

Department of Foreign Affairs and Trade (DFAT)

Agency resources and planned performance

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE (DFAT)

Section 1: Agency overview and resources	13
1.1 Strategic Direction Statement	13
1.2 Agency Resource Statement	16
1.3 Budget Measures.....	18
Section 2: Outcomes and planned performance	20
2.1 Outcomes and performance information	20
Section 3: Explanatory tables and budgeted financial statements	41
3.1 Explanatory tables	41
3.2 Budgeted Financial Statements.....	44

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE (DFAT)

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

In 2012-13, the Department of Foreign Affairs and Trade (DFAT) will continue to develop and implement the Government's foreign, trade and international security priorities and, in so doing, advance the interests of Australia and Australians internationally.

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

The department will continue to engage with Australia's main strategic ally, the United States. It will intensify engagement with China, including through a program of activities to mark the 40th anniversary of our diplomatic relations in 2012. The department will build on Australia's broad and deep ties with Japan. It will work to strengthen growing links with the Republic of Korea, based on significant shared interests. The department will also continue to implement the Government's commitment to bring Australia's relationship with India to the front rank of our international partnerships. It will expand cooperation on security, trade and people-to-people links with Indonesia.

The department will continue to strengthen Australia's relations with Pacific island countries and support Australia's role in the Pacific Islands Forum, including to advance regional trade and economic integration. It will actively assist Fiji's return to democracy and the rule of law, including by providing support for credible constitutional and electoral processes and working with the international community to maintain pressure on the military regime. It will provide assistance to Papua New Guinea to deliver credible national elections.

The department will continue to develop and implement policies to advance Australia's national interests in multilateral forums, particularly the United Nations. It will continue to drive Australia's campaign for a non-permanent seat on the United Nations Security Council for 2013-14 in the lead-up to the vote in October 2012.

Australia will host the G20 leaders' summit in 2014 and will be part of the influential G20 Troika from 2013 to 2015. The department will work with the Department of the Prime Minister and Cabinet and the Treasury to ensure that the G20, as the premier

forum for international economic cooperation, delivers on its global financial reform and economic recovery agendas. The department will develop and deepen its engagement with major emerging economies whose political and economic significance to Australia and contribution to solving shared global problems continues to grow. It will also engage in outreach with non-G20 members.

The department will work to maximise political, strategic and economic opportunities arising from the transformation of our region, including through its contribution to the White Paper, *Australia in the Asian Century*. Support for strengthened regional architecture that promotes enhanced political, security and economic dialogue among regional states will continue to be core work for the department in 2012-13. The department will seek to create partnerships, build regional integration and promote stability through the Asia-Pacific Economic Cooperation (APEC) forum with Indonesia as Chair in 2013, and to strengthen the economic and security agendas of the East Asia Summit. It will support the democratic transition underway in Burma, and will explore political, security and economic opportunities arising from reforms there.

Australia's alliances and security partnerships will be critical to countering nuclear proliferation and people smuggling activities. In 2012-13, the department will continue to contribute to international stabilisation efforts in Afghanistan and pursue non-proliferation and disarmament objectives with Iran and the DPRK. The department will continue its engagement with the region on preventing people-smuggling. The measure on Afghanistan, *Australia's civilian engagement in Afghanistan – an integrated whole-of-government approach – continuation*, will allow the department to continue its current level and focus of diplomatic and political engagement in Afghanistan prior to the implementation of post-transition arrangements in 2014. The department will continue to coordinate Australia's cooperation with key partner countries to enhance the effectiveness of programs to counter terrorism, which remains a significant threat.

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

The department will uphold Australia's strong record of global action on climate change, encouraging international support for negotiations in 2012 on a new legally

binding climate change agreement in line with the 2011 Durban mandate. It will advocate Australia's interest in developing international carbon markets and continue to play a constructive role to support action on climate change in developing countries and small island states.

The department will seek to strengthen Australia's political and economic relations with Europe both bilaterally and through negotiation of a treaty-level Framework Agreement with the EU, participation in the Organization for Security and Co-operation in Europe (OSCE) and the Asia-Europe Meeting (ASEM) process. The department recognises the growing significance to Australia's interests of countries in Africa, the Middle East, Latin America and the Caribbean and will work to develop and deepen these ties. The department will support Australia's role as Chair-in-Office of the Commonwealth in 2012-13.

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

The department will continue to deliver an efficient passport service for Australian citizens. In 2012-13, work will continue on the detailed design and scheduling of the new 'P-series' passport to provide a contemporary, secure travel document to Australian citizens. The department's funding arrangement for passport services has been renewed for a further three years replacing the agreement that expires in 2011-12. The new agreement has resulted in a funding increase to meet the costs of expected increased demand and provides for measures to mitigate the growing risks of identity fraud and child abduction.

In an inherently high-risk environment, the department will continue to place priority on the safety of Australian Government personnel overseas and the security of its missions. Through the measure *National Security - Baghdad Embassy civilian security arrangements*, the department will continue to provide security at Australia's diplomatic mission in Baghdad following the transfer of responsibility for all security capabilities from the Australian Defence Force to the department in 2011.

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

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1: Department of Foreign Affairs and Trade Resource Statement — Budget Estimates for 2012-13 as at Budget May 2012

	Estimate of prior year amounts available in 2012-13 \$'000	Proposed at Budget = 2012-13 \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	322,297	-	322,297	357,691
Departmental appropriation ^{3&4}	-	943,043	943,043	921,647
s31 Relevant agency receipts ⁵	-	81,599	81,599	81,599
Total	322,297	1,024,642	1,346,939	1,360,937
Administered expenses				
Outcome 1	-	269,453	269,453	270,307
Outcome 2	-	750	750	750
Outcome 3	-	-	-	-
Payments to CAC Act bodies	-	4,926	4,926	6,212
Total	-	275,129	275,129	277,269
Total ordinary annual services	A 322,297	1,299,771	1,622,068	1,638,206
Other services				
Departmental non- operating				
Equity injections ⁶	-	56,814	56,814	72,005
Total	-	56,814	56,814	72,005
Total other services	B -	56,814	56,814	72,005
Total available annual appropriations	322,297	1,356,585	1,678,882	1,710,211
Special appropriations				
Special appropriations limited by amount				
Passport Refunds - <i>Financial Management Act s28</i>	-	860	860	860
Total special appropriations	C -	860	860	860
Total appropriations excluding Special Accounts	322,297	1,357,445	1,679,742	1,711,071

Table continued on the following page.

Table 1.1: Department of Foreign Affairs and Trade Resource Statement — Budget Estimates for 2012-13 as at Budget May 2012 (continued)

	Estimate of prior ⁺ year amounts available in 2012- 13 \$'000	Proposed at Budget ⁼ 2012- 13 \$'000	Total estimate 2012- 13 \$'000	Actual available appropriation 2011- 12 \$'000
Special Accounts				
Opening balance ⁷	338,667	-	338,667	393,250
Appropriation receipts ⁸	-	59,456	59,456	68,490
Appropriation receipts - other agencies ⁹	-	27,928	27,928	30,690
Non- appropriation receipts to Special Accounts	-	7,841	7,841	9,750
Total Special Account	D 338,667	95,225	433,892	502,180
Total resourcing				
A+B+C+D	660,964	1,452,670	2,113,634	2,213,251
Less appropriations drawn from				
annual or special appropriations above	-	(59,456)	(59,456)	(67,470)
and credited to special accounts	-	(1,500)	(1,500)	(1,020)
and/or CAC Act bodies through annual appropriations	-	(4,926)	(4,926)	(6,212)
Total net resourcing for DFAT	660,964	1,386,788	2,047,752	2,138,549

¹ Appropriation Bill (No. 1) 2012- 13.² Estimated adjusted balance carried forward from previous year.³ Includes an amount of \$63.256m in 2012- 13 for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.⁴ Includes measures appropriated in Appropriation Bill No. 5.⁵ s31 Relevant Agency receipts - estimate.⁶ Appropriation Bill (No. 2) 2012- 13.⁷ Estimated opening balance for special accounts (less 'Special Public Money' held in Other Trust Monies accounts (OTM), Services for other Government and Non- agency Bodies accounts (SOG), Expositions Special Account, or Services for Other Entities and Trust Monies Special accounts (SOETM)).

For further information on special accounts see Table 3.1.2.

⁸ Appropriation receipts from DFAT annual and special appropriations for 2011- 12 included above.⁹ Appropriation receipts from other agencies credited to DFAT's special accounts.

Reader note: All figures are GST exclusive.

Third party payments from and on behalf of other agencies

	2012- 13 \$'000	2011- 12 \$'000
Receipts received from other agencies for the provision of services (disclosed above within Departmental section 31)	81,599	81,599
Payments made to CAC Act bodies within the Portfolio		
Export Finance and Insurance Corporation Appropriation Acts 1 & 2	4,926	6,212

1.3 BUDGET MEASURES

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

Table 1.2: Agency 2012-13 Budget measures

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Revenue Measures						
Export Finance and Insurance Corporation - special dividend	1.1					
Administered revenue		-	200,000	-	-	-
Total		-	200,000	-	-	-
Total revenue measures						
Administered		-	200,000	-	-	-
Departmental		-	-	-	-	-
Total		-	200,000	-	-	-
Expense measures						
National Security - Baghdad Embassy civilian security arrangements	3.1					
Departmental expenses		-	33,143	33,904	-	-
Total		-	33,143	33,904	-	-
Australia's civilian engagement in Afghanistan - an integrated whole-of-government approach - continuation						
Departmental expenses	1.1, 3.1	-	45,948	46,462	-	-
Total		-	45,948	46,462	-	-
ANZAC Centenary Program 2014-18						
Departmental expenses	1.1, 2.1	-	-	-	574	286
Total		-	-	-	574	286
Seasonal Labour Mobility Program with Pacific Island countries and East Timor - establishment ¹						
Departmental expenses	1.1	-	-	-	-	-
Total		-	-	-	-	-
Total expense measures						
Administered		-	-	-	-	-
Departmental		-	79,091	80,366	574	286
Total		-	79,091	80,366	574	286
Capital measures						
National Security - Baghdad Embassy civilian security arrangements	3.1					
Departmental capital		-	520	4,618	-	-
Total		-	520	4,618	-	-
Australia's civilian engagement in Afghanistan - an integrated whole-of-government approach - continuation						
Departmental capital	1.1, 3.1	-	1,723	1,572	-	-
Total		-	1,723	1,572	-	-
Total capital measures						
Administered		-	-	-	-	-
Departmental		-	2,243	6,190	-	-
Total		-	2,243	6,190	-	-

Prepared on a Government Finance Statistics (fiscal) basis

¹ This measure will be funded through existing departmental resources.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

Outcome 1 Strategy

The department will assist the Government to meet its foreign, trade and economic, and security objectives over 2012-13 and forward years through:

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

As the lead agency managing Australia's external affairs, the department will also continue to provide leadership at Australia's diplomatic missions overseas, manage and maintain Australia's diplomatic network, including the provision of services to

other agencies represented overseas, and deliver services to diplomatic and consular representatives in Australia.

Outcome Expense Statement

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

Table 2.1: Budgeted Expenses for Outcome 1

Outcome 1: The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign and trade policy priorities	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Program 1.1: Foreign Affairs and Trade Operations		
Administered expenses		
Ordinary annual services (Appropriation Bill No.1)	10,091	7,412
Departmental expenses		
Departmental appropriation ^{1 & 2}	478,795	487,186
Expenses not requiring appropriation in the Budget year ^{3 & 4}	45,511	46,448
Total for Program 1.1	534,397	541,046
Program 1.2: Payments to International Organisations		
Administered expenses		
Ordinary annual services (Appropriation Bill No.1)	237,918	240,009
Total for Program 1.2	237,918	240,009
Program 1.3: Public Information and Public Diplomacy		
Administered expenses		
Ordinary annual services (Appropriation Bill No.1)	27,490	25,458
Special Accounts	1,020	1,500
Expenses not requiring appropriation in the Budget year ⁵	7,495	-
Total for Program 1.3	36,005	26,958
Outcome 1 Totals by appropriation type		
Administered Expenses		
Ordinary annual services (Appropriation Bill No.1)	275,499	272,879
Special Accounts	1,020	1,500
Departmental expenses		
Departmental appropriation ^{1 & 2}	478,795	487,186
Expenses not requiring appropriation in the Budget year ^{3, 4 & 5}	53,006	46,448
Total expenses for Outcome 1	808,320	808,013
	2011-12	2012-13
Average Staffing Level (number) ⁶	2,159	2,081

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

² Expense includes a portion of an intra- entity amount of \$60.99 million (2011- 12: \$68.99 million) representing rent paid by DFAT to the DFAT Overseas Property Office which is eliminated upon consolidation in the Comprehensive Income Statement (Table 3.2. 1).

³ Expenses not requiring appropriation in the Budget year include depreciation and amortisation expenses, make good and audit fees.

⁴ Includes expenses for a Debt- to- Health Swap with the Government of Indonesia of \$8.6 million in 2011- 12 and \$7.9 million in 2012- 13.

⁵ Includes an expense of \$7.5 million in 2011- 12 against surplus funds from previous public diplomacy expositions.

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

Contributions to Outcome 1

Program 1.1: Foreign Affairs and Trade Operations

Program objective

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

Program expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forw ard year 1 \$'000	2014-15 Forw ard year 2 \$'000	2015-16 Forw ard year 3 \$'000
Annual administered expenses:					
Export Finance and Insurance Corporation (EFIC) - National Interest Account Expenses	6,212	4,926	4,111	3,272	2,270
Hosting of the 35th Antarctic Treaty Consultative Meeting	1,386	-	-	-	-
Personal Benefits - Locally Engaged Staff pension schemes	2,014	1,995	2,008	2,074	2,111
Other Administered Items	479	491	501	511	528
Annual departmental expenses:					
Foreign Affairs and Trade Operations	478,795	487,186	484,049	471,938	472,695
Expenses not requiring appropriation in the Budget year, including: ¹	36,911	38,548	38,169	38,570	38,561
Overseas development assistance - Debt-to-Health Sw ap with the Government of Indonesia ²	8,600	7,900	8,800	9,900	10,900
Total program expenses	534,397	541,046	537,638	526,265	527,065

¹ Expenses not requiring appropriation in the Budget year include depreciation and amortisation expenses.

² The Department was appropriated \$75.0 million in *Appropriation Act (No. 4) 2009-10* for a Debt-to-Health Swap with the Government of Indonesia. This appropriation is expensed over a period of 6 years in accordance with an EFIC loan repayment schedule.

Program 1.1 Deliverables

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

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

Program 1.1 Key Performance Indicators

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

DFAT Budget Statements

with the level of service provided, including in terms of responsiveness and timeliness in meeting Australia's obligations under the Vienna Conventions.

Program 1.2: Payments to International Organisations
Program objective

- To advance Australia's foreign, trade and economic, and security interests through participation in international organisations.

Program expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Annual administered expenses:					
Payments to International Organisations	237,918	240,009	240,009	242,143	244,309
Total program expenses	237,918	240,009	240,009	242,143	244,309

Program 1.2 Deliverables

- Current membership of international organisations through payments of assessed and voluntary Australian Government contributions.

Program 1.2 Key Performance Indicators

- The department's payments to international organisations are timely and within budget.

Program 1.3: Public Information Services and Public Diplomacy

Program objective

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

Program expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Annual administered expenses:					
International Relations Grants Program	4,594	4,594	4,594	4,594	4,594
Australia Network	19,896	20,414	20,924	21,448	21,984
Bali Peace Park	-	450	-	-	-
Australia and New Zealand School of Government China Advanced Leadership Program	3,000	-	-	-	-
Special Account Expenses:					
Expositions Special Account	1,020	1,500	-	-	-
Expenses not requiring appropriation in the Budget year ¹	7,495	-	-	-	-
Total program expenses	36,005	26,958	25,518	26,042	26,578

¹ Reflecting surplus funds from previous expositions which were attributed to public diplomacy expenses in 2011-12.

Program 1.3 Deliverables

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

Program 1.3 Key Performance Indicators

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

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

Outcome 2 Strategy

With more Australians travelling overseas each year, the department will continue to give high priority to delivery of effective consular services. The department will help Australians make informed decisions about their security, safety and wellbeing by maintaining its comprehensive system of travel advisories. The department's consular outreach program will continue in 2012-13, promoting safe travel messages and delivering accurate and timely travel advice, including through the *Smarttraveller* campaign.

Practical planning for contingency and rapid crisis response will remain a focus through 2012-13. The department will work to enhance its ability to respond quickly to consular incidents, particularly in remote locations or where consular representation is less concentrated. It will also continue to lead whole-of-government responses to future consular crises and serious incidents overseas, activating the department's Crisis Centre as needed.

The department in 2012-13 will continue work on the detailed design and scheduling of the new 'P-series' passport to ensure the government can continue to deliver a contemporary, secure travel document. Increased funding flowing from the renewed three-year funding agreement for passport services will meet the costs of expected increasing demand and provide resources to mitigate the growing risks of identity fraud and child abduction. In addition, the department will take forward the *National Security – Improved Passport Integrity and Strengthened Issuance Systems* program, announced in 2010-11, to enable it to meet the projected increase in demand for passport services in forward years.

Outcome Expense Statement

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

Table 2.1.1: Budgeted Expenses for Outcome 2

Outcome 2: The protection and welfare of Australians abroad and access to secure international travel documentation through timely and responsive travel advice and consular and passport services in Australia and overseas	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Program 2.1: Consular Services		
Administered expenses		
Ordinary annual services (Appropriation Bill No.1)	200	200
Departmental expenses		
Departmental appropriation ^{1 & 2}	69,685	66,570
Expenses not requiring appropriation in the Budget year ³	5,396	5,513
Total for Program 2.1	75,281	72,283
Program 2.2: Passport Services		
Administered expenses		
Special appropriations	860	860
Departmental expenses		
Departmental appropriation ^{1 & 2}	186,931	230,963
Expenses not requiring appropriation in the Budget year ³	14,418	16,034
Total for Program 2.2	202,209	247,857
Outcome 2 Totals by appropriation type		
Administered Expenses		
Ordinary annual services (Appropriation Bill No.1)	200	200
Special appropriations	860	860
Departmental expenses		
Departmental appropriation ^{1 & 2}	256,616	297,533
Expenses not requiring appropriation in the Budget year ³	19,814	21,547
Total expenses for Outcome 2	277,490	320,140
	2011-12	2012-13
Average Staffing Level (number)⁴	1,055	1,044

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

² Expense includes a portion of an intra-entity amount of \$60.99 million (2011-12: \$68.99 million) rent paid by DFAT to the DFAT Overseas Property Office which is eliminated upon consolidation in the Comprehensive Income Statement (Table 3.2.1).

³ Expenses not requiring appropriation in the Budget year include depreciation and amortisation expenses, make good and audit fees.

⁴ ASL figures are estimates only. ASL allocated to Outcome 1 may also, at times, contribute to Outcome 2 - Program 2.1 (Consular Services)

Contributions to Outcome 2

Program 2.1: Consular Services

Program objective

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

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

Program expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forw ard year 1 \$'000	2014-15 Forw ard year 2 \$'000	2015-16 Forw ard year 3 \$'000
Annual administered expenses:					
Consular Emergency Services ¹	200	200	200	200	200
Annual departmental expenses:					
Consular Services	69,685	66,570	67,858	69,379	69,329
Expenses not requiring appropriation in the Budget year ²	5,396	5,513	5,587	5,626	5,627
Total program expenses	75,281	72,283	73,645	75,205	75,156

¹ This expense does not include \$550,000 for the Travellers' Emergency Loans, as these are treated as receivables and form part of the receivable balance in Table 3.2.8

² Expenses not requiring appropriation in the Budget year include depreciation and amortisation expenses.

Program 2.1 Deliverables

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

conflict, civil unrest, natural disasters or terrorist incidents.

Program 2.1 Key Performance Indicators

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

Program 2.2: Passport Services**Program objective**

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

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

Program expenses

- The department's business forecasting model projects passports demand to grow by around 20 per cent over the next three years.

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Annual departmental expenses:					
Passport Services	186,931	230,963	242,056	252,142	264,528
Special Appropriations:					
Passport Refunds - <i>Financial Management Act s28</i>	860	860	860	860	860
Expenses not requiring appropriation in the Budget year ¹	14,418	16,034	16,196	15,672	15,674
Total program expenses	202,209	247,857	259,112	268,674	281,062

¹Expenses not requiring appropriation in the Budget year include depreciation and amortisation expenses.

Program 2.2 Deliverables

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

Program 2.2 Key Performance Indicators

DFAT Budget Statements

- Public and travel industry clients are satisfied with the department's efficiency and effectiveness in delivering passport services, with routine passports issued within ten working days and urgent passport issues dealt with in a timely and responsive manner.
- Staged delivery of the *National Security – Improved Passport Integrity and Strengthened Issuance Systems* program within budget and against timelines.
- Design approval and finalisation of production scheduling for the introduction of the new P-series Australian travel document in mid-2014.

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

Outcome 3 Strategy

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

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

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

Outcome Expense Statement

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

Table 2.1.2: Budgeted Expenses for Outcome 3

Outcome 3: A secure Australian Government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas owned estate	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Program 3.1: Foreign Affairs and Trade Operations		
Departmental expenses		
Departmental appropriation ^{1 & 2}	170,492	175,421
Expenses not requiring appropriation in the Budget year ³	13,165	9,793
Total for Program 3.1	183,657	185,214
Program 3.2: Overseas Property		
Departmental expenses		
Special Accounts	72,077	72,707
Total for Program 3.2	72,077	72,707
Outcome 3 Totals by appropriation type		
Departmental expenses		
Departmental appropriation ^{1 & 2}	170,492	175,421
Special Accounts	72,077	72,707
Expenses not requiring appropriation in the Budget year ³	13,165	9,793
Total expenses for Outcome 3	255,734	257,921
	2011-12	2012-13
Average Staffing Level (number) ⁴	702	707

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

² Expense includes a portion of an intra- entity amount of \$60.99 million (2011- 12: \$68.99 million) representing rent paid by DFAT to the DFAT Overseas Property Office which is eliminated upon consolidation in the Comprehensive Income Statement (Table 3.2.1).

³ Expenses not requiring appropriation in the Budget year include depreciation and amortisation expenses, make good and audit fees.

⁴ ASL figures are estimates only.

Contributions to Outcome 3

Program 3.1: Foreign Affairs and Trade Operations

Program objective

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

Program expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Annual departmental expenses:					
Foreign Affairs and Trade Operations	170,492	175,421	177,200	120,719	121,055
Expenses not requiring appropriation in the Budget year ¹	13,165	9,793	9,937	10,023	10,026
Total program expenses	183,657	185,214	187,137	130,742	131,081

¹Expenses not requiring appropriation in the Budget year include depreciation and amortisation expenses.

Program 3.1 Deliverables

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

Program 3.1 Key Performance Indicators

- Security risks relating to classified information are minimised, as evidenced by a low number of sensitive security breaches.
- Effective risk-mitigation strategies appropriate to increased security risks.

DFAT Budget Statements

- Client satisfaction with the accessibility, reliability and effectiveness of the secure cable network (Official Diplomatic Information Network) and the global secure telecommunications infrastructure.

Program 3.2: Overseas Property**Program objective**

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

Program expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special Account Expenses:					
Overseas Property Special Account - <i>Finance Determination 2002-01 (D)</i>	72,077	72,707	72,758	75,689	80,603
Total program expenses	72,077	72,707	72,758	75,689	80,603

Program 3.2 Deliverables

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

Program 3.2 Key Performance Indicators

- Completion of construction and refurbishment projects within an agreed timeframe and budget.
- Effective and accountable management of the property services contract and construction project contracts.
- Achieve a portfolio condition and utility rating of good or better.
- The majority of tenants rate the performance of the service provider and the

DFAT Budget Statements

Overseas Property Office as good or better.

- Asset management plans are in place for all owned properties in the estate.
- Achieve a management expense ratio appropriate to the unique nature of the Commonwealth's overseas owned estate.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2012-13 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

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

The Department received \$0.45 million in administered funding for Australia's Contribution to the Bali Peace Park in 2011-12. The contribution is contingent on the land in Bali being offered for sale to the Bali Peace Park Association. Negotiations on this matter are progressing and it is anticipated that the funds will be spent in 2012-13.

Table 3.1.1: Movement of Administered Funds between years¹

	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Outcome 1:					
Public Information Services and Public Diplomacy	(450)	450			
Total Movement of Administered Funds	(450)	450			

¹ Figures displayed as a negative (-) represent a decrease in funds and a positive reflects an increase in funds.

3.1.2 Special Accounts

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

Table 3.1.2: Estimates of Special Account Flows and Balances

		Opening balance 2012-13 2011-12	Receipts 2012-13 2011-12	Payments 2012-13 2011-12	Adjustments 2012-13 2011-12	Closing balance 2012-13 2011-12
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Administered Payments and Receipts for Other Entities Special Account - FMA Act 1997 s20 (A)	1	5,000	200,000	(200,000)	-	5,000
		5,000	200,000	(200,000)	-	5,000
Consular Services Special Account - FMA Act 1997 s20 (A)	2	44	100	(100)	-	44
		44	100	(100)	-	44
Expositions Special Accounts - FMA Act 1997 s20 (A)	1	-	1,500	(1,500)	-	-
		7,391	1,124	(8,515)	-	-
Services for Other Entities and Trust Moneys - Foreign Affairs and Trade Special Account (A)	1	1,070	2,000	(2,000)	-	1,070
		3,070	2,000	(4,000)	-	1,070
Overseas Property Special Account - DFAT - s20 FMA Act Det 2002/01 (D)	3	338,667	95,225	(168,220)	-	265,672
		393,250	107,910	(162,493)	-	338,667
Total Special Accounts 2011-12 Budget estimate		344,781	298,825	(371,820)	-	271,786
<i>Total Special Accounts 2010-11 estimate actual</i>		408,755	311,134	(375,108)	-	344,781

(A) = Administered

(D) = Departmental

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure (AGIE)

Outcome	Appropriations				Other	Total	Program
	Bill	Bill	Special	Total			
	No. 1	No. 2	approp	approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Department of Foreign Affairs and Trade							
Outcome 1							
Departmental 2012-13	1,000	-	-	1,000	-	1,000	1.1
<i>Departmental 2011-12</i>	<i>852</i>	<i>-</i>	<i>-</i>	<i>852</i>	<i>-</i>	<i>852</i>	<i>1.1</i>
Total outcome 2012-13	1,000	-	-	1,000	-	1,000	
<i>Total outcome 2011-12</i>	<i>852</i>	<i>-</i>	<i>-</i>	<i>852</i>	<i>-</i>	<i>852</i>	
Total departmental 2012-13	1,000	-	-	1,000	-	1,000	
<i>Total departmental 2011-12</i>	<i>852</i>	<i>-</i>	<i>-</i>	<i>852</i>	<i>-</i>	<i>852</i>	
Total AGIE 2012-13	1,000	-	-	1,000	-	1,000	
<i>Total AGIE 2011-12</i>	<i>852</i>	<i>-</i>	<i>-</i>	<i>852</i>	<i>-</i>	<i>852</i>	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Analysis of budgeted financial statements

Budgeted Departmental Income Statement

Total budgeted appropriation in 2012-13 is \$878.5 million, which represents an increase of \$54.2 million in appropriations from 2011-12 as shown in Table 3.2.1. The increase is primarily a result of:

- funding for new measures;
- parameter adjustments for overseas inflation; and
- additional funding for passports reflecting expected increase in demand.

This is partially offset by:

- the removal of amortisation funding arrangements relating to the Overseas Property Special Account;
- foreign exchange movements; and
- savings measures agreed in the 2011-12 Mid-Year Economic and Fiscal Outlook.

The Income Statement shows a budgeted deficit in 2012-13 of \$47.1 million, due to the removal of appropriation funding for depreciation and amortisation under the Net Cash funding arrangements. Adjusting for the changed funding arrangements, the operating result attributable to the Department is a surplus of \$22.4 million in 2012-13, all of which relates to the Overseas Property Special Account (OPSA). Surpluses are necessary in the OPSA to fund capital investment projects.

Budgeted Departmental Balance Sheet

The Department will receive an equity injection of \$56.8 million in 2012-13 for the purchase or construction of new assets. The Department will also receive \$63.3 million through its Departmental Capital Budget to fund the replacement of existing assets.

For 2012-13, the Department's non-financial asset position is budgeted to be \$2,331.6 million at year-end. The major asset component is \$1,785.9 million for Land and Buildings which includes \$1,630.7 million managed in the Overseas Property Special Account.

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

Administered income has been budgeted at \$643.8 million in 2012-13. The increase of \$221 million from 2011-12 is due primarily to an expected increase in passport revenue (\$29 million) resulting from an increase in the passport fee and the projected volume of passport issues and an increase in the Export Finance and Insurance Corporation

(EFIC) dividend (\$197.6 million). This increase is offset by a forecast decrease in expected other revenue (\$4.9 million) from EFIC.

Budgeted administered expenses are projected to decrease by \$10.3 million compared to 2011-12. This is primarily due to the 2012 Yeosu Expo ending in early August 2012.

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

Asset and liabilities administered on behalf of the Government are budgeted at \$467.4 million and \$49.6 million respectively for the year ending 30 June 2013. The assets mainly represent the investment in the government entity EFIC (\$408.1 million) and receivables (\$53.5 million) including appropriation receivable (\$51.0 million). Liabilities comprise primarily amounts relating to payables to the National Interest Account and Locally Engaged Staff Pension Schemes.

Schedule of Budgeted Administered Cash Flows

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

The 2012-13 forecast of administered cash receipts of \$671.4 million primarily comprises receipts from passport and consular services, and dividend payments from the administered investments in EFIC.

Administered cash used is estimated to decrease by \$7.5 million compared to 2011-12. This is primarily due to the forecast decrease in payments to suppliers and employees associated with the ending of the 2012 Yeosu Expo (\$7.9 million).

3.2.3 Budgeted financial statements tables

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

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	406,150	434,331	437,965	432,720	440,931
Suppliers	475,590	508,892	516,992	463,762	467,049
Grants	5,000	5,000	5,000	5,000	5,000
Depreciation and amortisation	91,834	93,414	94,593	96,491	99,941
Losses from asset sales	185	6	-	-	-
Other expenses	112	103	103	103	103
Total expenses	978,871	1,041,746	1,054,653	998,076	1,013,024
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	73,299	73,299	73,299	73,299	73,299
Rental income	35,639	34,134	32,813	35,436	36,878
Other	8,300	8,300	8,300	8,300	8,300
Total own-source revenue	117,238	115,733	114,412	117,035	118,477
Gains					
Other	411	411	411	411	411
Total gains	411	411	411	411	411
Total own-source income	117,649	116,144	114,823	117,446	118,888
Net cost of (contribution by) services	861,222	925,602	939,830	880,630	894,136
Revenue from Government	824,304	878,541	889,563	832,578	846,007
Surplus (Deficit) attributable to the Australian Government	(36,918)	(47,061)	(50,267)	(48,052)	(48,129)
Total comprehensive income (loss) attributable to the Australian Government	(36,918)	(47,061)	(50,267)	(48,052)	(48,129)
Note: Impact of Net Cash Appropriation Arrangements					
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations.	32,562	22,417	19,211	21,428	21,348
plus depreciation/amortisation expenses previously funded through revenue appropriations ¹	(69,480)	(69,478)	(69,478)	(69,480)	(69,477)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(36,918)	(47,061)	(50,267)	(48,052)	(48,129)

¹ From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of FMA Act agencies were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash and cash equivalents	64,316	67,172	68,782	68,782	68,782
Trade and other receivables	798,415	704,311	538,813	428,347	347,471
Total financial assets	862,731	771,483	607,595	497,129	416,253
Non-financial assets					
Land and buildings	1,772,531	1,785,958	1,873,822	1,948,758	2,225,925
Property, plant and equipment	200,297	260,675	318,404	351,357	390,636
Intangibles	29,797	29,031	26,735	28,312	31,760
Inventories	40,238	40,238	40,238	40,238	40,238
Other non-financial assets	121,905	215,734	339,217	409,602	233,366
Total non-financial assets	2,164,768	2,331,636	2,598,416	2,778,267	2,921,925
Total assets	3,027,499	3,103,119	3,206,011	3,275,396	3,338,178
LIABILITIES					
Payables					
Suppliers	80,184	80,184	80,184	80,184	80,184
Other payables	22,989	22,989	22,989	22,989	22,989
Total payables	103,173	103,173	103,173	103,173	103,173
Provisions					
Employee Provisions	132,260	132,260	132,260	132,260	132,260
Other	23,841	23,841	23,841	23,841	23,841
Total Provisions	156,101	156,101	156,101	156,101	156,101
Total liabilities	259,274	259,274	259,274	259,274	259,274
Net assets	2,768,225	2,843,845	2,946,737	3,016,122	3,078,904
EQUITY*					
Parent entity interest					
Contributed equity	1,844,690	1,964,760	2,128,901	2,229,432	2,299,199
Reserves	326,889	329,592	318,610	335,516	376,660
Retained surplus (accumulated deficit)	596,646	549,493	499,226	451,174	403,045
Total parent entity interest	2,768,225	2,843,845	2,946,737	3,016,122	3,078,904
Total Equity	2,768,225	2,843,845	2,946,737	3,016,122	3,078,904

* 'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2012-13)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2012					
Balance carried forward from previous period	596,646	326,889	-	1,844,690	2,768,225
Adjusted opening balance	596,646	326,889	-	1,844,690	2,768,225
Comprehensive income					
Other comprehensive income	-	2,703	-	-	2,703
Surplus (deficit) for the period	(47,061)	-	-	-	(47,061)
Total comprehensive income	(47,061)	2,703	-	-	(44,358)
Transactions with owners					
Distributions to owners					
Cash transfers to the OPA	(92)				(92)
Contributions by owners					
Equity Injection - Appropriation	-	-	-	56,814	56,814
Departmental Capital Budget (DCBs)	-	-	-	63,256	63,256
Sub-total transactions with owners	(92)	-	-	120,070	119,978
Estimated closing balance as at 30 June 2013	549,493	329,592	-	1,964,760	2,843,845

Prepared on Australian Accounting Standards basis.

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

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	906,672	972,645	1,055,061	943,044	926,883
Sale of goods and rendering of services	108,938	107,433	106,112	108,735	110,177
Other	8,300	8,300	8,300	8,300	8,300
Total cash received	1,023,910	1,088,378	1,169,473	1,060,079	1,045,360
Cash used					
Employees	406,150	434,331	437,965	432,720	440,931
Suppliers	475,179	508,481	516,581	463,351	466,638
Other	20,993	5,201	5,103	5,103	5,103
Total cash used	902,322	948,013	959,649	901,174	912,672
Net cash from (used by) operating activities	121,588	140,365	209,824	158,905	132,688
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	3,285	98	-	-	-
Total cash received	3,285	98	-	-	-
Cash used					
Purchase of property, plant and equipment	259,670	257,677	372,355	259,436	202,455
Total cash used	259,670	257,677	372,355	259,436	202,455
Net cash from (used by) investing activities	(256,385)	(257,579)	(372,355)	(259,436)	(202,455)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	145,451	120,070	164,141	100,531	69,767
Total cash received	145,451	120,070	164,141	100,531	69,767
Net cash from (used by) financing activities	145,451	120,070	164,141	100,531	69,767
Net increase (decrease) in cash held	10,654	2,856	1,610	-	-
Cash and cash equivalents at the beginning of the reporting period	58,160	64,316	67,172	68,782	68,782
Effect of exchange rate movements on cash and cash equivalents at the beginning of reporting period	(4,498)				
Cash and cash equivalents at the end of the reporting period	64,316	67,172	68,782	68,782	68,782

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental Capital Budget Statement

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	73,446	63,256	94,673	68,145	68,948
Equity injections - Bill 2	72,005	56,814	69,468	32,386	819
Total new capital appropriations	145,451	120,070	164,141	100,531	69,767
Provided for:					
Purchase of non-financial assets	145,451	120,070	164,141	100,531	69,767
Total Items	145,451	120,070	164,141	100,531	69,767
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations ¹	74,250	66,892	103,210	66,187	34,189
Funded by capital appropriation - DCB ²	78,437	68,200	94,673	68,145	68,948
Funded internally from departmental resources ³	105,979	28,756	50,989	54,719	275,554
TOTAL	258,666	163,848	248,872	189,051	378,691
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	258,666	163,848	248,872	189,051	378,691
Total cash used to acquire assets	258,666	163,848	248,872	189,051	378,691

¹ Includes both current and prior Bill 2/4/6 appropriations and special capital appropriations

² Does not include annual finance lease costs. Include purchase from current and previous years' Departmental Capital Budgets (DCBs).

³ Includes the following sources of funding:

- current and prior year Bill 1/3/5 appropriations (excluding amounts from the DCB).
- donations and contributions
- gifts
- internally developed assets
- s31 relevant agency receipts (for FMA agencies only)
- proceeds from the sale of assets

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of Asset Movements (2012-13)

	Asset Category (as appropriate)				Total
	Land	Buildings	Other property, plant and equipment	Computer software and intangibles	
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2012					
Gross book value	953,931	972,462	291,078	70,258	2,287,729
Accumulated depreciation/amortisation and impairment	-	(153,862)	(90,781)	(40,461)	(285,104)
Opening net book balance	953,931	818,600	200,297	29,797	2,002,625
CAPITAL ASSET ADDITIONS					
Estimated expenditure on new or replacement assets					
By purchase - appropriation equity ¹	-	64,253	95,605	3,990	163,848
By purchase - appropriation ordinary annual services ²					
By purchase - other					
Total additions	-	64,253	95,605	3,990	163,848
Other movements					
Depreciation/amortisation expense	-	(30,264)	(35,227)	(4,756)	(70,247)
Disposals ³	(98)	-	-	-	(98)
Other	3,143	(23,607)	-	-	
Total other movements	3,045	(53,871)	(35,227)	(4,756)	(70,345)
As at 30 June 2013					
Gross book value	956,976	1,013,108	386,683	74,248	2,431,015
Accumulated depreciation/amortisation and impairment	-	(184,126)	(126,008)	(45,217)	(355,351)
Closing net book balance	956,976	828,982	260,675	29,031	2,075,664

¹ "Appropriation equity" refers to equity injections or Administered Assets and Liabilities appropriations provided through Appropriation Bill (No.2) 2012-13, including CDABs.

² "Appropriation ordinary annual services" refers to funding provided through Appropriation Bill (No.1) 2012-13 for depreciation / amortisation expenses, DCBs or other operational expenses.

³ Net proceeds may be returned to the OPA.

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation revenue					
Sale of goods and rendering of services	360,916	390,044	423,258	460,555	498,627
Interest	4,713	3,859	3,048	2,100	1,016
Dividends	30,194	227,800	23,300	26,800	20,000
Other	26,968	22,111	22,861	24,411	25,611
Total non-taxation revenue	422,791	643,814	472,467	513,866	545,254
Total revenues administered on behalf of Government	422,791	643,814	472,467	513,866	545,254
Total income administered on behalf of Government	422,791	643,814	472,467	513,866	545,254
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Employee benefits	855	230	-	-	-
Supplier expenses	40,786	32,635	32,786	34,318	35,772
Personal benefits	2,014	1,995	2,008	2,074	2,111
Grants	245,712	245,253	244,803	246,937	249,103
Finance costs	4,307	3,226	2,411	1,672	770
Total expenses administered on behalf of Government	293,674	283,339	282,008	285,001	287,756

Prepared on Australian Accounting Standards basis.

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

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	3,005	3,005	3,005	3,005	3,005
Receivables	91,029	53,485	45,235	35,885	25,535
Investments accounted for using the equity method	0	0	0	0	0
Other	408,082	408,082	408,082	408,082	408,082
Total financial assets	503,344	465,800	457,550	448,200	437,850
Non-financial assets					
Other	1,613	1,613	1,613	1,613	1,613
Total non-financial assets	1,613	1,613	1,613	1,613	1,613
Total assets administered on behalf of Government	504,957	467,413	459,163	449,813	439,463
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	332	332	332	332	332
Other Payables	22,886	16,509	10,500	6,745	6,110
Total payables	23,218	16,841	10,832	7,077	6,442
Provisions					
Other	32,742	32,742	32,742	32,742	32,742
Total provisions	32,742	32,742	32,742	32,742	32,742
Total liabilities administered on behalf of Government	55,960	49,583	43,574	39,819	39,184

Prepared on Australian Accounting Standards basis.

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

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Sales of goods and rendering of services	360,916	390,044	423,258	460,555	498,627
Interest	94	92	92	92	92
Dividends	-	258,000	23,300	26,800	20,000
Net GST received	2,847	2,217	2,093	2,145	2,199
Other	18,024	21,052	21,002	23,557	25,881
Total cash received	381,881	671,405	469,745	513,149	546,799
Cash used					
Grant payments	246,262	245,803	245,353	247,487	249,653
Personal benefits	2,014	1,995	2,008	2,074	2,111
Suppliers	30,281	23,035	22,286	22,818	23,372
Net GST paid	2,847	2,217	2,093	2,145	2,199
Borrowing costs	4,454	3,666	2,654	1,752	751
Employees	855	230	-	-	-
Other	10,505	9,700	10,600	11,500	12,400
Total cash used	297,218	286,646	284,994	287,776	290,486
Net cash from (used by) operating activities	84,663	384,759	184,751	225,373	256,313
Net increase (decrease) in cash held					
Cash and cash equivalents at beginning of reporting period	2,528	3,005	3,005	3,005	3,005
Cash from Official Public Account for:					
- Appropriations	294,075	284,077	282,642	284,125	288,287
	294,075	284,077	282,642	284,125	288,287
Cash to Official Public Account for:					
- Appropriations	378,261	668,836	467,393	509,498	544,600
	378,261	668,836	467,393	509,498	544,600
Cash and cash equivalents at end of reporting period	3,005	3,005	3,005	3,005	3,005

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Departmental Financial Statements and Schedule of Administered Activity

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

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

Appropriations in the budgeting framework

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

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

Administered capital appropriations: for increases in administered equity through funding non-expense administered payments.

Administered investments in controlled entities

The department has one administered investment in the Export Finance and Insurance Corporation (EFIC) with an estimated asset value of \$408.1 million as at 30 June 2011.

DFAT Budget Statements

This investment is revalued once each financial year based on the net asset position of EFIC as at 30 June.

Asset Valuation

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