commitment to the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD). The AIPRD is part of the overall Australian aid program managed in line with the strategic framework set out in the White Paper.

Activities under the Partnership will be funded by a \$1 billion package comprising a \$500 million grant aid programme and \$500 million in highly concessional loans.

A Joint Commission is the peak decision-making body of the Partnership. The Commission's work is jointly overseen by the Heads of Government of Australia and Indonesia. Membership of the Commission comprises the Foreign Ministers of both Australia and Indonesia as well as economic ministers from each country. The principal mandate of the Joint Commission is to set broad strategic directions for the Partnership. It also establishes key priorities for funding and agrees on major activities.

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<sup>4</sup> This relates to measures disclosed in the 2007-08 Budget context (that is measures agreed since the *Mid-Year Economic and Fiscal Outlook* (2006-07 MYEFO)).

### 3.2.4 Performance information for Outcome 2

Performance information for administered items and individual outputs relating to AusAID's outcome two are summarised in Table 3.2 below.

**Table 3.2: Performance information for Outcome 2**

<b>Effectiveness - Overall achievement of the Outcome</b>	
At least 75 percent of initiatives receives a satisfactory quality rating	
Significant development results	
Significant initiative outputs	
<b>Performance indicators for administered items including third party outputs</b>	
Australia-Indonesia Partnership for Reconstruction and Development	Quality: At least 75 per cent of initiatives receive a satisfactory quality rating. Quantity: significant development results.
<b>Performance indicators for individual outputs</b>	
<b>Output 2.1 Australia-Indonesia Partnership for Reconstruction and Development Management</b>	
Output 2.1	Quality: major programmes harmonised with key donors and aligned with partner government systems, aid modalities reflect good international practice; continuous improvement of tools and processes; core quality principles applied.  Quantity: number of initiatives; number of new initiatives launched and ongoing initiatives managed.
Price: \$6.518 million	

### **3.3 EVALUATIONS ACROSS OUTCOMES**

#### **3.3.1 - Evaluations of the aid programme**

The Office of Development Effectiveness (ODE) was established in 2006 with the objective of improving the effectiveness of Australian Government policies and programmes on the development of partner countries. In 2007-08, the focus of the ODE will be on:

- Producing the first Annual Review of Development Effectiveness (ARDE);
- Bedding down new approaches to performance assessment, evaluation and reporting;
- Reviews of country and regional strategies; and
- Key strategic and thematic evaluations.

#### **3.3.2 - Administration and delivery of the aid programme**

Delivering an expanded and effective aid programme focussed on the White Paper themes will require continued development of innovative modes of delivery, access to a broader pool of expertise, and further refinement of AusAID's administrative processes. In 2007-08, AusAID will build on the improvements and innovations in delivering the aid programme. These include: utilising modes of delivery that are strongly aligned with partner government budgets and systems and making greater use of national expertise in implementation; expanding the pool of expertise and providing greater value for money through the untied the aid programme; and mobilising new Australian engagement.

#### **3.3.3 - The Australian Aid Performance Assessment Framework**

Following the launch of the Aid White Paper in April 2006, a new Performance Assessment Framework (PAF) is being developed to strengthen the effectiveness of the aid program. The PAF centres around three main sets of questions: what are the results of our aid; what is the quality of our aid initiatives, and are we complementing key policy directions as set out in the White Paper. The PAF will provide the data for AusAID's Annual Report.

In line with the White Paper, an Annual Review of Development Effectiveness (ARDE) will be prepared by the Office of Development Effectiveness. The ARDE will be an independent assessment of the aid programme's effectiveness and will cover all Australian ODA. The ARDE will inform future aid budget decisions. It will be available for the Expenditure Review Committee of Cabinet, Parliament and the public.

The main elements of the new PAF for Australian aid have been incorporated into AusAID's performance information at Table 3.2. The monitoring of the 75 percent target for initiatives to be rated satisfactory has been strengthened. AusAID's Annual Report will continue to be the formal report on the commitments in the Portfolio Budget Statement.

## Section 4: Other reporting requirements

### **4.1 PURCHASER-PROVIDER ARRANGEMENTS**

#### **4.1.1 Cross agency overview**

AusAID purchases services from the Department of Foreign Affairs and Trade (DFAT):

- Under the Service Level Agreement (SLA) for overseas missions and the Information Technology Memorandum of Understanding (ITMOU);
- For routine operating expenses at overseas missions;
- For residential and office accommodation at overseas missions;
- For information technology infrastructure support;
- For telecommunications at overseas missions; and
- For secure network services.

AusAID provides payroll services to the Australian Centre for International Agricultural Research (ACIAR).

### **4.2 COST RECOVERY ARRANGEMENTS**

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

AusAID has no cost recovery arrangements in place as defined by the Department of Finance and Administration.

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

Please refer to Portfolio Table 1 in the Portfolio Overview.



## Section 5: Budgeted financial statements

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

An analysis of the budgeted financial statements for AusAID, presented in this section, form the basis of both the financial statements that will appear in AusAID's 2006-07 and 2007-08 Annual Reports and input into the Whole-of-Government Accounts.

#### **Departmental financial statements**

##### **Budgeted departmental income statement**

This statement provides a picture of the expected financial results for AusAID by identifying full accrual expenses and revenue.

Total income in 2007-08 is estimated to be \$109.2 million, an increase of \$15.7 million from the 2006-07 estimated actual. The increase is primarily as a result of:

- Increased appropriation for new measures (excluding capital funding) included in the 2007-08 Budget (refer to Section 2, Table 2.2 for detail);

AusAID is budgeting for a zero operating result for 2007-08. The estimated actual operating result for 2006-07 is also expected to be zero.

Total expenses are estimated to be \$109.2 million, an increase of \$15.7 million from the 2006-07 estimated actual. The increase is primarily due to additional costs to manage new initiatives.

**Budgeted departmental balance sheet**

This statement shows the expected financial position of AusAID. It enables decision makers to track the management of AusAID's assets and liabilities.

AusAID's budgeted net asset position of \$19.7 million represents an increase of \$2.1 million from the 2006-07 estimated actual net asset position. The increase is attributable to the capital injections for AusAID's central office fitout and Providing for Australia's Security - Australian overseas diplomatic missions - improved security (refer to 2005-06 Portfolio Budget Statement Table 2.2).

AusAID's most significant liability continues to be accrued employee entitlements, as a result of accruing leave entitlements. In 2007-08 this is estimated at \$13.8 million.

**Budgeted departmental statement of cash flows**

This statement shows the budgeted cash flows, as reflected in the statement of cash flows, providing information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

**Departmental statement of changes in equity - summary of movement**

This statement shows changes in equity resulting from the net impact of movements in accumulated results, asset revaluation and other reserves, and contributed equity. Total equity in 2007-08 is estimated to be \$19.7 million, an increase of \$2.1 million from the 2006-07 estimated actual. This increase is a result of capital injections receivable in 2007-08 of \$2.1 million.

**Departmental capital budget statement**

This statement shows all planned capital expenditure on non-financial assets funded either through capital appropriation for additional equity or borrowings, or from funds from internal sources.

**Departmental property, plant, equipment and intangibles - summary of movement**

This statement shows budgeted acquisitions and disposals of non-financial assets during the Budget year. The major movement to non-financial assets is from estimated additions of \$1.8 million in infrastructure, plant and equipment and intangibles.

## **Schedule of Administered Activity**

Details of transactions administered by AusAID on behalf of the Commonwealth are shown in the following schedules to the financial statements.

### **Schedule of budgeted income and expenses administered on behalf of government**

This schedule identifies the main revenues and expenses relating to the Australian Government's Official Overseas Aid Programme administered by AusAID.

In 2007-08 AusAID will receive administered appropriation of \$2,488.4 million (excluding capital funding) for programmes administered on behalf of the Government, representing an increase of \$723.2 million from the 2006-07 estimated actual. This increase is largely due to:

- New Budget measures as disclosed in Section 2, Table 2.2.

Administered expenses for grants to multilateral organisations are budgeted at \$321.8 million, an increase of \$38.9 million from the 2006-07 estimated actual.

Also budgeted against grants are the estimated expenses for the grants component of the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD). For 2007-08 it is estimated that \$130 million of AIPRD grants will be expensed. These expenses do not increase AusAID's appropriation as the full appropriation was received through the 2004-05 Portfolio Supplementary Additional Estimates Statements.

There are no expenses associated with the loans component of the AIPRD. It is estimated that \$98.0 million of loans will be disbursed in 2007-08.

Administered expenses for 'Other Aid Programme' are budgeted at \$1,867.4 million, an increase of \$397.9 million from the 2006-07 estimated actual. This increase is primarily related to:

- New Budget measures as disclosed in Section 2, Table 2.2.

**Schedule of budgeted assets and liabilities administered on behalf of Government**

This schedule shows the assets and liabilities administered on behalf of the Government.

Due to a change in accounting policy there has been a change to the 2006-07 Estimated Actuals since the tabling of the 2006-07 Portfolio Budget Statement.

Previously, the entire amount of the multilateral replenishments were expensed at the time of entering into the commitment. This has since changed. The core contributions associated with the International Development Association (IDA) and Asian Development Fund (ADF) multilateral replenishments have now been capitalised. These amounts were included in the budgeted income and expense statement. The grant component of these replenishments will continue to be expensed.

**Schedule of budgeted administered capital budget and cash flows**

Tables 5.8 and 5.9 show significant, although decreasing, capital needs for AusAID's administered items. These relate to the need to extinguish multiyear liabilities incurred prior to the transition to accrual budgeting in 1999-2000. Specifically, these are agreements relating to Australia's contribution to the:

- Asian Development Fund;
- Global Environment Facility; and
- Nauru Settlement Treaty.

**Schedule of administered property, plant, equipment and intangibles – summary of movement**

This schedule discloses details of movements in administered non-financial assets.

**Explanatory tables**

Included in the notes to financial statements are three explanatory tables that detail:

- The reconciliation of AusAID's expense estimates to Australia's estimated Official Development Assistance (ODA);
- The reconciliation of AusAID's cash estimates to Australia's estimated ODA; and
- The reconciliation of AusAID's expense estimates to its cash estimates.

## 5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental income statement (for the period ended 30 June 2008)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	93,162	108,904	111,745	107,332	106,916
Goods and services	260	229	231	231	231
Other					
<b>Total revenue</b>	<b>93,422</b>	<b>109,133</b>	<b>111,976</b>	<b>107,563</b>	<b>107,147</b>
<b>Gains</b>					
Sale of assets	-	-	-	-	-
Other	91	91	91	91	91
<b>Total gains</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>
<b>Total income</b>	<b>93,513</b>	<b>109,224</b>	<b>112,067</b>	<b>107,654</b>	<b>107,238</b>
<b>EXPENSE</b>					
Employees	62,312	73,750	75,436	72,679	71,915
Suppliers	27,526	32,014	33,410	31,848	32,195
Depreciation and amortisation	3,450	3,385	3,138	3,041	3,042
Write-down of assets and impairment of assets	225	75	83	86	86
Other	-	-	-	-	-
<b>Total expenses</b>	<b>93,513</b>	<b>109,224</b>	<b>112,067</b>	<b>107,654</b>	<b>107,238</b>
<b>Surplus (deficit) attributable to the Australian Government</b>	-	-	-	-	-

**Table 5.2: Budgeted departmental balance sheet (as at 30 June 2008)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	2,840	3,450	4,172	4,172	4,172
Receivables	10,568	14,281	17,800	18,829	19,447
Other	-	-	-	-	-
<b>Total financial assets</b>	<b>13,408</b>	<b>17,731</b>	<b>21,972</b>	<b>23,001</b>	<b>23,619</b>
<b>Non-financial assets</b>					
Land and buildings	7,872	8,157	8,077	8,095	8,113
Infrastructure, plant and equipment	5,032	4,124	3,092	2,057	1,022
Intangibles	4,164	3,141	2,302	2,702	3,101
Other	1,427	1,446	1,466	1,466	1,466
<b>Total non-financial assets</b>	<b>18,495</b>	<b>16,868</b>	<b>14,937</b>	<b>14,320</b>	<b>13,702</b>
<b>Total assets</b>	<b>31,903</b>	<b>34,599</b>	<b>36,909</b>	<b>37,321</b>	<b>37,321</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Other	-	-	-	-	-
<b>Total interest bearing liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>					
Employees	13,072	13,818	14,440	14,852	14,852
Other	-	-	-	-	-
<b>Total provisions</b>	<b>13,072</b>	<b>13,818</b>	<b>14,440</b>	<b>14,852</b>	<b>14,852</b>
<b>Payables</b>					
Suppliers	1,244	1,101	1,868	1,868	1,868
Other	-	-	-	-	-
<b>Total payables</b>	<b>1,244</b>	<b>1,101</b>	<b>1,868</b>	<b>1,868</b>	<b>1,868</b>
<b>Total liabilities</b>	<b>14,316</b>	<b>14,919</b>	<b>16,308</b>	<b>16,720</b>	<b>16,720</b>
<b>Net assets</b>	<b>17,587</b>	<b>19,680</b>	<b>20,601</b>	<b>20,601</b>	<b>20,601</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	17,013	19,106	20,027	20,027	20,027
Reserves	109	109	109	109	109
Retained surpluses or accumulated deficits	465	465	465	465	465
<b>Total parent entity interest</b>	<b>17,587</b>	<b>19,680</b>	<b>20,601</b>	<b>20,601</b>	<b>20,601</b>
<b>Total equity</b>	<b>17,587</b>	<b>19,680</b>	<b>20,601</b>	<b>20,601</b>	<b>20,601</b>
<b>Current assets</b>	<b>14,835</b>	<b>19,177</b>	<b>23,438</b>	<b>24,467</b>	<b>25,085</b>
<b>Non-current assets</b>	<b>17,068</b>	<b>15,422</b>	<b>13,471</b>	<b>12,854</b>	<b>12,236</b>
<b>Current liabilities</b>	<b>4,848</b>	<b>5,112</b>	<b>6,335</b>	<b>6,382</b>	<b>6,382</b>
<b>Non-current liabilities</b>	<b>7,508</b>	<b>7,857</b>	<b>8,113</b>	<b>8,219</b>	<b>8,219</b>

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

**Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June 2008)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	260	229	231	231	231
Appropriations	88,630	105,194	108,229	106,303	106,298
Other	984	997	1,011	1,012	1,013
<b>Total cash received</b>	<b>89,874</b>	<b>106,420</b>	<b>109,471</b>	<b>107,546</b>	<b>107,542</b>
<b>Cash used</b>					
Employees	61,310	73,007	74,817	72,267	71,915
Suppliers	28,926	32,085	32,572	31,757	32,104
Other	984	997	1,011	1,012	1,013
<b>Total cash used</b>	<b>91,220</b>	<b>106,089</b>	<b>108,400</b>	<b>105,036</b>	<b>105,032</b>
<b>Net cash from or (used by) operating activities</b>	<b>(1,346)</b>	<b>331</b>	<b>1,071</b>	<b>2,510</b>	<b>2,510</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Other	-	-	-	-	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	11,020	1,684	1,140	1,140	1,140
Other	130	130	130	1,370	1,370
<b>Total cash used</b>	<b>11,150</b>	<b>1,814</b>	<b>1,270</b>	<b>2,510</b>	<b>2,510</b>
<b>Net cash from or (used by) investing activities</b>	<b>(1,150)</b>	<b>(1,814)</b>	<b>(1,270)</b>	<b>(2,510)</b>	<b>(2,510)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	6,644	2,093	921	-	-
Other	-	-	-	-	-
<b>Total cash received</b>	<b>6,644</b>	<b>2,093</b>	<b>921</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Other	-	-	-	-	-
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>	<b>6,644</b>	<b>2,093</b>	<b>921</b>	<b>-</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	<b>(12,496)</b>	<b>(1,483)</b>	<b>(199)</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	8,692	2,585	3,195	3,917	3,917
<b>Cash at the end of the reporting period</b>	<b>2,585</b>	<b>3,195</b>	<b>3,917</b>	<b>3,917</b>	<b>3,917</b>

**Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2007</b>					
Balance carried forward from previous period	465	109	-	17,013	17,587
Adjustment for changes in accounting policies	-	-	-	-	-
<b>Adjusted opening balance</b>	<b>465</b>	<b>109</b>	<b>-</b>	<b>17,013</b>	<b>17,587</b>
<b>Income and expense</b>					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
<b>Sub-total income and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Surplus (deficit) for the period	-	-	-	-	-
<b>Total income and expenses recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions with owners</b>					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	2,093	2,093
Other:					
Restructuring	-	-	-	-	-
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,093</b>	<b>2,093</b>
Transfers between equity components	-	-	-	-	-
<b>Estimated closing balance as at 30 June 2008</b>	<b>465</b>	<b>109</b>	<b>-</b>	<b>19,106</b>	<b>19,680</b>



**Table 5.5: Departmental capital budget statement**

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	6,644	2,093	921	-	-
Total loans	-	-	-	-	-
<b>Total capital appropriations</b>	<b>6,644</b>	<b>2,093</b>	<b>921</b>	<b>-</b>	<b>-</b>
<b>Represented by:</b>					
Purchase of non-financial assets	6,644	2,093	921	-	-
Other	-	-	-	-	-
<b>Total represented by</b>	<b>6,644</b>	<b>2,093</b>	<b>921</b>	<b>-</b>	<b>-</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	6,644	2,093	921	-	-
Funded internally by					
Departmental resources	4,506	(279)	349	2,510	2,510
<b>Total</b>	<b>11,150</b>	<b>1,814</b>	<b>1,270</b>	<b>2,510</b>	<b>2,510</b>

**Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)**

	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	\$'000
<b>As at 1 July 2007</b>									
Gross book value	-	-	8,665	-	7,798	-	8,017	-	24,480
Accumulated depreciation	-	-	(793)	-	(2,766)	-	(3,853)	-	(7,412)
<b>Opening net book value</b>	-	-	7,872	-	5,032	-	4,164	-	17,068
Additions:									
by purchase	-	-	953	-	731	-	130	-	1,814
by finance lease	-	-	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	(668)	-	(1,564)	-	(1,153)	-	(3,385)
Impairments recognised in operating result	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	(75)	-	-	-	(75)
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	-	-	-	-	-
<b>As at 30 June 2008</b>									
Gross book value	-	-	9,618	-	7,854	-	8,147	-	25,619
Accumulated depreciation	-	-	1,461	-	3,730	-	5,006	-	10,197
<b>Estimated closing net book value</b>	-	-	8,157	-	4,124	-	3,141	-	15,422

**Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June 2008)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Other taxes, fees and fines	-	-	-	-	-
<b>Total taxation</b>	-	-	-	-	-
<b>Non-taxation</b>					
Other sources of non-taxation revenues	2,904	3,049	3,202	3,362	3,530
<b>Total non-taxation</b>	<b>2,904</b>	<b>3,049</b>	<b>3,202</b>	<b>3,362</b>	<b>3,530</b>
<b>Total revenues administered on behalf of Government</b>	<b>2,904</b>	<b>3,049</b>	<b>3,202</b>	<b>3,362</b>	<b>3,530</b>
<b>Gains</b>					
Other gains	-	-	-	-	-
<b>Total gains administered on behalf of Government</b>	-	-	-	-	-
<b>Total income administered on behalf of Government</b>	<b>2,904</b>	<b>3,049</b>	<b>3,202</b>	<b>3,362</b>	<b>3,530</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	402,910	451,786	374,483	188,369	271,222
Depreciation and amortisation	841	1,498	1,499	1,500	1,500
Other - Aid programme	1,469,512	1,867,407	2,025,975	2,162,928	2,297,642
<b>Total expenses administered on behalf of Government</b>	<b>1,873,263</b>	<b>2,320,691</b>	<b>2,401,957</b>	<b>2,352,797</b>	<b>2,570,364</b>

**Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June 2008)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	69,563	69,563	69,563	69,563	69,563
Loans Receivable (AIPRD)	47,000	145,000	290,000	450,000	500,000
Capital Advances (IDA/ADF) <sup>1</sup>	4,879,678	5,177,387	5,410,044	5,410,044	5,725,046
Receivables	1,776,976	1,656,044	1,623,532	1,230,969	1,402,286
Other financial assets	-	-	-	-	-
<b>Total financial assets</b>	<b>6,773,217</b>	<b>7,047,994</b>	<b>7,393,139</b>	<b>7,160,576</b>	<b>7,696,895</b>
<b>Non-financial assets</b>					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	7,836	7,013	5,889	4,772	3,656
Other	12,663	12,663	12,663	12,663	12,663
<b>Total non-financial assets</b>	<b>20,499</b>	<b>19,676</b>	<b>18,552</b>	<b>17,435</b>	<b>16,319</b>
<b>Total assets administered on behalf of Government</b>	<b>6,793,716</b>	<b>7,067,670</b>	<b>7,411,691</b>	<b>7,178,011</b>	<b>7,713,214</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Interest bearing liabilities</b>					
Loans	4,089	4,968	5,694	6,057	6,414
<b>Total interest bearing liabilities</b>	<b>4,089</b>	<b>4,968</b>	<b>5,694</b>	<b>6,057</b>	<b>6,414</b>
<b>Provisions</b>					
Other provisions	2,153	2,153	2,153	2,153	2,153
<b>Total provisions</b>	<b>2,153</b>	<b>2,153</b>	<b>2,153</b>	<b>2,153</b>	<b>2,153</b>
<b>Payables</b>					
Suppliers	85,845	87,990	89,170	90,147	92,128
Grants and subsidies	303,034	324,482	384,935	305,314	338,192
IDA/ADF <sup>2</sup>	624,690	692,222	834,249	718,439	899,793
<b>Total payables</b>	<b>1,013,569</b>	<b>1,104,694</b>	<b>1,308,354</b>	<b>1,113,900</b>	<b>1,330,113</b>
<b>Total liabilities administered on behalf of Government</b>	<b>1,019,811</b>	<b>1,111,815</b>	<b>1,316,201</b>	<b>1,122,110</b>	<b>1,338,680</b>

1. Due to a change in accounting policy, the core contributions associated with IDA and ADF multilateral replenishments have been capitalised. Previously these amounts were expensed and were included in the budgeted income statement against account line "Expenses - Grants".

2. Due to a change in accounting policy, the core contributions associated with IDA and ADF multilateral replenishments have been capitalised. Previously these amounts were included against "Payables – Grants and Subsidies".

**Table 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June 2008)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Net GST received	48,710	61,270	67,232	71,867	76,373
Other	2,904	3,049	3,202	3,362	3,530
<b>Total cash received</b>	<b>51,614</b>	<b>64,319</b>	<b>70,434</b>	<b>75,229</b>	<b>79,903</b>
<b>Cash used</b>					
Aid Programme	1,689,697	2,199,511	2,421,991	2,534,799	2,402,918
Grant payments	404,511	422,088	307,725	261,630	231,872
IDA/ADF Core	162,524	230,177	90,630	115,810	133,648
Net GST paid	49,086	62,377	67,674	72,248	76,748
Other	2,904	3,049	3,202	3,362	3,530
<b>Total cash used</b>	<b>2,308,722</b>	<b>2,917,202</b>	<b>2,891,222</b>	<b>2,987,849</b>	<b>2,848,716</b>
<b>Net cash from or (used by) operating activities</b>	<b>(2,257,108)</b>	<b>(2,852,883)</b>	<b>(2,820,788)</b>	<b>(2,912,620)</b>	<b>(2,768,813)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Other	-	-	-	-	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant & equipment & intangibles	6,900	675	375	383	384
Other	-	-	-	-	-
<b>Total cash used</b>	<b>6,900</b>	<b>675</b>	<b>375</b>	<b>383</b>	<b>384</b>
<b>Net cash from or (used by) investing activities</b>	<b>(6,900)</b>	<b>(675)</b>	<b>(375)</b>	<b>(383)</b>	<b>(384)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from borrowing	49,086	62,377	67,674	72,248	76,748
Cash from Capital injections	22,563	14,240	6,977	6,150	3,632
<b>Total cash received</b>	<b>71,649</b>	<b>76,617</b>	<b>74,651</b>	<b>78,398</b>	<b>80,380</b>
<b>Cash used</b>					
Net repayment of borrowings	48,710	61,270	67,232	71,867	76,373
<b>Total cash used</b>	<b>48,710</b>	<b>61,270</b>	<b>67,232</b>	<b>71,867</b>	<b>76,373</b>
<b>Net cash from or (used by) financing activities</b>	<b>22,939</b>	<b>15,347</b>	<b>7,419</b>	<b>6,531</b>	<b>4,007</b>
<b>Net increase or (decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at beginning of reporting period	69,563	69,563	69,563	69,563	69,563
Cash from Official Public Account for:					
- appropriations	1,907,070	2,382,211	2,323,744	2,507,648	2,665,189
- special accounts	169,154	230,154	247,154	207,892	52,154
<b>Cash at end of reporting period</b>	<b>69,563</b>	<b>69,563</b>	<b>69,563</b>	<b>69,563</b>	<b>69,563</b>

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Administered capital	22,563	14,240	6,977	6,150	3,632
Special appropriations	-	-	-	-	-
<b>Total capital appropriations</b>	<b>22,563</b>	<b>14,240</b>	<b>6,977</b>	<b>6,150</b>	<b>3,632</b>
<b>Represented by:</b>					
Purchase of non-financial assets	-	-	-	-	-
Other	22,563	14,240	6,977	6,150	3,632
<b>Total represented by</b>	<b>22,563</b>	<b>14,240</b>	<b>6,977</b>	<b>6,150</b>	<b>3,632</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	-	-	-	-	-
Funded internally by Departmental resources	6,900	675	375	383	384
<b>Total</b>	<b>6,900</b>	<b>675</b>	<b>375</b>	<b>383</b>	<b>384</b>

**Table 5.14: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget Year 2007-08)**

	Land	Investment property	Buildings	Specialist military equipment	Other infrastructure and plant and equipment	Heritage assets	Computer software internally developed	Computer software internally developed	Other intangibles internally developed	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2007</b>											
Gross book value	-	-	-	-	10,038	-	-	-	-	-	10,038
Accumulated depreciation/amortisation and impairment	-	-	-	-	(2,202)	-	-	-	-	-	(2,202)
<b>Opening net book value</b>	-	-	-	-	7,836	-	-	-	-	-	7,836
Additions:											
by purchase	-	-	-	-	675	-	-	-	-	-	675
by finance lease	-	-	-	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	-	(1,498)	-	-	-	-	-	(1,498)
Impairments recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-	-	-
Disposals:											
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	-	-	-	-	-	-	-
<b>As at 30 June 2008</b>											
Gross book value	-	-	-	-	10,713	-	-	-	-	-	10,713
Accumulated depreciation/amortisation and impairment	-	-	-	-	(3,700)	-	-	-	-	-	(3,700)
<b>Estimated closing net book value</b>	-	-	-	-	<b>7,013</b>	-	-	-	-	-	<b>7,013</b>

**Explanatory Table 1 – Reconciliation of AusAID expenses to ODA**

	Estimated Actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Total AusAID appropriation:		
AusAID departmental income	93,513	109,224
AusAID administered income	1,753,263	2,488,400
less liabilities with no cash required in the year of the liability:		
New multiyear liabilities <sup>1</sup>	(196,010)	(406,949)
Other accrual adjustments <sup>2</sup>	8,092	3,179
plus cash for GST		
GST - cash items with no corresponding expense	98,780	124,644
plus AIPRD		
AIPRD Loans	47,000	98,000
AIPRD Grants	120,000	130,000
plus cash for liability in a different year:		
Payments to existing multiyear liabilities <sup>3</sup>	368,334	317,968
<b>Total AusAID cash</b>	<b>2,292,972</b>	<b>2,864,466</b>
minus AusAID ODA adjustments: <sup>4</sup>		
AusAID non-ODA departmental expenditure	(1,613)	(1,682)
AusAID non-ODA administered expenditure	(4,392)	(4,527)
Offsetting receipts from previous years' expenditure	(2,094)	(3,049)
GST repaid to DoFA	(48,710)	(61,270)
GST paid to suppliers	(49,086)	(62,377)
plus non-AusAID ODA:		
ACIAR	49,089	45,752
Other Government Departments	753,744	377,997
<b>Total Estimated ODA<sup>5</sup></b>	<b>2,989,910</b>	<b>3,155,310</b>

1. Estimated new multiyear liabilities for 2007–08 consist of replenishments for the fifteenth replenishment of the International Development Association (IDA 15) and the Heavily Indebted Poor Countries Initiative (HIPC).
2. See Explanatory Table 3 for detail.
3. Cash payments for multiyear liabilities occur in a later year to liability being recorded. These cash payments may be funded from Capital Injections or Bill 1.
4. See Explanatory Table 2 for detail.
5. Actual calculations of total ODA cannot be determined until after the end of the financial year.



**Explanatory Table 2 – Reconciliation of AusAID cash to ODA**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Total departmental cash used	102,370	107,903
Receipts under Section 31 of the FMA Act	(260)	(229)
Interest	-	-
GST repaid to DoFA	-	-
GST paid to suppliers	(984)	(997)
Fringe Benefits Tax adjustment	(1,353)	(1,453)
<b>Total ODA-eligible AusAID Departmental cash</b>	<b>99,773</b>	<b>105,224</b>
Total administered cash used <sup>1</sup>	2,192,432	2,757,560
Miscellaneous receipts <sup>2</sup>	(2,904)	(3,049)
GST repaid to DoFA <sup>3</sup>	(48,710)	(61,270)
GST paid to suppliers <sup>3</sup>	(49,086)	(62,377)
AusAID non ODA eligible expenditure <sup>4</sup>	(4,428)	(4,527)
<b>Total ODA-eligible AusAID Administered cash</b>	<b>2,087,304</b>	<b>2,626,337</b>
ACIAR	49,089	45,752
Other Government Departments	753,744	377,997
<b>Non AusAID ODA</b>	<b>802,833</b>	<b>423,749</b>
<b>Total Estimated ODA<sup>5</sup></b>	<b>2,989,910</b>	<b>3,155,310</b>

1. Excluding cash to the Official Public Account.
2. Refunds of expenditure that was recorded as ODA in a previous year. Miscellaneous receipts are offset against ODA in the year of receipt, not expenditure.
3. GST cash is drawn-down separately from appropriated cash in order to pay any GST component to suppliers. This amount is subsequently refunded by the ATO. The difference between 'GST repaid to Finance' and 'GST paid to suppliers' in any given year equates to the ATO input tax credits receipts.
4. For example, only 77% of cash payments to the Global Environment Facility are eligible as ODA.
5. Actual calculations of total ODA cannot be determined until after the end of the financial year.

**Explanatory Table 3 – Reconciliation of AusAID expenses to cash**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Price of Outputs</b>	<b>93,513</b>	<b>109,224</b>
Operating surplus/(loss)	-	-
<b>Departmental expenses</b>	<b>93,513</b>	<b>109,224</b>
Depreciation and amortisation	(3,675)	(3,460)
Investment	11,150	1,814
Net change in employee liabilities	63	(746)
Net change in supplier liabilities/prepayments	(344)	(143)
Resources supplied free of charge (other gains)	(91)	(91)
GST repaid to DoFA	-	-
GST paid to suppliers	984	997
<b>Departmental cash used</b>	<b>101,600</b>	<b>107,595</b>
<b>Administered appropriation after operating loss</b>		
Operating Loss	-	-
<b>Administered appropriation after operating loss</b>	<b>1,753,263</b>	<b>2,488,400</b>
New multiyear liabilities	(196,010)	(406,949)
Cash spent on existing and new multiyear liabilities:		
Annual Appropriation	345,771	303,728
Capital injection	22,563	14,240
AIPRD Loans	47,000	98,000
AIPRD Grants	120,000	130,000
Depreciation	(841)	(1,498)
Investment	6,900	675
GST repaid to DoFA	48,710	61,270
GST paid to suppliers	49,086	62,377
Net change in ordinary creditors and accruals	(4,001)	11,250
<b>Administered cash used (excluding payments to OPA)</b>	<b>2,192,441</b>	<b>2,761,493</b>

## **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 those transactions that 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. Administered revenues include taxes, fees, fines and excises.

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

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

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

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

### **Administered investments in controlled entities**

Each Australian Government Department is required to show an Administered investment in each Commonwealth Authority and Company (CAC) Act 1997 entity within their portfolio. These Administered investments should be valued at the Commonwealth's ownership interest in the net assets of those CAC entities, fixed at a notional acquisition date of 30 June 1997.

### **Asset valuation**

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

# AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH

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# AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH

## Section 1: Overview

The Australian Centre for International Agricultural Research (ACIAR) funds projects that link Australian scientists with their counterparts in developing countries to address agricultural problems of mutual priority. ACIAR operates as part of Australia's Official Development Assistance Program, focusing on Papua New Guinea, the Pacific and South-East Asia, Northern and South Asia. ACIAR's projects aim to reduce poverty, foster economic growth and achieve sustainable development through research outcomes that result in more productive and sustainable agriculture.

Collaborative research activities link Australian institutions with counterparts in one or more developing countries (bilateral projects); and partnerships with selected international agricultural research centres, through funding for specific projects and the provision of core funding on behalf of the Australian Government (multilateral projects). Training of researchers is undertaken through the provision of postgraduate degree fellowships in Australia for partner country scientists, and also through short courses to assist in the development of relevant skills related to project delivery and research management.

### 1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

ACIAR has a single outcome: Agriculture in developing countries and Australia is more productive and sustainable as a result of better technologies, practices, policies and systems. This is achieved through two outputs: collaborative research that addresses agricultural problems of developing countries and Australia; and training of researchers in developing countries and Australia.

Features of ACIAR's programme and expenditure this year include:

- An expansion of programmes in Indonesia, Philippines and Laos, representing an increase in funding for research and development projects in South-East Asia of \$4.4 million to \$21.9 million (including projects co-funded by AusAID) in 2007-08.
- Support for the "whole-of-government" engagement in the aid programme through:
  - A collaborative ACIAR-AusAID programme of agricultural research in Papua New Guinea.

*ACIAR Budget Statement: Overview*

- Involvement in the Australia-Indonesia Partnership, including delivery of a major subprogram of the Smallholder Agribusiness Development Initiative, which will increase expenditure on projects in Indonesia by \$4.1 million to \$10.4 million.
- Managing two of the four components of the Australia Pakistan Agriculture Sector Linkages Program.
- Continuation of a large multi-year project in East Timor delivering improved varieties of staple food crops.
- A \$1 million increase in funding to ACIAR's training programme to \$4.6 million, with 40 new fellowship placements for partner country scientists within Australian universities in 2007-08.
- A continued reduction in bilateral programme expenditure in China with a corresponding increase in co-funding arrangements by partner organisations in both countries.

Other joint AusAID-ACIAR initiatives (in addition to those outlined above) include co-investment in projects in Iraq and the Philippines.

ACIAR continues to support technical interventions in areas of Indonesia's Aceh province to rebuild scientific capacity and agricultural and aquaculture industries affected by the December 2004 Tsunami.

**Table 1.1: Contribution to outcomes**

Outcome	Description	Output groups
<b>Outcome 1</b>	Agriculture in developing countries and Australia is more productive and sustainable as a result of better technologies, practices, policies and systems	Output 1.1 Collaborative research that addresses agricultural and natural resource management problems of developing countries and Australia
		Output 1.2 Training researchers in developing countries and Australia



## Section 2: Resources for 2007-08

### **2.1 APPROPRIATIONS AND OTHER RESOURCES**

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total appropriation for ACIAR in the 2007-08 Budget is \$51.479 million.

**Table 2.1: Appropriations and other resources 2007-08 ('000)**

Agency/Outcome/ Non-operating	Departmental				Administered					Total
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPPs \$'000	Other (b) \$'000	Special Appropriation \$'000	Receipts (a) \$'000	
Outcome 1	51,479	0	0	12,375	0	0	0	0	0	63,854
Equity injections	0	0	0	0	0	0	0	0	0	0
Loans	0	0	0	0	0	0	0	0	0	0
Previous years' outputs	0	0	0	0	0	0	0	0	0	0
Administered assets and liabilities	0	0	0	0	0	0	0	0	0	0
Special capital	0	0	0	0	0	0	0	0	0	0
appropriation	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>51,479</b>	<b>0</b>	<b>0</b>	<b>12,375</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>63,854</b>

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

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

## Notes:

1. 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.

2. Refer to Budgeted Income Statement for application of agency revenue.

## 2.2 2007-08 BUDGET MEASURES

ACIAR has no new measures.

## 2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of other resources obtained by the agency for provision of goods and services. These resources are approved for use by the agency and are included in Table 2.1.

**Table 2.3: Other resources available to be used<sup>1</sup>**

	Estimated receipts 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Departmental resources</b>		
FMA Act s.31 <sup>2</sup>	0	0
Resources received free of charge	24	24
Sale of goods and services	10	40
Other	10	10
External funds (e.g. AusAID)	7,535	12,301
<b>Total departmental other resources available to be used</b>	<b>7,579</b>	<b>12,375</b>
<b>Administered other resources</b>		
FMA Act s.31 <sup>2</sup>	0	0
Other	0	0
<b>Total administered other resources available to be used</b>	<b>0</b>	<b>0</b>

Notes:

1. This table represents own source receipts available for spending on departmental purposes.
2. *Financial Management and Accountability Act 1997* (FMA Act) section 31 items are to be included as separate rows. Significant section 31 items are to be identified separately from other section 31 resources where appropriate.

## 2.4 MOVEMENT OF ADMINISTERED FUNDS

ACIAR has no administered items.

## 2.5 SPECIAL APPROPRIATIONS

ACIAR has no special appropriations.

## 2.6 MOVEMENTS IN SPECIAL ACCOUNTS

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

**Table 2.6: Estimates of Special Account flows and balances**

Name of account	Outcome	Opening balance	Receipts	Payments	Adjustments	Closing balance
		2007-08	2007-08	2007-08	2007-08	2007-08
		2006-07	2006-07	2006-07	2006-07	2006-07
		\$'000	\$'000	\$'000	\$'000	\$'000
Australian Centre for International Agricultural Research Account - s20 <i>FMA Act</i> (Departmental)	1	500 470	65,204 63,087	65,204 63,057	0 0	500 500
Other Trust Moneys Account - s20 <i>FMA Act</i> (Departmental)		0	0	0	0	0
Services for Other Governments and Non-Agency Bodies Account - s20 <i>FMA Act</i> (Departmental)		0	0	0	0	0
<b>Total special accounts 2007-08 Budget estimate</b>		<b>500</b>	<b>65,204</b>	<b>65,204</b>	<b>0</b>	<b>500</b>
Total Special Accounts 2006-07 estimate actual		470	63,087	63,057	0	500

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

## Section 3: Outcomes

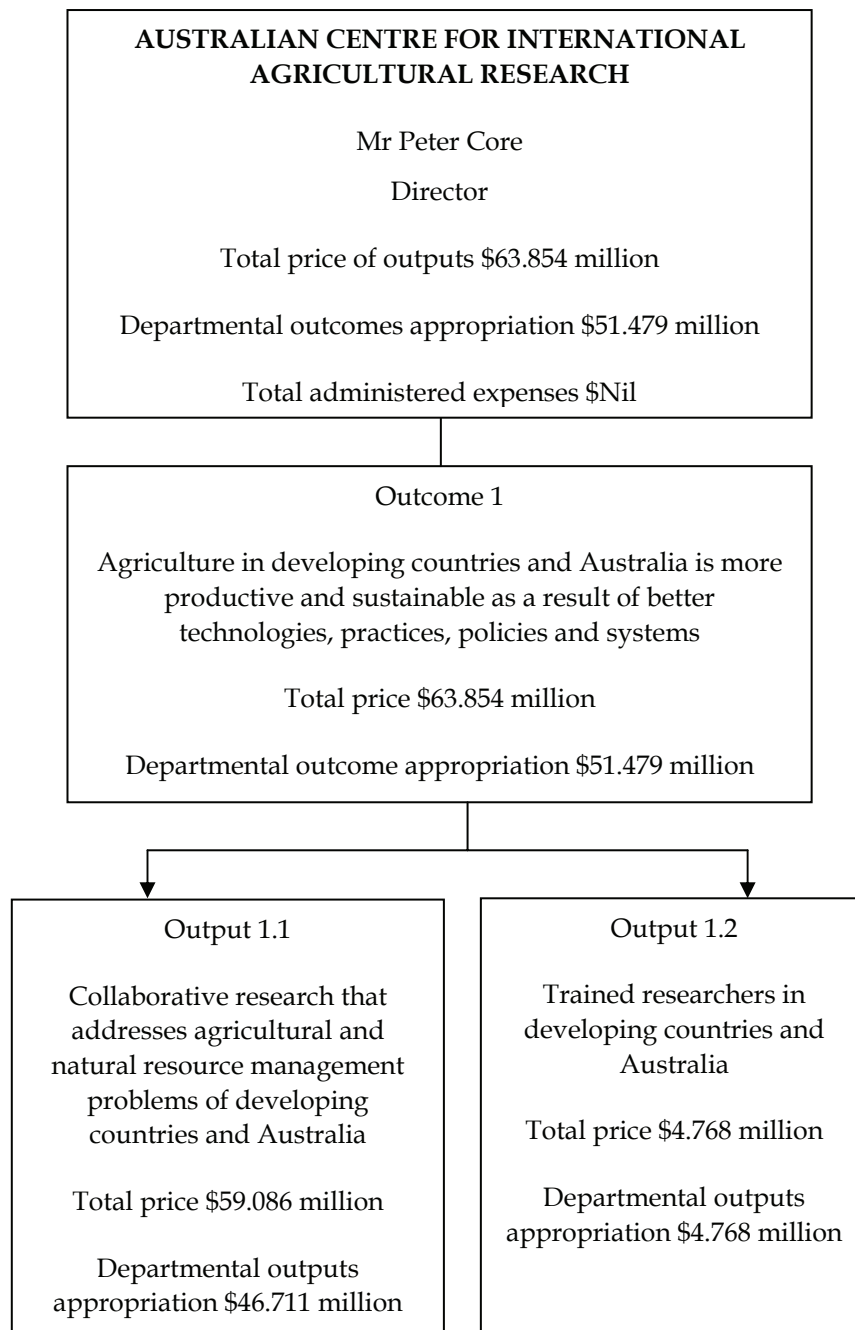
General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for ACIAR. Emphasis is placed on estimating the contribution to outcomes through administered items and outputs delivered by the agency. Key performance measures and performance evaluation activities are specified for each outcome. More detailed information on output and administered item attributes is maintained by agencies for internal management purposes.

### **3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES**

The relationship between activities of ACIAR and the outcomes is summarised in Figure 2.

**Figure 2: Contributions to outcomes**



## **3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION**

### **3.2.1 Outcome 1 resourcing**

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

ACIAR Budget Statement: Outcomes

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Administered appropriations</b>	0	0
<b>Total administered appropriations</b>	0	0
<b>Departmental appropriations</b>		
Output Group 1.1 - Collaborative research that addresses agricultural and natural resource management problems of developing countries and Australia	46,607	46,711
<b>Subtotal Output Group 1.1</b>	46,607	46,711
<b>Departmental appropriations</b>		
Output Group 1.2 - Training researchers in developing countries and Australia	3,755	4,768
<b>Subtotal Output Group 1.2</b>	3,755	4,768
<b>Total revenue from government (appropriations)</b>	50,362	51,479
<b>Contributing to price of departmental outputs</b>	87%	81%
<b>Revenue from other sources</b>		
Resources received free of charge	24	24
Sale of goods and services	10	40
Sale of assets	10	10
External funds	7,535	12,301
<b>Total revenue from other sources</b>	7,579	12,375
<b>Total price of departmental outputs</b>		
(Total revenue from government and from other sources)	57,941	63,854
<b>Total estimated resourcing for Outcome 1</b>		
(Total price of outputs and administered appropriations)	57,941	63,854
	2006-07	2007-08
<b>Average staffing level (number) <sup>1</sup></b>	64	65

<sup>1</sup> Average Staffing Levels are expressed as Full-time Equivalent (FTE) staff employed under the *Australian Public Service Act* and includes locally engaged staff in overseas posts – 20.5 (2006-07) and 20.5 (2007-08) FTE.



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

ACIAR had no new measures.

### 3.2.3 Contributions to achievement of Outcome 1

ACIAR's outputs reflect the Government's decision that agriculture in developing countries and Australia is more productive and sustainable as a result of better technologies, practices, policies and systems. This is achieved through two outputs: collaborative research that addresses agricultural problems of developing countries and Australia; and training of researchers in developing countries and Australia.

### 3.2.4 Performance information for Outcome 1

Performance information for individual outputs and output groups relating to ACIAR are summarised in Table 3.2.

**Table 3.2: Performance information for Outcome 1**

#### Performance indicators for individual outputs

Output	Performance indicator
<b>Output group 1</b> - Collaborative research that addresses agricultural and natural resource management problems of developing countries and Australia	<b>Quality:</b> <ul style="list-style-type: none"><li>• Regional investment profile is consistent with Australian Government aid priorities</li><li>• Research partners are contributing 40-55% of project costs</li><li>• &gt;90% of concluding projects are assessed by external reviews as having achieved their main objectives</li><li>• There is further substantiated evidence of significant economic, social and environmental impacts from completed ACIAR projects</li><li>• Support for multilateral research providers is concentrated on those international agricultural research centres with greatest comparative advantage</li></ul>

**Quantity:**

- Around 250 research projects are delivering outputs during 2007-08 #
- >10,000 copies of ACIAR research publications and papers are requested or downloaded

**Price:** \$59.116m

**Output group 2** - Trained researchers in developing countries and Australia

**Quality:**

- >90% of trainees indicate satisfaction with training

**Quantity:**

- >100 trainees take part in formal, ACIAR-supported training courses

**Price:** \$4.768m

*# Includes Small Research Activities, a new category of project aimed at utilising scoping studies to rapidly but more completely identify key researchable issues ahead of implementation of major projects.*

### 3.2.5 Evaluations for Outcome 1

In the 2007-08 financial year, evaluations of a number of ACIAR projects will be completed. All studies are commissioned by ACIAR and are outsourced to external consultants. Results will be published in the ACIAR Annual Report and on the ACIAR website.

Other planned evaluations and reviews affecting ACIAR in 2007-08 include:

- Risk Management – appropriate reviews will be undertaken to ensure that sound financial, legal and ethical decision making processes are adhered to and monitored. This includes a review of our risk register, fraud control plan and the operation of the internal audit plan.

## Section 4: Other reporting requirements

### **4.1 PURCHASER-PROVIDER ARRANGEMENTS**

Agencies may need to provide resources to other General Government Sector (GGS) bodies, for example in payment for services rendered or as part of cross agency initiatives. Consequently, the sum of amounts in agency resourcing tables in Budget Paper No. 4, and in the resourcing tables in this document, will not equal total resourcing at the whole of government level (as reproduced in Budget Paper No. 1).

This section summarises significant transactions between GGS agencies that are not consolidated or reported at the whole of government level.

#### **4.1.1 Cross agency overview**

ACIAR purchases services from the Department of Foreign Affairs and Trade under a Service Level Agreement (SLA).

ACIAR also purchases telecommunications services at overseas missions from the Department of Foreign Affairs and Trade.

ACIAR purchases payroll services from the Australian Agency for International Development (AusAID).

#### **Performance against outcomes of purchased outputs**

The performance information can be found in Table 3.2.

Actual results against performance targets and indicators for 2007-08 will be reported in ACIAR's 2007-08 annual report.

### **4.2 COST RECOVERY ARRANGEMENTS**

ACIAR has no cost recovery arrangements in place as defined in Finance Circular 2002/02 issued by the Department of Finance and Administration.

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

Refer to the Portfolio AGIE Table 1.1 in the Portfolio Overview.

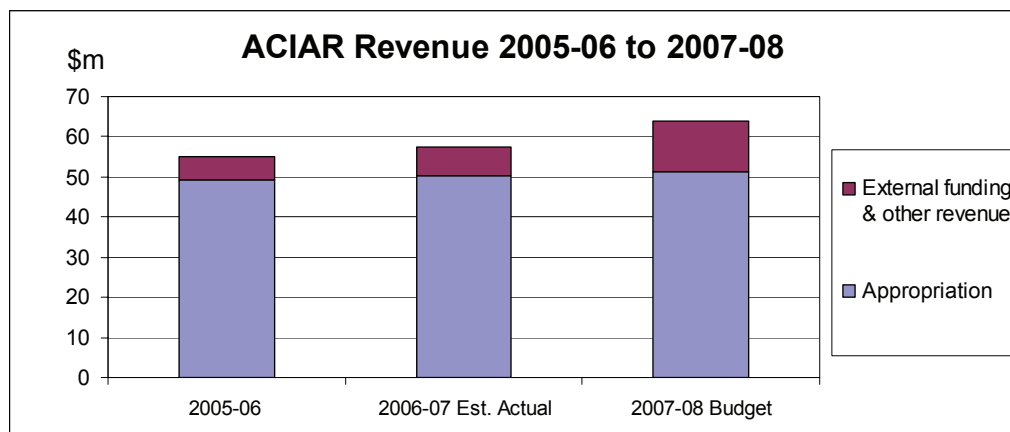
## Section 5: Budgeted financial statements

### 5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of ACIAR's budgeted financial statements for 2007-08 is provided below:

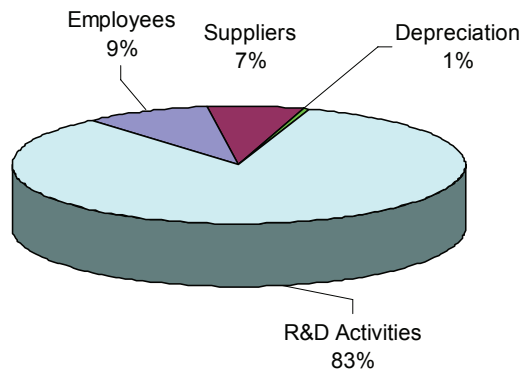
#### Departmental

ACIAR obtains its funds primarily from the Australian Government appropriation, with some external funding and other revenue from sale of publications. Over recent years ACIAR has maintained its level of appropriation, in real terms. External funding has increased over the same period.



About 83 per cent of ACIAR's expenditure is on "Research and Development Programme Activities" which comprises bilateral and multilateral projects, impact assessment activities, education and training of researchers and publication of research results.

### **ACIAR Expenditure 2007-08**



For 2004-05 and onwards ACIAR has budgeted for a balanced budget.

ACIAR will continue its focus on good stewardship of its financial resources and a more strategic approach to managing ACIAR's balance sheet.

## **DEPARTMENTAL FINANCIAL STATEMENTS**

### **Budgeted departmental income statement**

This statement provides a picture of the expected financial results for ACIAR by identifying full accrual income and expenditure, which highlights whether ACIAR is operating at a sustainable level.

### **Budgeted departmental balance sheet**

This statement shows the financial position of ACIAR. It helps decision makers to track the management of ACIAR's assets and liabilities.

### **Budgeted departmental statement of cash flows**

Budgeted cash flows, as reflected in the statement of cash flows, provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

### **Departmental Statement of changes in equity – summary of movement**

This statement shows the movement in equity.

### **Departmental capital budget statement**

Shows all planned capital acquisitions that are funded from internal sources.

### **Departmental property, plant, equipment and intangibles - summary of movement**

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

## 5.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	50,362	51,479	51,892	52,072	52,767
Goods and services	10	10	10	10	10
Fees and fines	0	0	0	0	0
Interest	0	0	0	0	0
Dividends	0	0	0	0	0
Rents	0	0	0	0	0
Royalties	0	0	0	0	0
Grants Received	11,604	12,301	13,300	13,300	13,300
Other	40	40	40	40	40
<b>Total revenue</b>	<b>62,016</b>	<b>63,830</b>	<b>65,242</b>	<b>65,422</b>	<b>66,117</b>
<b>Gains</b>					
Foreign exchange gains	0	0	0	0	0
Reversals of previous asset write-downs	0	0	0	0	0
Sale of assets	0	0	0	0	0
Other	24	24	24	24	24
<b>Total gains</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
<b>Total income</b>	<b>62,040</b>	<b>63,854</b>	<b>65,266</b>	<b>65,446</b>	<b>66,141</b>
<b>EXPENSE</b>					
Employees	5,165	5,250	5,340	5,400	5,500
Suppliers	3,878	4,002	4,036	4,118	4,185
Grants	47,262	47,852	48,140	48,178	48,676
Depreciation and amortisation	295	295	295	295	325
Finance costs	0	0	0	0	0
Write-down of assets and impairment of assets	0	0	0	0	0
Losses from sale of assets	10	10	10	10	10
Foreign exchange losses	0	0	0	0	0
Other	5,430	6,445	7,445	7,445	7,445
<b>Total expenses</b>	<b>62,040</b>	<b>63,854</b>	<b>65,266</b>	<b>65,446</b>	<b>66,141</b>
Share of operating results of associates and joint ventures accounted for using the equity method	0	0	0	0	0

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>Surplus (Deficit) before income tax</b>	0	0	0	0	0
<b>Income tax expense</b>	0	0	0	0	0
<b>Surplus/(Deficit)</b>					
Minority interest in surplus (deficit)	0	0	0	0	0
<b>Surplus (deficit) attributable to the Australian Government</b>	0	0	0	0	0



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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	500	500	500	500	500
Trade and other Receivables	6,570	6,700	6,770	6,870	6,970
Investments accounted for under the equity method	0	0	0	0	0
Investments	0	0	0	0	0
Other investments	0	0	0	0	0
Tax assets	0	0	0	0	0
Other	0	0	0	0	0
<b>Total financial assets</b>	<b>7,070</b>	<b>7,200</b>	<b>7,270</b>	<b>7,370</b>	<b>7,470</b>
<b>Non-financial assets</b>					
Land and buildings	0	0	0	0	0
Infrastructure, plant and equipment	799	799	799	933	1,103
Investment properties	0	0	0	0	0
Inventories	0	0	0	0	0
Intangibles	207	207	207	207	207
Biological assets	0	0	0	0	0
Other	399	399	399	399	399
<b>Total non-financial assets</b>	<b>1,405</b>	<b>1,405</b>	<b>1,405</b>	<b>1,539</b>	<b>1,709</b>
Assets held for sale	0	0	0	0	0
<b>Total assets</b>	<b>8,475</b>	<b>8,605</b>	<b>8,675</b>	<b>8,909</b>	<b>9,179</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
Other	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	1,455	1,555	1,655	1,755	1,855
Other	0	0	0	0	0
<b>Total provisions</b>	<b>1,455</b>	<b>1,555</b>	<b>1,655</b>	<b>1,755</b>	<b>1,855</b>
<b>Payables</b>					
Suppliers	571	571	571	571	571
Grants	1,202	1,202	1,202	1,202	1,202
Dividends	0	0	0	0	0
Other	4,419	4,419	4,419	4,419	4,419
<b>Total payables</b>	<b>6,192</b>	<b>6,192</b>	<b>6,192</b>	<b>6,192</b>	<b>6,192</b>
Liabilities included in disposal groups held for sale	0	0	0	0	0
<b>Total liabilities</b>	<b>7,647</b>	<b>7,747</b>	<b>7,847</b>	<b>7,947</b>	<b>8,047</b>
<b>Net assets</b>	<b>828</b>	<b>858</b>	<b>828</b>	<b>962</b>	<b>1,132</b>

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	0	0	0	134	304
Reserves	325	325	325	325	325
Retained surpluses or accumulated deficits	0	0	0	0	0
<b>Total parent entity interest</b>	<b>503</b>	<b>503</b>	<b>503</b>	<b>503</b>	<b>503</b>
<b>Minority 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 minority interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total equity</b>	<b>828</b>	<b>828</b>	<b>828</b>	<b>962</b>	<b>1,132</b>
<b>Current assets</b>	<b>7,655</b>	<b>7,785</b>	<b>7,855</b>	<b>7,955</b>	<b>8,055</b>
<b>Non-current assets</b>	<b>820</b>	<b>820</b>	<b>820</b>	<b>954</b>	<b>1,124</b>
<b>Current liabilities</b>	<b>7,547</b>	<b>7,647</b>	<b>7,747</b>	<b>7,847</b>	<b>7,947</b>
<b>Non-current liabilities</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

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

**Table 5.3: Budgeted departmental statement of cash flows (as at 30 June)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	15	15	15	15	15
Appropriations	50,362	51,479	51,892	52,072	52,767
Interest	0	0	0	0	0
Dividends	0	0	0	0	0
Other	12,700	13,700	14,700	14,700	14,700
<b>Total cash received</b>	<b>63,077</b>	<b>65,194</b>	<b>66,607</b>	<b>66,787</b>	<b>67,482</b>
<b>Cash used</b>					
Employees	5,300	5,350	5,450	5,550	5,650
Suppliers	4,262	4,367	4,376	4,464	4,603
Grants	46,700	47,692	47,996	47,988	48,444
Borrowing costs	0	0	0	0	0
Other	6,500	7,500	8,500	8,500	8,500
Income taxes paid	0	0	0	0	0
<b>Total cash used</b>	<b>62,762</b>	<b>64,909</b>	<b>66,322</b>	<b>66,502</b>	<b>67,197</b>
<b>Net cash from or (used by) operating activities</b>	<b>315</b>	<b>285</b>	<b>285</b>	<b>285</b>	<b>285</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	10	10	10	10	10
Proceeds from sales of financial instruments	0	0	0	0	0
Investments	0	0	0	0	0
Other	0	0	0	0	0
<b>Total cash received</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	295	295	295	429	465
Purchase of financial instruments	0	0	0	0	0
Investments	0	0	0	0	0
Other	0	0	0	0	0
<b>Total cash used</b>	<b>295</b>	<b>295</b>	<b>295</b>	<b>429</b>	<b>465</b>
<b>Net cash from or (used by) investing activities</b>	<b>(285)</b>	<b>(285)</b>	<b>(285)</b>	<b>(419)</b>	<b>(455)</b>

**Table 5.3: Budgeted departmental statement of cash flows (as at 30 June) (cont)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	0	0	0	134	170
Proceeds from issuing financial instruments	0	0	0	0	0
Other	0	0	0	0	0
<b>Total cash received</b>	0	0	0	134	170
<b>Cash used</b>					
Repayments of debt	0	0	0	0	0
Dividends paid	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 or (used by) financing activities</b>	0	0	0	134	170
<b>Net increase or (decrease) in cash held</b>	30	0	0	0	0
Cash at the beginning of the reporting period	470	500	500	500	500
Effect of exchange rate movements on cash at the beginning of reporting period	30	0	0	0	0
<b>Cash at the end of the reporting period</b>	500	500	500	500	500

**Table 5.4: Departmental statement of equity - summary of movement**  
(Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2007</b>					
Balance carried forward from previous period	503	325	0	0	828
Adjustment for changes in accounting policies	0	0	0	0	0
<b>Adjusted opening balance</b>	503	325	0	0	828
<b>Income and expense</b>					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	0	0	0	0	0
<b>Sub-total income and expense</b>	0	0	0	0	0
Surplus (deficit) for the period	0	0	0	0	0
<b>Total income and expenses recognised directly in equity</b>	0	0	0	0	0
<b>Transactions with owners</b>					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	0	0	0	0	0
Returns of capital					
Restructuring	0	0	0	0	0
Other	0	0	0	0	0
<i>Contribution by owners</i>					
Appropriation (equity injection)	0	0	0	0	0
Other:					
Restructuring	0	0	0	0	0
<b>Sub-total transactions with owners</b>	0	0	0	0	0
Transfers between equity components	0	0	0	0	0
<b>Estimated closing balance as at 30 June 2008</b>	503	325	0	0	828

**Table 5.5 Departmental capital budget statement**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	0	0	0	134	170
Total loans	0	0	0	0	0
<b>Total capital appropriations</b>	0	0	0	134	170
<b>Represented by:</b>					
Purchase of non-financial assets	0	0	0	134	170
Other	0	0	0	0	0
<b>Total represented by</b>	0	0	0	134	170
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	0	0	0	134	170
Funded internally by					
Departmental resources	295	295	295	295	325
<b>Total</b>	295	295	295	429	495

**Table 5.6: Departmental property, plant, equipment and intangibles - summary of movement (Budget year 2007-08)**

	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	\$'000
<b>As at 1 July 2007</b>									
Gross book value	0	0	0	0	1,572	0	594	0	2,166
Accumulated depreciation	0	0	0	0	773	0	387	0	1,160
<b>Opening net book value</b>	0	0	0	0	799	0	207	0	1,006
Additions:									
by purchase	0	0	0	0	220	0	85	0	305
by finance lease	0	0	0	0	0	0	0	0	0
internally developed	0	0	0	0	0	0	0	0	0
from acquisitions of entities or operations (including restructuring)	0	0	0	0	0	0	0	0	0
Revaluations and impairment through equity	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Depreciation/amortisation expense	0	0	0	0	210	0	85	0	295
Impairments recognised in operating result	0	0	0	0	0	0	0	0	0
Other movements	0	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	0
other disposals	0	0	0	0	10	0	0	0	10
<b>As at 30 June 2008</b>									
Gross book value	0	0	0	0	1,782	0	679	0	2,461
Accumulated depreciation	0	0	0	0	983	0	472	0	1,455
<b>Estimated closing net book value</b>	0	0	0	0	799	0	207	0	1,006

## 5.3 NOTES TO THE FINANCIAL STATEMENTS

### Departmental Financial Statements and Notes

Under the Australian Government's accrual 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.

ACIAR's financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are prepared in accordance with the Financial Management and Accountability (FMA) Orders.

The Centre is a Statutory Authority under the *Australian Centre for International Agricultural Research Act 1982*. The accounts have been prepared in accordance with that Act.

### Appropriations in the Accrual Budgeting Framework

Under the Australian Government's accrual budgeting framework, annual appropriations are provided for Departmental price of outputs representing the Government's purchase of outputs from agencies.

### Asset valuation

From 30 June 2003 Property, Plant and Equipment have been valued on a fair value basis. Fair value essentially reflects the current market value of an asset.



# AUSTRALIAN SECRET INTELLIGENCE SERVICE

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# AUSTRALIAN SECRET INTELLIGENCE SERVICE

## Section 1: Overview

This section provides a general overview of the agency, its purpose and highlights of planned achievements for the Budget year.

The introductory part of this section should provide a summary description of the agency's role, objectives, governing legislation, statement of expectations and intent, and the strategy for the Budget year.

The functions of ASIS are:

- (a) to obtain, in accordance with the Government's requirements, intelligence about the capabilities, intentions or activities of people or organisations outside Australia;
- (b) to communicate, in accordance with the Government's requirements, such intelligence;
- (c) to conduct counter-intelligence activities;
- (d) to liaise with intelligence or security services, or other authorities, of other countries; and
- (e) to undertake such other activities as the responsible Minister directs relating to the capabilities, intentions or activities of people or organisations outside Australia.

## 1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the agency (outputs and administered policies, products and services) which contribute to achievement of outcomes for ASIS are summarised in Table 1.1.

**Table 1.1: Contribution to outcomes**

Outcome	Description	Output groups
<b>Outcome 1</b>		
Enhance government understanding of the overseas environment affecting Australia's vital interests and take appropriate action, consistent with applicable legislation, to protect particular identified interests.	Enhance government understanding of the overseas environment affecting Australia's vital interests and take appropriate action, consistent with applicable legislation, to protect particular identified interests.	Output Group 1.1 Secret Intelligence  Output Group 1.2 Other Services

## Section 2: Resources for 2007-08

### 2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total appropriation for the ASIS in the 2007-08 Budget is \$162.5 million.

**Table 2.1: Appropriations and other resources 2007-08 ('000)**

Australian Secret Intelligence Service Agency Resourcing—2007-2008									
Agency/Outcome/ Non-operating	Departmental			Administered					
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPP \$'000	Other (b) \$'000	Special Appropriation \$'000	Receipts (a) \$'000
Outcome 1									
Enhance government understanding of the overseas environment affecting Australia's vital interests and take appropriate action, consistent with applicable legislation, to protect particular identified interests.	148,734	13,749	-	17,400	-	-	-	-	-
Equity injections									
Loans									
Previous years' outputs									
Administered assets and liabilities									
Special capital									
Appropriation									
<b>TOTAL</b>	<b>148,734</b>	<b>13,749</b>	<b>-</b>	<b>17,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
									<b>179,883</b>

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

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

Notes:

- Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new administered expenses within new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans. "New administered expenses within new outcomes" does not include revisions to existing outcomes, for example following restructuring of outcomes; or revisions to outcomes following an AAO change where new administered items are not involved.
- Refer to Budgeted Income Statement for application of agency revenue.

## 2.2 2007-08 BUDGET MEASURES

Budget measures relating to ASIS 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 ASIS measures**

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2008-09 \$'000			Appropriations forward estimate 2009-10 \$'000			Appropriations forward estimate 2010-11 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Border Security Strategy Anti-People Smuggling - enhanced intelligence collection	1	1.1	-	1,629	1,629	-	2,585	2,585	-	2,372	2,372	-	2,421	2,421
		1.2												

## 2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by ASIS for provision of goods or services. These resources are approved for use by the ASIS and are included in Table 2.1.

**Table 2.3: Other resources available to be used<sup>1</sup>**

	Estimated receipts 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Departmental resources</b>		
Sale of goods and services (FMA Act s.31) <sup>2</sup>	23,661	17,301
Resources received free of charge	97	99
<b>Total departmental other resources available to be used</b>	<b>23,758</b>	<b>17,400</b>

Notes:

1. This table represents own source receipts available for spending on departmental purposes.
2. *Financial Management and Accountability Act 1997* (FMA Act) section 31 items are to be included as separate rows. Significant section 31 items are to be identified separately from other section 31 resources where appropriate.

## 2.6 MOVEMENTS IN SPECIAL ACCOUNTS

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

**Table 2.6: Estimates of Special Account cash flows and balances**

		Opening balance <b>2007-08</b> 2006-07	Receipts <b>2007-08</b> 2006-07	Payments <b>2007-08</b> 2006-07	Adjustments <b>2007-08</b> 2006-07	Closing balance <b>2007-08</b> 2006-07
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Name of account (D)						
Other Trust Moneys Special Special Account (D) s20 FMA Act	1	-	-	-	-	-
Name of account (D)						
Services for Other Governments & Non-Agency Bodies Account (D) s20FMA Act	1	-	-	-	-	-
<b>Total special accounts 2007-08 Budget estimate</b>		-	-	-	-	-
Total special accounts 2006-07 estimate actual		-	-	-	-	-

The purpose of the *Other Trust Moneys Special Account* is for expenditure for moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.

The purpose of the *Services for Other Government & Non Agency Bodies Special Account* is for expenditure in connection with services performed on behalf of other Governments and bodies that are not Agencies under the *Financial Management and Accountability Act 1997*.



## Section 3: Outcomes

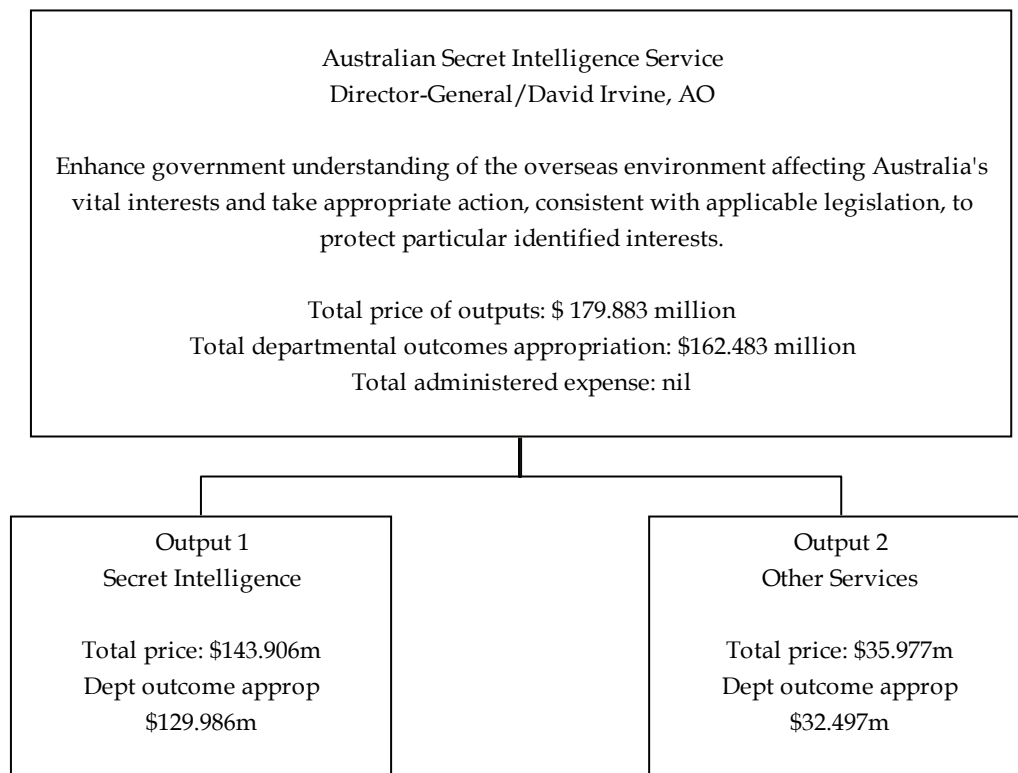
General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the outcome for ASIS. Emphasis is placed on estimating the contribution to outcomes through administered items and outputs delivered by the agency. Key performance measures and performance evaluation activities are specified for each outcome. More detailed information on output and administered item attributes is maintained by agencies for internal management purposes.

### 3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of ASIS and the outcomes is summarised in Figure 2.

**Figure 2: Contributions to outcomes**



## 3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

### 3.2.1 Outcome 1 resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
<b>Administered appropriations</b>	-	-
<b>Total administered appropriations</b>	-	-
<b>Departmental appropriations</b>		
Output Group 1.1 - Secret Intelligence	115,581	129,986
<b>Subtotal Output Group 1.1</b>		
<b>Departmental appropriations</b>		
Output Group 1.2 - Other Services	28,895	32,497
<b>Subtotal Output Group 1.2</b>		
<b>Total revenue from government (appropriations)</b>	144,476	162,483
<b>Contributing to price of departmental outputs</b>		
<b>Revenue from other sources</b>		
Sale of goods and services	23,050	16,686
Recourses received free of charge	97	99
Other Revenue	611	615
<b>Total revenue from other sources</b>	23,758	17,400
<b>Total price from departmental outputs</b>	168,234	179,883
(Total revenue from government and from other sources)		
<b>Total estimated resourcing for Outcome 1</b>	168,234	179,883
(Total price of outputs and administered appropriations)		

### **3.2.2 Measures affecting Outcome 1**

#### ***Border Security Strategy Anti-People Smuggling – enhanced intelligence collection***

Total Resourcing<sup>1</sup>: Outcome 1 will receive \$9.2 million over four years. The annual funding will be \$1.5 million in 2007-08, \$2.4 million in 2008-09, \$2.4 million in 2009-10 and \$2.5 million in 2010-11 under Appropriation Bill No.1. Under Appropriation bill No .2 the annual funding will be \$0.2 million in 2007-08 and \$0.2 million in 2008-09.

### **3.2.4 Performance information for Outcome 1**

Overall achievement of the ASIS outcome is assessed by reference to the customers for ASIS services. This is done continuously and is also the subject of comprehensive annual internal and external assessment of results of which are reported to Government. The assessment of performance includes both qualitative and quantitative analysis. No further details of this process are divulged for reasons of national security.

### **3.2.5 Evaluations for Outcome 1**

Evaluation studies are undertaken in ASIS to improve the quality of the Service's programmes. They address three key objectives:

- To assess the impact and improve the quality of the Service operations;
- To provide better feedback on lessons learned; and
- To strengthen activity management procedures.

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<sup>1</sup> Total resourcing in some cases is higher than figures contained in Budget Paper No. 2 Budget Measures 2007-08, arising from funding of depreciation and other items that do not have an impact on fiscal and underlying cash balances.

## Section 5: Budgeted financial statements

### 5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The increase in ASIS's operating revenues and net increase in assets is due to new measures as provided by Government over the last four years. Further analysis of the budgeted financial statements is not provided due to the need to observe the requirements of national security.

### 5.2: BUDGETED FINANCIAL STATEMENTS TABLES

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	124,020	148,734	164,164	176,750	176,824
Goods and services	23,050	16,686	17,086	17,486	17,791
Other	508	514	519	523	526
<b>Total revenue</b>	<b>147,578</b>	<b>165,934</b>	<b>181,769</b>	<b>194,759</b>	<b>195,141</b>
<b>Gains</b>					
Sale of assets	200	200	200	200	200
<b>Total gains</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>
<b>Total income</b>	<b>147,778</b>	<b>166,134</b>	<b>181,969</b>	<b>194,959</b>	<b>195,341</b>
<b>EXPENSE</b>					
<b>Total expenses</b>	<b>147,778</b>	<b>166,134</b>	<b>181,969</b>	<b>194,959</b>	<b>195,341</b>
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
<b>Total financial assets</b>	17,960	20,763	23,495	26,246	27,058
<b>Non-financial assets</b>					
<b>Total non-financial assets</b>	90,479	104,227	119,040	126,760	126,760
<b>Total assets</b>	108,439	124,990	142,535	153,006	153,818
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
<b>Total interest bearing liabilities</b>	-	-	-	-	-
<b>Provisions</b>					
<b>Total provisions</b>	16,476	18,385	20,393	22,505	22,871
<b>Payables</b>					
<b>Total payables</b>	5,735	6,628	7,352	7,991	8,437
<b>Total liabilities</b>	22,211	25,013	27,745	30,496	31,308
<b>Net assets</b>	86,228	99,977	114,790	122,510	122,510
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	32,768	46,517	61,330	69,050	69,050
Reserves	27,429	27,429	27,429	27,429	27,429
Retained surpluses or accumulated deficits	26,031	26,031	26,031	26,031	26,031
<b>Total parent entity interest</b>	86,228	99,977	114,790	122,510	122,510
<b>Total equity</b>	86,228	99,977	114,790	122,510	122,510
<b>Current assets</b>	18,776	21,579	24,311	27,062	27,874
<b>Non-current assets</b>	89,663	103,411	118,224	125,944	125,944
<b>Current liabilities</b>	17,327	18,871	21,334	23,306	23,513
<b>Non-current liabilities</b>	4,884	6,143	6,411	7,191	7,795

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

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	24,493	18,287	18,776	19,232	19,515
Appropriations	124,020	148,734	164,164	176,750	176,824
Other	4,732	5,477	5,943	6,323	6,326
<b>Total cash received</b>	153,245	172,498	188,883	202,305	202,665
<b>Cash used</b>					
<b>Total cash used</b>	176,707	158,114	170,907	182,379	184,292
<b>Net cash from or (used by)     operating activities</b>	(23,462)	14,384	17,976	19,926	18,373
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	200	200	200	200	200
<b>Cash used</b>					
<b>Total cash used</b>	29,965	26,117	30,705	25,372	17,652
<b>Net cash from or (used by)     investing activities</b>	(29,765)	(25,917)	(30,505)	(25,172)	(17,452)
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	20,456	13,749	14,813	7,720	-
<b>Cash used</b>					
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from or (used by)     financing activities</b>	20,456	13,749	14,813	7,720	-
<b>Net increase or (decrease)     in cash held</b>	(32,771)	2,216	2,284	2,474	921
<b>Cash at the end of the     reporting period</b>	10,944	13,160	15,444	17,918	18,839

**Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2007</b>					
Balance carried forward from previous period	26,031	27,429	-	32,768	86,228
Adjustment for changes in accounting policies					
<b>Adjusted opening balance</b>	26,031	27,429	-	32,768	86,228
<b>Income and expense</b>					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
<b>Sub-total income and expense</b>	-	-	-	-	-
Surplus (deficit) for the period	-	-	-	-	-
<b>Total income and expenses recognised directly in equity</b>	-	-	-	-	-
<b>Transactions with owners</b>					
Contribution by owners					
Appropriation (equity injection)	-	-	-	13,749	13,749
<b>Sub-total transactions with owners</b>	-	-	-	13,749	13,749
Transfers between equity components	-	-	-	-	-
<b>Estimated closing balance as at 30 June 2008</b>	26,031	27,429	-	46,517	99,977

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

### **Departmental Financial Statements**

Under the Australian Government's accrual budgeting framework, and consistent with Australian Accounting Standards, ASIS controls all the agency's transactions. ASIS is fully accountable for assets, liabilities, revenues and expenses in relation to the agency. ASIS has no administered transactions.

### **Appropriations in the accrual budget 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; and
- Departmental capital appropriations: for investments by the Government for either additional equity or loans in agencies.



## **PORTFOLIO GLOSSARY**

Accrual accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Accumulated depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Administered	Revenues, expenses, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Additional estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
Annual Appropriation	Two appropriation Bills are introduced into Parliament in May and comprise the Budget for the financial year beginning 1 July. Further Bills are introduced later in the financial year as part of the additional estimates. Parliamentary departments have their own appropriations.
Capital expenditure	Expenditure by an agency on capital projects, for example purchasing a building.
Consolidated Revenue Fund	Section 81 of the Constitution stipulates that all revenue raised or money received by the Commonwealth forms the one consolidated revenue fund (CRF).
Departmental	Revenue, expenses, assets and liabilities that are controlled by the agency in providing its outputs. Departmental items would generally include computers, plant and equipment assets used by agencies in providing goods and services and most

	employee expenses, supplier costs and other administrative expenses incurred.
Depreciation	Apportionment of an asset's capital value as an expense over its estimated useful life to take account of normal usage, obsolescence, or the passage of time.
Effectiveness indicators	Measures the joint or independent contribution of outputs and administered items to the achievement of their specified outcome.
Efficiency indicators	Measures the adequacy of an agency's management of its outputs (and where applicable, administered items). Includes price, quality and quantity indicators. The interrelationship between the three efficiency indicators of any one output should be considered when judging efficiency.
Equity or net assets	Residual interest in the assets of an entity after deduction of its liabilities.
Expense	Total value of all of the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increases in liabilities of an entity.
Fair value	Valuation methodology: the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The fair value can be affected by the conditions of the sale, market conditions and the intentions of the asset holder.
Intermediate outcomes	More specific medium-term impacts (for example, trend data, targets or milestones) below the level of the planned outcomes specified in the Budget. A combination of several intermediate outcomes can at times be considered as a proxy for determining the achievement of outcomes or progress towards outcomes. ( <i>see outcomes</i> )
Operating result	Equals revenue less expense.
Outcomes	The Government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as

influenced by the actions of the Australian Government. Actual outcomes are assessments of the end-results or impacts actually achieved.

Output groups	A logical aggregation of agency outputs, where useful, and based either on homogeneity, type of product, business line or beneficiary target group. Aggregation of outputs may also be needed for the provision of adequate information for performance monitoring, or based on a materiality test.
Outputs	The goods and services produced by agencies on behalf of government for external organisations or individuals. Outputs also include goods and services for other areas of government external to the agency.
Price	One of the three key efficiency indicators. The amount the government or the community pays for the delivery of agreed outputs.
Quality	One of the three key efficiency indicators. Relates to the characteristics by which customers or stakeholders judge an organisation, product or service. Assessment of quality involves use of information gathered from interested parties to identify differences between user's expectations and experiences.
Quantity	One of the three key efficiency indicators. Examples include: the size of an output; count or volume measures; how many or how much.
Revenue	Total value of resources earned or received to cover the production of goods and services.
Special Account	Balances existing within the Consolidated Revenue Fund (CRF) that are supported by standing appropriations ( <i>Financial Management and Accountability (FMA) Act 1997</i> , subsection 20 and 21). Special accounts allow money in the CRF to be acknowledged as set-aside (hypothecated) for a particular purpose. Amounts credited to a Special Account may only be spent for the purposes of the Special Account. Special Accounts can only be established by a written determination of the Finance Minister (section 20 FMA Act) or through an Act of

	Parliament (referred to in section 21 of the FMA Act).
Special Appropriations (including Standing Appropriations)	<p>An amount of money appropriated by a particular Act of Parliament for a specific purpose and number of years. For special appropriations the authority to withdraw funds from the Consolidated Revenue Fund does not generally cease at the end of the financial year.</p> <p>Standing appropriations are a sub-category consisting of ongoing special appropriations— the amount appropriated will depend on circumstances specified in the legislation.</p>