



Australian Government
Department of Foreign Affairs and Trade

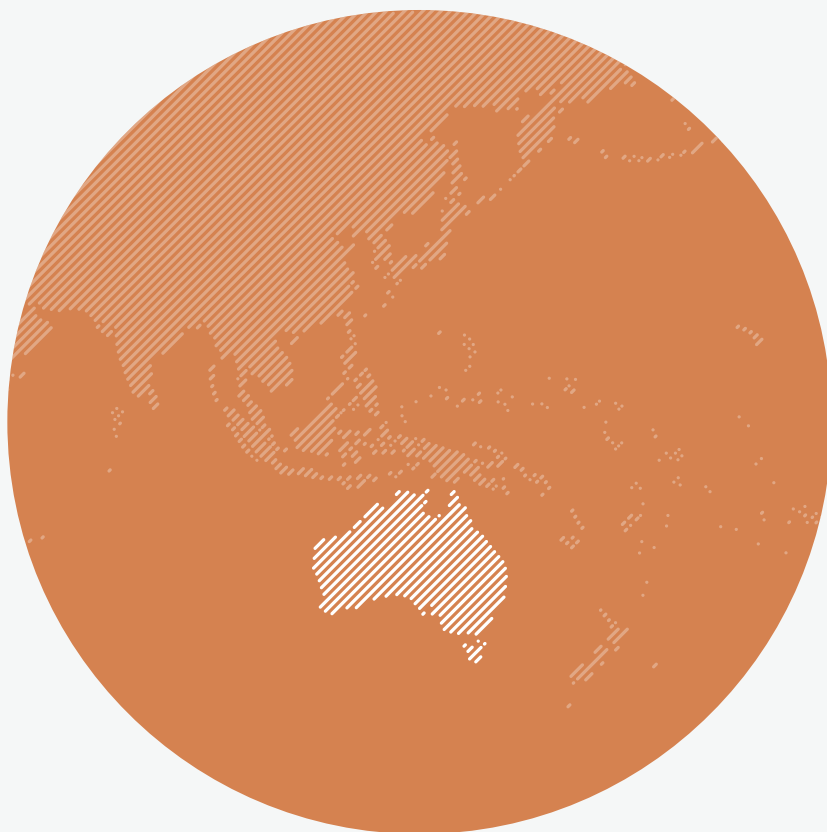


ANNUAL REPORT
2016-17



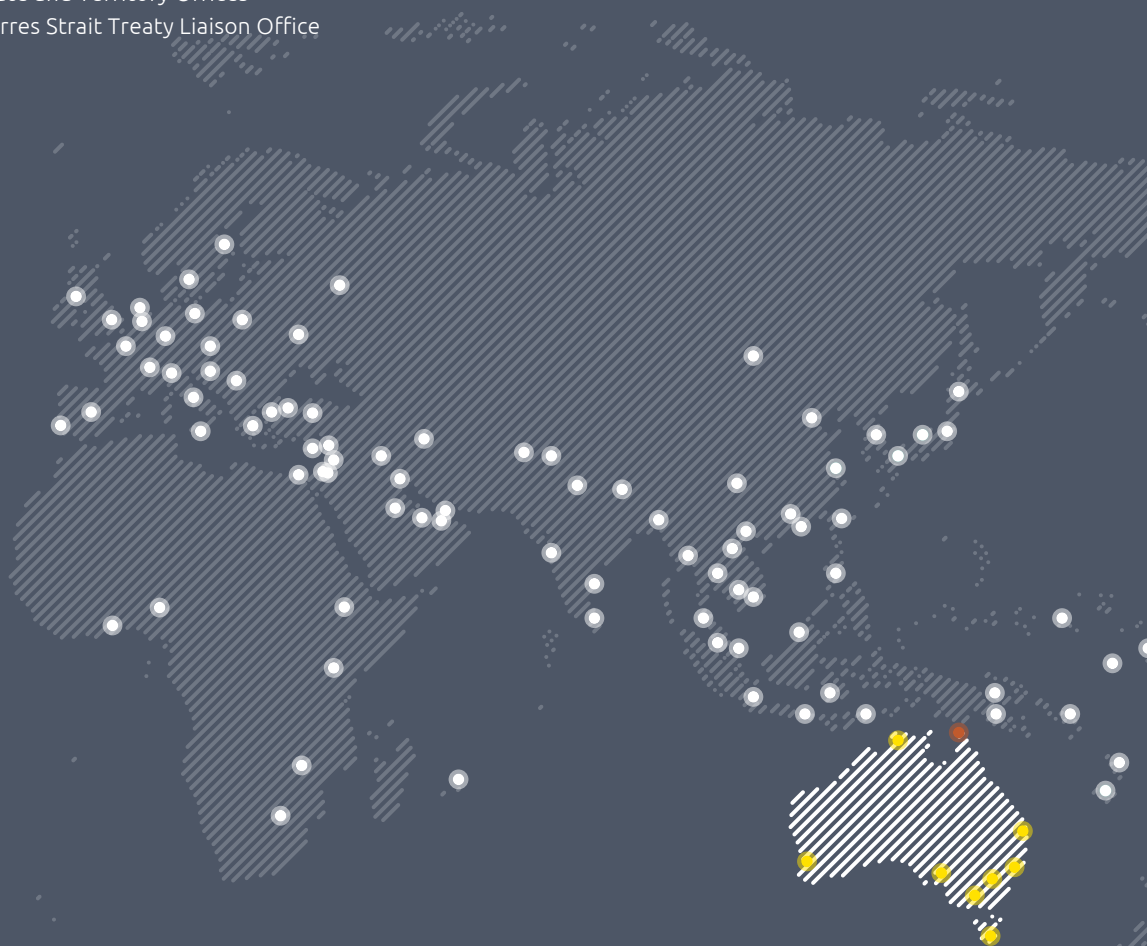
Australian Government

Department of Foreign Affairs and Trade



ANNUAL REPORT
2016-17

- Location of posts (DFAT and Austrade)
- State and Territory Offices
- Torres Strait Treaty Liaison Office



WHAT WE DO

PROMOTE TRADE AND INVESTMENT

\$330 billion ↑4.7%
Total value of exports of goods and services (2016)

\$3.2 trillion ↑5.0%
Level of total foreign investment in Australia (2016)*

*As at 31 December 2016.

REDUCE POVERTY AND PROMOTE GROWTH

\$3.5 billion
Official Development Assistance (estimate)

Aid for trade expenditure was **18%** of the aid budget in 2016–17—on track to meet the goal of **20%** by 2020

Over **\$2 billion** of aid investments included support for gender equality and the empowerment of women and girls

HELP IN CRISES

Launched major new humanitarian funding packages, including a three-year **\$220 million** assistance initiative to Syria and a three-year **\$100 million** package for Iraq



ASSIST TRAVELLERS

In 2016–17, we issued a record **2,070,038** passports and provided **12,454** Australians with consular assistance

CONNECTING PEOPLE

The New Colombo Plan has enabled **30,000** Australians to study, intern and gain experience across the Indo-Pacific in its first 5 years

Our Australia Awards scholarship program supported **3,500** continuing students and offered **3,500** new scholarships, fellowships and short courses in 2016–17

PROMOTING AUSTRALIA

In promoting and protecting Australian interests, our posts delivered more than **1,000** targeted public diplomacy initiatives in 2016–17

Our foundations, councils and institutes managed more than **200** grants for Australian artistic, academic, scientific and technological endeavours and cultural awareness programs in 2016–17

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CREATIVE COMMONS



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This report should be attributed as the Department of Foreign Affairs and Trade Annual Report 2016–17.

USE OF THE COAT OF ARMS

The terms under which the Coat of Arms can be used are detailed on the *It's an Honour* website: <https://www.itsanhonour.gov.au/coat-arms/index.cfm#guide>

ACKNOWLEDGEMENTS

Executive Editor

Catherine Rees

Coordinating Editors

Lucinda Bell
Bruce Jones
Bosco Lam
Thomas Marti
Laura McIlhenny
Robyn Stern

Editorial Consultant

Ann Harrap

Indexer

Michael Harrington

WEBSITE

<http://dfat.gov.au/about-us/publications/corporate/annual-reports/Pages/annual-reports.aspx>

CONTACT

Inquiries about the annual report are welcome and should be directed to:

Director Corporate Planning Section
Executive Branch
Department of Foreign Affairs and Trade
RG Casey Building, John McEwen Crescent
Barton ACT 0221
Phone 02 6261 2518
Email annualreport@dfat.gov.au

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LETTER OF TRANSMITTAL



Australian Government
Department of Foreign Affairs and Trade

Secretary

Telephone: 02 6261 1111

2/September 2017

The Hon. Julie Bishop MP
Minister for Foreign Affairs

The Hon. Steven Ciobo MP
Minister for Trade, Tourism and Investment

Dear Ministers

I am pleased to present to you the Annual Report of the Department of Foreign Affairs and Trade for the financial year 2016–17.

Subsection 63(1) of the *Public Service Act 1999* provides that, after the end of the financial year, the Secretary must give a report to ministers on the department's activities for presentation to the Parliament. The report has been prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013* which requires that an annual report be given to the entity's responsible ministers for presentation to the Parliament.

The report contains information as required under other applicable legislation including the *Work Health and Safety Act 2011*, the *Commonwealth Electoral Act 1918* and the *Environment Protection and Biodiversity Conservation Act 1999*.

I certify that I am satisfied that for 2016–17, the department:

- had in place fraud risk assessments as well as a fraud control and anti-corruption plan;
- had in place appropriate fraud prevention, detection, investigation and reporting mechanisms that met the department's needs;
- took all reasonable measures to appropriately deal with fraud relating to the department; and
- complied with section 10 of the *Public Governance, Performance, and Accountability Rule 2014*.

Yours sincerely

Frances Adamson
Frances Adamson

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Letter of transmittal

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**“OUR CHALLENGE
IS TO MAXIMISE
AUSTRALIA’S ECONOMIC
OPPORTUNITIES AND
MINIMISE OUR STRATEGIC
RISK AS A PROFOUND
REALIGNMENT OF
POWER AND INFLUENCE
RESHAPES THE
INDO-PACIFIC REGION.”**

Frances Adamson
Secretary
Department of Foreign Affairs and Trade

SECRETARY'S REVIEW

The department is playing a vital role promoting and protecting Australia's interests internationally at a time when our economic, political and strategic environment is more complex and contested than at any time since the end of the Second World War.

Our challenge is to maximise Australia's economic opportunities and minimise our strategic risk as a profound realignment of power and influence reshapes the Indo-Pacific region. Our commitment to the institutions, laws, principles and norms of behaviour that make up the global order is increasingly important as we face a rise in strategic competition and protectionist and nationalist sentiments. Securing outcomes through regional and multilateral institutions and processes is more demanding.

In 2016–17 we strengthened our engagement in the Pacific. We steered the conclusion of the Regional Assistance Mission to Solomon Islands (RAMSI), recognised internationally as a leading example of a successful stabilisation intervention. We worked with other agencies to strengthen our close and enduring relationship with New Zealand, supporting the February 2017 Australia–New Zealand Leaders' Meeting. This laid the basis for further science, research and innovation cooperation through the signature of a new treaty. We deepened our economic, strategic and security partnership with Papua New Guinea

and further developed relations with Fiji. We facilitated conclusion of PACER Plus Agreement negotiations, which bring together our foreign, trade and development agendas to support our goal of a more stable and resilient Pacific.

In a year of political transition in the United States, we engaged closely with the new administration to uphold the alliance and reinforce support for our shared interests in the region and globally. We bolstered our position as a valued partner of the European Union, the United Kingdom and other key countries in Europe at a time of considerable change and continuing economic challenges.

We maintained strong relations with Japan, including by celebrating the 40th anniversary of the Basic Treaty of Friendship and Cooperation. We strengthened relations with the Republic of Korea (ROK), and marked the 45th year of Australia–China diplomatic relations with a visit by Premier Li taking forward our Comprehensive Strategic Partnership. We supported the Minister for Foreign Affairs' categorical condemnation of North Korea's ongoing pursuit of its nuclear and missile programs.

We maintained a high tempo of engagement in Southeast Asia, securing agreement to hold an Australian-hosted Special ASEAN Summit in 2018, which will bolster strategic, security and

**“OUR ECONOMIC DIPLOMACY PROGRAM FOCUSED ON
LEVERAGING DEPARTMENTAL ASSETS IN SUPPORT OF
COMMERCIAL INTERESTS AND PROMOTING CONDITIONS
MORE FAVOURABLE TO TRADE AND INVESTMENT.”**

trade partnerships. We achieved early and positive outcomes for Australian business from free trade agreement (FTA) negotiations with Indonesia and supported President Widodo’s first visit to Australia. We strengthened our Comprehensive Strategic Partnership with Singapore, including by significantly upgrading our bilateral FTA—providing new commercial openings for Australian business. We developed our partnerships with Malaysia and Vietnam and stepped up cooperation with the Philippines to counter violent extremism and support education reform.

Recognising the strategic importance of South and West Asia, the department played a key role in preparations for the first Indian Ocean Rim Association Leaders’ Meeting. We supported the Prime Minister’s visit to India, consolidated the Australia–Japan–India Secretaries’ trilateral and contributed to preparations for an India Economic Strategy.

We intensified efforts to secure constructive multilateral outcomes over the year. The department advanced our interests in the United Nations, worked to strengthen the rules-based order, supported global security efforts and helped deliver on Australia’s climate change commitments.

Working with regional and global partners, the department coordinated Australia’s strong response to the rise of ISIL in Southeast Asia and facilitated our military engagement in the Middle East. ISIL has now lost most of its territorial holdings in Iraq and progress was made against ISIL in Syria. We collaborated with Afghanistan, US and NATO partners

to respond to serious security challenges in Afghanistan, where Australia maintains a military deployment that helps train, advise and assist local security forces.

Recognising the importance of a secure cyber domain to international commerce, security and innovation, our newly appointed Ambassador for Cyber Affairs worked with international partners to promote Australia’s vision for cyberspace that respects free speech, privacy and the rule of law.

In response to a rising public mood toward protectionism in some countries, and weak global demand, the department strengthened its efforts to make the case internationally and domestically for the benefits of open markets, the rules-based system and pro-growth reforms in multilateral trade and economic forums. We continued with our ambitious free trade agreement (FTA) agenda. Our economic diplomacy program focused on leveraging departmental assets in support of commercial interests and promoting conditions more favourable to trade and investment. Our efforts are helping to strengthen the economy and create more jobs.

Following the US withdrawal from the Trans-Pacific Partnership (TPP), we supported the Minister for Trade, Tourism and Investment’s engagement with his counterparts which resulted in agreement by the remaining TPP countries to assess options to bring the agreement into force and realise its benefits. We launched new FTA negotiations with Hong Kong, Peru and the Pacific Alliance and worked

closely with Japan, the ROK and China to ensure the effective implementation of these FTAs to maximise the benefits and generate new openings for Australian business.

We worked closely with Austrade, the Treasury and across government to promote policies in line with the Government's aim of enhancing Australia's position as an attractive and competitive destination for productive foreign investment. We were also active in the development of the Critical Infrastructure Centre.

The department continued to deliver an innovative aid program focused on where we can make the greatest impact. We sought to better integrate our aid program with our foreign and trade policy objectives. Building on Australia's commitment to the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda, we took opportunities to leverage private sector finance to better resource development challenges. Our advocacy with development organisations secured increased resources for Australian development priorities, for example the World Bank's aid allocations to the Pacific more than doubled. This will advance the long-term prosperity of the most vulnerable countries in our region.

Australia remains a generous humanitarian partner to communities affected by natural disaster or those

experiencing crises and conflict. With around 66 million people displaced globally, we increased humanitarian assistance to those affected by conflict—targeting areas of greatest need—including shelter, food and water, medicine and education. We have driven innovation in responding to humanitarian needs through the Humanitarian Supplies Challenge, and shown leadership in implementing reforms agreed at the World Humanitarian Summit in 2016.

Reflecting the Government's commitment to long-term engagement with our region, the Minister for Foreign Affairs championed an expanded New Colombo Plan. Working with universities, the private sector and partner governments we delivered a larger program enabling more young Australians to live, study and undertake business internships in the Indo-Pacific region.

Australians travelled in record numbers over the past year. We issued more than two million passports in 2016–17, a new record. We improved the average passport processing time by 38 per cent, year-on-year. Demand for consular assistance continued to be high. On any typical day, the department was managing 1,500–1,600 active consular cases. We ensured crisis contingency arrangements were in place for the Rio de Janeiro Olympics and Paralympics

“WITH AROUND 66 MILLION PEOPLE DISPLACED GLOBALLY, WE INCREASED HUMANITARIAN ASSISTANCE TO THOSE AFFECTED BY CONFLICT—TARGETING AREAS OF GREATEST NEED—INCLUDING SHELTER, FOOD AND WATER, MEDICINE AND EDUCATION.”

and we led the Government's response to the attempted coup in Turkey and terrorist attacks in Nice, Berlin and London.

The department implemented the Government's decision to grow Australia's diplomatic network, opening new posts in Doha (Qatar), Lae (Papua New Guinea) and Bogotá (Colombia), bringing the number of posts overseas to 115 (including Austrade-managed posts) with an additional 69 consulates headed by honorary consuls.

We held the first-ever Global Heads of Mission Meeting (GHOMM) in March 2017 that helped to take forward our commitment to work closely with the Australian community to advance the Government's domestic agenda. Our heads of mission engaged stakeholders across urban, regional and remote Australia to test and strengthen the advice we provide to ministers on Australia's policy settings and sharpen the tools we use to deliver our broad-ranging international agenda. Their outreach created new linkages and opportunities and generated tangible commercial and cultural outcomes.

The department is leading a cross-agency taskforce, overseen by a whole-of-government board, to take forward the Government's commitment to produce a Foreign Policy White Paper—a comprehensive framework to guide our international engagement over the next decade. In developing the White Paper, the taskforce is drawing on the insights of the GHOMM, prominent individuals, subject-matter experts, representatives from state and territory governments, the business community and members of the public.

Through our modernisation program, the department focused on increasing productivity and strengthening our capacity to deliver the Government's agenda. To maximise post responsiveness, we brought six regional service delivery hubs online in 2016–17, streamlining overseas corporate services. We continued to implement our Women in Leadership Strategy to enhance the productivity, diversity and capability of

our workforce. We mainstreamed flexible work arrangements and improved remote work access, enabling us to maximise resources across our global footprint.

In supporting ministers to deliver Australia's foreign, trade and investment, and development policy priorities, the department is continually striving to improve results and performance. We have more closely linked departmental, work unit and individual level performance measures to deliver better results. To strengthen our risk culture, I have asked all staff to develop and prioritise risk management as an essential professional skill.

Reflecting this focus, this year's annual performance statement (APS) takes a new shape. In 2016–17, the APS specifically addresses the department's eight corporate plan priority functions, rather than presenting activities across our many business areas. This provides a clearer line of sight between the APS, the Corporate Plan and the Portfolio Budget Statements (PBS). This streamlined approach is intended to demonstrate more effectively our performance against our purpose.

Consistent with the PBS and Corporate Plan, we used case studies and reviews to demonstrate our performance. The ratings in the APS reflect the broad range of performance information available to us, including feedback from ministers and the Government, internal and external audits, the performance framework for Australian aid, a range of internal processes (including internal governance committees), as well as the results presented here.

The department demonstrated strong financial performance in 2016–17.

In 2017–18 we expect continuing instability, uncertainty and complex challenges but also opportunities. Later this year we will release the Foreign Policy White Paper. The department will then commence work on its implementation to ensure we continue to pursue effectively our international interests—safeguarding the prosperity and security of all Australians.

DEPARTMENTAL OVERVIEW

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Departmental Overview

The department's purpose (as included in the *Corporate Plan 2016–20*) states:

The Department of Foreign Affairs and Trade works to make Australia stronger, safer and more prosperous by promoting and protecting our interests internationally and contributing to global stability and economic growth, particularly in the Indo-Pacific region.

In fulfilling this purpose, the department supports ministers in the delivery of Australia's foreign, trade and investment, and development policy priorities. The department also works with its portfolio partners and across the Australian Government to advance Australia's international interests. In support of this, the department utilises its Canberra-based workforce, state and territory offices and overseas missions (including embassies, high commissions, consulates-general and multilateral missions) to promote a stable and prosperous regional and global environment by deepening our engagement with bilateral and regional partners and multilateral institutions.

The department is working to boost Australia's commercial opportunities abroad, and investment and employment prospects at home. In coordination with our portfolio and whole-of-government partners, we implement the Government's economic diplomacy agenda by opening markets for Australian exports, promoting productive foreign investment to Australia, advancing Australian commercial interests, strengthening the global trading system, and promoting open markets and economic integration, particularly in the Indo-Pacific region.

The department delivers an innovative aid program, centred on the Indo-Pacific region, which contributes to sustainable economic growth, poverty reduction and regional stability. We lead the Government's response to international crises, including humanitarian emergencies in the Indo-Pacific region.

By broadening international understanding in Australia and globally of the Government's international priorities, policies and programs, the department enhances Australia's influence and reputation on the international stage.

The department also works to strengthen international frameworks and norms that promote Australian values—such as human rights, gender equality, democratic principles and the rule of law, international security, and open and transparent global markets.

The protection and welfare of Australians abroad remains a core departmental objective. This is achieved by providing effective and courteous consular services to Australians overseas as well as a secure, efficient and responsive passport service. In specific locations, Austrade helps to deliver consular and passport services. In addition, the department provides quality protocol services to the diplomatic and consular corps accredited to Australia.

The department also continues to focus on securing the Australian Government presence overseas. This is achieved through ongoing efforts to protect our people, keep Government information and communications secure, and manage effectively Australia's global property assets.



The executive, Department of Foreign Affairs and Trade (as at 30 June 2017). (L to R.): Deputy Secretaries Ewen McDonald and Jennifer Rawson PSM, Secretary Frances Adamson, Deputy Secretaries Penny Williams PSM, Gary Quinlan AO and Justin Brown PSM. [DFAT/Nathan Fulton]

The department depends on a highly skilled, flexible workforce capable of developing and implementing international policy, negotiating international agreements, delivering an effective aid program and providing high-quality consular and passport services.

The Secretary and five Deputy Secretaries constitute the department's executive. Supported by the senior executive service, the executive provides management and leadership across the department's work in Australia and overseas. The executive is also responsible for the department's governance and the promotion of its priorities and values, guided by our *Corporate Plan* and *Values Statement*. The department's organisational structure is outlined in *Figure 1* and our *Corporate Plan 2016–20* priorities and *Portfolio Budget Statements 2016–17* outcomes and programs structure are outlined in *Figure 2*.

Figure 1: Organisational structure (as at 30 June 2017)

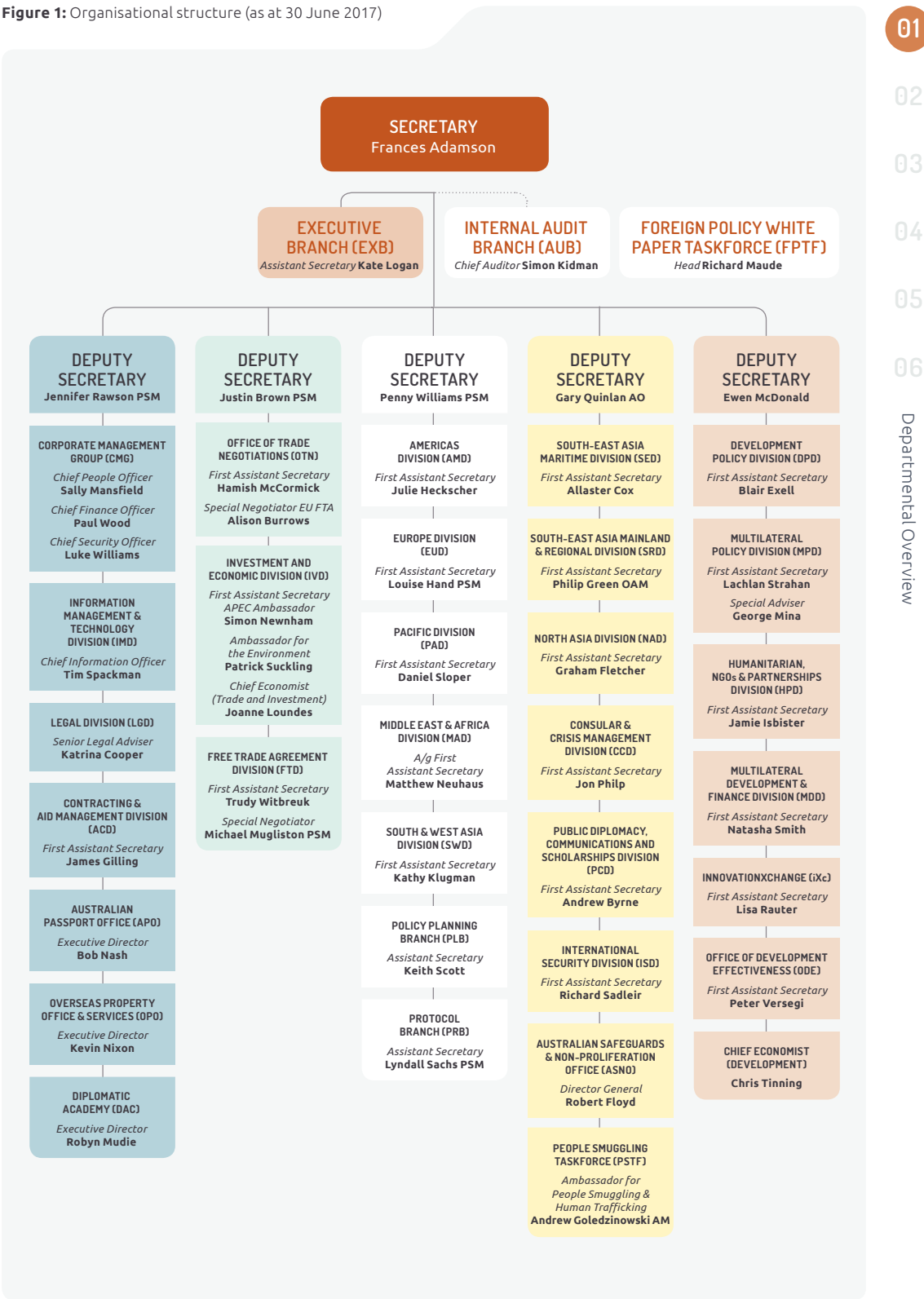


Figure 2: DFAT Corporate Plan Priority Functions and Outcomes and Programs Structure*



STRUCTURE OF THE FOREIGN AFFAIRS AND TRADE PORTFOLIO

The foreign affairs and trade portfolio supported the Minister for Foreign Affairs, the Minister for Trade, Tourism and Investment, the Minister for International Development and the Pacific and the Assistant Minister for Trade, Tourism and Investment to advance Australia's foreign, trade and investment, and development policy objectives.

Six agencies make up the portfolio:

- Department of Foreign Affairs and Trade
- Australian Centre for International Agricultural Research (ACIAR)
- Australian Secret Intelligence Service (ASIS)
- Australian Trade and Investment Commission (Austrade)
- Tourism Australia
- Export Finance and Insurance Corporation (Efic)

NB: Efic is not subject to outcome reporting under the Portfolio Budget Statements 2016–17.

Figure 3: Foreign affairs and trade portfolio structure and outcomes (as at 30 June 2017)



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INTRODUCTORY STATEMENT



Australian Government
Department of Foreign Affairs and Trade

I, Frances Adamson, as the accountable authority of the Department of Foreign Affairs and Trade, present the 2016–17 annual performance statement of the Department of Foreign Affairs and Trade, as required under paragraph 39(1)(a) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act). In my opinion, this annual performance statement is based on properly maintained records, accurately reflects the performance of the Department of Foreign Affairs and Trade, and complies with subsection 39(2) of the PGPA Act.

A handwritten signature in black ink, reading 'Frances Adamson'.

Frances Adamson

Secretary

Department of Foreign Affairs and Trade

PURPOSE

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Purpose

THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE WORKS TO MAKE AUSTRALIA STRONGER, SAFER AND MORE PROSPEROUS BY PROMOTING AND PROTECTING OUR INTERESTS INTERNATIONALLY AND CONTRIBUTING TO GLOBAL STABILITY AND ECONOMIC GROWTH, PARTICULARLY IN THE INDO-PACIFIC REGION.

(Outcomes 1, 2 and 3)

PROMOTING A STABLE AND PROSPEROUS REGIONAL AND GLOBAL ENVIRONMENT

OVERVIEW AND ANALYSIS

The world is experiencing a period of fundamental change and uncertainty. Rapid economic growth in the Indo-Pacific region has brought increased prosperity to Australia and contributed to global growth, but has also changed the balance of power and intensified strategic competition. Rising economic nationalism and protectionism in some countries and communities could challenge Australia's interests, as do terrorism and humanitarian crises. Geopolitical and other changes are placing greater pressure on the international cooperation and laws, principles and norms that are fundamental to the prosperity of our nation and region.

Australia has completed its 26th year of uninterrupted annual economic growth. The department contributed to this achievement through the promotion and protection of Australia's interests internationally, particularly through our trade, investment and economic growth agenda.

In 2016–17 we deepened our bilateral, regional and multilateral engagement to advance our interests. We built partnerships to secure outcomes beneficial to Australia and bolstered the rules-based order that supports a stable and prosperous international environment.

Global Heads of Mission Meeting

The department held its first Global Heads of Mission Meeting from 28 to 30 March, bringing together our heads of mission—ambassadors, high commissioners and consuls-general—with ministers and external stakeholders to examine ways to advance Australia’s foreign, trade and development policy objectives given the global environment in which we operate.

The meeting informed the development of the Foreign Policy White Paper. Heads of mission tested the analytical underpinnings of the White Paper and contributed ideas to enhance the prosperity and security of Australians at home and abroad. They considered how to effectively frame and communicate our foreign policy objectives to domestic and international audiences. And they shared insights on the regional and global trade and investment outlook, ways the aid program can help us pursue our international priorities, and the changing strategic power dynamics in our region and beyond.

Heads of mission then travelled to every state and territory capital and rural and regional Australia. They engaged local governments, businesses and community groups to tell the story of how the work we do overseas delivers benefits to all Australians, and to listen and respond to local community perspectives. Their outreach created new linkages and unearthed fresh commercial and cultural opportunities. Heads of mission shared their experiences through our social media accounts, contributing to a 30 per cent jump in the department’s social media audience engagement.

In an ever-changing global environment, it is crucial we test and strengthen the advice we provide to the Government on Australia’s policy settings and sharpen the tools we use to deliver our broad-ranging international agenda. Operating on the front line of the global diplomatic network, our heads of mission will continue to advance Australia’s national interests and deliver benefits for Australians.



Assistant Minister for Trade, Tourism and Investment Keith Pitt addresses the Global Heads of Mission Meeting, 29 March 2017, Canberra. [DFAT/Mark Graham]



Director Victoria State Office Jenny Bloomfield with United States Chargé d'Affaires James Carouso and United States Consul General to Victoria Frankie Reed, 30 January 2017. DFAT's state and territory offices are important in building Australia's reputation and influence. [DFAT] [Artwork: Lance Peck, Kuindarmarraka Rockhole 2010. Artbank collection, purchased 2010.]

ENGAGING THE UNITED STATES AND THE AMERICAS

The department led Australia's in-depth engagement with the **United States** during a year of political transition, helping to ensure our nations remained the closest of allies. We supported visits by consecutive Vice Presidents, a meeting between the Prime Minister and President Trump and Australian ministers' engagement with new US counterparts. These strong connections at the highest levels drove greater collaboration on counter-terrorism, deepened our sophisticated defence cooperation, and protected our economic interests.

The department achieved some important advances in trade, investment and economic relations with countries elsewhere in the Americas. Australia commenced negotiations for an FTA with **Peru**, one of the fastest growing economies in Latin America, in May 2017. We also launched FTA negotiations with the Pacific Alliance bloc of **Mexico, Peru, Chile and Colombia** on 30 June. Australia is the first country to pursue a trade agreement with the Pacific Alliance, which has a combined gross domestic product (GDP) of US\$1.8 trillion. Alongside Austrade, we continued our work at the government level to support the growing number of Australian companies active in Latin America and opened a new embassy in Colombia.

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Promoting a stable and prosperous regional and global environment

AUSMIN

The Australia–US Ministerial Consultations (AUSMIN) is the principal forum for ensuring Australia’s 65-year alliance with the United States advances our shared interests.

During the first AUSMIN with the Trump Administration held in Sydney on 5 June, the two countries committed to joint efforts to reinforce stability and prosperity in the Indo–Pacific region and globally. US and Australian ministers emphasised strengthening regional institutions like the East Asia Summit and APEC, cooperation to ensure the full

implementation of UN Security Council sanctions on North Korea, combatting terrorism, addressing cyber threats, building security in the Pacific and advancing defence cooperation.

The US will host AUSMIN in 2018, the centenary year of our military cooperation during the Battle of Hamel in France. AUSMIN shows that the Australia–US alliance is as much an asset in our contemporary security as an emblem of our shared history and values.



Minister for Foreign Affairs Julie Bishop and US Secretary of State Rex Tillerson in Sydney for the Australia–United States Ministerial Consultations (AUSMIN), 5 June 2017. [US EMBASSY, CANBERRA]

STRENGTHENED COOPERATION WITH NORTH ASIA



(L. to R.) Minister for Defence Marise Payne, Minister for Foreign Affairs Julie Bishop, Foreign Minister Fumio Kishida and Defence Minister Tomomi Inada at the Australia–Japan Foreign and Defence Ministers' Meeting (2+2) in Tokyo, 20 April 2017. [DFAT/Ken Shimizu]

A stable and prosperous North Asia matters to Australia because of its economic weight, strategic significance and proximity. Around 50 per cent of Australia's exports are to North Asia. China, Japan and the Republic of Korea (ROK) are three of Australia's four biggest trading partners.

We prioritised bilateral engagement with countries in this region, providing policy advice to ministers, supporting high-level dialogue, ensuring the effective implementation of our existing FTAs and negotiating new ones.

We supported a visit to Australia by **Japan's** Prime Minister that drove deeper defence and economic cooperation. Our two Leaders emphasised the economic and strategic value of the Trans-Pacific Partnership (TPP) and the importance of realising its benefits. We played an integral role in the seventh '2+2' meeting of foreign and defence ministers, the key bilateral forum for security cooperation with Japan. Working with the Department of Defence, we continued negotiations on an agreement to improve procedures for bilateral defence activities.

We also deepened high-level dialogue with **China** under the Comprehensive Strategic Partnership, supporting visits by Premier Li Keqiang and Foreign Minister Wang Yi. The Premier's visit led to the establishment of a new bilateral security mechanism with the Chinese Communist Party's Commission for Political and Legal Affairs—the first meeting took place in April 2017. Discussions dealt with law enforcement and judicial matters, and we reached an agreement to cooperate on cybersecurity.

We strengthened relations with the **Republic of Korea**, including by supporting a visit by the Minister for Foreign Affairs in which Ms Bishop engaged on the threat North Korea poses to regional security. The minister also launched a floating platform for LNG extraction, which will operate at the Japanese-invested Ichthys LNG field off northern Australia.

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Promoting a stable and prosperous regional and global environment

We worked to expand access to the markets of the region and enhance the business environment. We convened FTA Joint Commission meetings with China, Japan and the Republic of Korea to ensure we maximise the benefits of our three North Asian FTAs, including by taking forward the negotiating agendas and work programs of these agreements. The Minister for Trade, Tourism and Investment launched FTA negotiations with **Hong Kong** in May, noting such an agreement had the potential to expand opportunities for Australian business, particularly in trade in services and investment.



Prime Minister Malcolm Turnbull and Chinese Premier Li Keqiang attend an AFL match between the Sydney Swans and Port Adelaide Football Club at the Sydney Cricket Ground, May 2017. [AUSPIC/David Foote]

BUILDING ENGAGEMENT WITH THE PACIFIC

The Pacific is Australia's immediate neighbourhood, and we have a strong interest in a secure, stable and prosperous region. We worked to strengthen the region's stability by boosting our regional security efforts, including on fisheries management and information sharing on maritime activity. We supported greater labour mobility to provide job opportunities for our Pacific neighbours while addressing labour shortages in Australia. Our development assistance to the Pacific—totalling just over \$1 billion in 2016–17 and representing the region's largest aid investment—is supporting regional stability and security by addressing shared challenges, including climate change, natural disasters, sustaining economic growth, creating jobs, mitigating the threat of major disease outbreaks and tackling transnational crime. We facilitated regular high-level engagement between Australia and Pacific countries, including visits to the region by the Governor-General, Prime Minister and portfolio ministers.

We assisted Australian companies facing market access issues and established a new consulate in Lae, **Papua New Guinea's** (PNG) commercial capital, to bolster our growing trade and investment relationship. We continued to help PNG prepare to host APEC 2018. Our aid program focused on strengthening the capacity of the local authorities to develop and manage the economy, and to deliver services in health, education, law and justice, and infrastructure.

The department supported the inaugural trans-Tasman Single Economic Market Ministerial Meeting in Sydney in October 2016. The event, preceded by a meeting between Australian and **New Zealand** trade ministers, launched the *Australia & New Zealand Infrastructure Pipeline* and laid the groundwork for signing a bilateral science and innovation agreement in the margins of the February 2017 meeting of Australian and New Zealand prime ministers in Queenstown.

We supported the smooth conclusion of the Regional Assistance Mission to **Solomon Islands** (RAMSI) and laid the foundation for a bilateral security treaty. In **Fiji**, we facilitated the signing of a Memorandum of Understanding between the Australian Electoral Commission and its Fijian counterpart to assist preparations for upcoming elections, while also helping rebuild critical infrastructure and enable economic growth following Tropical Cyclone Winston. Across the Pacific, we worked with partners to promote governance, economic growth, gender and healthier, better skilled communities.

But we know the Pacific needs more than aid. In recognition of this, the Prime Minister announced at the Pacific Islands Forum Leaders' Meeting in Pohnpei, Federated States of Micronesia, on 9 September 2016 that Australia would pursue a 'step-change' in its engagement with the Pacific. To meet this commitment, Australian ministers and officials started a conversation with their regional counterparts aimed at identifying a range of practical, mutually agreed measures to strengthen economic growth and resilience, enhance regional security cooperation, and deepen people-to-people links across the Pacific. This work will support and complement Australia's existing engagement in the region.



Secretary General Pacific Islands Forum Secretariat Dame Meg Taylor DBE with Minister for International Development and the Pacific Senator Concetta Fierravanti-Wells, Suva, August 2016. [DFAT/Margaret Twomey]

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Conclusion of the PACER Plus Agreement

A stable and resilient Pacific benefits all in the region. The Pacific Agreement on Closer Economic Relations (PACER) Plus brings together Australia's trade and development agendas in support of long-term growth in the Pacific Islands region.

PACER Plus was signed in June 2017 by eight Pacific Island countries (Cook Islands, Kiribati, Nauru, Niue, Samoa, Solomon Islands, Tonga and Tuvalu), New Zealand and Australia following eight years of negotiations. The agreement covers trade in goods, services and investment. Four countries (Federated States of Micronesia, Palau, the Republic of the Marshall Islands and Vanuatu) concluded negotiations, but have not yet signed the agreement.

A successful PACER Plus will promote regional economic integration, support greater trade and investment opportunities, and drive growth and development. The agreement removes barriers to trade at a pace that takes

into account countries' varied levels of development. It will help to integrate Pacific WTO non-members into the global rules-based system.

PACER Plus is complemented by an innovative Labour Mobility Arrangement that establishes a broad framework to promote labour cooperation across the region. Labour mobility is a win-win for Australia and the region: Pacific workers can fulfil unmet labour demand in Australia, earn remittances and develop skills on the job.

Our focus now is to ensure PACER Plus fulfils its potential. Australia and New Zealand are assisting Pacific Island signatories ratify the agreement and have committed \$19 million to help parties implement and benefit from the agreement once it enters into force. This assistance will meet the diverse needs of island countries, enable efficient implementation of the agreement, and build broader institutional and productive capacity.



Assistant Minister for Trade, Tourism and Investment Keith Pitt (seated end left) with Tongan Prime Minister Akilisi Pohiva (seated centre) and representatives of the other member countries at the PACER Plus signing ceremony, Nuku'alofa, Tonga, 14 June 2017. [DFAT/Ana Kolokihakaufisi]

ADVANCING AUSTRALIA'S INTERESTS IN SOUTHEAST ASIA

Southeast Asia's strategic significance to Australia is growing as the region faces complex security challenges and its economies continue to demonstrate strong growth prospects.

Recognising the region's importance, we supported high-level engagement with ASEAN. We initiated and secured a Leaders' Statement on Non-Proliferation in the East Asia Summit and we assisted the Prime Minister in his role as co-chair of the first regular ASEAN–Australia Summit in Vientiane in September 2016. ASEAN leaders agreed to hold an Australian-hosted Special Summit in Sydney in 2018. In close collaboration with the Department of the Prime Minister and Cabinet, we are preparing for the summit, when the Prime Minister will host ASEAN leaders together in Australia for the first time. This summit will support deeper strategic and security partnerships and our efforts to enhance regional economic integration, including through the ASEAN–Australia–New Zealand Free Trade Agreement and in negotiations for a Regional Comprehensive Economic Partnership.

We played a pivotal role in drafting the ASEAN Master Plan on Connectivity, which provides a blueprint for ASEAN's connectivity needs and capabilities out to 2025. ASEAN officials consider the program to be 'leading the way donors work with ASEAN'.

We developed the Australia–**Indonesia** relationship, focusing on trade and economic cooperation, counter-terrorism, countering violent extremism, cybersecurity and maritime cooperation. President Widodo's first bilateral visit to Australia resulted in a Joint Declaration on Maritime Cooperation, the announcement of a new Australian Consulate-General in Surabaya and new support for preventing terrorism. We advanced Indonesia–Australia Comprehensive Economic Partnership Agreement negotiations and, through our aid partnership, supported inclusive economic growth, infrastructure and skills development to address rising inequality.

The department consolidated the relationship with Singapore through the Australia–**Singapore** Comprehensive Strategic Partnership. We negotiated a significant review of the Singapore–Australia Free Trade Agreement, which ministers signed on 13 October 2016. The review outcomes will provide greater opportunities for Australian businesses in a number of areas, including in trade in services, the recognition of qualifications and investment. The review outcomes support our goal of realising the benefits of the TPP.

We supported a visit by the Minister for Foreign Affairs to **Malaysia** in March, and hosted young Muslim leaders in November 2016 and young political leaders in June 2017, showcasing Australian democracy, multiculturalism and the role of Islam in Australian life. We also supported the visit of the Minister for International Development and the Pacific to **Myanmar** and **Cambodia**. The first ministerial visit since Myanmar's historic election of 2015 consolidated bilateral engagement, including new avenues for aid cooperation. In Cambodia, the minister announced a new program to support people with disability and prevent violence against women.

We stepped up cooperation with the **Philippines** to provide additional support for the peace process and to counter violent extremism, and we supported the Philippines' education reform agenda. We signed the Australia–**Vietnam** Plan of Action 2016–19 to increase collaboration in defence and security, trade and investment, and economic cooperation. We dealt sensitively with **Thai** interests following the death of the much-revered late King Bhumibol and we encouraged the Thai Government to hold elections in 2018 following the mourning period for the late King.

We worked with **Timor-Leste** on maritime boundaries through a conciliation commission established under the UN Convention on the Law of the Sea. Our new aid investments in Timor-Leste took a more integrated approach to supporting education, health, water and sanitation, social protection, gender and disability, and farmers' access to markets.

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DEEPENING AND ADVANCING AUSTRALIA'S INTERESTS IN SOUTH AND WEST ASIA



Prime Minister Malcolm Turnbull with Indian Prime Minister Narendra Modi, Akshardham Temple, New Delhi, 10 April 2017. [DFAT/Jenny Grant-Curnow]

Australia's increased focus on the Indo-Pacific region was mirrored by the department's deepened engagement in South and West Asia, with a strong focus on the benefits from India's rise. We have increasingly focused on shaping the character of the Indian Ocean as a strategic space. We played a critical part in the first Indian Ocean Rim Association Leaders' Meeting, attended by the Prime Minister. We developed the first Indian Ocean Joint Ministerial Declaration on Preventing and Countering Terrorism and Violent Extremism.

Prime Minister Modi's political consolidation and bold initial steps on economic reform, combined with India's youthful demographics and broader geostrategic developments, ensured India remained the major focus of our work. Australia's economic relationship with **India** is significant, with two-way trade almost doubling in the last decade to \$21 billion. During the Prime Minister's April visit to India, he announced commissioning of an India Economic Strategy to be led by Mr Peter Varghese AO, Chancellor of the University of Queensland, supported by the department. This major study will provide greater insights into India's growth trajectory out to 2035 and the opportunities that will exist for Australian businesses. As India pursued its 'Act East' policy, we also

deepened our collaboration on maritime policy in the East Asia Summit, and through trilateral dialogue with India and Japan.

Together with NATO and the US, we supported **Afghanistan's** efforts to address international terrorism and its other security challenges through a military deployment that helps train, advise and assist local security forces. At the 2016 Brussels Conference on Afghanistan we pledged to extend our \$80 million annual aid program to 2020 and collaborated with trusted partners to address violence against women and provide essential humanitarian assistance.

We used visits by both the President and Prime Minister of **Sri Lanka**, and a reciprocal visit by the Minister for International Development and the Pacific, to cement cooperation on people smuggling and enter into a Joint Declaration on Enhanced Cooperation to improve trade, investment and scientific cooperation. We launched a new aid program to assist women entrepreneurs and increase women's participation in formal employment.

Our aid program in **Pakistan** promoted inclusive economic growth, leveraging innovative approaches to trade strategy, a forward thinking 'no-win-no-fee' performance-based tax revenue project, food security, nutrition-sensitive agriculture and private sector growth. We provided training to boost law enforcement agencies' counter-terrorism capacity in **Bangladesh**, including on ways to counter violent extremism. Our aid program to Bangladesh supported children's education and innovative social protection programs to assist poor and marginalised communities.

We collaborated with partners such as ACIAR and CSIRO to address cross-border challenges in energy, food and water security. This included piloting more resilient farming practices with 29,000 farmers across the region. We continued efforts to address gender inequalities across the region, using a visit by the Ambassador for Women and Girls to Nepal to highlight our work on girls' education, violence against women and economic empowerment.

RESPONDING TO CHALLENGES IN THE MIDDLE EAST AND AFRICA

We maintained a strong reporting focus on security in Africa and the Middle East. In response to increasing threats, we stepped up cooperation to counter violent extremism and terrorism. The department facilitated Australia's counter-ISIL military effort, which made steady progress over the year. ISIL lost most of its remaining major territorial holdings in Iraq and efforts commenced to liberate its Syrian 'capital', Raqqa. We supported efforts to address the underlying conditions that gave rise to the terrorist group, through consultation with the Iraqi Government and advocacy in the International Syria Support Group.

In April 2017 the Prime Minister and the Minister for Foreign Affairs announced \$100 million over three years for **Iraq** to meet humanitarian needs, support the stabilisation agenda and facilitate reconciliation. We provided \$50 million from the **Syria** Crisis Humanitarian and Resilience Package to UN agencies and international and Australian NGOs to meet humanitarian needs and support education and livelihoods projects.

The department supported the first visit to Australia by **Jordan's** King and Queen. Australia and Jordan signed the Joint Declaration on Enhanced Cooperation to expand political and economic ties, and security, intelligence and counter-terrorism cooperation. We also supported the first ever visit to Australia by an **Israeli** Prime Minister, and signed a Technological Innovation Treaty and an Air Services Agreement. Both sides committed to deepen engagement across cybersecurity, innovation and education. We contributed to the pursuit of legitimate business opportunities in **Iran** following implementation of the Joint Comprehensive Plan of Action nuclear deal.

We continued to advance trade and investment opportunities in the Gulf with the Minister for Trade, Tourism and Investment visiting the **UAE** and **Saudi Arabia** in April 2017, accompanied by an Australian business delegation. While we continued to advocate the recommencement of negotiations on an FTA with the **Gulf Cooperation Council**, there

has been little progress. In the absence of movement on an FTA, we secured the agreement of the UAE to establish the Joint Economic Committee, a mechanism aimed at promoting bilateral trade and investment initiatives. We opened a new embassy in **Qatar**, Australia's third-largest trade partner in the Middle East and we prepared for a new embassy in **Morocco**, an economic gateway to North, West and Francophone Africa, to harness opportunities in a rapidly industrialising economy.

We supported Australia's increasing investment engagement with Africa, focusing on supporting Australian extractives companies. We worked with industry to expand Australia-Africa Week, highlighting commercial opportunities, and the Assistant Minister for Trade, Tourism and Investment encouraged African countries to strengthen their regulatory environments and improve certainty and transparency to attract high-quality investors. We also provided over \$94 million in humanitarian assistance, including for affected communities in **Somalia** and **South Sudan**, drought relief to **Southern Africa**, and those impacted by displacement in **Nigeria** and the **Lake Chad Basin**. The Minister for International Development and the Pacific, while in Addis Ababa for the African Union Summit, launched Australia's \$1 million gender equality partnership with the **African Union**.



High Commissioner to Nigeria Paul Lehmann welcomes His Royal Highness The Emir of Jiwa, Alhaji Musa Idris (3rd Left) and retinue, to the Australian High Commission, Abjua, 20 March 2017. [DFAT/Hope Ayabina]

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BOLSTERING AUSTRALIA'S POSITION AS A VALUED PARTNER IN EUROPE

The past year saw some important steps forward in Australia's engagement in Europe. The department supported 30 high-level visits and 19 senior officials' talks across 23 countries—a record-breaking effort centred on preserving and advancing Australia's interests. Australia and France concluded a Joint Statement of Enhanced

Strategic Partnership, and we cemented a new era of cooperation through the \$50 billion Future Submarine Program—the largest and most complex defence acquisition in Australia's history.

In April 2017 Australia and the European Union (EU) successfully concluded a joint FTA scoping exercise to determine the scope and level of ambition of a future agreement—a key step toward launching formal negotiations.

RESULTS

PERFORMANCE CRITERION	RESULT
Shaping outcomes which reflect Australia's interests, including through coalition-building with international partners.	<div><div></div> Met</div>
Criterion Source Corporate Plan 2016–20, p. 7 Program 1.1, Portfolio Budget Statements 2016–17, p. 33	

CASE STUDY BUILDING PACIFIC COLLABORATION THROUGH THE REGIONAL ASSISTANCE MISSION TO SOLOMON ISLANDS



Leaders of the Regional Assistance Mission to Solomon Islands (RAMSI) participating Pacific Island nations, RAMSI special coordinators (past and present) and current senior managers of RAMSI's Participating Police Forces at the RAMSI Symposium, Honiara, Solomon Islands, 28 June 2017. [DFAT/Peter Lothian]

On 30 June 2017 the Regional Assistance Mission to Solomon Islands (RAMSI) concluded after 14 years. RAMSI restored law and order, rebuilt the central institutions of government and provided the environment for resumed economic growth. In so doing, RAMSI averted the emergence of a failed state on Australia's doorstep.

The department provided strategic oversight of RAMSI led by seven special coordinators. RAMSI also deployed civilian advisers from a range of government agencies including the department itself, the Department of Finance and the Treasury. The Australian Federal Police led a multinational police force, which was backed by a large five-nation military component commanded by the Australian Defence Force.

RAMSI's regional character was a defining element of its success and a source of pride for Pacific nations. From the outset, it was a cooperative partnership between Solomon Islands and the then 15 Pacific Islands Forum member states. Personnel from Australia, Cook Islands, Fiji, Kiribati, Nauru, New Zealand, Papua New Guinea, Samoa, Tonga and Vanuatu deployed to Solomon Islands from the first day, with Niue contributing police from 2006 onwards. RAMSI was endorsed by the region and operated under a clear legal framework—the RAMSI Treaty.

Five formal reviews of operation concluded that its regional composition meant RAMSI was better able to understand and work with the local people and cultures. The collective regional contributions also created bonds and networks that did not exist previously between governments and security forces. This cross-pollination of skills and expertise has benefited countries in the Pacific more broadly.

RAMSI is internationally recognised as a leading example of a successful stabilisation intervention. At a speech to the UN Peacebuilding Commission in June 2017,

Solomon Islands Prime Minister Manasseh Sogavare singled out Australia's leadership of RAMSI as one of the key drivers of its success. RAMSI also retained high levels of support with Solomon Islanders throughout its operation, consistently scoring 85 per cent or above in surveys carried out from 2006 to 2013.

With the conclusion of RAMSI, Australia and Solomon Islands have agreed a bilateral treaty. It allows Australia to deploy police, defence or civilian personnel in an operational capacity in the event of an emergency, following consideration of a request from the Solomon Islands Government. The department led whole-of-government development, negotiation and finalisation to enable the treaty to enter into force in 2017–18.

Drawing on the lessons of RAMSI, the bilateral security treaty allows Australia to partner with regional countries if required.

Through the department-staffed Office of the Special Coordinator, and in conjunction with the Australian High Commission in Honiara, we managed the transition from RAMSI to bilateral police, justice and governance programs. Australia secured strong support from the Solomon Islands Government for this transition. The department also coordinated Australia's representation at the series of high-profile RAMSI farewell events in Honiara in June 2017.

The RAMSI experience, as well as recent responses to Tropical Cyclones Pam (2015) and Winston (2016), has provided a strong platform to enhance regional security collaboration as well as regional humanitarian and disaster relief mechanisms. RAMSI has also highlighted the need for holistic cooperation across the breadth of the challenges facing the Pacific, in order to avoid the need for an intervention of this type and scale in the future.

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CASE STUDY AMBASSADOR FOR CYBER AFFAIRS

Digital technologies drive economic growth, innovation and prosperity. However, Australia cannot fully benefit from cyberspace without resilient cybersecurity measures.

There is now scarcely an international issue which does not have a cyber-component—from influence campaigns during elections, ransomware attacks by cyber criminals and cyber-enabled intellectual property theft to digital trade and e-commerce. Some governments censor freedom of expression online and terrorists use the internet to recruit and incite violence. Cyber issues are no longer just technical or niche. They demand government attention at the strategic level.

Our newly appointed Ambassador for Cyber Affairs, Dr Tobias Feakin, provides a focal point across government, working alongside the Prime Minister's Special Adviser for Cyber Affairs and the Australian Cyber Security Centre to ensure Australia has a coordinated and influential voice on cyber issues. He also promotes internationally Australia's vision for an open, free and secure cyber domain that respects free speech, privacy and rule of law.

During the year, the ambassador and his team brokered a number of cutting-edge cyber cooperation agreements with Indonesia, Singapore and China. He also chaired bilateral cyber policy dialogues,

promoted Australia's vision for cyberspace at international and regional forums, and visited key international partners. The ambassador's efforts helped increase understanding of this emerging element of international diplomacy and further promoted global norms. Partners in the region have welcomed Australia's coordinated and sustained engagement on cyber issues.

The department also established a Cyber Cooperation Program to fund projects that shut down safe havens for cyber criminals and build cyber capacity, with a particular focus on the Indo-Pacific region. A cybercrime workshop in the Pacific resulted in regular and operational cooperation between Pacific and Australian law enforcement and operations agencies.

The department is developing a comprehensive International Cyber Engagement Strategy to be launched by the end of 2017. The strategy will outline clear policy and practical actions to advance Australia's cyber interests internationally.

With a dedicated Ambassador for Cyber Affairs and a whole-of-government International Cyber Engagement Strategy, Australia will play a leadership role in shaping the rapidly evolving technology and policy arena in the Indo-Pacific region.

PERFORMANCE CRITERION**RESULT**

Providing whole-of-government coordination and leadership to advance Australia's interests internationally.



Met

Criterion Source

Corporate Plan 2016–20, p. 7

Program 1.1, Portfolio Budget Statements 2016–17, p. 33

CASE STUDY AUSTRALIA AND THE EUROPEAN UNION

In response to the United Kingdom's (UK) referendum decision to leave the European Union (EU), we took a multifaceted approach in assessing the implications and developing a strategic program of political and economic engagement with the UK, the EU and EU member states.

The department set up a Europe Trade and Brexit Unit to coordinate a whole-of-government response to Brexit and more effectively manage our trade and investment relations with the EU and other European countries. We established a Trade Working Group with the UK (the first country in the world to do so) to explore ways to strengthen and deepen the bilateral trade and investment relationship and scope out the parameters of a future FTA.

Australia and the EU concluded a joint FTA scoping exercise in 2016–17—a comprehensive statement setting out an agreed vision on the coverage and level of ambition of a future FTA. This represented a key step toward launching formal FTA negotiations. A comprehensive high-quality and ambitious FTA has the potential to drive economic growth by opening up new trade opportunities, enhancing investment flows, removing barriers for businesses and creating a more seamless regulatory environment. Our focus now is on developing a mandate for the negotiations to specify Australia's detailed objectives on an issue-by-issue basis.


The EU–Australia Leadership Forum held in Sydney in June brought together leaders across a range of sectors from Australia and Europe. Initiated and funded by the EU, the forum involved senior Australian ministers, 150 high-potential leaders, former politicians and key influencers. It focused on ways to strengthen the Australia–EU relationship and collaborate on global challenges.

In September 2016 we supported Ms Bishop's travel to Germany for the inaugural '2+2' meeting of Australian and German foreign and defence ministers. Australia is the only country with which Germany has a '2+2' meeting. It fulfils a key recommendation arising from the work of the Australia–Germany Advisory Group, which was established by Prime Minister Turnbull and Chancellor Merkel in 2015 to deepen the bilateral relationship.

The work we have undertaken provides a sound basis to further our strategic and economic engagement with the UK, the EU and its member states. However, uncertainties remain regarding the final structure and basis of the post-Brexit relationship between the EU and UK. Policy challenges will emerge that will require DFAT to coordinate nimble, whole-of-government responses.



Minister for Foreign Affairs Julie Bishop with Defence Minister Marise Payne, German Foreign Minister Frank-Walter Steinmeier and German Defence Minister Ursula von der Leyen in the garden of the Guest House of the German Foreign Office, the Villa Borsig, in Berlin, 6 September 2016, in a break of the 2+2 consultations. [PHOTOTEK/Michael Gottschalk]

PERFORMANCE CRITERION	RESULT
Providing high-quality and timely advice, briefing and support to ministers and key stakeholders.	 Met
Criterion Source Corporate Plan 2016–20, p. 7 Program 1.1, Portfolio Budget Statements 2016–17, p. 33	

During 2016–17 the department arranged 71 visits for our four portfolio ministers to 50 countries for a combined duration of 364 days. We arranged all travel logistics, identified strategic objectives, prepared briefs and speeches, and managed meetings and events. Often our portfolio ministers travelled abroad simultaneously.

We worked with the Department of the Prime Minister and Cabinet to support nine prime ministerial visits to 13 countries. We assisted 44 federal parliamentarians’ travel to 35 countries. This included 24 non-portfolio ministers to 33 countries, parliamentary delegations to 10 countries and presiding officers to five countries. We also supported five former prime ministers with 29 visits to 16 countries. We received excellent feedback on our efforts.

Figure 4: Services to the Australian Parliament

CASE STUDY NORTH KOREA

The Korean Peninsula sits at the confluence of the strategic interests of China, Japan, Russia and the United States.

Over more than two decades, North Korea's pursuit of nuclear and missile capabilities has constituted a growing threat to international peace and regional security, and a challenge to global non-proliferation norms and controls on weapons of mass destruction.

North Korea's defiance of a succession of United Nations Security Council (UNSC) resolutions makes the Korean Peninsula a flashpoint of enormous consequence to the wider region, including Australia. On a humanitarian level, the North Korean people suffer systematic human rights abuse and impoverishment.

We categorically condemned North Korea's ongoing pursuit of its nuclear and missiles programs. We conveyed the message that it would be in North Korea's own long-term interests to cease such programs and engage positively with the international community.

We helped maintain international pressure on the North Korean regime through our engagement with the UN global weapons control regimes, regional and other partner countries, and our private sector. The department provided timely briefing and support to ministers and key stakeholders on economic and international security interests relating to the Korean Peninsula. This included advice about developments and recommendations for Australian responses.

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The department's support enabled ministers to respond promptly to unfolding events. We ensured the incorporation of UNSC sanctions against North Korea into Australian law as quickly as possible. We encouraged their full implementation in our region and beyond, including by sharing information. The department led outreach visits in Asia, the Pacific, Latin America and other regions to help strengthen controls against the risk of proliferation.

In response to provocative behaviour by North Korea, we widened Australia's autonomous sanctions against North Korea.

The Minister for Foreign Affairs designated nine additional individuals and five additional entities for their association with North Korea's weapons of mass destruction and ballistic missile programs (December 2016 and June 2017). Twenty-four entities and 34 individuals are now subject to targeted financial sanctions. Our efforts also resulted in: expanded grounds for the Minister for Foreign Affairs to designate persons and entities for targeted financial sanctions; further prohibitions on service provision and commercial activities with North Korea; and greater powers for the Minister for Foreign Affairs to direct vessels related to North Korea to leave or not enter Australia.



Minister for Foreign Affairs Julie Bishop at the Joint Security Area, Demilitarized Zone, Panmunjom, Republic of Korea, with soldiers from the United Nations Command guarding the Military Demarcation Line, 18 February 2017. [Lee Gang-gook]

The department initiated the East Asia Summit Leaders' Statement on Non-Proliferation, agreed in September 2016, which expressed grave concern about North Korea's nuclear tests and ballistic missile launches, and urged the country to abandon these programs and implement relevant UNSC resolutions. As chair of the Australia Group, we secured a statement expressing grave concern about the use of chemical weapons, and the reported use of a banned nerve agent to assassinate North Korean national, Kim Jong-Nam, in Kuala Lumpur Airport.

The Minister for International Development and the Pacific and departmental officials regularly underlined Australia's ongoing deep concern at North Korea's human rights situation at the UN Human Rights Council.

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Minister for Foreign Affairs Julie Bishop laying a wreath at the Australian War Memorial at the United Nations Memorial Cemetery in the Republic of Korea, February 2017.

OPENING MARKETS, PROMOTING FOREIGN INVESTMENT AND ADVANCING COMMERCIAL INTERESTS

OVERVIEW AND ANALYSIS

WHY OPEN MARKETS MATTER TO AUSTRALIA'S PROSPERITY

An open Australian economy with strong trade and investment links to the global economy has made a major contribution to 26 years of uninterrupted economic growth and strong employment conditions. Trade has contributed to over 40 per cent of Australia's economic growth over the past five years—and one in five jobs is trade-related. In 2016 Australia was ranked the second wealthiest nation—in terms of wealth per adult—in the world. Importantly, this has been a shared prosperity—real median wages have grown by roughly 50 per cent over the past 20 years.

Trade has long benefited Australian consumers by providing them with greater choice while also helping to keep the price of household consumables more affordable. Reflecting this, the price of goods and services we trade in has increased by just 9 per cent over the past 10 years, while the price of goods and services, which have relatively little exposure to international competition (like hairdressing or medical treatment), has risen by almost 40 per cent.

Figure 5: Contribution of trade to Australian GDP

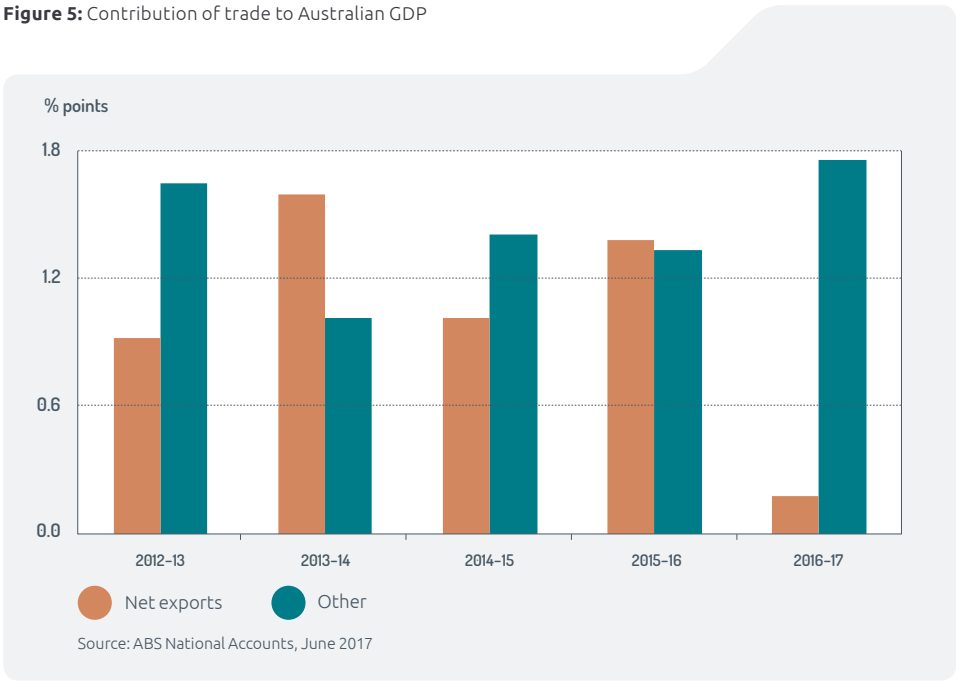
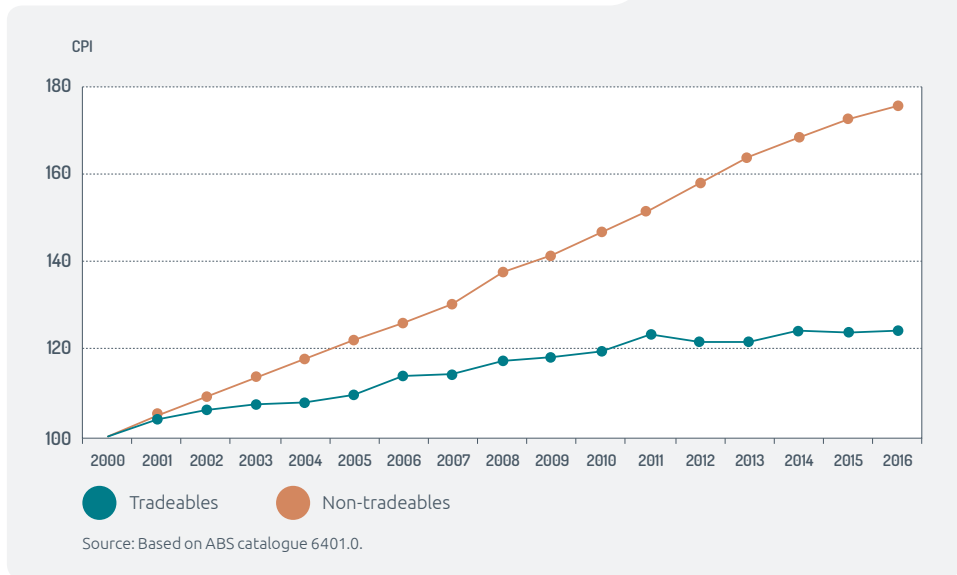


Figure 6: Prices of consumer goods and services

Enhanced access to global markets also helps Australian business generate greater economies of scale and participate in global value chains, and provides business with improved access to inputs at lower prices, including access to advanced technology. This in turn drives productivity—increasing the international competitiveness of our firms and our economy as a whole.

Foreign investment has been a critical driver of our economic growth and facilitator of technological development throughout Australia's history. Given our rate of savings, overseas capital has enabled us to achieve higher economic, employment and income growth than would otherwise be possible. Treasury has estimated that a reduction in capital inflow and investment equal to one per cent of GDP would reduce Australia's gross national income by about half a per cent each year over a ten-year period. Access Economics has estimated that a 10 per cent rise in foreign investment would increase real GDP by 1.2 per cent or \$16.5 billion in real terms by 2020, employment by 0.3 per cent and real wages by 1.1 per cent.

OUR PERFORMANCE IN 2016–17

As a nation with major trade and investment interests, weak global demand and flat trade growth and investment flows pose challenges to Australia's prosperity. Australian interests are also at risk if protectionist sentiment in some countries leads to major trade disputes.

Responding to these challenges, in 2016–17 the department continued to advance a strong case for open markets and the rules-based system in the WTO, APEC, the G20 and the OECD. We also pursued an ambitious FTA agenda to expand trade and investment and drive growth.

This approach, which continues the significant efforts of recent decades, supports our trade performance. Since the Global Financial Crisis, the volume of Australia's exports to the world has increased, on average by 5 per cent each year, surpassing the growth rate for world trade over the same period of 3.1 per cent. While strong demand for natural resources is a major driver of this performance, improved and more legally secure access to markets has also been an important contributor.

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Opening markets, promoting foreign investment and advancing commercial interests

MULTILATERAL AND REGIONAL ENGAGEMENT

The department worked within the WTO, APEC, the G20 and the OECD to encourage governments to recommit to policies and practices that promote open markets, and a transparent, rules-based trading system anchored in the WTO.

We continued to be active participants in the **WTO** as the primary institution governing and facilitating global trade. We focused our efforts on working with others to support the rejuvenation of the WTO's ability to secure trade-liberalising outcomes, focusing on areas of direct interest to Australia, including agriculture, services and e-commerce.

The department led negotiations on Australia's accession to the **WTO Agreement on Government Procurement**. Membership of this agreement would provide Australian businesses with greater certainty and protections when bidding for government procurement contracts in the markets of the agreement's 47 members, valued at US\$1.7 trillion annually.

To protect Australia's commercial and policy interests in the fair application of WTO rules, the department participated as a third party in important **WTO disputes**, including: *European Union – Anti-dumping Measures on Biodiesel from Argentina*; *European Communities – Measures Affecting Trade in Large Civil Aircraft*; and *United States – Conditional Tax Incentives for Large Civil Aircraft*.

As co-chair of negotiations, we progressed the **Trade in Services Agreement** between the 23 participating WTO members (50 economies), accounting for 71 per cent of global trade in services. When concluded, the agreement will provide the foundation for new global rules on trade in services (professional, education and tourism, financial, energy and mining-related, and transport). It will also support pro-growth global policies in areas important to Australia's economy, including e-commerce and digital trade. Negotiations made significant progress over the course of 2016, but have been on hold since the US presidential election. Australia continues to push for a swift conclusion of negotiations.

The department chaired a coalition of APEC and non-APEC countries (including the US,

EU and China) to negotiate an agreement to eliminate WTO tariffs on a large number of **environmental goods**. Finalising this agreement would significantly boost global trade and use of green goods. We continue to push for resumption of negotiations.

APEC was an important focus of our efforts to advocate free trade, open markets and pro-growth structural reforms. We supported and contributed to work towards a Free Trade Area of the Asia-Pacific and the implementation of APEC's Services Competitiveness Roadmap.

Services are at the heart of the Australian economy—accounting for around three quarters of the Australian economy. Trade opportunities are expanding strongly as more services become tradeable and in line with rising demand from Asia's emerging middle class. We are assessing barriers that inhibit Australian businesses' ability to participate fully in these markets in our region and propose to work with the services sector to develop a long-term plan to enhance its international competitiveness.

Utilising advocacy by our posts and building coalitions with like-minded economies, Australia played a prominent role in driving the conclusion of the roadmap, which leaders endorsed in November 2016. The roadmap supports reform that will promote increased productivity and competitiveness, which in turn will stimulate growth in employment, production (in both services and goods) and trade, and support living standards across the region.

The roadmap includes agreed targets and actions for services liberalisation and reform, which support an open and predictable environment for services operators in the region. It aligns strongly with our broader services trade liberalisation and competitiveness agenda.

To assist developing economies implement the roadmap reforms, Australia has committed \$2 million to fund practical capacity-building projects. This includes action on areas of strong importance to Australia such as: supporting cross-border mobility for professionals and financial services; cooperating on education and e-commerce issues; and supporting liberalisation in environmental and manufacturing services.

OUR FTA AGENDA



Minister for Trade, Tourism and Investment Steven Ciobo and Ambassador to Indonesia Paul Grigson sample noodles made from Australian wheat at an Indonesian warung, August 2016. Wheat is Australia's biggest export to Indonesia. [PRESS, MEDIA AND INFORMATION BUREAU, OFFICE OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA]

We led negotiations on a number of FTAs, including the **Indonesia–Australia Comprehensive Economic Partnership Agreement** (IA-CEPA). When concluded, IA-CEPA will build on existing multilateral and regional agreements and create the conditions for a boost in two-way trade and investment with the largest economy in our immediate region.

There have already been several innovative early outcomes from these negotiations. These include: enhanced Indonesian capacity on standards to help Australian and Indonesian businesses trade more efficiently; food industry training to help Indonesian goods reach more consumers at home and overseas; beneficial commercial partnerships between Australian and Indonesian businesses; and cooperation on financial services regulations to improve the environment for two-way foreign direct investment.

While the **Trans-Pacific Partnership** (TPP) Agreement was signed in February 2016, US withdrawal from the agreement

means it cannot come into effect in its current form. In the period following the US decision to withdraw, the department supported Mr Ciobo's consultations with his counterparts to discuss options. At a meeting of ministers in Hanoi in May, the remaining TPP countries reaffirmed the value of the existing deal and agreed to assess options to bring the agreement into force. We are leading Australia's work with other TPP countries to develop recommendations for ministers to consider at the next TPP ministerial meeting in November 2017 in Vietnam.

We made significant progress in the negotiations for the **Regional Comprehensive Economic Partnership**. We worked closely with ASEAN, China, India, Japan, the Republic of Korea (ROK) and New Zealand to conclude chapters on small and medium enterprises, and economic and technical cooperation. We continued to pursue ambitious market access and rules covering trade and investment.

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Working closely with our Singaporean counterparts, we completed the technical examination and legal review of the Agreement to Amend the **Singapore–Australia Free Trade Agreement**. Australian and Singaporean trade ministers signed the resulting agreement on 13 October 2016.

Under the amended agreement, Australian businesses will have enhanced access to Singapore Government procurement contracts, greater flexibility on length of stay in Singapore and less red tape through harmonised rules on goods and services trade, and investment. The Australian Services Roundtable said the outcome ‘brings about certainty for services firms in a range of areas and creates an economic relationship which will enhance trade opportunities for this important market’.

In April 2017 **Australia and the European Union** concluded a joint FTA scoping exercise to determine the scope and level of ambition of a future agreement. This paves the way for the launch of negotiations. As a bloc, the EU is Australia’s largest source of foreign investment and second-largest trading partner. A high-quality FTA will build on this strong economic partnership.



Minister for Trade, Tourism and Investment Steven Ciobo and European Commissioner for Trade Cecilia Malmström hold discussions on the future negotiation of an Australia–EU Free Trade Agreement, World Economic Forum, Davos, Switzerland, 19 January 2017. [DFAT]

The Minister for Trade, Tourism and Investment launched FTA negotiations with **Hong Kong** in May 2017, noting such an agreement would complement our existing FTA with China, and lock in and expand opportunities for Australian business, particularly in the finance, professional services and education sectors. Hong Kong is Australia’s leading business base in East Asia, hosting over 600 Australian businesses, including the major banks.



Official launch of the Free Trade Agreement negotiations between Australia and Hong Kong. (L. to R.) Chairman Australian Chamber of Commerce Hong Kong & Macau Prof. Richard Petty, Minister for Trade, Tourism and Investment Steven Ciobo, Hong Kong Secretary for Commerce and Economic Development Gregory So Kam-leung, Consul-General to Hong Kong and Macau Michaela Browning, Chairman Hong Kong General Chamber of Commerce Stephen Ng, May 2017. [DFAT]

Australia and **Peru** also commenced FTA negotiations in May 2017. Peru is one of the fastest growing economies in Latin America. A key objective of negotiations is to secure better market access for Australian exports, including agricultural goods, pharmaceuticals and mining products. These negotiations complement our goal of realising the benefits of the TPP.

On 30 June Australia became the first country to pursue an FTA with the **Pacific Alliance** bloc of Mexico, Peru, Chile and Colombia. Relatively high tariffs in these markets have disadvantaged Australian exporters. Key competitors (the United States, Canada and the EU) have preferential access under FTAs with individual Alliance members. Several business groups, notably the National Farmers Federation and the Minerals Council of Australia, strongly support the FTA.



Australian Education Festival promoting exports of Australian education services, hosted by the Australian Embassy, Mexico City, 30 March 2017. [DFAT/Lorena Zapiaín]

Australia, New Zealand and eight Pacific Island countries (Cook Islands, Kiribati, Nauru, Niue, Samoa, Solomon Islands, Tonga and Tuvalu) signed the **Pacific Agreement on Closer Economic Relations Plus** (PACER Plus) trade and development agreement in June 2017. The agreement covers trade in goods, services and investment.

SUPPORT FOR BUSINESS

The department expanded the **FTA Portal** (ftaportal.dfat.gov.au) to make the tariff finder and guide to rules of origin more comprehensive and informative for goods traders. The portal now covers trade in goods in all 16 FTA markets. Business can now more easily find information on concessional tariff rates in destination markets covered by more than one of our FTAs.

More than 64,000 unique users visited the portal in the year. Feedback from the business community was positive. A senior partner of a major law firm wrote:

'I think that it addresses the issue that a number of people raise, namely the accessibility of information about, and opportunities from, the free trade agreements. It is a great resource, and we will draw the attention of our clients to it.'

Business feedback also informed our decision to begin work to expand the FTA Portal to cover services sectors.

Together with Austrade, we delivered information seminars around Australia to increase the awareness and utilisation of our North Asian FTAs. We also provided Australian businesses and interested stakeholders with geo-political insights, current policy information, analysis and reporting from Australia's global diplomatic network, as well as trade and investment data, through regular editions of *Business Envoy* and *Trade Talk*.

Our business@dfat one-stop-shop entry point responded to over 400 enquiries—an almost 80 per cent increase, year-on-year.

The department worked closely with the Export Finance and Insurance Corporation (Efic) and Austrade to assist Australian firms to prepare for export and build their international presence. We also advanced negotiations towards global rules for **export finance**. A long-term project, global guidelines would ensure a level playing field for export credits for OECD and non-OECD countries such as Brazil and China.

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SUPPORTING FOREIGN INVESTMENT

We worked closely with Austrade, Treasury and across government to build understanding within the community of the value of foreign investment. We provided input to the Government's review of **Foreign Investment Review Board (FIRB)** applications. We worked closely with partner agencies, including Austrade, to promote policies in line with the Government's aim of enhancing Australia's position as an attractive and competitive destination for productive foreign investment. We were active in the development of the Critical Infrastructure Centre.

We informed industry, governments, and legal and academic stakeholders on trade and investment dispute settlement. We briefed state and territory governments on our international trade and investment obligations focusing on compliance. We hosted two Trade and Investment Law Roundtables and injected the resulting industry feedback directly into our development of investor-state dispute settlement policy.

SUPPORTING AUSTRALIA'S COMPETITIVENESS AND PROVIDING ECONOMIC ADVICE

We collaborated with other agencies to develop domestic policy outcomes that reflect international best practice and support Australian competitiveness, in particular in the energy, resources, tourism and services sectors, and on the ease of doing business. We commenced the 2017 China–Australia Year of Tourism and Australia's term as 2017 chair of the Kimberley Process.

Drawing on insights into global economic developments from our overseas network, we contributed to the Joint Economic Forecasting Group, which provides input for the Budget and the Mid-Year Economic and Fiscal Outlook.

RESULTS

PERFORMANCE CRITERION	RESULT
Promoting Australia’s economic interests in bilateral, regional, multilateral and plurilateral outcomes.	<div><div></div>Partially Met</div>
Criterion Source Corporate Plan 2016–20, p. 8 Program 1.1, Portfolio Budget Statements 2016–17, p. 33	

CASE STUDY TRADE REMEDIES

Upholding multilateral trade rules is important for Australia’s prosperity, and matters in direct and practical ways to Australian exporters. The department supported our businesses’ ability to effectively access markets opened through liberalising agreements. We worked with Australian companies facing restrictive measures, utilised bilateral channels, raised problems in WTO committees, and prosecuted our interests through engagement as a third party in important WTO disputes interpreting and applying basic trade rules.

Market access can be significantly undermined through the illegitimate use of trade remedies, including through global safeguards or anti-dumping and countervailing duty measures. Recourse to such measures has increased since the Global Financial Crisis, and in particular over the past twelve months for products such as steel and aluminium. This has placed increasing pressure on an already overburdened WTO Dispute Settlement System.

Over the last year, the department defended Australian exporters’ access for a range of agricultural, chemical and metals products (valued at over \$300 million in 2016–17) to markets where their business faced trade remedy actions by other countries.

We also led whole-of-government engagement in key WTO disputes focused on the enforcement of trade rules and the development of WTO law. The WTO Dispute Settlement System is the most active international legal system globally, providing a mechanism to move trade complaints from the political sphere to an impartial judiciary. Disputes such as Argentina challenging the EU’s imposition of anti-dumping duties on biodiesel provided important guidance on when and how WTO members can impose anti-dumping measures. We worked closely with like-minded countries to ensure trade remedies are imposed only in situations where they are legally justified, recognising at the same time that Australia’s anti-dumping system will on occasion impose trade remedies on imports that are damaging Australian industry.

We utilised our global network, high-level technical expertise, practical policy judgement and trade and investment legal capability to make a practical difference to exporters by upholding fundamental trade rules and strengthening the multilateral rules-based system.

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PERFORMANCE CRITERION	RESULT
Delivering trade and investment outcomes for Australian business and satisfying business with our support.	 Partially Met
Criterion Source Corporate Plan 2016–20, p. 8 Program 1.1, Portfolio Budget Statements 2016–17, p. 33	

CASE STUDY TRANS-PACIFIC PARTNERSHIP
AGREEMENT STRATEGY, INCLUDING LATIN AMERICA

The Trans-Pacific Partnership (TPP) Agreement, signed in February 2016, has the potential to deliver enhanced economic integration across the Indo-Pacific region and to support job-creating growth in the Australian economy.

In last year’s annual report, we foreshadowed that in 2016–17 we would undertake a range of actions in relation to the implementation of the TPP. The US withdrawal from the agreement in January 2017 meant the TPP could not come into effect as planned and implementation activities were suspended.

We responded to these developments and led Australia’s engagement with the remaining TPP countries to explore alternative arrangements that could capture the agreement’s benefits. At a meeting of TPP members in May it was agreed to launch a process for assessing options to bring the TPP into force expeditiously. Ministers also reaffirmed the strategic and economic significance of the TPP, and highlighted its principles and high standards as a way to promote regional economic integration and contribute positively to the economic growth prospects of its member countries. Senior officials are scheduled to make recommendations to TPP ministers in November 2017.

We facilitated Mr Ciobo’s launch of FTA negotiations with Peru, a TPP signatory, in May 2017. Beyond the inherent economic value of this agreement, the negotiations will complement the negotiations of the remaining TPP members.

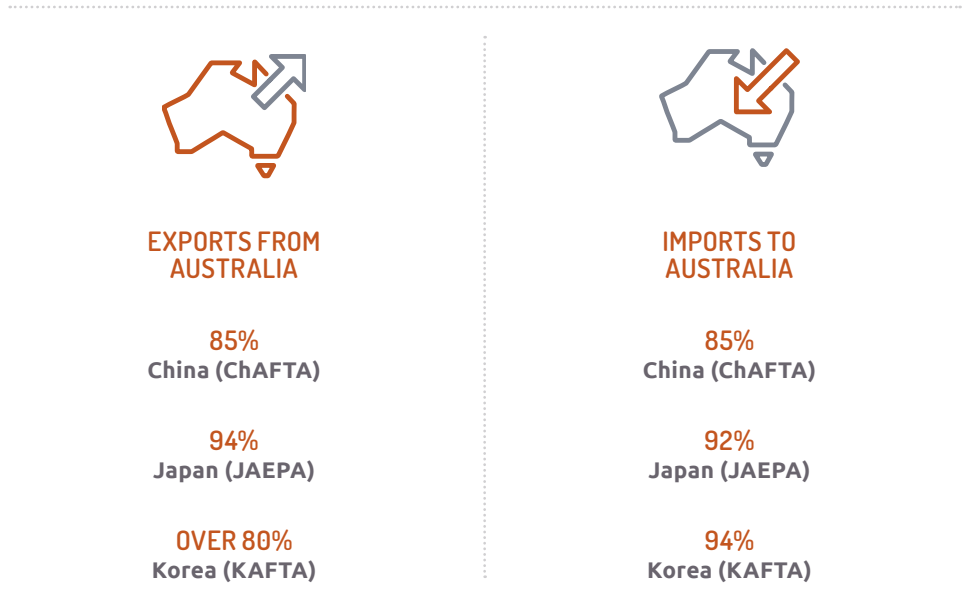
As part of our economic engagement efforts with Latin America, we supported the Minister for Trade, Tourism and Investment’s launch of FTA negotiations with the Pacific Alliance on 30 June 2017. The Pacific Alliance comprises three TPP signatories (Chile, Mexico and Peru) as well as Colombia. Two-way trade between Australia and the bloc has doubled in the past ten years and investment links are significant. The FTA would enable Australian businesses to tap into value chains on a level footing with our major competitors. An FTA with the Pacific Alliance would also complement the Government’s efforts to capture the benefits of the TPP.

We led the Government’s engagement with the Joint Standing Committee on Treaties (JSCOT) and the Senate Foreign Affairs, Defence and Trade References Committee on the TPP. While JSCOT recommended in November 2016 that Australia ratify the TPP, in February 2017 the Senate Committee recommended deferring ratification until the TPP’s future becomes clear.

Delivering outcomes on the TPP, the Pacific Alliance and an FTA with Peru will not be without challenges. All of these negotiations, like all FTAs, involve difficult and challenging discussions and significant resources. The parallel pathways are a multi-track strategy for capturing the benefits of the TPP where we can.

CASE STUDY FTA UTILISATION AND IMPLEMENTATION

Figure 7: FTA utilisation rates for our North Asian FTAs (2016)



The FTA utilisation rate is the value of trade claiming an FTA preference, as a proportion of the value of trade where an FTA preference may be available.

We continue to closely monitor business take-up of the preferential opportunities in Australia's FTAs, both to evaluate their impact on business activity and to inform our ongoing advocacy to, and support for, business.

In goods trade Australia benefits most when exporters and importers use FTA tariff preferences to secure a competitive advantage. There has been strong take-up following entry into force of Australia's most recent FTAs with China, Japan and the ROK, for both Australia's imports and exports.

For example, preferential tariffs negotiated under KAFTA, ChAFTA, and JAEPA have been an important contributing factor in the recent increase in Australian exports of bottled wine to North Asian FTA partner markets. In 2016 Australian bottled wine exports to China grew by 38 per cent to reach \$470 million (ChAFTA entered into force on 20 December 2015). Between 2014 and 2016 bottled wine exports to the ROK and Japan rose by 68 per cent and 13 per cent, respectively (KAFTA entered into force on 12 December 2014 and JAEPA entered into force on 15 January 2015).

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In 2016–17 the department commissioned independent research on FTA utilisation and impact for all our agreements. The research, which included an international business survey, focus groups and other activities, focused particularly on the North Asian agreements. The report's findings will help inform our trade policy activities, including further negotiation of existing FTAs.

FTAs are living agreements; they include a range of work programs and similar mechanisms that can be triggered to enhance outcomes. Using the institutional structures set up under our FTAs, we convened FTA Joint Commission meetings with China (February 2017), Japan (April 2017) and the ROK (November 2016). These meetings helped ensure the ongoing smooth implementation of our FTAs to optimise outcomes for business.

The first meeting of the China–Australia Free Trade Agreement (ChAFTA) Joint Committee helped set the scene for the successful visit to Australia by Chinese Premier Li Keqiang in March 2017.

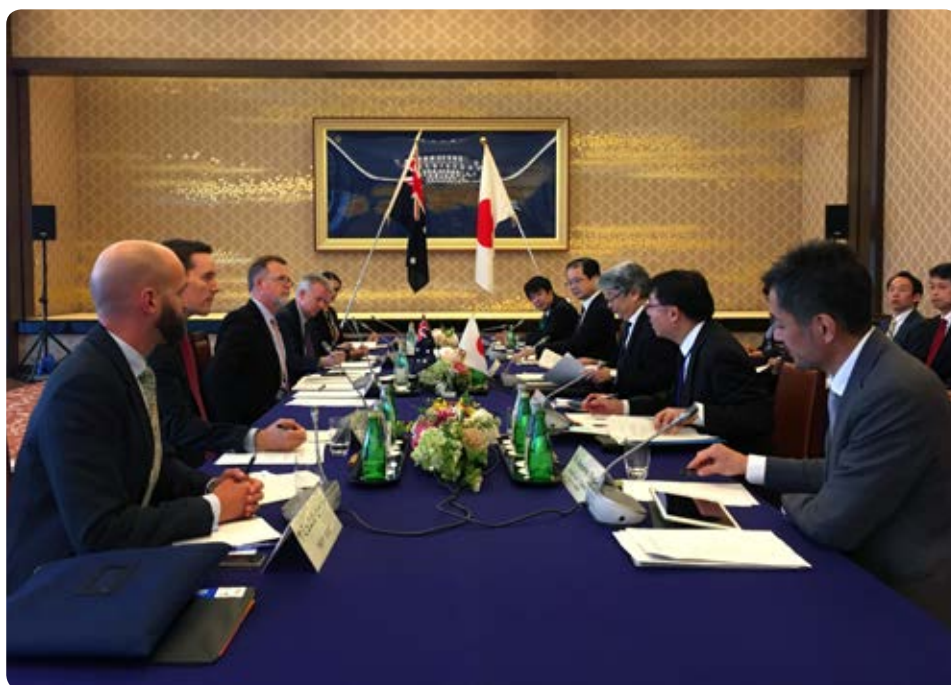
During this visit, Australia and China agreed to commence a review of ChAFTA's services and investment chapters.

We expect these reviews to lead to the launch of negotiations. Our aim is to use these negotiations to further reduce barriers to services trade and establish additional investor protections. We will continue to use these review mechanisms to protect the competitive position of our businesses in China in the future.

We also used ChAFTA institutional arrangements to develop and agree a forward work program, facilitate technical exchanges and address important non-tariff barriers to trade.

The Joint Committee meetings with the ROK and Japan:

- agreed to a forward work program for committees under each agreement
- facilitated our push for more liberal implementation by the ROK of its legal services commitments.



Deputy Secretary Justin Brown PSM co-chairs the second Japan–Australia Economic Partnership Agreement Joint Committee meeting in Tokyo, 19 April 2017. [DFAT/Alex Stephens]

Figure 8: FTA highlights in North Asia

AUSTRALIAN EXPORTS TO CHINA UNDER ChAFTA



Bottled wine
UP 38% TO
\$470 MILLION



**Whole and skim
milk powders**
UP 54% TO
\$162 MILLION



Table grapes
UP 564% TO
\$102 MILLION



**Fresh navel
oranges**
UP 46% TO
\$53 MILLION

Growth figures compare the total value of exports in 2016 to 2015 before ChAFTA was in place

AUSTRALIAN EXPORTS TO JAPAN UNDER JAEPA



**Fresh or
chilled beef**
UP 23% TO
\$1,097 MILLION



Sugar
UP 117% TO
\$416 MILLION



Frozen beef tongue
UP 151% TO
\$89 MILLION



Table grapes
UP 5,187% TO
\$31 MILLION

Growth figures compare the total value of exports in 2016 to 2014 before JAEPA was in place

AUSTRALIAN EXPORTS TO KOREA UNDER KAFTA



**Fresh or
chilled beef**
UP 49% TO
\$431 MILLION



**Unwrought refined
copper cathodes**
UP 1,120% TO
\$85 MILLION



**Pigments and
preparations
containing
titanium dioxide**
UP 114% TO
\$72 MILLION



**Shelled
macadamias**
UP 204% TO
\$14 MILLION

Growth figures compare the total value of exports in 2016 to 2014 before KAFTA was in place

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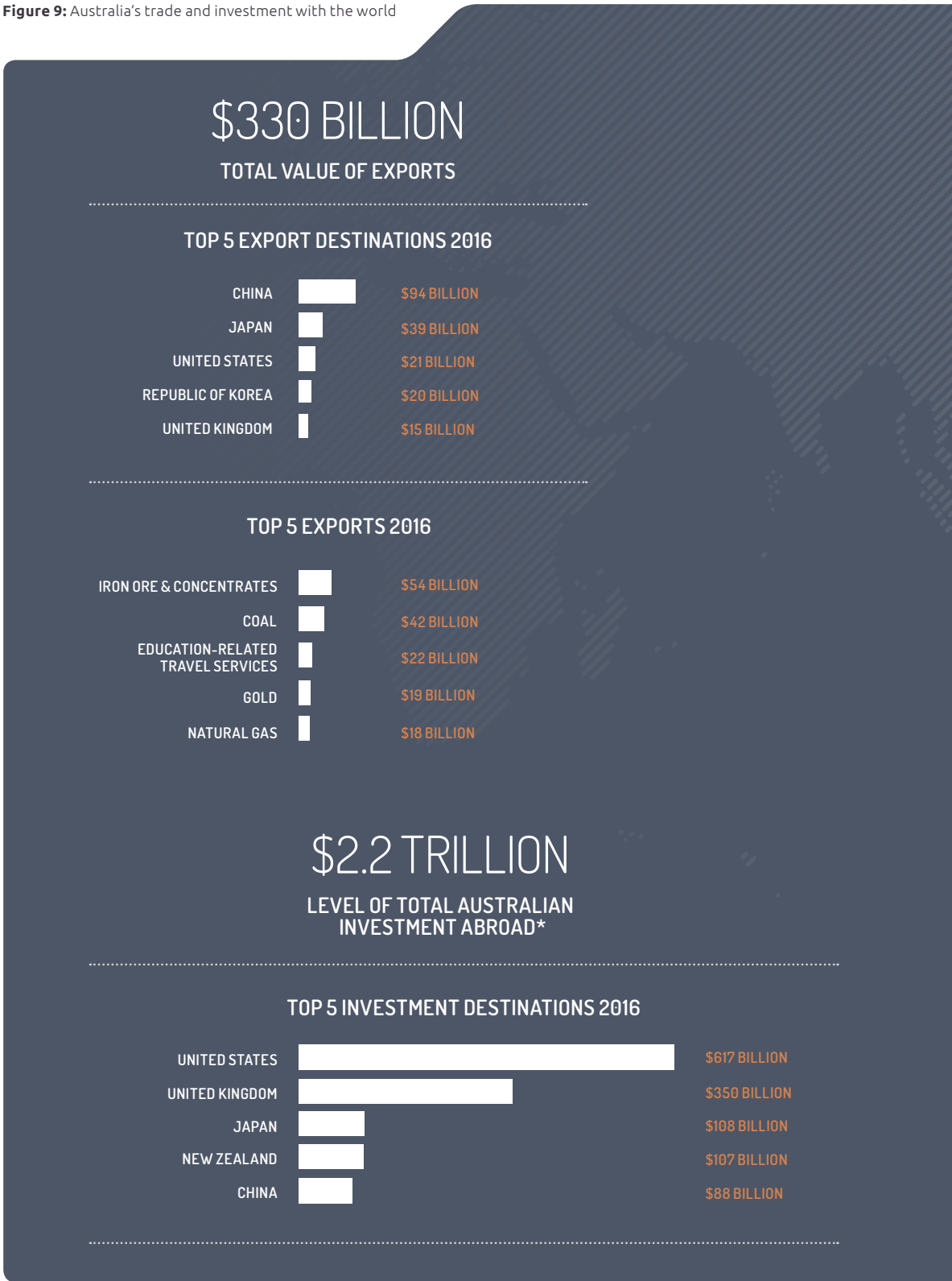
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Opening markets, promoting foreign investment and advancing commercial interests

Figure 9: Australia's trade and investment with the world



Source: Based on ABS trade data on DFAT STARS database, ABS catalogues, 5352.0, 5368.0.55.004 and unpublished ABS data. *As at 31 December 2016.

\$342 BILLION

TOTAL VALUE OF IMPORTS

TOP 5 IMPORT SOURCES 2016

\$62 BILLION	CHINA
\$44 BILLION	UNITED STATES
\$23 BILLION	JAPAN
\$17 BILLION	THAILAND
\$16 BILLION	GERMANY

TOP 5 IMPORTS 2016

\$29 BILLION	PERSONAL TRAVEL SERVICES (EXCL EDUCATION)
\$21 BILLION	PASSENGER MOTOR VEHICLES
\$15 BILLION	REFINED PETROLEUM
\$12 BILLION	TELECOMMUNICATION EQUIPMENT & PARTS
\$9 BILLION	FREIGHT TRANSPORT SERVICES

\$3.2 TRILLION

LEVEL OF TOTAL FOREIGN INVESTMENT IN AUSTRALIA*

TOP 5 INVESTMENT SOURCES 2016

\$861 BILLION	UNITED STATES
\$516 BILLION	UNITED KINGDOM
\$270 BILLION	BELGIUM**
\$214 BILLION	JAPAN
\$101 BILLION	HONG KONG (SAR OF CHINA)

**The majority of total investment from Belgium is portfolio investment liabilities in the form of debt securities (Belgium hosts a major clearing house and depository for euro-denominated bonds and other securities, Euroclear).

DELIVERING AN INNOVATIVE AID PROGRAM

OVERVIEW AND ANALYSIS



(L. to R.) Special Rapporteur on the Rights of People with Disabilities Catalina Devandas Aguilar, High Commissioner to Samoa Sue Langford, Her Highness Masiofo Filifilia (wife of the Head of State of Samoa) and Pacific Disability Forum Co-Chair Nelly Caleb, at the Opening of the Fifth Pacific Regional Conference on Disability, Apia, Samoa, 20 February 2017. [DFAT/Charlina Tone-Manoa]

WHY OUR AID PROGRAM MATTERS

Australia's aid program is delivered in accordance with the Australian Government's aid policy—*Australian aid: promoting prosperity, reducing poverty, enhancing stability*. Australian aid promotes our national interests by contributing to sustainable economic growth and poverty reduction, particularly in the Indo-Pacific region. We benefit if the countries and people in our region prosper. We also benefit if our neighbouring countries are stable, well-governed and open to trading opportunities.

As a globally-engaged and resource-rich nation, trade is an important contributor to our prosperity. Opportunities are created when countries in the region experience sustainable growth. Australian aid helps individuals, families and communities engage in their local economies. It helps partner governments build healthy, educated and skilled populations, supported by the necessary infrastructure and governance frameworks to foster prosperity.

Aid demonstrates our commitment to providing poor people in our region with the opportunity to improve their lives, with a particular focus on women. Poverty impedes capacity for individual and national development. Australia has expertise in many areas—for example agricultural research, water management, health and education—that enables us to make an exceptional contribution to the UN Sustainable Development Goals.

Australian aid complements other steps taken by the Government to make our region safer. The work of RAMSI demonstrates how aid can be an investment in stability. And when disasters strike, we provide aid to help save lives and rebuild critical infrastructure. Our experience in providing humanitarian relief after an event has highlighted the value of supporting governments to build strong and resilient communities.

OUR AID PROGRAM IN 2016–17

In 2016–17 our aid program was well-targeted, innovative and focused on where our efforts and expertise had the greatest impact.

Our aid investments were guided by a range of **sector and thematic strategies**, including in aid for trade, infrastructure, education, gender equality, humanitarian assistance, private sector development and social protection. We promoted a coherent approach between the aid program and the department's other foreign and trade policy priorities.

The department implemented **Aid Investment Plans** for 25 country and regional programs in line with partner government priorities. In countries experiencing more rapid and sustained growth, we focused on increasing partner countries' capacity to improve their own service delivery and policy-making.

We delivered an estimated \$3.5 billion of **Official Development Assistance** (ODA) and achieved strong results across all priority areas. The *Performance of Australian Aid* report for 2016–17, to be published in early 2018, will provide comprehensive information on results across the aid program.

Building on Australia's commitment to the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda, the department explored ways to **leverage private finance** and expand the resources available to address complex challenges.

The department's **innovationXchange** (iXc) brought focus to new efforts to deliver aid more effectively by forming partnerships with a wide variety of private sector organisations to improve development outcomes in the Indo-Pacific region. The iXc now has a portfolio of 65 innovations and has leveraged around \$60 million in funding for development in our region. We partnered with organisations such as IKEA and the Jamie Oliver Foundation, as well as bilateral partner USAID, to deliver LAUNCH Food: an open call for initiatives to improve health and nutrition outcomes in our region. This has delivered 16 innovations that are now set for testing. A partnership with the Massachusetts Institute of Technology and Atlassian sourced almost 500 ideas on how best to prepare youth in the Indo-Pacific region for the workforce of the future—ideas that are now being shortlisted for support.

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Delivering an innovative aid program



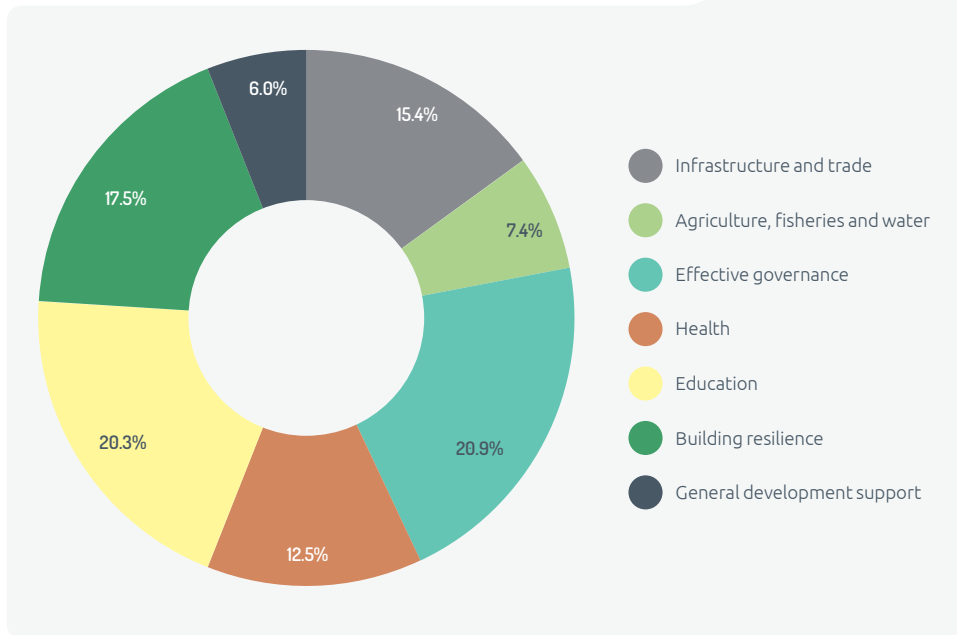
Ambassador to Timor-Leste Peter Doyle launches an innovative nutrition program, Hamutuk, under Australia's Human Development program with representatives of project partners from Timor-Leste's disability advocacy group Ra'es Hadomi Timor Oan, Holarua, Timor-Leste, September 2016. [DFAT/Arlindo Dos Santo]

We promoted **increased access to formal financial services** for individuals and businesses. Through our participation in the G20 Global Partnership for Financial Inclusion, we helped improve access to, and affordability of, financial services by reducing the cost of remittances. Since 2011 the cost of remittances from Australia has decreased by more than five percentage points.

The department led negotiations on the eighteenth replenishment of the **World Bank's International Development Association** (IDA18)—the largest pool of concessional finance for the world's poorest countries. We secured balance sheet reforms, in line with calls from G20 finance ministers. This will increase resources by 50 per cent, resulting in a record US\$75 billion replenishment. We championed establishment of a new private sector facility that will focus on attracting firms and creating jobs in difficult investment environments.

Our advocacy and contribution of \$774.45 million to IDA18 will multiply the impact of Australian aid, drawing the funds and expertise of the world's biggest development organisation to our region. IDA18 will support economic development and advance the long-term prosperity and security of our most vulnerable neighbours.

We used Australia's role on the **Board of the Global Fund to Fight AIDS, Tuberculosis and Malaria** to ensure a strong profile of investment in the Indo-Pacific region. We secured establishment of a new catalytic investment fund that will increase resources to address drug resistance and contribute to broader regional health security efforts.

Figure 10: Estimated department ODA by sector, 2016–17

INVESTMENT PRIORITY AREAS

Aid for trade expenditure was 18 per cent of the aid budget in 2016–17 (\$633.7 million)—well on track to meet the goal of 20 per cent of the aid budget by 2020. Aid for trade programs improve living standards and make trade more inclusive, particularly for small businesses, women entrepreneurs and workers. Investments included infrastructure, capacity-building and regulatory reforms aimed at improving the ability of developing countries to participate in regional and global markets.

We provided an estimated \$512.8 million as part of global efforts to address the significant US\$26 trillion **infrastructure** deficit in our region. By supporting improvements to the investment environment and leveraging private sector investment, we contributed to enhanced trade and investment opportunities, including for Australian businesses. Our Strategy for Australia's Investments in Economic Infrastructure delivered a number of good infrastructure outcomes for our

region, including the establishment of a regional presence by the World Bank's Public Private Infrastructure Advisory Facility and the Private Infrastructure Development Group's local currency guarantee facility.

We contributed an estimated \$248.7 million for **agriculture, fisheries and water** to strengthen markets, improve productivity and promote the sustainable use of resources. Our support for better food security, nutrition and water management resulted in improved agricultural and fisheries practices by over 443,000 people. We supported innovative agricultural development partnerships with private enterprise in Cambodia, Indonesia, Fiji, Timor-Leste and Pakistan, providing better market opportunities for small holders. Our programs supported increased tuna revenues to a total of US\$450 million, reduced illegal fishing losses and improved fisheries governance in the Pacific.



Minister for International Development and the Pacific Senator Concetta Fierravanti-Wells celebrating Fiji Day in Sydney, NSW with Fiji Prime Minister Frank Bainimarama, October 2016. [DFAT/Stephen Hills]

Our estimated \$698.9 million to support enhanced **governance** in developing countries helped build effective public sectors and functioning institutions that provide the foundations for inclusive

growth, private sector investment and better services. We supported improved access to essential services by poor women in Indonesia through the Australia–Indonesia Partnership for Gender Equality and Women’s Empowerment. We also supported peace-building initiatives in fragile and conflict-affected areas—including in Myanmar, the Philippines, Solomon Islands and Sri Lanka. We contributed to elections in partner countries through policy and technical advice, including in Papua New Guinea.

We invested an estimated \$679.3 million to improve the quality, access and equity of **education** in our region. We contributed to more than 158,850 stipends for poor families in Myanmar to help children at risk of dropping out of school and supported Nepal’s School Sector Reform Plan. As a result, the proportion of students in Nepal entering grade one with exposure to early childhood education rose from 26 per cent in 2008 to 64 per cent in 2016.



A village elder talks to High Commissioner to Papua New Guinea Bruce Davis at Kenta Primary School Mt Hagen, Western Highlands Province, Papua New Guinea, 2017. The school received Australian support to upgrade school facilities and teachers’ housing. [DFAT/Hugo Temby]

We provided an estimated \$419 million for the **health** sector, including nutrition and water, sanitation and hygiene, to help country-level systems respond to health needs and strengthen regional health security. We increased access to improved water, sanitation and hygiene facilities for vulnerable communities across 19 countries and supported the global availability of new paediatric tuberculosis formulations to improve treatment and increase child survival. We expanded the Tupaia initiative to test the utility of digital technologies to track the supply and stock of medicines in remote locations in the Pacific and whether this could be scaled up

regionally. If successful, this would reduce gaps in supplies and allow medicines to be distributed quickly in the case of an emergency or disease outbreak.

We dedicated \$2.07 billion to investments across the aid program that included **gender equality** and the empowerment of women and girls. We initiated a new Investing in Women program, working with the private sector to catalyse inclusive economic growth and improve economic outcomes for women in Indonesia, Vietnam, the Philippines and Myanmar.

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Delivering an innovative aid program

Figure 11: Aid program highlights

\$3.5 BILLION

OFFICIAL DEVELOPMENT ASSISTANCE (ESTIMATE)



PAPUA NEW GUINEA

Strengthened leadership capabilities of over **1,270** people through diploma, certificate and short courses, and a 12-month leadership program

Technical health training for **2,770** health staff



SOLOMON ISLANDS

Construction or renovation of **79** classrooms and distribution of over **960,000** primary school books



VANUATU

Completion of **four** livestock breeding centres and delivery of **500** head of cattle to re-stock beef producers on Tanna, following Tropical Cyclone Pam



FIJI

Supported water systems for **2,545** people and provided **140** toilets and **10** water tanks on Koro Island



INDONESIA

Worked with **94** private sector partners to increase by an average of **148** per cent the incomes of **55,522** small-holder farm households in eastern Indonesia

Mobilised **\$100 million** of Indonesia's national budget to deliver more than **1,810 km** of roads and water to over **300,000** households



PHILIPPINES

Improved water and sanitation enabled over **83,000** children in Mindanao (**50 per cent** girls) to go to school



TIMOR-LESTE

Mothers using the Liga Inan (Mobile Mums) program were twice as likely to have health professional support during child birth and seven times more likely to have follow-up care



VIETNAM

Funding of **24** local cinnamon, pork and banana producer groups helped **1,262** men and women increase their skills and bargaining power



PAKISTAN

The Market Development Facility generated **\$2.3 million** in partner investment, leading to **\$8.9 million** in new market transactions. **7,970** men and women benefited from new jobs and sales, creating additional income of **\$11.7 million**



BANGLADESH

Through investment with BRAC, we lifted **86,000** women out of extreme poverty, helped **631,222** children complete primary and pre-primary schooling, helped operationalise **11,268** newly opened BRAC pre-primary schools and trained over **11,000** pre-school teachers



AFGHANISTAN

Trained **8,832** community and religious leaders on women's rights to help prevent violence against women
Schooling for an additional **5,387** children (**73 per cent** girls)



KENYA

Low-cost on-farm grain storage for **480,000** small-holder farmers allowed crop sales in higher-price market periods, increasing productivity and generating **\$17.5 million** in additional income

Figure 11: Aid program highlights (continued)



Business Partnerships Platform
\$3.3 MILLION FUNDING ATTRACTED
\$8.4 MILLION IN PRIVATE FINANCE



Global Fund to Fight AIDS, Tuberculosis and Malaria
\$220 MILLION PLEDGE (2017-19)



Gender Equality Fund
36 INITIATIVES IN MORE
THAN 20 COUNTRIES



World Bank's International Development Association
OUR ADVOCACY LED TO INCREASES
IN PACIFIC ALLOCATIONS FROM
US\$350 MILLION (1 JULY 2014-
30 JUNE 2017) TO USD\$900M
(1 JULY 2017-30 JUNE 2020)

AUSTRALIAN VOLUNTEERS FOR INTERNATIONAL DEVELOPMENT (AVID)

\$41.4 MILLION

TO SUPPORT 1,212 VOLUNTEERS

25

countries

754

host organisations

GENDER OF VOLUNTEERS



65%

Female (785)



35%

Male (427)



**International Labour
Organization Better Work Program**
22% PRODUCTIVITY INCREASE AND
A 25% PROFITABILITY INCREASE
FOR PARTICIPATING FIRMS



Health
4,300 PEOPLE IN 19 COUNTRIES
TRAINED OVER THE LAST TWO YEARS
TO BETTER COLLECT AND USE
PUBLIC HEALTH DATA



**Shaping Inclusive
Finance Transformations**
HELPED OVER 630,000 LOW INCOME
INDIVIDUALS IN ASEAN
COUNTRIES—46% OF THEM WOMEN—
ACCESS FINANCIAL SERVICES
OR PRODUCTS



**Lower Mekong Basin –
Fisheries and Water**
SAFEGUARDED WATER AND
LIVELIHOODS FOR 60 MILLION PEOPLE.
PROTECTED WILD FISH CATCH WORTH
MORE THAN \$4 BILLION A YEAR


WHERE VOLUNTEERS WENT



TOP 6 ASSIGNMENT SECTORS

1. Business Support Services & Institutions
2. Human Rights
3. Social/Welfare Services
4. Medical Education/Training
5. Medical Services
6. Higher Education

RESULTS

PERFORMANCE CRITERION	RESULT
<p><i>Performance of Australian Aid</i> report</p> <p>Detailed reporting against the performance framework, including individual program and investment performance, will be published annually in the <i>Performance of Australian Aid</i> report.</p> <p>Criterion Source Corporate Plan 2016–20, p. 10 Program 1.2, Portfolio Budget Statements 2016–17, p. 34 Program 1.3, Portfolio Budget Statements 2016–17, p. 35</p>	<div> Met</div>

As part of the performance framework for the aid program, the Government committed to publish an annual *Performance of Australian Aid* report.

The report:

- assesses performance and results
- reviews progress with implementation of the Government’s policy and performance framework
- provides an update on progress towards strategic targets
- summarises the performance and results of country, regional and global aid programs
- examines performance across the six priority investment areas outlined in Australia’s aid program policy.

The department published the third of these reports—*Performance of Australian Aid 2015–16* (dfat.gov.au/about-us/publications/Pages/performance-of-australian-aid-2015-16.aspx)—in May 2017. We will publish the 2016–17 report in early 2018. These reports are quality assured by the department’s Office of Development Effectiveness and overseen by the Independent Evaluation Committee.

PERFORMANCE CRITERION**RESULT**

Shaping development outcomes to advance Australia's interests.

**Criterion Source**

Corporate Plan 2016–20, p. 10

Program 1.2, Portfolio Budget Statements 2016–17, p. 34

Program 1.3, Portfolio Budget Statements 2016–17, p. 35

CASE STUDY ADDRESSING INEQUALITY IN INDONESIA

Indonesia has reached middle-income status and achieved substantial development progress but high levels of inequality persist—at least 100 million people live on US\$2 or less per day.

Through an economic partnership, Australia assists Indonesia to use its own resources more effectively to generate, and distribute the benefits of, growth. The partnership also helps the Indonesian Government target public spending more efficiently.

In 2016 the Indonesian Government spent \$6 billion subsidising the cost of household electricity for more than 70 per cent of private consumers. Wealthier households, which use more electricity, claimed a large proportion of the subsidy.

In 2017 our support enabled the Indonesian Government to begin targeting the subsidy to the poorest 40 per cent of households. The reported \$1.6 billion in savings from this reform can now be used to build electricity infrastructure for poor and remote villages. Improving services and infrastructure in remote Indonesia helps address inequality between the country's regions.

Improved targeting of the subsidy means vulnerable households are protected from economic shocks and Indonesia's national power generator can operate more sustainably.

Funding for the subsidy reform was provided through our MAHKOTA program and channelled to Indonesia's National Team for Accelerating Poverty Reduction (TNP2K). The team reports to the Vice President's office and drives sensitive

political reforms. Our engagement with this group at the highest level of government highlights Australia's strong economic and development relationship with Indonesia.

A key factor enabling electricity subsidy reform was the availability of robust data on household poverty. Since 2010 Australian funding has helped maintain Indonesia's poverty targeting database. In September 2016 officials presented evidence to the Indonesian Parliament testifying to the data validity, giving legislators confidence in the proposed reforms. TNP2K staff then worked with Indonesia's Ministry for Energy and Natural Resources to match state electricity company customer information to the database and remove access to subsidised electricity by wealthier households.

Expanding opportunities for Indonesia's poorest families, particularly those living in remote regions, is necessary if they are to move into the higher consuming middle class, which in turn is important for sustaining economic growth. A more prosperous Indonesia means greater trade and investment opportunities for Australia. In other parts of the world, public perceptions of disadvantage have led to social unrest and dissatisfaction with the state. Our support for Indonesian policy makers as they work to address inequality helps maintain the stability and social cohesion of one of our closest neighbours.

CASE STUDY SUPPORTING MALARIA ELIMINATION

Malaria is a key health security issue. It crosses borders and challenges already stretched health systems. During 2015 an estimated 15.8 million people in Asia and the Pacific contracted malaria and 27,500 died. Our region has seen a rise in malaria’s resistance to current treatments and prevention measures, creating a threat that could set back decades of progress. Eliminating malaria will contribute to sustainable economic growth, poverty reduction and regional stability.

The department supports malaria elimination through financing regional and global malaria initiatives, funding malaria research at home and fostering regional partnerships.

We championed the Asia–Pacific Leaders’ Malaria Alliance (APLMA) through the East Asia Summit, supporting its establishment in 2016. Australia co-funds APLMA in partnership with the Bill and Melinda Gates Foundation, investing \$8 million over three years (2016–2019). Our investment in APLMA enhances Australia’s leadership in malaria and health security.

APLMA developed a Malaria Elimination Roadmap for the region, which was agreed to by 20 regional leaders. The roadmap commits to malaria elimination by 2030 and improving regional preparedness to tackle emerging infectious disease. As part of supporting countries to implement the roadmap, APLMA

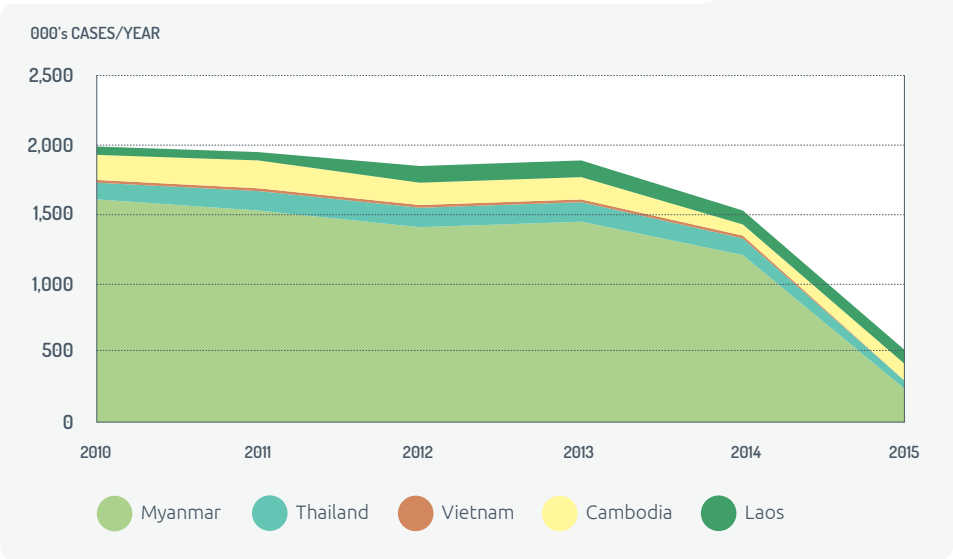
developed the first region-specific tool for tracking policy progress and data. APLMA’s work building partnerships between regional regulatory bodies is helping to improve the availability of good quality medicines.

We contributed \$2 million to the Darwin-based Menzies School of Health Research for work on the prevention, detection and treatment of malaria and tuberculosis. We continued a \$10 million investment with the Medicines for Malaria Venture Product Development Partnership, which is working to deliver effective and affordable antimalarial treatments. We also increased our commitment to the Global Fund to Fight AIDS, Tuberculosis and Malaria by 10 per cent to \$220 million, taking our total contribution to \$820 million since 2004.

Our efforts have helped reduce the number of malaria cases in Asia and the Pacific. The World Health Organization reported that, between 2010 and 2015, the mortality rate from malaria fell by 58 per cent in the Western Pacific, and by 46 per cent in Southeast Asia.

The department’s support for efforts to combat mosquito-borne diseases extends beyond malaria. The innovationXchange is partnering with Monash University to advance clinical trials of a new approach to the Zika and Dengue viruses that focuses on using naturally-occurring Wolbachia bacteria to combat the viruses.

Figure 12: Total estimated cases of malaria in the Greater Mekong region, 2010–15



CASE STUDY FINDING SOLUTIONS TO GLOBAL DISPLACEMENT TO ADVANCE AUSTRALIA'S INTERESTS

There are 65.6 million displaced people globally as a result of persecution, conflict, violence and human rights abuses—the highest number ever recorded. Developing countries host 84 per cent of displaced people, adding to existing pressures. Australia is a generous and principled donor and resettlement nation, and we are working to reform the humanitarian system to better address global displacement.

The humanitarian system, designed to provide life-saving short-term assistance, has struggled to cope with the protracted nature and unprecedented scale of displacement today. Business as usual is no longer sufficient. At the 2016 World Humanitarian Summit, Australia joined others in committing to make humanitarian assistance more efficient and effective, including by providing flexible and predictable funding. We advocated for longer-term approaches that meet the humanitarian and development needs of displaced populations and host communities. Ensuring displaced people are safe, and have access to opportunities as close to home as possible, helps prepare them for whatever solution will ultimately become available and reduces their need to undertake dangerous onward journeys.

The department's \$220 million three-year Syria assistance package helps alleviate the humanitarian situation and supports Lebanon and Jordan to assist displaced Syrians realise a future for themselves in the region. Our funding improves access to quality education and decent work opportunities for Syrian refugees and host communities. Education is vital to maintaining a sense of normality in protracted displacement. Our investments in decent work opportunities also increase the potential of refugees to successfully repatriate home when possible, while supporting prosperity in Jordan and Lebanon.

Our flexible funding allows UNHCR to trial cash-based assistance to displaced Syrians, using innovative technologies such as iris scanning and e-vouchers. This cost-effective way to deliver aid also empowers families, stimulates local markets and assists local businesses.

Protracted displacement is having destabilising effects across the Middle East, Africa and Europe. Australia is actively engaged in the development of two Global Compacts—one on Refugees and one on Migration—that, if agreed in 2018, would guide more coordinated, comprehensive and humane responses to the mass movement of people.

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Delivering an innovative aid program

ENHANCING AUSTRALIA'S INFLUENCE

OVERVIEW AND ANALYSIS

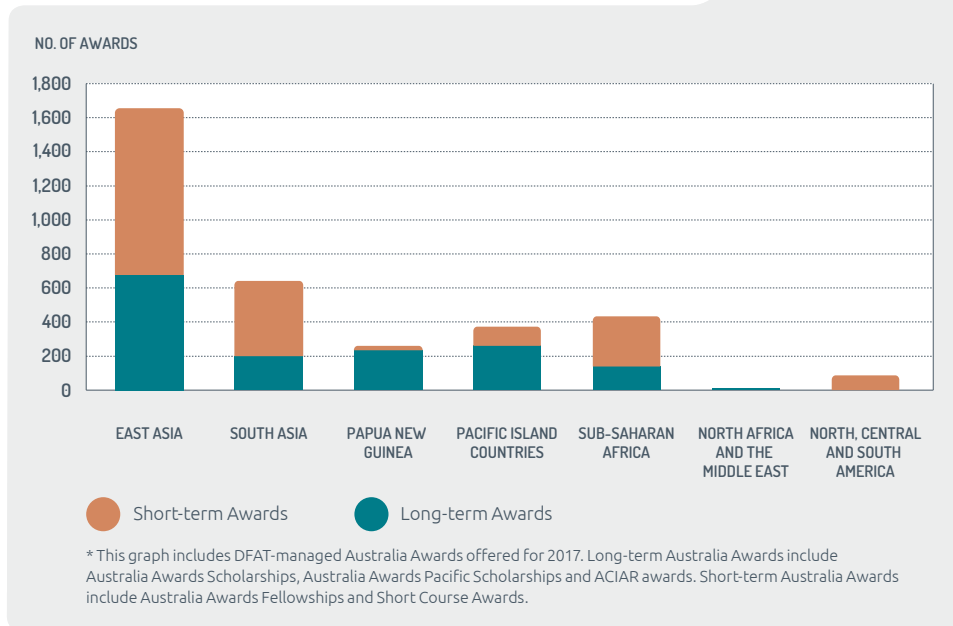


DFAT officer Anna Sutiyono (centre) with Australia Awards Scholars Ratana Chan (left) and Vouchaim Kong (right), GHOMM reception, University of Melbourne, 29 March 2017. [DFAT/Lavin Mills]

The department delivered programs and services advocating our international policy agenda, highlighting our aid credentials and promoting a contemporary understanding of Australia. These efforts included global public diplomacy programs, inbound and outbound scholarships programs and our rapidly growing online presence. Under our *Public Diplomacy Strategy 2014–2016*, our posts managed strategic public diplomacy programs.

We delivered an effective **cultural diplomacy program** highlighting Australia's creative and innovative talent, expanded our network of sports partnerships and implemented the *Australia now* program in Germany.

Our **Australia Awards** scholarship program strengthened people-to-people links between Australia and the Indo-Pacific region. It supported 3,500 continuing students and offered 3,500 new scholarships, fellowships and short courses. We released the Australia Awards Global Strategy, which delivers innovative, flexible and responsive options, particularly for women. We completed the first annual Australia Awards Tracer Survey. Responses from 1,500 alumni in 27 countries demonstrated alumni contributions to both sustainable development and ongoing positive perceptions of Australia.

Figure 13: Number of Australia Awards by region, 2017

The **New Colombo Plan** (NCP) enhanced understanding of the Indo-Pacific region in Australia. It created new people-to-people links by supporting Australian undergraduates to study and intern in 34 countries across the region. In 2017 the program provided 7,440 mobility grants—up from 5,450 in 2016—and 105 scholarships—up from 100 in 2016.

Forty Australian universities participated in the NCP, facilitating new networks and stronger partnerships with institutions across the region. We expanded the NCP alumni program, supporting more than 9,000 NCP alumni to maintain their connections with the region.



Celebrating 70 years of bilateral relations, Ambassador to the Philippines Amanda Gorely plants a tree in the Australian Alumni Garden, University of the Philippines, 14 June 2017. [DFAT]

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Enhancing Australia's influence

We made good progress delivering the *Australia Global Alumni Engagement Strategy (2016–2020)*, which is strengthening our diplomatic influence, increasing business linkages, promoting our education, science, research and innovation education capabilities, and showcasing Australia as a contemporary, innovative and open society.

Our **e-diplomacy** initiatives reached 5,000 alumni from 155 countries and connected with more than 5,400 followers on LinkedIn. The *Australian by Degree* series highlighted high achieving alumni and the benefits of Australian qualifications. It was broadcast over 100 times on the Australia Plus network and attracted over 120,000 views on YouTube and Facebook. Forty-four posts undertook alumni engagement initiatives, with official launches of the alumni strategy in Brunei, Pakistan, Singapore, the United States and Vietnam.

Through the **Direct Aid Program (DAP)** we funded NGOs and community groups to deliver a range of projects in 112 countries. Many of the projects supported people with disabilities, provided small-scale infrastructure, or encouraged community income generation. For example, DAP enabled the Women's Wheelchair Basketball Federation of India to attend a six-day camp in Thailand and train with Australia's gold medal winning Paralympian Brad Ness—promoting the skills of people with disabilities and gender inclusion, while highlighting Australia's sporting expertise.

We worked with internal and external clients to develop high-quality media and communications products that delivered targeted and timely responses and messaging. These efforts contributed to accurate reporting of our responses to consular and humanitarian crises.



Minister for International Development and the Pacific Senator Concetta Fierravanti-Wells with Direct Aid Program recipients at the Charlotte Maxeke Johannesburg Academic Hospital, South Africa, January 2017. [DFAT/Debbie Yazbek]

US public diplomacy initiative—G'Day USA

In its 14th year, G'Day USA—Australia's flagship public and economic diplomacy program in the United States—brings together the expertise and backing of the Australian Government, state governments and corporate partners in a range of industries to present the best of Australia to one of our largest markets.

Throughout the year, G'Day USA showcased Australia's capabilities in innovation, the creative industries, tourism and education to audiences in California, New York and Washington DC. Ms Bishop anchored G'Day USA activities in Los Angeles, including the US–Australian Dialogue on Cooperation

in the Indo–Pacific, a key pillar of G'Day USA's policy program, and the star-studded Los Angeles Gala on 28 January.


On Australia Day, Texas Governor Greg Abbott and Mr Ciobo co-hosted the Great Australia–Texas Barbeque for influential guests in government and business. Mr Ciobo also hosted a Next Generation Leaders' gathering, bringing together 80 emerging Australian and Texan leaders in technology and innovation.

These activities helped promote Australia as a successful economy, influential global player and natural partner for the United States.



(L. to R.) Minister for Trade, Tourism and Investment Steven Ciobo, Consul-General Houston Alastair Walton, and Ambassador to the United States Joe Hockey at the G'Day USA Great Australia–Texas BBQ at the Governor of Texas' residence, Austin, Texas, United States of America, 25 January 2017. [DFAT]

RESULTS

PERFORMANCE CRITERION	RESULT
<p>Building links, through public diplomacy initiatives, that increase Australia’s influence and further Australia’s interests.</p> <p>Criterion Source Corporate Plan 2016–20, p. 12 Program 1.6, Portfolio Budget Statements 2016–17, p. 38 Program 1.7, Portfolio Budget Statements 2016–17, p. 39</p>	<p> Partially met</p>

CASE STUDY ENHANCING AUSTRALIA’S INFLUENCE AND REPUTATION IN ASIA



Acting Consul-General to Hong Kong Janaline Oh delivers an Australia Day speech highlighting Australia’s achievements in innovation, technology and creativity, Hong Kong, 24 January 2017. [DFAT]

Investing in people-to-people links in our region increases our diplomatic influence; strengthens business linkages; promotes our education, science, research, innovation and education capabilities; and showcases Australia as a contemporary, innovative and open society.

The department and the Australia–ASEAN Council supported the inaugural Australia–Vietnam Young Leadership Dialogue (AVYLD) in Sydney. The overall theme was innovation, with a focus on leadership, education, business and entrepreneurship. The AVYLD showcased the dynamism of people-to-people links and the value in fostering the next generation of entrepreneurs, innovators and community leaders who are well placed to promote the further development of bilateral relations.



Participants in the 2017 Australia–ASEAN Emerging Leaders Program (A2ELP), Sydney, 17 March 2017. [DFAT/Julia Landford]

Our embassy in Dili significantly increased awareness of Australia's development partnership and bonds of friendship between Australia and Timor-Leste, reaching one in four (110,000) Timorese Facebook followers.

The Australia–ASEAN Council launched a restructured Emerging Leaders Program bringing together 15 young social entrepreneurs from Australia and Southeast Asia, creating new people-to-people links between entrepreneurs across Asia. The program has fostered enduring relationships among participants across the region, with group members actively sharing real-time experiences and leveraging opportunities for collaboration.

The Australia–Indonesia Institute continued to foster greater tolerance and understanding through its flagship Muslim Exchange Program (MEP), while its long-running Australia–Indonesia Youth Exchange Program helped young people from Australia and Indonesia to better understand and appreciate each other's culture and way of life. Now in its 15th year, MEP established an unprecedented number of post-MEP collaborative projects in 2017 and has established a strong social media presence with over 3,000 followers.

Our Jakarta embassy used social media platforms extensively to promote the *Year of Australian Lifestyle*. One picture taken during the launch attracted over 51,000 'likes' on Instagram, and thousands more Instagram posts have used the campaign's hashtag as a part of a broader tourism promotion activity.



Reading the news in Makassar: Consul-General Makassar, Indonesia, Richard Mathews helps celebrate 44 years of national TV in Sulawesi, 13 December 2016. [DFAT/Rahmat Idris]

The second annual 'Taste of Australia' was held throughout April across Vietnam's four major cities (Hanoi, Ho Chi Minh City, Danang and Nha Trang). The promotion comprised 24 official events supported by 110 partners and sponsors. It focused on Australian food and beverages available in country and highlighted our expertise in vocational training in the hospitality and fashion sectors. Renowned Australian-Vietnamese chef Luke Nguyen again served as the campaign's official ambassador, while Australian-Vietnamese fashion designer Betty Tran joined as the campaign's fashion ambassador. All events received extensive media coverage in Vietnam.

We supported high-level participation in the second Australia-India Leadership Dialogue, bringing together influential thinkers from both countries, and we funded initiatives through the Australia-India Council grant program to build awareness and understanding between the two countries.

For example, we highlighted Australian technical expertise on smart city technology and future urban development in workshops held in Australia and India. We supported the 'Confluence: Festival of India in Australia,' showcasing dance, music, theatre and visual arts from India. The festival generated almost 900,000 social media engagements and was broadly reported in print media in India and Australia.

We also hosted a visit to Australia by five Indian parliamentarians under the Young MP Program. The visitors expressed their strong desire to further increase our parliamentary engagement. Now in its fifth year, the program has introduced close to 30 young and influential Indian politicians to senior Australian officials and academics.

CASE STUDY FTA/TRADE AND INVESTMENT ADVOCACY



(L. to R.) Assistant Minister for Trade, Tourism and Investment Keith Pitt, Director Bottles of Australia Anton Pemmer, and Assistant Minister for Social Services and Multicultural Affairs Senator Zed Seselja attend an FTA information seminar in Canberra, 2017. [DFAT/Patrick Taylor]

Since March 2015 we have partnered with Austrade to deliver over 80 seminars to promote awareness and utilisation of our FTAs with China, Japan and the ROK. Through the seminars, we reached over 3,200 business representatives across Australia. A priority objective was to highlight the market access opportunities for small business embedded in these agreements. Feedback from participants suggested a strong interest in using FTAs to expand commercial activities.

We gave presentations on how to utilise FTAs and the Government's trade and investment agenda to more than 1,000 customs broker and freight forwarder representatives at conferences around the country. We also used social media to disseminate information on FTAs, particularly to highlight the annual cuts in tariffs under our FTAs with China, Japan and the ROK.

Complementing these efforts, the department ensured that up-to-date FTA information was posted on our website, including factsheets and import/export guides. Our North Asia FTA 'helpdesks' (email inboxes and a dedicated hotline) answered, on average, 40 business enquiries per month.

Overseas, departmental and Austrade officers at our embassies in Beijing, Seoul and Tokyo engaged with Chinese, Korean and Japanese businesses to raise awareness of the opportunities on offer from the North Asian FTAs, including promoting Australia as a destination for productive investment. Our embassies also conducted seminars aimed at encouraging local companies to consider the benefits of doing business in and with Australia. The embassies translated FTA promotional material into Chinese, Korean and Japanese to facilitate their advocacy efforts and to highlight the department's online FTA portal as a resource for companies exporting to Australia.

In tandem with these efforts, the department also worked to provide information and advice to enable the Australian community to engage on the trade and investment policy and negotiations agenda. Together with Austrade, the department commissioned independent market research on the attitudes of Australians to trade and investment. This research will inform the Government's advocacy of the benefits of trade and investment for Australia's long-term prosperity.

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Enhancing Australia's influence

PERFORMANCE CRITERION	RESULT
Informing and influencing media reporting on Australia. Criterion Source Corporate Plan 2016–20, p. 12 Program 1.7, Portfolio Budget Statements 2016–17, p. 39	 Partially met

CASE STUDY INTERNATIONAL MEDIA
VISIT – INDIAN HEALTH JOURNALISTS

The department hosted an international media visit to Australia for three leading Indian health journalists in June 2017. The visit took advantage of the focus on Australia following the Prime Minister’s visit to India in April 2017, where leaders signed an Australia–India Memorandum of Understanding (MoU) on Health and Medicine.

The journalists were from well-respected Indian media outlets—including *The Hindu*, with a daily circulation of around 1.5 million—and specialist health publications.

Working closely with the Department of Health and the Victorian and NSW governments, the visit program showcased Australia’s world-leading health and medical practitioners and academics in digital health, medical technology, mental health, drug harm reduction, tobacco policy, antimicrobial resistance and trauma systems. The journalists also attended Department of Health roundtables on antimicrobial resistance, public health programs on tobacco and health sector regulation.

The journalists remarked on the level of knowledge, expertise and technology in Australia’s health sector, and the relevance of our strengths to high-priority health issues and programs in India.

The media visit allowed federal and state governments and leading health organisations to directly convey messages about Australia’s world-class health sector to an Indian audience. Following the visit, the journalists’ media reporting reached mass and specialist audiences across 16 different publications in both English and Hindi. Stories covered Australia’s world-class expertise and the potential benefit from greater bilateral cooperation between the two countries.

The visit was highlighted on the department’s Twitter account (63,500 followers), High Commissioner New Delhi’s Twitter account (7,200 followers), the Australia in India Facebook page (74,400 followers), and the Australia–India Council Facebook page (10,600 followers).

The MoU and the media visit came at a time when India is focused on improving health outcomes, seeking to cement its role as a global pharmaceutical power and aiming to be a hub for global medical device production and health tourism. Australia’s medical technology and research sector is in a strong position to influence India’s standards and regulations, and to take up commercial opportunities in a sector that is growing rapidly.

REVIEWS

PERFORMANCE CRITERION	RESULT
Public diplomacy activities in line with our <i>Public Diplomacy Strategy</i> . Criterion Source Corporate Plan 2016–20, p. 12 Program 1.7, Portfolio Budget Statements 2016–17, p. 39	<div><div></div> Met</div>

The *Public Diplomacy Strategy 2014–2016* strengthened Australia’s influence, reputation and relationships internationally by promoting a clear, creative and confident vision of Australia. Throughout the year, our posts delivered a significant number of public diplomacy initiatives. A key focus was

increasing international exposure of the world’s oldest living culture. We launched an *Aboriginal and Torres Strait Islander Peoples Engagement Toolkit*—a practical reference guide for staff on how to represent Australia’s Indigenous culture.



Australian jazz band ‘Syncopators’ conduct workshops with students at the Music and Dance Conservatoire of Mongolia, Ulaanbaatar, Mongolia, 22 May 2017. [DFAT/Rentsendorj Bazarsukh]

On Australia Day we launched the *Australia now* program in Germany to promote our culture, innovation and science credentials. Australia's Chief Scientist led a forum on key science and innovation challenges and opportunities for the coming decades. Over 130 Australian and German innovation leaders from start-ups, established businesses, academic institutions and government attended, building connections and collaborations for the future.

By supporting the Asia–Pacific Triennial of Performing Arts (AsiaTOPA), we leveraged culture for diplomatic and business purposes. AsiaTOPA reached a live audience of 900,000 and an estimated 272 million people through digital and broadcast media—helping to foster institutional connections and advance Australia's interests.

In 2016–17 the department's International Media Visits Program hosted journalists from around the world. This program enabled visiting journalists to learn more about Australia's approach to multiculturalism, science and technology, sustainable mining, foreign investment, creative industries and health policy. The articles published as a result of the visits presented Australia as an innovative, open and highly productive country.

Our sports diplomacy promoted Australia in major events such as the 2016 Rio Olympics and the Queen's Baton Relay. The Pacific Sports Partnerships program collaborated with 15 sporting organisations, delivering targeted programs in nine countries. The new Asian Sports Partnerships program helped organisations implement sports programs focused on gender equality, disability inclusion and peace building in 18 countries. All posts reported on public diplomacy initiatives, providing visibility across the department and an evidence base for continuous improvement. In 2016–17 the department prioritised improving monitoring and evaluation capability across the public diplomacy program.

Our foundations, councils and institutes managed more than 200 grants for Australian artistic, academic, scientific and technological endeavours and cultural awareness programs in support of our international policy objectives.



Australia–Middle East Journalism Exchange study tour of the Middle East (L. to R.) Helena Game, Naomi Avery, Sarah Kleven, Chester Ward, supported by the Council for Australian–Arab Relations, 2016. [Scott Bridges]

PERFORMANCE CRITERION**RESULT**

Stakeholder engagement, including through departmental and embassy websites and social media platforms, in line with our *Digital Media Strategy*.

 Met

Criterion Source

Corporate Plan 2016–20, p. 12

Program 1.7, Portfolio Budget Statements 2016–17, p. 39

Our departmental website (dfat.gov.au) is 12th in federal government website rankings, receiving over 4.3 million users and 16.7 million page views in 2016–17. Most users were from Australia (61 per cent), followed by the United States (4.3 per cent), Indonesia (2.9 per cent), India (1.8 per cent) and the United Kingdom (1.7 per cent).

Together the department's global network of nearly 100 embassy websites reached over 10.2 million users with over 33.3 million page views. Australia's embassy in Beijing had the most website visits with over 5.3 million page views.

In line with the department's inaugural *Digital Media Strategy*, our social media presence continued to expand and mature, reflecting the diverse online preferences and interests of the Australian public and our international audiences.

Figure 14: Foundations, councils and institutes

The department's Foundations, Councils and Institutes (FCIs) provided ongoing support for Australia's foreign and trade policy. The FCIs managed 223 grants comprising a cross-section of Australian artistic, academic, scientific and technological endeavours and cultural awareness programs.



AUSTRALIA-ASEAN COUNCIL

Eighteen new project partnerships focused on women in leadership; education; media; arts and culture; and innovation. BRIDGE school partnerships continued to develop important people-to-people links between Australia and the countries of Southeast Asia.

18 GRANTS



AUSTRALIA-CHINA COUNCIL

High-profile performances and exhibitions, such as the Tasmanian Symphony Orchestra's tour of Jiangsu, Shanghai and Fujian, and artist Lisa Roet's public artwork Golden Snub-nosed Monkey at the Opposite House in Beijing, gave Chinese audiences a taste of Australia's diverse artistic talent. Alongside arts and culture, the Council supported education, sports and economic diplomacy projects.

32 GRANTS



AUSTRALIA-INDIA COUNCIL

The Council focused on Australia's foreign and trade priorities, economic and innovation agenda, and better harnessing of the Indian diaspora. Nineteen high-quality grant projects allowed Australians to share knowledge and expertise with Indian counterparts, building ties between the two countries.

19 GRANTS



AUSTRALIA-INDONESIA INSTITUTE

The Institute built ongoing linkages through a range of activities, including the screening at AsiaTOPA Festival of Garin Nugroho's film *Satan Jawa*. The live score was delivered by the Melbourne Symphony Orchestra and an ensemble of 20 Indonesian gamelan players and singers.

26 GRANTS

Figure 14: Foundations, councils and institutes (continued)



AUSTRALIA-JAPAN FOUNDATION

The Foundation supported emerging leaders; gender, diversity and inclusion; and Australia–Japan innovation collaboration. The Prime Minister’s speech at Parliament House to mark the fortieth anniversaries of the Foundation and the bilateral Basic Treaty of Friendship in 2016 received good televised coverage in Japan. Projects in 2017 marked the sixtieth anniversary of the Commerce Agreement.

50 GRANTS



AUSTRALIA-KOREA FOUNDATION

Supported projects in four priority areas of economic diplomacy and geopolitics, technological and scientific innovation, building cultural understanding and reciprocal Australian and Korean studies. Highlights included fashion and sports diplomacy.

47 GRANTS



COUNCIL FOR AUSTRALIAN-ARAB RELATIONS

The Council engaged with both Australian and Arab communities, amassing a significant social media following, and supported a visit to the region by the board’s chair, who opened an exhibition in Jordan commemorating ANZAC involvement in the 1916–18 Great Arab Revolt.

14 GRANTS



COUNCIL ON AUSTRALIA LATIN AMERICA RELATIONS

The Council funded 17 projects across the region and launched the inaugural Australia Latin America Young Entrepreneur Award to encourage and profile business linkages between Australia and Latin America.

17 GRANTS

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Enhancing Australia's influence

Figure 15: DFAT social media presence 2016–17

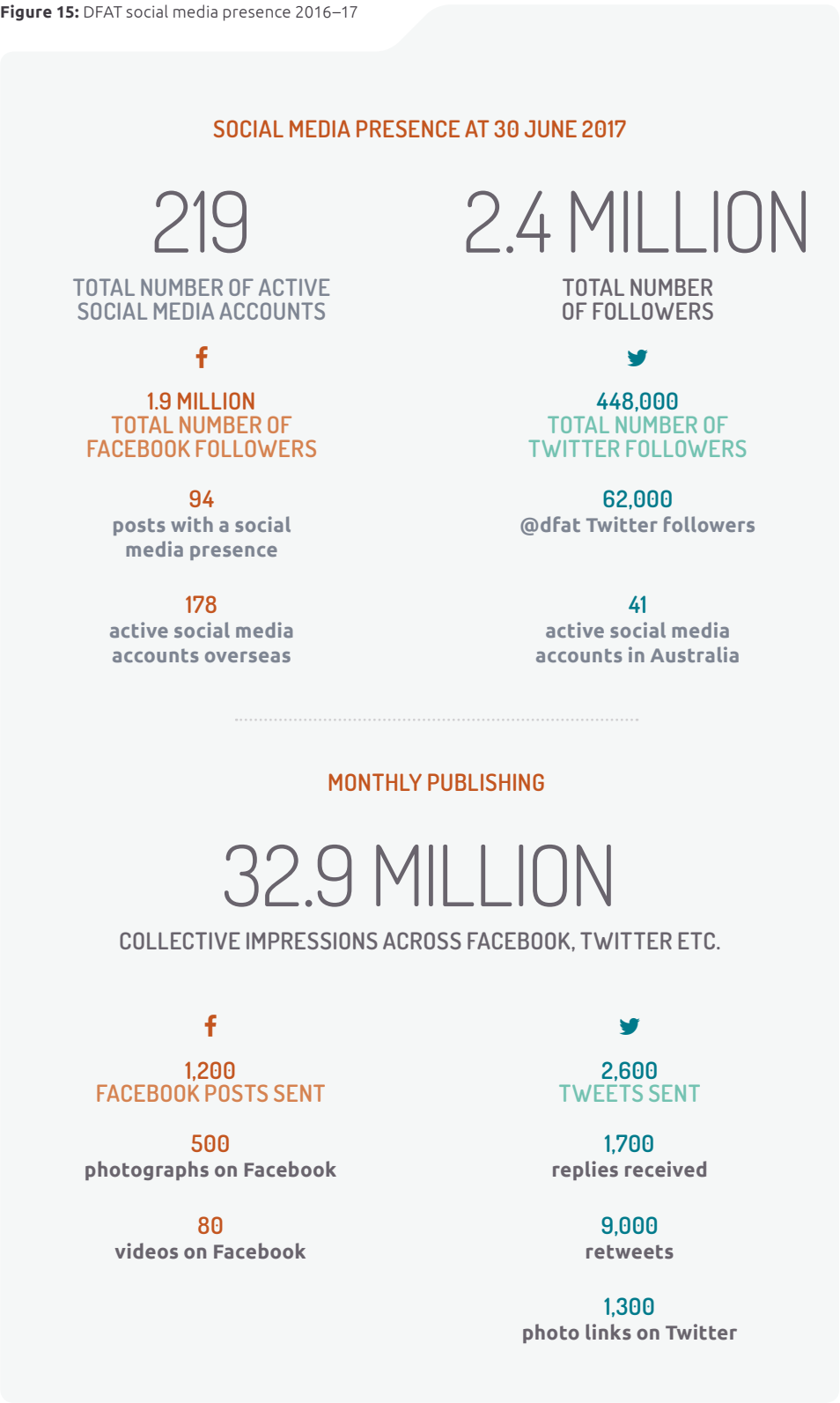
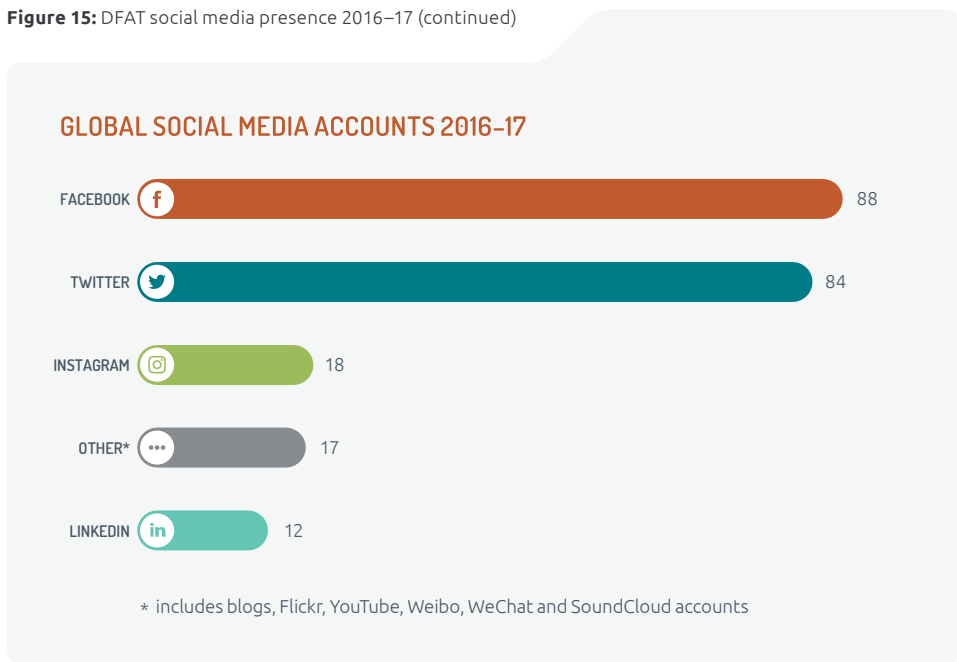


Figure 15: DFAT social media presence 2016–17 (continued)



The department continued to test new platforms, such as WeChat, podcasts and blogs, to assess which channel and type of content would best reach local audiences.

The DFAT blog (blog.dfat.gov.au) launched in December 2016, received 30,000 page views of 49 posts by ministers, ambassadors, our staff and stakeholders. Its conversational style allowed us to communicate policies and priorities in plain language and to engage with the Australian community by responding to comments and answering questions.

We established a corporate Facebook page ([facebook.com/dfat.gov.au](https://www.facebook.com/dfat.gov.au)) in November 2016, which gained 8,000 followers in its first seven months and created a corporate Instagram account ([instagram.com/dfat](https://www.instagram.com/dfat)) in June 2017 to illustrate the difference we made around the world.

Beyond the numbers, our enhanced digital engagement meant we were better able to connect with government and non-government organisations, business and community groups, and draw on these conversations to design and deliver more responsive and effective policies, programs and services.

We continued to explore new ways of engaging with audiences, including through live streaming events and hosting Q&A sessions on Facebook with the Minister for Foreign Affairs on the Foreign Policy White Paper, with undergraduate candidates for the New Colombo Plan, and with the Ambassador for Women and Girls to promote gender equality. We used social media to leverage high-profile events around the world. This included international days and observances, and other public diplomacy opportunities, such as Australia's participation in the Rio Summer Olympics and Paralympics, Eurovision 2017, the Venice Biennale and the 75th anniversary of the Battle of the Coral Sea.

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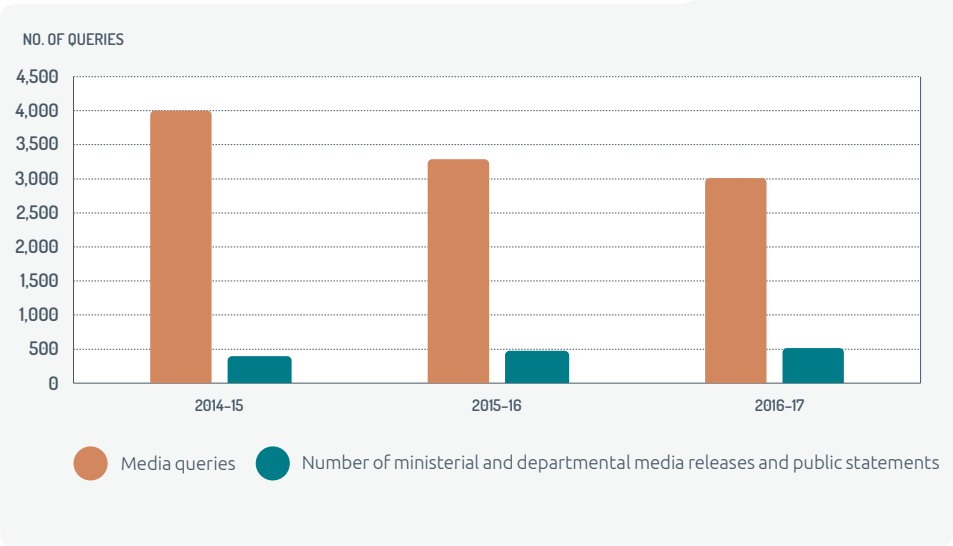
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Enhancing Australia's influence

PERFORMANCE CRITERION	RESULT
The management of domestic and international media enquiries, including departmental responses.	<div><div></div>Partially Met</div>
Criterion Source Corporate Plan 2016-20, p. 12 Program 1.7, Portfolio Budget Statements 2016-17, p. 39	

Figure 16: Media queries 2014-15 to 2016-17



We handled 2,994 media queries from both Australian and international media and prepared 510 media releases and public statements for portfolio ministers and the department. These figures were 3,293 and 460 respectively in 2015-16, and around 4,000 and 404 in 2014-15.

The decline in the overall number of media inquiries reflects the increasing reach of the department’s online presence. The higher figures in previous years also reflect intense media interest in particular matters that arose during those periods.

Our overseas posts managed several thousand foreign media enquiries. We managed media arrangements for high-level visits overseas, including the East Asia Summit, APEC and the Pacific Islands Forum,


and bilateral visits in Australia, including AUSMIN and the visit by Chinese Foreign Minister Wang Yi.

Two thirds of our media queries concerned consular matters. High-profile cases generated significant media interest, as did the department’s support for Australians affected by major incidents overseas, including terrorist attacks. We also handled a high volume of media queries concerning Australia’s trade agenda and development assistance overseas.

Assessing the quality of our responses to media enquiries is an inherently subjective exercise. However, we are confident that our responses were consistently accurate and appropriate. We did not formally

measure media enquiry response times this year but have implemented a new process to measure timeliness that will allow the department to report on this requirement in 2017–18.


EVALUATION

PERFORMANCE CRITERION	RESULT
Implementation and effectiveness of our <i>Public Diplomacy Strategy 2014–16</i> .	 Partially Met
Criterion Source Corporate Plan 2016–20, p. 12	

The department engaged Deakin University to evaluate the implementation and effectiveness of the *Public Diplomacy Strategy*. The evaluation, which is expected to be received later this year, will provide an

evidence base to support a new multi-year public diplomacy strategy, to be developed after the release of the Foreign Policy White Paper.

REVIEWS

PERFORMANCE CRITERION	RESULT
More Australian undergraduates supported to study and intern in the Indo–Pacific region.	 Met
Criterion Source Program 1.6, Portfolio Budget Statements 2016–17, p. 38	

In 2017 the New Colombo Plan provided 7,440 mobility grants—up from 5,450 in 2016—and 105 scholarships—up from 100 in 2016.

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Enhancing Australia's influence

PERFORMANCE CRITERION	RESULT
<p>NCP participants build relationships in the region and promote the value of the NCP experience.</p> <p>Criterion Source Program 1.6, Portfolio Budget Statements 2016–17, p. 38</p>	<p> Met</p>

NCP created new people-to-people links by supporting Australian undergraduates to study and intern in 34 countries across the region.

Internships, mentorships and practicums are a major value-add for NCP students, helping them to enhance their skills in real life situations, build cross-cultural competencies and improve their employability.

NCP students and alumni regularly promote the program. For example, scholarship

alumni Emma Roberts and Scott Gigante participated in a panel at the annual forum of the International Education Association of Australia in August 2016, and spoke about how they had benefited from their NCP experience. And NCP scholar Xavier Ekkel shared his experience at an event in Seoul, hosted by the Minister for Foreign Affairs in February 2017, to launch the Australian Embassy’s NCP Mentorship and Internship Program in Korea. The event was attended by businesses, Korean officials and Australian students.



New Colombo Plan (NCP) Scholar Justin Whittle introduces Ambassador to Thailand Paul Robilliard to his special field of study—entomophagy or ‘edible insects’—at a night market in Bangkok. Also pictured are fellow NCP Thailand Scholars Thomas Da Jose and David Coleman, NCP Video released 13 July 2016. [DFAT]

PERFORMANCE CRITERION

RESULT

Universities, the private sector and partner governments support the implementation of the NCP.

 Met

Criterion Source

Program 1.6, Portfolio Budget Statements 2016–17, p. 38

Forty Australian universities participated in the NCP mobility program, facilitating the building of new networks and broadening partnerships with institutions across the region.


Australian firms participating in the NCP recognised the value to their businesses from graduates and potential future employees who are regionally aware and have practical experience of the Indo–Pacific region. According to Angela Mentis from NAB, providing internships to NCP students in multiple Asian locations has delivered positive returns.

‘Upon graduation, these young Australians are bringing greater language and cross-cultural skills and experience of working in our region to the Australian workforce.’

In his address to the Australian Parliament in October 2016, Singapore’s Prime Minister Lee Hsien Loong said,

‘I am glad that Foreign Minister Julie Bishop had the vision to champion the New Colombo Plan. By the end of this year, Singapore universities will have welcomed some 800 Australian New Colombo Plan students. They will continue the spirit of exchange and build and renew the connections and goodwill between our peoples into the next generation.’

Other regional governments have also embraced the NCP. For example, in the chairman’s statement of the first ASEAN–Australia Biennial Summit, in September 2016, ASEAN leaders welcomed Australia’s NCP initiative to promote people-to-people exchanges.

PERFORMANCE CRITERION	RESULT
Alumni are engaged through networks that foster professional development and ongoing connections with the region.	 Met
Criterion Source Program 1.6, Portfolio Budget Statements 2016–17, p. 38	

We expanded the NCP alumni program, offering opportunities for more than 8,000 NCP alumni to maintain their connections with the region. We held an increased number of professional development and high-level networking events, aimed at keeping alumni engaged with the region.

The Australian Universities International Directors’ Forum published data confirming growth in student mobility to Asia by 32 per cent from 2014 to 2015, crediting the NCP for much of this growth.

STRENGTHENING INTERNATIONAL FRAMEWORKS AND NORMS

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Strengthening international frameworks and norms

OVERVIEW AND ANALYSIS

The multilateral system is founded on the idea that global order should be based on agreed rules rather than power alone. When the system operates effectively, Australia is more prosperous and secure. When the international environment is uncertain, we need to engage actively and build coalitions with like-minded countries to serve our interests.

We intensified efforts to secure constructive multilateral outcomes over the year, advancing our interests in the United Nations (UN), promoting measures for the conservation and sustainable use of oceans, strengthening a rules-based order and supporting global security.

OUR ENGAGEMENT IN THE UN

This year we supported the Prime Minister, Minister for Foreign Affairs and Minister for Immigration and Border Protection at the **71st session of the UN General Assembly's High-Level Week**, as they advocated Australian responses to global challenges such as refugees, climate change, water management and gender equality. Ms Bishop highlighted Australia's commitment to human rights and promoted our UN Human Rights Council candidacy for the 2018–2020 term.

We led high-level consultations with UNDP, UNICEF, UNFPA, UN Women and UNCDF in Fiji. **Holding talks for the first time in the Pacific** enabled UN officials to see the challenges facing our region and the importance of building resilience, reducing vulnerability to natural disasters and economic shocks, and gender equality. UN representatives recognised Australia as a valued partner with deep and enduring connections to the Pacific.

OCEANS

In the UN General Assembly, we played a leading role negotiating resolutions on sustainable fisheries and the Law of the Sea and advocating our interests in the **conservation and sustainable use of oceans**. We led negotiations for a new global treaty for the conservation and sustainable use of high seas biodiversity, including by convening a regional workshop with the Pacific Oceans Commissioner and the Pacific Oceans Alliance in Fiji. We supported the Minister for International Development and the Pacific who led Australia's delegation to the inaugural UN Ocean Conference in June 2017, where we showcased Australia's management of marine areas and highlighted our assistance to regional countries.

We provided legal and policy advice to support Australia's operational responses and regional enforcement action against **illegal, unreported and unregulated fishing vessels**—an effort that has seen significant reduction in such activity. Our legal advice also supported efforts to improve fisheries management through Australia's engagement in regional fisheries management organisations.

RULES-BASED ORDER

The department worked to strengthen the international rules-based order and secure greater accountability under international law, including by co-leading efforts to bring to justice those responsible for the downing of **MH17**. We also supported the establishment by the UN General Assembly of the **Syria Accountability Mechanism**, which seeks to identify those responsible for the most serious crimes under international law committed in Syria since March 2011.

We led Australia's engagement in the **Antarctic Treaty** system, including at the Antarctic Treaty Consultative Meeting in Beijing in May 2017. With the Australian Antarctic Division, the department conducted an inspection of the United

States' Amundsen–Scott South Pole Station in accordance with the Antarctic Treaty. Such inspections help promote adherence to treaty norms, maintain a strong, effective treaty system and preserve our sovereignty over the Australian Antarctic Territory.

The department worked to implement the resolutions from the 32nd International Conference of the Red Cross and Red Crescent, including to **strengthen protections afforded to detainees** in non-international armed conflict and to enhance compliance with international humanitarian law.

We worked towards an agreement with Timor-Leste on **maritime boundaries** through a non-binding conciliation commission established under the UN Convention on the Law of the Sea. We also defended two arbitrations commenced by Timor-Leste (these have now been withdrawn as part of the conciliation). To ensure both countries continue to benefit from petroleum operations in the Timor Sea prior to agreement of a maritime boundary, we engaged with key investors to preserve business certainty and support regulatory stability.

Working with the Department of Health, we ran Australia's successful campaign for re-election to the **Commission on Narcotic Drugs**—one of two governing bodies of the United Nations Office on Drugs and Crime. Australia produces over half the world's pain relief drugs under the existing drugs control regime and is a strong advocate for greater global access to controlled drugs. Re-election retains our voice in this important forum.

To disrupt trafficking of crystal methamphetamine ('ice') and its precursors more effectively, and in line with recommendations from the National Ice Taskforce, we worked with the Australian Federal Police to develop an international ice engagement strategy. We are helping to implement the strategy by building regional political support for strengthened law enforcement cooperation that addresses ice trafficking.

SECURITY

The **international security environment** has become increasingly complex and

contested, with significant multilateral polarisation evident in international forums.

North Korea has exacerbated this problem through the provocative development of illegal nuclear weapons and ballistic missile programs. We pressed strongly for implementation of unanimously agreed UN Security Council resolutions and sanctions against North Korea. We renewed our focus on strengthening the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) through the Non-Proliferation and Disarmament Initiative, and promoted the 2010 NPT Action Plan that is a consensus document. In underlining the necessity for an inclusive approach to multilateral nuclear disarmament taking into account the security dimensions of the issue, we focused on practical measures that have broad support, including:

- promoting early entry into force of the Comprehensive Nuclear-Test-Ban Treaty (CTBT), which underpins the global norm prohibiting nuclear testing
- advocating for negotiations on a Fissile Material Cut-Off Treaty
- progressing nuclear disarmament verification initiatives.

Maintenance of the global norm against **chemical weapons usage**—which came under serious challenge during the year—requires strong advocacy and practical action. As Australia Group Chair, we led regional outreach efforts promoting robust export control arrangements to prevent the proliferation of chemical and biological agents for use in weapons of mass destruction programs and by terrorist groups. We secured an Australia Group statement expressing grave concern at the use of chemical weapons, including the use of sarin against civilians in Syria on 4 April, chemical weapon attacks conducted by ISIL, and the reported use of a banned nerve agent to assassinate North Korean national, Kim Jong-Nam, in Kuala Lumpur Airport.

Illegal and irresponsible arms transfers pose a threat to global peace and security, particularly in fragile states. We worked across the range of conventional arms architecture, promoted universalisation of the Arms Trade Treaty and supported mine action programs.

We advocated domestically on international security issues, including through regular input into deliberations before the National

Security Committee of Cabinet, the Secretaries' Committee on National Security and the National Intelligence Coordination Committee. We also contributed to national-level policy responses on defence, cyber and counter-terrorism.

RESPONDING TO TERRORISM

In response to growing terrorist challenges, the department was active in bilateral, regional and multilateral counter-terrorism (CT) forums. The department implemented and administered UN sanctions regimes applying to terrorism and undertook a mandatory three-year review of CT financial sanctions listings. We promoted CT cooperation through representations, advocacy and consultations, as well as through negotiating international CT arrangements. We delivered CT and countering violent extremism capacity-building assistance, focusing mainly on Southeast Asia.

SHAPING INTERNATIONAL LAW AND ASSOCIATED NORMS IN OUR REGION

Geopolitical shifts and the contest for influence in our region are challenging the rules and norms Australia has relied upon for decades for our security and prosperity. Our efforts to strengthen regional architecture and improve adherence to international law and associated norms are critical in shaping our strategic environment.

Led by the Ambassador for People Smuggling and Human Trafficking, we strengthened regional engagement in **combating people smuggling, human trafficking and modern slavery**. We played a lead role in the negotiation of a third country resettlement arrangement with the United States for refugees currently in regional processing centres (RPCs) on Nauru and Manus Island. The People Smuggling and Human Trafficking Taskforce continued discussions with other countries to keep expanding options for people in RPCs.

We used the **Bali Process** to improve coordination against irregular maritime movement of people within our region. Bilateral and multilateral partners welcomed these efforts, including UN agencies. As co-chair with Indonesia, we took forward commitments agreed by all

members at the ministerial conference held in March 2016, including:

- implementation of a review of the response to the 2015 events in the Andaman Sea
- establishment of a consultation mechanism to facilitate talks among affected countries on emergency irregular migration situations
- creation of a new Task Force on Planning and Preparedness to assist countries prepare for and respond to future such events.

We also led efforts with Indonesia to develop the Bali Process Government and Business Forum, which aims to bring together governments and the private sector to prevent and combat human trafficking and modern slavery.

In the **East Asia Summit**—the region's premier leaders-level forum for addressing strategic challenges—the department helped secure a Leaders' Statement on Non-Proliferation, which addressed the threats of North Korea's provocations and nuclear terrorism. By hosting EAS and ASEAN Regional Forum meetings, including at experts-level, we promoted regional maritime security cooperation and capacity building and built understanding of shared strategic challenges. With the Department of Defence and other agencies, we managed government policy on the South China Sea in support of regional peace and stability.

AUSTRALIA'S TREATY MAKING PROCESS

We managed the domestic aspects of Australia's treaty-making process, tabled 19 major treaty actions in Parliament and referred eight minor treaty actions for consideration by the Joint Standing Committee on Treaties. We facilitated signature by Australia of 18 treaties. We supported treaty negotiations across government, including for the Framework Agreement for the Future Submarine Program between Australia and France. With the Department of Industry and Science, the department engaged in multilateral negotiations to establish a Square Kilometre Array (SKA) observatory at sites in Australia and South Africa. The SKA will be the largest radio telescope ever constructed and will enhance Australia's reputation as a global leader in radio astronomy.

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Strengthening international frameworks and norms

Countering ISIL

The Islamic State in Iraq and the Levant (ISIL) is the most prominent and dangerous terrorist organisation in the world today. Despite its loss of territory in Syria and Iraq, it has proved to be highly adaptable and its ideology has continued to resonate in the Middle East, Africa, Europe, and South and Southeast Asia. With its spread into our region, and the return of foreign fighters to Australia, ISIL directly affects our core national interests. ISIL-inspired attacks across these regions indicate that the group is moving from controlling territory to executing terror attacks abroad, either directly or through sympathisers who attack in its name. Concerted global counter-terrorism efforts will be needed for many years to combat this lethal threat.

The department pursued a multi-faceted approach to countering ISIL. We supported the Counter-ISIL Coalition in providing diplomatic support

to Australian military efforts in training Iraqi forces and delivering airstrikes in Iraq and Syria. We contributed to whole-of-government efforts to degrade ISIL's financing and economic infrastructure through sanctions, prevent cross-border movement by foreign terrorist fighters, counter ISIL's extremist narratives and support stabilisation and restoration of essential services in liberated areas in Iraq and Syria.

Australia also made a significant humanitarian contribution in Iraq and Syria. The department has committed over \$433 million in humanitarian assistance in response to the Syrian crisis since 2011, including the \$220 million Syria Crisis Humanitarian and Resilience Package (over three years from 2016). We have provided \$180 million in humanitarian assistance in response to the Iraq crisis since June 2014, including a \$100 million multi-year package announced in April.



Ambassador Christopher Langman (in blue shirt), with Staff Major-General Falah al-Muhammadawi (at Ambassador's right) at the opening of the Australian-funded small arms training range at the Iraqi Counter-Terrorism Service Academy, Al Taji Military Base, Iraq, 19 September 2016. [DEPARTMENT OF DEFENCE/Craig Cunningham]

Supporting Women and Security

We signed a new four-year partnership agreement with **UN Women** to secure a clearer alignment of priorities and guaranteed core funding. We worked closely with like-minded countries to defend gender equality gains in an increasingly challenging global environment. Reflecting the growing significance of the Women, Peace and Security Agenda (WPS), we designated our first WPS National Focal Point, became a founding member of the cross-regional WPS National Focal Points Network, and joined the Governing Board of the UN's Global Acceleration Instrument for Women, Peace and Security. We funded efforts to address violence against women and develop innovative measures to overcome the gender data gap.

The new **Ambassador for Women and Girls**, the Hon. Dr Sharman Stone, commenced in January 2017 and continued Australia's strong advocacy of gender equality. Ambassador Stone visited 11 countries and twice represented Australia at the UN.

At the **UN Commission on Crime Prevention and Criminal Justice**, Australia (with Mexico) secured adoption of a resolution recognising the need to protect women as victims of crime and to consider the needs of women coming into contact with the criminal justice system. Its adoption builds Australia's credentials on gender empowerment

and human rights, and reinforces our domestic efforts to combat violence against women.

We provided \$226 million for **UN peacekeeping missions**, making Australia the 11th largest contributor overall. Our support helped peacekeeping missions to increase stability in conflict and post-conflict countries. We endorsed the Kigali Principles on the Protection of Civilians, which provide guidance on how UN peacekeepers can protect civilians facing violence.



Raising the profile of women in defence and policing, High Commissioner Mauritius Susan Coles (4th from right), Deputy High Commissioner Lorena Lopez de Herd (4th from left) and the local 'Women in Uniform' Committee, undertake a shipboard tour during the visit of the USS Cole to Mauritius in 2016. [DFAT/Yasmin Hosanoo]

MH17 update

Since Russia vetoed the establishment of an international tribunal under Chapter VII of the UN Charter in July 2015, the department has made the identification of a viable prosecution mechanism a key priority. Acting on this was a complex exercise given the range of jurisdictions involved.

On 16–17 May 2017 the department chaired a Joint Investigation Team (JIT) officials meeting in Canberra that successfully negotiated a common position on the prosecution option. JIT officials agreed to announce that prosecutions would take place within the Dutch national system to hold to account those responsible for the downing of flight MH17 on 17 July 2014.

Subsequently, on 5 July 2017, the JIT partners publicly announced that these prosecutions would take place.

The prosecution approach reflects a commitment to securing justice for the 298 victims and is an important step towards holding the perpetrators accountable. Bringing suspects to trial would send a strong message about Australia’s commitment to a rules-based international system.

Providing political and practical support for the prosecutions, including through our diplomatic network, remains a key priority for the department.

RESULTS

PERFORMANCE CRITERION

Providing whole-of-government leadership and coordination on multilateral issues and in multilateral forums.

Criterion Source

Corporate Plan 2016–20, p. 13
Program 1.5, Portfolio Budget Statements 2016–17, p. 37

RESULT

 Met

CASE STUDY REINFORCING AND ADVANCING GLOBAL HUMAN RIGHTS NORMS

Australia is a proactive and principled advocate for human rights globally. We support international human rights institutions and mechanisms that promote stability, inclusive economic growth, reduce poverty, and contribute to the development of international human rights norms.

To achieve these goals, the department takes a coordinated whole-of-government position to multilateral negotiations, participating annually in the three sessions of the Human Rights Council (September, March and June) and the United Nations’

Third Committee (October/November). The department leads Australia’s international engagement, including through its UN posts in Geneva and New York.

Australia’s human rights performance, especially in relation to Indigenous Australians and asylum seekers, has continued to receive close and often critical scrutiny by local and international civil society and media, as well as UN special rapporteurs and working groups. We responded to such scrutiny by providing accurate information about Australia’s

policies and engaging in frank dialogue. We received visits by five special rapporteurs during the year (indigenous rights, human rights defenders, violence against women, the rights of migrant workers and racism), demonstrating Australia's longstanding and firm commitment to openness and international accountability.

During the reporting period, Australia contributed to, or voted on, more than 200 human rights-related resolutions and delivered over 70 national and joint statements. The department coordinated the development of whole-of-government positions in a variety of multilateral forums on a diverse range of human rights issues including migration, countering violent extremism, climate change, women's health, domestic violence, democracy and the rule of law, right to food and right to privacy.

Our efforts throughout the year helped shape global norms. For example, we worked with Canada and European partners to champion the equal application of international human rights law to lesbian, gay, bisexual, transgender and intersex (LGBTI) people and to set up the Equal Rights Coalition—a first-of-its-kind diplomatic network dedicated to achieving non-violence and non-discrimination for LGBTI people.


Working with the Department of the Prime Minister and Cabinet, and in line with the department's Indigenous Peoples Strategy,

we supported indigenous participation in multilateral organisations, including the UN Economic and Social Council. With Austrade and Efic, the department is working to improve access for Indigenous Australian businesses to international commercial opportunities. We initiated a study by the Expert Mechanism on the Rights of Indigenous Peoples into good practices and the challenges faced by Indigenous businesses. Our constructive contribution with the Department of the Prime Minister and Cabinet at the UN Permanent Forum on Indigenous Issues in April 2017 attracted positive responses from other states.

The department promoted the evolution of global norms concerning business and human rights, including a range of issues from modern slavery and human trafficking to workplace and gender discrimination, by working closely with whole-of-government partners. We led broad national consultations on the UN Guiding Principles on Business and Human Rights (UNGPs) with Australian business and civil society and established a formal Multi-Stakeholder Advisory Group of experts in 2016. To address issues arising from these consultations, the department is continuing to work closely with agencies across government, including the Departments of Industry, Employment and the Attorney-General.



Wityana Marika (left) from Indigenous Australian band Yothu Yindi performs alongside other Indigenous leaders and performers at the 2016 World Indigenous Business Forum in Saskatoon, Canada, 25 August 2016. DFAT supports Indigenous Australians to participate in the Forum. [DFAT/Sheena Graham]

PERFORMANCE CRITERION	RESULT
Shaping multilateral outcomes, institutions and norms to advance Australia's interests. Criterion Source Corporate Plan 2016–20, p. 13 Program 1.5, Portfolio Budget Statements 2016–17, p. 37	 Met

CASE STUDY THE UN: PREVENTING CONFLICT AND SUSTAINING PEACE

Conflict between or within countries can cause immense human suffering, reverse development gains and accelerate refugee flows. It has been widely accepted for some time that the UN should focus in a more coordinated way on conflict prevention, rather than waiting for crises to develop. Australia is playing a central role in moving the UN closer to achieving this objective.

In 2016 the department co-chaired an intense and complex negotiating process to secure the first-ever UN resolution:

- acknowledging that conflict prevention should be the shared responsibility of the entire UN system, including agencies that deliver aid programs with developing countries
- mandating the UN Secretary-General to undertake reforms to achieve a more coordinated and coherent effort towards this end
- recognising that increased, predictable funding for the UN's conflict prevention efforts is critical.

Our post in New York convened open and constructive negotiating sessions and built support among the whole membership in a way that ensured passage of the resolution through both the UN General Assembly and Security Council.

Taking forward the actions envisaged in the resolution, we continued to support the UN's conflict prevention efforts. The department contributed to the UN's Department of Political Affairs, which has mediation and prevention of conflict at the heart of its work. We also made a substantial financial contribution (\$10 million, over three years) to the UN's Peacebuilding Fund (PBF), which delivers funding for services and programs to help countries emerging from conflict. The PBF helps resettle internally displaced people, provide water and sanitation to conflict-affected communities, and re-integrate ex-combatants (including children) into society. The PBF supports over 200 projects in 27 countries, including countries in our region such as Sri Lanka, Solomon Islands and Papua New Guinea.

Australia also remains an active member of the Group of Friends of Sustaining Peace at the UN headquarters in New York in order to assist ongoing efforts to implement the resolution.

CASE STUDY THE PARIS AGREEMENT ON CLIMATE CHANGE AND THE GREEN CLIMATE FUND – STRENGTHENING PARTNERSHIPS TO DELIVER FOR THE REGION

Australia ratified the Paris Agreement in November 2016, demonstrating the Government's commitment to strong international action on climate change. As chair of the influential Umbrella Group of countries, we led efforts to implement the agreement from 2020.

The department helped deliver on Australia's climate change commitments, including the Government's decision to allocate at least \$1 billion over five years from the aid program to support developing countries build climate resilience and reduce emissions.

We increased integration of climate considerations into the broader aid program, through specific actions such as a new climate program in the Pacific to implement the Prime Minister's \$300 million announcement made in September 2016.

We also implemented Australia's \$200 million contribution over four years (2015–18) to the Green Climate Fund (GCF) that helps developing countries address the impacts of climate change. It also supports these countries achieve economic growth more sustainably, which in turn strengthens the stability of our region. This contribution is part of Australia's commitment to the UN Framework Convention on Climate Change.

As co-chair of the GCF Board for 2016 and 2017, with South Africa and Saudi Arabia respectively, the department worked hard to help strengthen GCF governance, effectiveness and operations. We helped develop the fund's policies, streamline its processes, and identify vulnerabilities and investment opportunities

in our region. The newness of the GCF as an institution, with a board still determining how best to operate and a secretariat still building its capacity, meant delivering these achievements required significant investment by the department. Expectations of the GCF, especially from developing country partners, were high.

The GCF board meeting in Samoa in December 2016 brought the GCF board to the Pacific for the first time and provided an opportunity to highlight the climate change impacts the region faces.

Our strong advocacy for Pacific countries delivered approval of US\$251 million by the GCF board for six proposals in Cook Islands, Fiji, Samoa, Solomon Islands, Tuvalu and Vanuatu. During Australia's co-chair term, the board also approved US\$2.1 billion for 35 projects, including US\$1.2 billion for 11 private sector projects that leverage institutional investors and support innovative approaches to renewable energy and energy efficiency.

The department strengthened engagement with stakeholders to develop a pipeline of GCF projects, including in the Pacific. We worked closely with Pacific countries and GCF implementing partners, such as the World Bank, Asian Development Bank, Secretariat of the Pacific Regional Environment Programme and the United Nations Development Programme to improve the quality of proposals in the region. Our advocacy with civil society and business resulted in a number of organisations considering GCF implementing partner status.

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Strengthening international frameworks and norms

PROVIDING PASSPORT, CONSULAR AND PROTOCOL SERVICES

OVERVIEW AND ANALYSIS

PASSPORT SERVICES

The department provided Australians with a secure, efficient and responsive passport service, which met the standards outlined in the Australian Passport Office (APO) client service charter.

The department concluded the **Passport Redevelopment Program** (PRP), which has delivered enhanced application, assessment and analytics capabilities for the passport process and significant improvements in passport production.

Passport demand increased by 5.5 per cent in 2016–17. APO issued a record 2,070,038 passports, including 8,075 emergency travel documents, and we provided support for Australians who reported 43,756 lost or stolen passports during the year. Turnaround time for processing ordinary passports fell 38 per cent in 2016–17 and we achieved the priority processing standard of two days in 98.3 per cent of cases.

Our campaign to encourage passport applicants to start their applications

online resulted in 63 per cent of applicants completing online forms in June 2017, significantly reducing error rates and processing times. The APO also conducted a public campaign promoting the 10-year validity of new passports for 16 and 17 year-old children.

We concluded the second phase of the Data Warehouse project to enable development of advanced analytics and improved business intelligence functionality for better evidence-based decision-making. This project assists with **fraud detection and management** through large-scale data manipulation, advanced statistical algorithms and machine learning techniques.

We drew on international best practice to enhance our passport **security and interoperability** and led the way in inter-agency data sharing initiatives. We worked closely with the Attorney-General's Department to develop a capacity to interact with the National Facial Biometrics Matching Capability, including the Facial Verification Service. Security enhancements are a priority for the next generation of Australian passports, due in 2020.

Table 1: Travel documents issued, 2013–14 to 2016–17

	2013–14	2014–15	2015–16	2016–17
Total number of travel documents issued	1,803,143	1,835,201	1,961,666	2,070,038
% produced in Australia	98.6	99	99.2	99.2
% of applications using online forms	32.7	37.6	44.1	57.1
Emergency passports issued by Australian diplomatic missions	7,857	8,171	8,140	8,075
Priority (PPF) passports issued	175,496	214,238	234,525	215,980
% issued in 48 hours	99.8	98.7	99.1	98.3
Documents reissued due to natural disaster	177	58	85	106

In response to competent authority requests, the Minister for Foreign Affairs cancelled 71 passports, refused six and suspended four on national security or law enforcement grounds.

CONSULAR ASSISTANCE

The department provided high-quality consular services through our global network, managing on any given day 1,500–1,600 cases involving Australians in difficulty overseas—and a total of almost 12,500 such cases over the financial year. The department's Consular Emergency Centre remained an important point of contact for Australians at home and abroad, taking more than 66,000 calls on a 24/7 basis (up from 60,000 calls in 2015–16). We also delivered more than 217,000 notarial services to the public in Australia and abroad.

We put in place **crisis contingency arrangements** for major events, including the Rio de Janeiro Olympics and Paralympics. Our 'pop-up' post in Rio de Janeiro ensured the availability of consular services for the thousands of Australians attending the event.

We implemented government directions and parliamentary recommendations in relation to the consular program. Further to the Minister for Foreign Affairs' May 2016 announcement, we established the Australian Government Global Watch Office to strengthen Australia's capacity to monitor and respond to emerging international events on a 24/7 basis. In accordance with the 2016–17 Budget announcement, we developed policy to cease consular assistance to permanent residents, except during crises, and limit consular assistance to dual nationals in their country of other nationality. And following the May 2016 parliamentary inquiry on advocacy for the abolition of the death penalty, the department developed **comprehensive death penalty guidelines** and continued to advocate actively for individual cases.

We continued to expand our consular network. As at 30 June 2017 we offered consular assistance from 187 locations in 134 countries, through a mix of DFAT-managed embassies, high

commissions, consulates and offices, Austrade-managed posts, honorary consuls and our consular partnership with Canada. We simplified reappointment processes for honorary consuls and are looking at further options to expand this network.

We also worked to improve our delivery of consular services. Our internal **quality assurance program** identified areas of improvement for individual case management to ensure a consistently high-quality of service across the global network. We devised a solution to enable the registration of Australian deaths abroad, minimising the burden for families. We also conducted whole-of-government lessons-learned exercises after significant international incidents. We continued to engage industry and the community through the Consular Consultative Group.

The department further professionalised the consular service, creating an internal mentoring network to support new consular officers, enhancing the Consular Information System to improve the efficiency of case management, and strengthening debt recovery procedures for recipients of travellers' emergency loans. We updated the notarial services guidelines and developed an e-learning package for honorary consuls and notarial staff to improve service delivery.



Consul Steve Hodge provides notarial services at the Australian Consulate-General, Hong Kong, 14 October 2016. [DFAT/Gavin McDougall]

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Providing passport, consular and protocol services

Table 2: Consular services provided to Australian travellers

	2012–13	2013–14	2014–15	2015–16	2016–17
Australian resident departures ^[1]	8,856,210	9,472,470	9,747,050	10,228,000	10,756,890
Cases of Australians hospitalised given general welfare and guidance	1,372	1,330	1,453	1,667	1,701
Cases of Australians evacuated to another location for medical purposes	28	27	11	25	14
Cases of next of kin of Australians who died overseas given guidance or assistance with disposal of remains	1,247	1,215	1,282	1,516	1,653
Cases of Australians having difficulty arranging their own return to Australia given guidance and assistance	53	47	50	51	52
Whereabouts – inquiries made about Australians overseas who could not be contacted by their next of kin	1,829	4,794	5,697	5,582	2,546 ^[2]
Cases of Australians arrested overseas	1,136	1,185	1,256	1,551	1,641
Cases of Australians in prison	343	339	371	391	370 ^[3]
Cases of Australians given general welfare and guidance	5,919	5,621	5,704	4,957	4,447 ^[4]
Total number of cases involving Australians in difficulty who received consular assistance	11,927	14,558	15,824	15,740	12,454
Notarial acts	195,470	222,042	243,103	232,600	219,463 ^[5]
Total number of cases of Australians provided with consular services	207,397	236,600	258,927	248,340	231,898
Australians in financial difficulty who were lent public funds to cover immediate needs (travellers' emergency loans)	298	239	211	197	211

1 Figures draw on ABS and DIBP data, and include permanent long-term and short-term departures of Australian citizens and permanent residents.

2 Figure includes crisis-related whereabouts cases, including for terror attacks in Nice and London, attempted coup in Turkey and civil unrest in South Sudan.

3 This figure shows the total number of cases of Australians in prison during the year. The 'snapshot' of the number of cases of Australians in prison overseas on 30 June 2017 was 242.

4 Welfare and guidance figure includes the following sub-categories: general (29), welfare and other serious matters (3081), theft (773), assaults (317) and welfare of children (277).

5 Figures include notarial acts performed by overseas posts, in Canberra and at state and territory offices in Australia.

Table 3: Travellers' emergency loans*

	2013–14	2014–15	2015–16	2016–17
Number of Australian travellers assisted by emergency loans	239	211	197	211
Amount provided in emergency loans	\$144,648	\$144,641	\$174,576	\$322,456
Amount received in debt recovery activities	\$154,183	\$112,121	\$121,996	\$247,605

* The department also granted payments of \$26,914 to seven Australian travellers under the consular emergency services financial support mechanism, which enables the extension of financial assistance when it is not practical or legally possible for individuals to sign an undertaking-to-repay.

We continued to support whole-of-government and other agency action. We coordinated responses to several international crisis incidents, including an attempted coup in Turkey in July 2016, and the terrorist attacks in Nice, Berlin and London.

Fortunately, there were fewer international crises requiring a consular response in 2016–17 and, thus, significantly fewer crisis-related whereabouts tracing cases (1,851, compared with 5,003 in 2015–16).

To enhance our leadership of whole-of-government responses to kidnapping cases, we established the **Kidnap Response Task Force**.

We collaborated with the Australian Electoral Commission to improve overseas voting procedures and worked with the Australian Federal Police to manage responses to reports of missing Australians overseas.

The department stepped up **cooperation** with Vietnam, China, the UAE, India, Republic of Korea, Indonesia and Lebanon to improve consular services and case outcomes, including child abduction responses. In partnership with the Consular Colloque (United Kingdom, United States, Canada and New Zealand), we shared best practice policy settings and crisis preparedness information while expanding cooperation to extend our global consular reach.

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PROTOCOL SERVICES

Table 4: Services to diplomatic and consular representatives in Australia

	2014–15	2015–16	2016–17
Number of Canberra-based diplomatic missions	105	106	108
Number of consular posts outside Canberra	362	364	369
Number of Canberra-based representatives*	2,060	2,025	1,984
Number of Canberra-based dependants	Not available	Not available	1,996
Number of representatives outside Canberra**	1,876	1,889	1,859
Number of dependants outside Canberra	Not available	Not available	1,256
TOTAL	3,936	3,914	7,095[^]
Number and category of services provided:			
Visas issued for the corps	3,051	3,009	3,061
Arrivals and departures processed	2,542	2,785	3,062
Identity cards issued	1,659	1,761	1,900
Exequaturs issued to new Honorary Consuls	17	25	18
Facilitation of purchase, registration and disposal of cars by privileged personnel	1,141	1,015	1,063

* Includes representatives based in Canberra from embassies, high commissions, international organisations and overseas missions.

** Includes representatives based in states and territories from consular posts, international organisations and overseas missions.

[^] Includes dependants, who were not included in previous years.

The department provided a quality protocol service for 108 diplomatic missions and 369 consulates. We assisted with the opening of the embassies of Côte d'Ivoire and Costa Rica and the presentation of credentials by 24 heads of mission. We concluded new bilateral dependant employment arrangements with Slovenia and the United Arab Emirates, making a total of 48 such arrangements.

We enhanced engagement with the diplomatic and consular corps through more direct outreach, including briefings on matters of policy and administrative interest and targeted information initiatives.



Deputy Secretary Ric Wells (right) and Chief of Protocol Lyndall Sachs PSM (left), following presentation of credentials by the Ambassador of the Kingdom of Morocco, HE Mr Karim Medrek (2nd left), to Governor-General HE General the Honourable Sir Peter Cosgrove AK MC (Retd) (3rd left), with Official Secretary to the Governor-General Mark Fraser LVO OAM (back left), Mrs Fatine Medrek (3rd right) and HE Lady Cosgrove (2nd right), supported by the staff of the Embassy of the Kingdom of Morocco and Aide-de-Camp (RAN) to the Governor-General, Canberra, 1 December 2016. [DFAT/Andrew Taylor]

We supported the Minister for Foreign Affairs in hosting 73 heads of mission in Cairns in May 2017. This event showcased environmental protection on the Great Barrier Reef, economic diversity in Far North Queensland, regional academic institutions and innovative businesses in tropical health, food production and environmental protection. The participants spoke very positively:

‘The thoughtful programme allowed us to see opportunities in Far North Queensland, understand upfront the challenges of climate change confronting the Great Barrier Reef, and witness the thought leadership in tropical sciences being done at James Cook University.’

His Excellency Kwok Fook Seng,
High Commissioner for the Republic
of Singapore.

We actively encouraged the corps to comply with Australian laws and regulations. The introduction of a demerit points system saw a reduction in traffic infringements in Canberra and the more rigorous procedures we implemented relating to the employment of domestic workers by diplomats strengthened protections for this potentially vulnerable cohort.

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RESULTS

PERFORMANCE CRITERION	RESULT
High-quality delivery of passport services to clients and high standards and interoperability of Australian passports and services. Criterion Source Corporate Plan 2016–20, p. 14 Program 2.2, Portfolio Budget Statements 2016–17, p. 46	 Partially Met

Client services

The June 2017 APO Client Satisfaction Survey showed high levels of satisfaction with the passport service—the mean overall satisfaction score was 8.3 out of 10 in 2017, an increase from 8.1 in 2016.

In response to customer feedback, we introduced a more streamlined and caller-friendly telephone messaging

system, making it easier for callers either to hear the information they wanted or speak with a staff member. As a result, the Client Satisfaction Survey reported the highest levels of overall client satisfaction ever reported with the Australian Passport Information Service (93 per cent).

CASE STUDY PASSPORT REDEVELOPMENT

The department received funding in the May 2010 federal budget for the Passport Redevelopment Program (PRP) to modernise the passport issuance system in the face of a growing client base and ageing systems.

Our objective was to:

- accommodate the strong projected growth in passport issue rates
- increase the integrity of the issuance process and better align it with the National Identity Security Strategy
- improve the department’s ability to respond to future client and government requirements, including those relating to the digital economy and deregulation.

Existing systems and processes had grown incrementally over many years and were tailored to accommodate the many individual and complex circumstances that present during passport application, assessment and production processing.

As such, design of the new system proved to be an extremely complex undertaking. The team encountered technical and security challenges and significant input from APO subject-matter experts was required.

Our approach involved a complicated, multi-stage program of work to deliver four new capabilities:

- Capture—the capacity to capture applicant data online in a way that enhances the integrity and quality of application data and provides a more streamlined application and lodgement process.
- Assess—a new user interface and workflow system that improves the effectiveness of assessment and enables staff to better focus on complex and high risk cases.
- Produce—bulk printing facilities capable of accommodating forecast production volumes.

- Analyse—the ability to interrogate APO databases in support of business reporting and analytical needs.

The PRP, which concluded in June 2017, delivered:

- a purpose-built passport production centre and back-up site in Victoria capable of printing over 9,000 passports per day
- a data warehouse hosting historical applicant data, with the capability to support passport assessment processing and broader business, risk and fraud analysis
- an online application platform for adults applying domestically for Australian passports, with potential to expand to all applications
- the capability for a more efficient and secure assessment and processing system.

While the majority of the PRP objectives were met, there is still some work to be done to make it fully operational.

Roll-out of the online capability will be incremental, commencing with applicants lodging in South Australia and Tasmania in early 2017–18. Geographic coverage and user volumes will expand as confidence in the system grows. Functionality to cater for child and overseas applicants will also follow.

When fully functional, the new capabilities will support all aspects of the passports issuance process and provide a foundation for ongoing development and refinement as business needs emerge—including those associated with the live capture of passport images and the broader government digital transformation agenda.

CASE STUDY CHILD SEX OFFENDER LEGISLATION

The department helped make Australia a world leader in combating child sex tourism. We led legislative change to address community concerns about the sexual abuse of children in countries with weak law enforcement frameworks. In 2016 more than 770 registered Australian child sex offenders travelled overseas.

On 11 November 2016 the Ministers for Foreign Affairs and Justice jointly announced the Government's intention to develop measures to stop child sex offenders from travelling overseas to commit criminal acts against vulnerable children.

We worked closely with the Attorney-General's Department and consulted other stakeholders, including the Australian Federal Police, the Australian Criminal Intelligence Commission, the Department of Immigration and Border Protection and state and territory law and justice ministers and police forces.

On 14 June the Minister for Foreign Affairs introduced the *Passports Legislation Amendment (Overseas Travel by Child Sex Offenders) Act 2017*, which received

Royal Assent on 26 June 2017. Under the new arrangements:

- The Minister for Foreign Affairs will be required to deny passports to registered Australian child sex offenders with reporting obligations, upon request by a 'competent authority' (usually state or territory police).
- Registered Australian child sex offenders with reporting obligations will commit an offence if they attempt to travel overseas without permission from a competent authority.

These measures will apply to registered Australian child sex offenders for the duration of their reporting obligations. If an offender has good reasons to travel overseas before these reporting obligations cease, a competent authority will be able to permit the offender to do so.

Implementing the legislative amendments will be an undertaking of unprecedented scale, given that around 20,000 registered child sex offenders have current reporting obligations and some 2,500 new offenders are registered annually.

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PERFORMANCE CRITERION	RESULT
Timely and effective delivery of consular services to Australians overseas, including during crises. Criterion Source Corporate Plan 2016–20, p. 15 Program 2.1, Portfolio Budget Statements 2016–17, p. 45	 Met

CASE STUDY NEW CONSULAR STRATEGY 2017–19

As part of our commitment to continuous improvement and in response to stakeholder feedback, the department developed a new Consular Strategy 2017–19. The strategy includes a package of initiatives to further modernise the consular service, focus on mental health, adapt to travel trends, maximise public engagement with Smarttraveller, explore new ways to expand support for victims of serious crime and identify opportunities to reach out to Australian travellers in ways that will enable them to help themselves.

The strategy was informed by extensive internal and external consultations and a range of public submissions was received.

Under the new Consular Strategy we will:

- review the Smarttraveller registration system with a view to either significantly investing in the technology required to augment registration numbers or adopting an alternative approach to data collection for Australians affected during a crisis
- expand client feedback mechanisms to better understand expectations and experiences of the consular service and to better target consular messaging and service delivery
- maximise public engagement with Smarttraveller and further integrate Smarttraveller into passport processes to direct safe travel messages to travellers

- cease consular assistance to permanent residents in their country of nationality, except during crises, and limit assistance to dual nationals in their country of other nationality where they are not vulnerable and have access to local support
- improve case management of clients with mental health issues or who have been sexually assaulted and expand support for the mental wellbeing of consular staff
- work with the insurance industry to remove policy exclusions for mental health issues
- encourage older cruise passengers to take out appropriate travel insurance
- reach out to state governments and federal agencies to expand existing domestic victim support schemes to include victims of serious crime committed overseas
- consider alternative models to expand the honorary consul network to increase Australia’s diplomatic reach in a cost-effective way.

The new Consular Strategy was launched by the Minister for Foreign Affairs on 25 July 2017.

REVIEWS

PERFORMANCE CRITERION

Providing efficient processing of regular and urgent passport applications, including the number and accuracy of passports issued, and the time taken to process applications.

Criterion Source

Corporate Plan 2016–20, p. 14

Program 2.2, Portfolio Budget Statements 2016–17, p. 46

RESULT

 Met

The department monitors the number and accuracy of passports issued and the time taken to process applications.

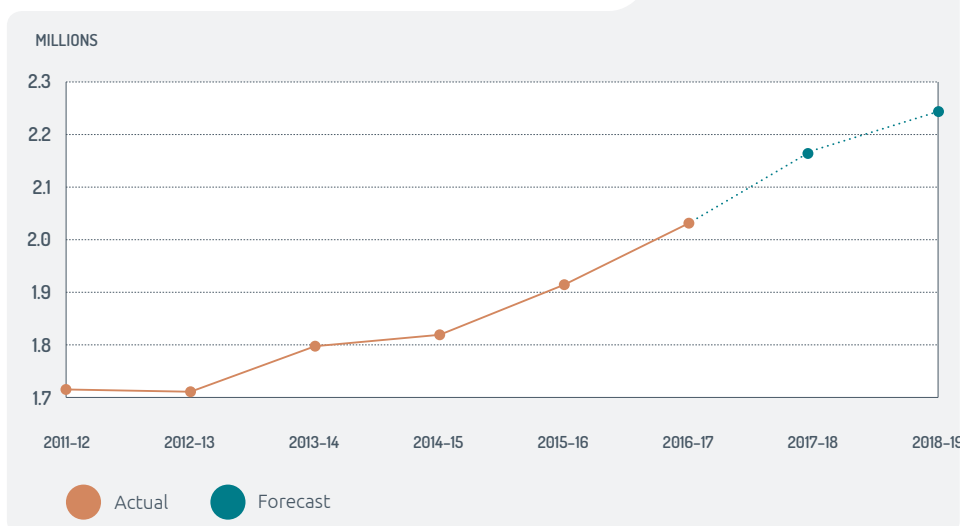
Adult renewals accounted for 37 per cent of all passport applications in 2016–17, compared to 34 per cent in 2015–16. We received an average of 8,225 applications each working day, nearly 500 a day more than last year. Since 2011–12, passport applications have increased by nearly 20 per cent. Growth is forecast to continue at an average of over five per cent per year in the near term.

Turn-around time for ordinary passport applications dropped significantly in 2016–17 to an average of 4.1 days (from 6.7 days in 2015–16). More than 98 per cent of priority passport applications met the service standard of two days.

The successful introduction of the new bulk passport printing facility in Melbourne, which has printed over one million passports in its first 10 months of operation, along with efficiency gains made in other processing areas, allowed the APO to manage growth demand with similar staffing levels to the same period last year.

The Australian Passport Information Service (APIS) provided a telephone helpline to clients and arranged appointments with passport offices in Australia. APIS handled 1,734,038 telephone and email enquiries. In line with previous years, a small number of passports issued (0.16 per cent) were reported as faulty. Of these, 30 per cent involved physical problems with the booklet, while inaccurate data or photos accounted for 70 per cent.

Figure 17: Actual and forecast passport applications



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Providing passport, consular and protocol services

PERFORMANCE CRITERION	RESULT
Preventing, detecting and prosecuting passport fraud. Criterion Source Corporate Plan 2016–20, p. 14 Program 2.2, Portfolio Budget Statements 2016–17, p. 46	 Met

As passport fraud is an enabler of other serious crime, the department’s role in fraud prevention, detection and prosecution is critical to the Government’s efforts in this area. The department assessed 439 allegations of passport fraud, resulting in 98 formal investigations and 10 referrals for

prosecution. The remaining 331 allegations involved active passport applications, of which 162 were refused for further processing. These refusal decisions were mainly the result of forged parental consents in child passport applications.

PERFORMANCE CRITERION	RESULT
The timeliness and accuracy of information provided to the public, including on responding to incidents and updates to travel advice. Criterion Source Corporate Plan 2016–20, p. 15 Program 2.1, Portfolio Budget Statements 2016–17, p. 45	 Met

The department maintained a 24/7 duty officer system and ensured Smartraveller travel advice accurately reflected developments on the ground. We issued 823 updates to travel advisories for 174 destinations as well as travel bulletins on a range of subjects including the Zika virus and terrorism threats. For example, following the May 2017 terrorist attack in Manchester, the UK travel advice was updated three times in 24 hours to provide the latest information and advice. On average we received 20,000 visitors per day to the Smartraveller website, 1.3 million subscriptions to travel advisories, 142,000 Smartraveller Facebook Followers, nearly 20,000 Twitter followers and close to 30,000 downloads of the Smartraveller smartphone app.

The department continued to improve the Smartraveller service. We comprehensively

edited 44 travel advisories as part of an ongoing editorial project to ensure travel advisories are not only timely and accurate but also consistent, clear and simple to read.

We pursued innovative initiatives to improve public access to consular resources. We launched the Smartygrants program to fund community projects that encourage smarter, safer overseas travel by Australians, particularly vulnerable and at-risk travellers. We published the second annual Consular State of Play report in November 2016 to provide data on the number and types of consular situations managed by the department. This helped to clarify our consular role and activities to the media and wider public. We also engaged with parliamentarians and the media to explain the limits to consular assistance.

PERFORMANCE CRITERION

The satisfaction of the diplomatic and consular corps accredited to Australia with the level of service provided, including meeting Australia's obligations under the Vienna Conventions.

Criterion Source

Corporate Plan 2016–20, p. 16

Program 1.1, Portfolio Budget Statements 2016–17, p. 33

RESULT

Met

The department delivered high-quality services to the diplomatic and consular corps—including visas, privileges and immunities, mission and personnel security, taxation and property—that met our international legal obligations under the *Vienna Conventions on Diplomatic and Consular Relations* and enabled foreign accredited staff in Australia to perform their functions efficiently.

The corps continually provided good feedback on the department's protocol services. With many complex and diverse questions relating to immunities and protections, missions expressed satisfaction with the department's responsive and pragmatic approach. Officials charged with establishing new embassies or consular posts welcomed our support and guidance in post opening procedures.

We delivered high-quality advice and timely services relating to visas, accreditation and other protocol services. Our arrangements for the induction of new resident and non-resident heads of mission attracted positive comment.

'With the recent anniversary of the opening of the Embassy of Estonia in Canberra by Estonia's Minister for Foreign Affairs, I wanted to take a moment to extend my appreciation for the support which has been provided to us. As a new mission in Canberra, we have relied on DFAT for a range of advice and support to get established. The department's Protocol Branch were professional, welcoming and attentive, and provided a timely, practical solution to every question.'

His Excellency Andres Unga,
Ambassador of Estonia.

Heads of mission welcomed our active engagement and the opportunities presented through constructive interaction on protocol matters to enhance bilateral cooperation and reciprocity.

LEADING THE GOVERNMENT'S RESPONSE TO INTERNATIONAL CRISES AND HUMANITARIAN EMERGENCIES

OVERVIEW AND ANALYSIS

The global environment presents many challenges and in recent times terrorist attacks, civil unrest and instability have affected Australians overseas. The department led whole-of-government responses to the **kidnappings** of Australians in West Africa, Afghanistan and Yemen and coordinated efforts to assist Australians affected by **terrorist events** in Nice, Berlin and London.

We provided an estimated \$372.9 million in life-saving **humanitarian assistance**. Our support helped communities hit by natural disasters, such as Hurricane Matthew in Haiti, the series of earthquakes in Solomon Islands and El Niño-linked drought in Southern Africa. We also assisted people suffering due to the ongoing crises and conflict in Syria, Iraq, Yemen, Myanmar, Afghanistan, South Sudan and other parts of Africa.



DFAT funding supported UNICEF response in Haiti: A tanker truck provides chlorine-treated spring water to people displaced by Hurricane Matthew, Haiti, 12 October 2016. [UNICEF/Roger LeMoyne]

The scale of humanitarian need grew throughout the year with the number of people forcibly displaced by conflict, violence and human rights violations reaching a record high of 65.6 million. Australia responded strongly, providing over 90 per cent of our emergency response funding to the **protracted crises** driving this displacement. We provided substantial levels of core support to high performing UN agencies—including the UN's refugee agency, World Food Programme, UN Children's Fund (UNICEF) and the Office for the Coordination of Humanitarian Affairs (UNOCHA)—allowing them to assist the most vulnerable. We also worked closely with the International Committee of the Red Cross to help those affected by armed conflict and promote international humanitarian law.

We launched major new humanitarian funding packages, including a three-year \$220 million assistance initiative to Syria and a three-year \$100 million package for Iraq. The shift to **multi-year funding** helps deliver on Australia's commitments at the World Humanitarian Summit in 2016 and provides predictable funding for our humanitarian partners.

In June 2016 the Minister for Foreign Affairs announced a successor program to the Humanitarian Partnership Agreement—the **Australian Humanitarian Partnership (AHP)**. The AHP includes a new \$50 million program building the disaster and preparedness response capacity of countries and local communities in the Pacific.

Improving resilience and **disaster preparedness** remained a major focus of our activities in the Pacific. The region escaped a major disaster during the year, which allowed us to focus on hazard mapping and early warning systems and improvements in pre-positioned relief supplies. We also deployed **civilian specialists** to strengthen local disaster management authorities in Fiji, Samoa, Tonga, Vanuatu, the Republic of the Marshall Islands and the Secretariat of the Pacific Community. These specialists focused on emergency logistics, information management and disaster risk management in order to support better local planning, coordination, response and recovery efforts.

Through the **Humanitarian Supplies Challenge**, announced in June 2017, we sought new and effective ways for the private sector to contribute to humanitarian responses and identified new products to solve energy, shelter and water problems following a humanitarian crisis. The department will continue to build on these efforts, as part of our commitment to localising humanitarian efforts in our immediate region and beyond.

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Leading the Government's response to international crises and humanitarian emergencies

Evaluation of Australia's response to Cyclone Pam

When Cyclone Pam hit Vanuatu in March 2015, it was the most powerful cyclone ever recorded in the southern Pacific region. It affected over half of Vanuatu's population—an estimated 188,000 people who lost homes, livelihoods and access to essential services. Australia provided over \$15 million for a relief and recovery operation.

In 2017 the department's Office of Development Effectiveness (ODE) evaluated Australia's response to help improve the effectiveness of future humanitarian responses in the Pacific.

The evaluation focused on the most severely affected islands of Vanuatu and found that Australia's response was effective in supporting the Vanuatu Government deliver much needed assistance. The rapid, large response was justified, and the Australian whole-of-government response was coordinated and coherent. Australia used established partnerships to facilitate fast and efficient delivery of required assistance. Australia's technical

assistance proved crucial in the response phase, and direct funding to the health and education ministries enabled them to lead recovery processes. The evaluation found that Australia could have better incorporated local private sector and civil society expertise. It also found that the uniform distribution of relief items, as requested by the Vanuatu Government, meant communities and individuals with greater needs did not receive additional assistance.

ODE recommended that the department progress work to support nationally-led responses, improve targeting of assistance to those most in need, and strengthen communication and accountability. Departmental management accepted all recommendations. Lessons learned were used to improve the response to Cyclone Winston in Fiji in 2016. For example, in the Winston response the department ensured implementing partners worked more closely with local organisations to deliver assistance.

RESULTS

PERFORMANCE CRITERION

Our leadership and coordination of government's response to international crises.

Criterion Source

Corporate Plan 2016–20, p. 17

Program 2.1, Portfolio Budget Statements 2016–17, p. 45

RESULT

 Met

CASE STUDY GLOBAL WATCH OFFICE AND DEVELOPMENT OF THE CRISIS HUB



The department's new 24-hour Global Watch Office will strengthen Australia's capacity to monitor and respond to events overseas. [DFAT/Loren Hyde]

There are increasingly diffuse threats to Australians overseas and a growing expectation of quick and authoritative government responses to crisis events.

Located in the department, the Global Watch Office commenced operations in June 2017. It provides a single point of contact for whole-of-government responses to international events and crises affecting Australians or Australian interests. It operates in a purpose-built facility with 11 professional analysts, working alongside 13 consular and passport officers in the Consular Emergency Centre.

In the event of a crisis incident overseas, the Global Watch Office provides the first advice to government and affected Australians. The department can then quickly activate whole-of-government crisis

responses, update travel advice and provide around-the-clock advice.

The Global Watch Office produces talking points and background material, and delivers a morning daily product to over 900 recipients with a snapshot of key international events that affected Australian interests.

The department's newly created Crisis Hub combines consular and humanitarian crisis response details on a consolidated digital information portal. The Crisis Hub enables an integrated approach to consular and humanitarian crisis management and provides key crisis-related information to the Australian public. Members of the public will no longer have to call the department's Emergency Call Unit to access this crisis-related information.

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Leading the Government's response to international crises and humanitarian emergencies

PERFORMANCE CRITERION	RESULT
<p>Our humanitarian leadership within the Indo–Pacific region and the international humanitarian system.</p> <p>Criterion Source Corporate Plan 2016–20, p. 17</p>	<p>● Met</p>

CASE STUDY IMPROVING OUR HUMANITARIAN DEPLOYMENT CAPABILITY

We re-oriented our approach to deploying civilian expertise overseas to better respond to a global humanitarian system facing unprecedented demand. The new approach preserves and builds on the distinctive benefits of the Australian Civilian Corps and our partnership with RedR Australia. It strengthens our ability to deploy civilian experts to support partners to prevent, prepare for, respond to and recover from crises and manage risks of instability and conflict.

The program sends the right person, to the right place, at the right time. For example, we deliver specialists into the Pacific ahead of the cyclone season, electoral expertise across the region and surge support to address global humanitarian challenges such as refugee crises. The program aims to help save lives, livelihoods and assets, and alleviate the suffering of affected people. It

means we can better deploy civilians into UN organisations, NGOs and host governments across the Indo–Pacific and beyond.

Civilian specialists help build the capacity of Australia’s partners, including in the Pacific National Disaster Management Offices (NDMO). With the onset of Cyclone Donna in May 2017, two specialists provided on-the-ground assistance to the Vanuatu NDMO to enhance its ability to prepare for and respond to the disaster.

Civilians also provide critical surge capacity in times of crisis. For example, we supported a water, sanitation and hygiene expert to work with the UN High Commissioner for Refugees in the Bekaa region of Lebanon, a country where one in four people is a refugee. The specialist worked with a team dedicated to supplying safe drinking water, managing sewage and rubbish, and promoting good hygiene practices.



Australian Civilian Corps Specialist Ben Millington with Jimmy Naura (Vanuatu National Disaster Management Office) and Trish Thornhill (RedR) with Vanuatu’s patrol boat RVS Tukoro, delivering Australian-funded lifesaving and emergency supplies to those affected by Tropical Cyclone Donna, Port Vila, Vanuatu, 16 May 2017. [DFAT/Patrick Haines]

PERFORMANCE CRITERION

The effectiveness of our disaster risk-reduction and recovery programs.

Criterion Source

Corporate Plan 2016–20, p. 17

RESULT

Met

CASE STUDY STRENGTHENING LOCAL DISASTER PREPAREDNESS AND RESILIENCE IN THE PACIFIC

Evidence suggests that \$1 invested in risk reduction can save up to \$15 in the aftermath of a disaster. Australia is committed to reducing the human and material cost of disasters in the Pacific by strengthening resilience through adaptation to climate change and improving local disaster preparedness. In line with our World Humanitarian Summit commitments, we are focused on enabling national and local-level responses in the Pacific. We are also emphasising disaster prevention through risk reduction and resilience.

Australia's approach aligns with the Framework for Resilient Development in the Pacific, endorsed by Pacific Islands Forum Leaders in September 2016. We intend to provide \$300 million over four years to build climate change and disaster resilience and reduce greenhouse gas emissions in Pacific Island countries, including \$75 million for disaster preparedness.

Through these aid investments we also aim to 'build back better' and reduce the susceptibility of important social infrastructure, such as classrooms and health facilities, to damage during natural disasters. Our support for local meteorological services helps to strengthen their forecasting capabilities, as well as community disaster planning and enhanced early-warning capacity in the Pacific.

Our partnerships with local and international humanitarian organisations such as the Australian Red Cross and UNOCHA, as well as the new Australian Humanitarian Partnership (AHP), are strengthening the capacity of governments

and organisations to build resilience and respond to disasters.

The AHP is a five-year agreement (2017–2022) with six Australian NGOs through which the department will fund responses to humanitarian crises, with a particular focus on our region. The AHP also includes \$50 million to build the disaster management capacity of Pacific partners including governments, local NGOs and women's groups.

Our partnership with the Australian Red Cross helps communities take practical steps to reduce risks and impacts of both rapid disasters, such as cyclones, flooding and earthquakes, and slow-onset crises, such as droughts. We are also building the capacity of national Red Cross Societies to maintain their critical first responder roles.

The department is a rapid responder to crises, with prepositioned humanitarian emergency relief supplies strategically located in the Indo-Pacific region enabling us to respond within 48 hours of a request for assistance. We are working with the World Food Programme to ensure local pre-positioned supplies complement our stocks.

REVIEW

PERFORMANCE CRITERION	RESULT
Effectiveness of our crisis management mechanisms in delivering a coordinated whole-of-government response to international crises. Criterion Source Corporate Plan 2016–20, p. 17 Program 2.1, Portfolio Budget Statements 2016–17, p. 45	 Met

The department drew on effective crisis planning and preparedness work to lead whole-of-government responses to a series of terrorist attacks and natural disasters overseas, which directly affected Australia’s interests. We strengthened partnerships with federal and state organisations to enhance response capacity and identify appropriate resources and expertise that could be deployed in a crisis.

Ahead of the 2016–17 Pacific cyclone season, we conducted our annual crisis training scenario involving participants from the Departments of Defence and Immigration and Border Protection, Emergency Management Australia, Australian Federal Police and the New South Wales Disaster Assistance Response Teams and Australian Medical Assistance Teams.

This exercise is an important training tool for staff recruited to the department’s Crisis Response Team (CRT) and enables new team members to test procedures, clarify roles and refine inter-agency operability.

We enhanced our CRT training program to ensure all team members are highly trained and can operate effectively in challenging environments. The department worked with the Australian Defence Force (ADF) to develop multi-agency training exercises, further strengthening our response capabilities. Our CRT joined the Australian, United States and Japanese military in Exercise Cope North Guam in February–March and our Non-Combatant Evacuation Operations Coordination Group partners in Exercise Argonaut Cyprus in May.

These exercises helped test and refine our coordinated response procedures for non-combatant evacuation operations with international partners. Both the United States and Japanese Governments acknowledged Australia’s effective whole-of-government collaboration and interoperability.

We implemented a comprehensive contingency planning agenda to continuously improve our capabilities. Contingency Planning Assistance Teams, including staff from the department and the ADF, visited five posts to test, validate and enhance crisis response plans. The department’s crisis management and contingency planning team worked with posts to review and test location-specific crisis action plans, including through development of a practical assistance guide. We continued our domestic and regional crisis planning and preparedness programs to ensure that overseas staff have the technical training to respond effectively to crises.

The department responded well to 86 overseas crisis events, including significant incidents in France, Germany, Turkey and the United Kingdom, with our overseas missions effectively delivering consular services to Australians caught up in these crises.

PERFORMANCE CRITERION

Effectiveness of our life-saving assistance to vulnerable people in crisis situations.

Criterion Source

Corporate Plan 2016–20, p. 17

RESULT

Met

Under the *Corporate Plan 2016–20* the department committed to reviewing the effectiveness of our life-saving humanitarian assistance to vulnerable people in crisis situations after each major crisis. During the reporting period we conducted an evaluation of our education sector response to Cyclone Winston in Fiji in February 2016. We also supported finalisation of an Office of Development Effectiveness (ODE) evaluation of Australia's response to Cyclone Pam in Vanuatu in March 2015 (see p. 116, 142).

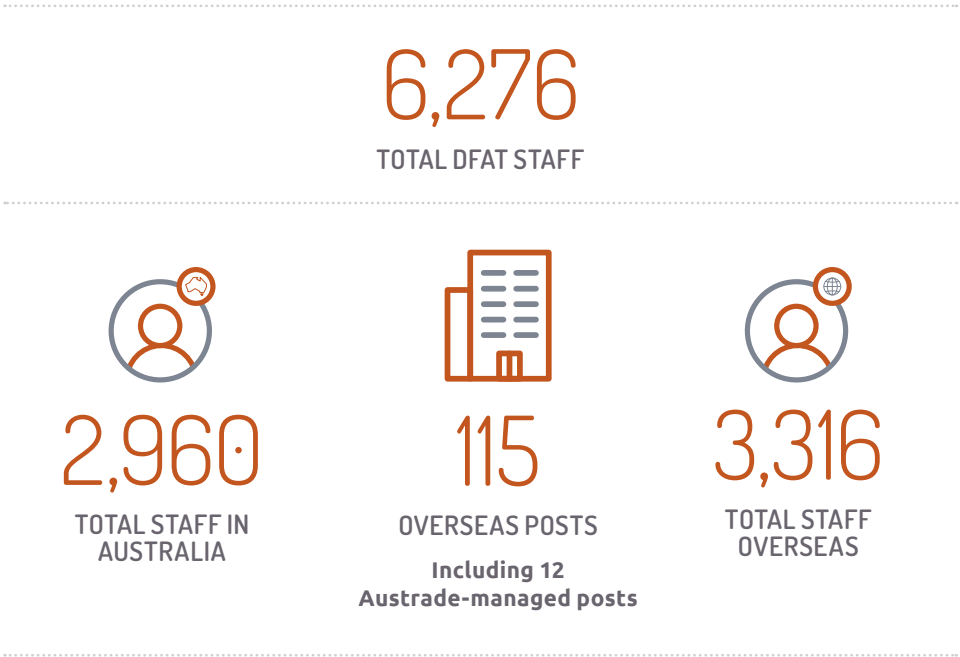
The evaluation of our education sector response following Cyclone Winston found that Australia's aid was highly relevant, timely, effective and appropriate in the first six months. Australia's rapid

response reinforced national leadership allowing Fijian schools to reopen quickly. The evaluation findings will be discussed with the Government of Fiji during the design phase of the new bilateral education program.

The department commissioned an independently-led evaluation of Australia's humanitarian assistance to people affected by conflict and displacement in Kachin, Shan and Rakhine States in Myanmar between July 2014 and June 2017. The evaluation will inform a new multi-year humanitarian strategy for Myanmar, highlight key results of activities implemented, suggest ways to improve existing investments, and identify relevant lessons for other programs.

PROTECTING STAFF, INFORMATION AND PROPERTY

Figure 18: Who we are



OVERVIEW AND ANALYSIS

The department undertook major operational activities to ensure the security of staff and official information and protect global assets. Overseas, we provided whole-of-government security, information and communications technology (ICT) and property services in line with the *Prime Minister's Directive: Guidelines for the Management of the Australian Government Presence Overseas*.

A STRONG AND RESILIENT SECURITY CULTURE

We made progress towards achieving a strong and resilient security culture and environment both in Australia and at our missions overseas. We improved security awareness through vetting, training and outreach, ensured appropriate physical,

operational and technological security at our overseas posts and Australian offices, and produced high-quality threat and security risk assessments.

Key achievements included:

- strengthening the security of our representation in Kabul, completion of security capability projects in Makassar, Doha, Bangkok and Ottawa and security upgrades in Ankara, Dhaka and Dili
- inspections in 18 posts and security enhancements where appropriate
- improved access to security advice and significant progress on a new Security Policy Framework that more explicitly aligns with risk-management principles, which will be launched in 2018
- three inaugural overseas Post Security Officer (PSOs) workshops and two inaugural Regional Security Adviser conferences to support security managers at posts

- a series of security awareness campaigns that delivered a 450 per cent increase in hits to the department's security intranet site
- armoured vehicle training in Africa, Asia and Australia, in-country security training in Port Moresby and Dhaka, and guarding training for the new embassy in Bangkok
- resolution of the outstanding backlog of post-integration security clearance upgrades and a 36 per cent increase in processed clearances
- work to transition from a paper-based to a digital security clearances management system, which will deliver a new capability in the second half of 2018.

The Australian National Audit Office (ANAO) undertook an audit into security at overseas missions in 2016. Its findings were published in August 2017. Its objective was to 'examine the effectiveness of measures to strengthen the protection of Australia's posts and staff overseas'. It made a number of recommendations to improve the effectiveness of our security. The department agrees with the recommendations although it does not fully agree with all of the supporting findings. The recommendations will assist the department in addressing issues that the ANAO has identified as being less than fully effective and thus requiring further improvement. We will continue the substantive activities undertaken in 2016–17 in the coming year, and note that many of the issues raised by the ANAO were the subject of improvements over the reporting period.

SECURING OUR INFORMATION AND COMMUNICATIONS

Our ICT network links ministerial, state and territory offices, partner agencies and Australia's overseas missions to support essential government services overseas. It operates in an environment of evolving cyber attacks and threats to information security. Our challenge is to protect the communications systems and improve information sharing so agencies can conduct business overseas in a consistent and coordinated manner.

We continued installing the **International Communications Network (ICN)**. It underpins the operations of a modern, mobile foreign service and provides enhanced services to Australian Government agencies with an international presence. The ICN improves information security and cyber defences through upgraded software, new equipment and faster distribution of security patches. The rollout is on schedule and is being well received by departmental and partner agency staff. However, the timeline is daunting and leaves little room for slippage. We are managing this risk by protecting the welfare of the relatively small pool of technical installation staff, reprioritising work, and delaying operational and applications development activities where appropriate.

In line with the business priorities of the ICT Steering Committee, we developed IT applications to improve our aid fraud management system, electronic data warehousing, the New Colombo Plan website, corporate human resources and financial systems, and consular information systems. We optimised mobile device applications including the whole-of-government Parliamentary Document Management System. We transferred the global alumni system from the Department of Education and Training and redeveloped the alumni website.

The department boosted the **global communications capability** to support Australia's expanding foreign service footprint. Under a new Telstra contract, we upgraded telecommunication services at the majority of posts, realising increased bandwidths and reduced operating costs. We upgraded satellite communication equipment at 16 posts, migrated critical network communications equipment into a high-availability data centre and leased a second data centre to provide disaster recovery capabilities.

These activities, together with ongoing work to duplicate power and communication links, strengthened the department's ability to maintain vital international connections during crises, natural disasters and equipment failures. The network improvements also increased the usability of centralised corporate systems for posts and state and territory offices.

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Protecting staff, information and property

Table 5: Security and ICT statistics

	2012–13	2013–14	2014–15	2015–16	2016–17
Number of posts and Australian Government entities with access to secure communications network and secure telecommunications infrastructure	144	172	168	170	168
Number of client agencies receiving ICT services	42	42	49	47	44
Number of cables	149,090	142,945	136,642	131,134	123,272
Cables to overseas posts	67,401	66,092	64,335	70,072	57,427
Cables from overseas posts	81,689	76,853	72,307	61,062	65,845
Number of security-related visits to overseas missions	111	131	87	93	110
Number of security clearances and revalidations processed	1,582	2,905	1,392	1,130	2,250

Figure 19: Property services 2016–17

OVERSEAS AND DOMESTIC PROPERTY PORTFOLIOS



VALUE OF THE OWNED
OVERSEAS ESTATE

\$2.9 BILLION

as at 30 June 2017



128 OWNED PROPERTIES
127 OVERSEAS AND 1 DOMESTIC



139 LEASED PROPERTIES
121 LEASED CHANCERIES AND HEADS
OF MISSION RESIDENCES OVERSEAS

18 LEASES FOR OFFICE
SPACE IN AUSTRALIA

MANAGING OUR GLOBAL PROPERTY PORTFOLIO

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Protecting staff, information and property



Melbourne firm Bates Smart's concept design for the new Australian Embassy project, Washington, 2016. [BATES SMART]

The department managed the Commonwealth-owned overseas property portfolio of 127 properties worth \$2.9 billion (Civas (ACT) Pty Ltd valuation). We oversaw the continuing \$378.6 million multi-year program of construction and fit-outs for the overseas and domestic property portfolio and collected rent revenue of \$112.4 million to maintain and upgrade property. We supported the Government's decision to expand Australia's diplomatic footprint with the fit-out of office accommodation at new posts in Phuket, Ulaanbaatar, Bogotá and Doha. We also commenced scoping studies to shortlist accommodation options for Rabat and Shenyang. We reached the mid-way point of construction of the new chancery in Nairobi.

In Port Moresby, we began construction of an annex to the existing chancery, allowing consolidation of staff to a single secure site.

We completed office fit-out works in Ottawa and progressed relocation of the mission in Yangon. In the challenging operating and security environment of Kabul, we refurbished and consolidated our staff residential accommodation.

We have begun to implement a **Pacific Property Strategy** (PPS) to support the Government's priorities in the Pacific. The PPS will deliver sustainable office and residential accommodation solutions across the Pacific portfolio through the application of new building technologies and an increased use of passive and active environmental measures. This program is expected to deliver reduced maintenance demands, lower energy and utility costs, and improved sustainability ratings.

We continued to work closely with the appointed architects on the concept design for the new embassy in Washington and managed consultations with occupying agencies and key stakeholders prior to seeking construction permits from local US authorities.

The works program for the domestic estate was also significant and included:

- major fit-outs in the R G Casey Building to accommodate the Global Watch Office and the Foreign Policy White Paper Taskforce
- refurbishment of several work areas to improve staff densities
- full fit-out of the new NSW State Office.

We supported **corporate reforms and reduced the administrative burden** at posts by expanding the scope of outsourced services delivered by Jones Lang LaSalle (JLL). These additional services include some residential property management

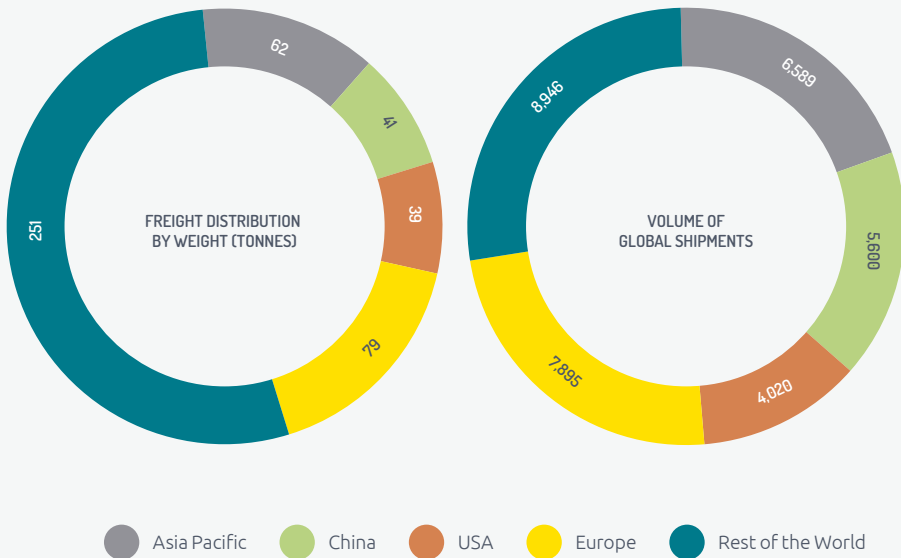
and soft building services such as cleaning, waste services and gardening maintenance. JLL also provided advice on energy, sustainability and air quality management. At four overseas locations we trialled measures to mitigate the impact of poor indoor air quality.

Following a competitive public tender process, we entered into a new contract with DHL for **diplomatic mail and domestic mailroom services**. To enhance security, DHL will develop a new electronic asset tracking system for mail and freight. Over the year, the diplomatic mailroom delivered 472 tonnes of unclassified freight via 33,000 global shipments. The diplomatic courier service also delivered 36 tonnes of classified safehand material to missions overseas. The annual client survey of the diplomatic mailroom's performance conducted by Orima Research showed an overall satisfaction rating of 93 per cent.

Figure 20: Mailroom services 2016–17

DIPLOMATIC MAIL SERVICE TO OVERSEAS MISSIONS

472

TONNES OF UNCLASSIFIED
FREIGHT VIA 33,000 SHIPMENTS

36

TONNES OF
CLASSIFIED SAFEHAND MATERIAL

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Protecting staff, information and property

International Communications Network

The International Communications Network (ICN) Program is a five-year initiative to enhance, modernise and replace the Secure Australian Telecommunications and Information Network (SATIN) by 2017–18. The ICN platform comprises all ICT services, infrastructure and software necessary to provide communications environments at three different security classification levels, to 130 locations in Australia and overseas, including partner agencies, on a 24/7 basis.

In July 2016 the Department of Finance conducted a Gateway 4 Review, returning six green ratings across all criteria. The review team found that 'successful delivery of the program on time, cost, quality standards and benefits realisation appeared highly likely without any risks to delivery'.

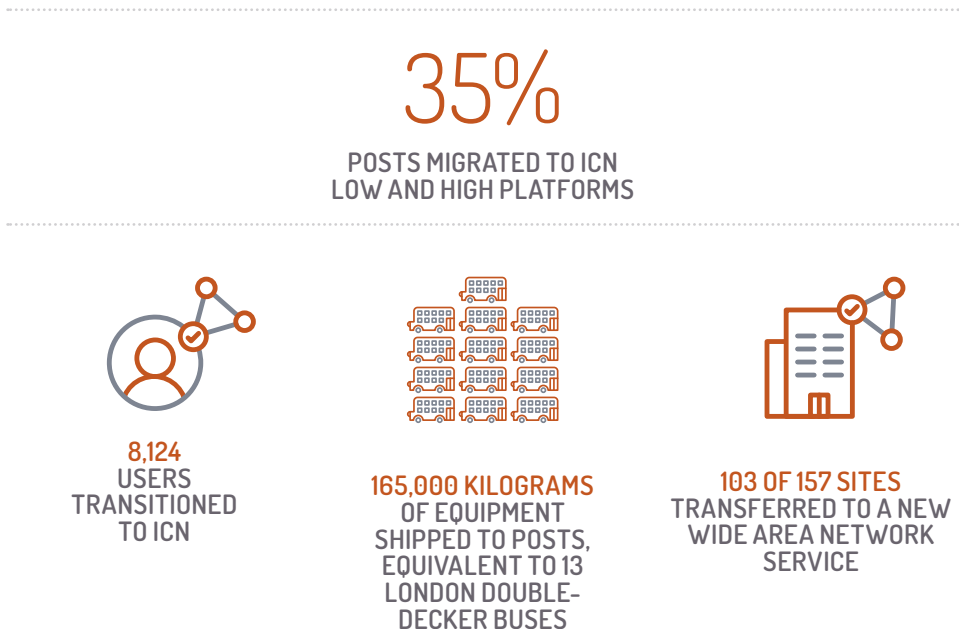
We have implemented all the review recommendations.

The ICN program has reached the mid-way mark for implementation following commencement of domestic delivery for state and territory offices, ministerial offices and partner agency sites in June 2017 and completion of the fourth international tranche in the North Asia and North America regions.

Staff at post have reported significant improvements in system performance and feedback on the ICN installation process itself has been positive.

We acknowledge partner agency staff, sourced through short-term secondments, who provided crucial assistance in support of the program's delivery arrangements.

Figure 21: International Communications Network (ICN) services 2016–17



RESULTS

PERFORMANCE CRITERION	RESULT
<p>The department’s strong security culture and the quality of advice, the effectiveness of mitigation strategies and the timeliness of responses to international security incidents based on considered threat and risk assessments.</p> <p>Criterion Source Corporate Plan 2016–20, p. 18 Program 3.1, Portfolio Budget Statements 2016–17, p. 50</p>	<p>Partially Met</p>

CASE STUDY REGIONAL SECURITY ADVISERS



First Secretary and Regional Security Adviser Stuart Bulloch (3rd from left) with Security Manager Brendan Fernandes and KK Security and Mondial K9 security staff Peter Oindi, Nicholas Mitau, David Wanjala, Dominic Kyeki, Sanet Ababu, and explosives ordinance detection dog “Rango”, at the Australian High Commission, Nairobi, 30 June 2017. [DFAT/Daniel Kamau]

Regional Security Advisers (RSAs) are a key resource for the department. They provide expert security advice at posts in Kabul, Baghdad, Islamabad, Jakarta, Port Moresby, Amman, New Delhi, Beijing and Nairobi. RSAs work to mitigate security risks at posts in line with the department’s security goal, and their presence supports and facilitates the delivery of a secure work environment.

RSAs analyse developments that might affect the security of staff and families as well as government assets, operations and information. They manage vulnerability and risk assessments of posts and post activities, undertake physical security inspections and recommend any necessary mitigation measures. They assess a mission’s policies

and procedures and build close, professional relationships with host government security agency counterparts.

While the threat environment in Africa varies greatly from country to country, staff face a range of threats, including terrorism, serious and violent crime, kidnap for ransom and civil disorder.

Our Africa-based RSA, Stuart Bulloch, commenced in Nairobi in late June 2016 following a significant change in the threat environment across the continent. He travelled regularly to missions in Accra, Abuja, Addis Ababa, Harare, Port Louis, Pretoria as well as Rabat. His position is a practical representation of

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Protecting staff, information and property

the hub-and-spoke model, where the department delivers core corporate services from regional hubs.

Stuart’s work involved strengthening local relationships with security counterparts, improving the security culture of local staff through targeted awareness and enhancing the capability of the local security guards. Stuart coordinated security arrangements for the construction of the new Australian High Commission in Nairobi and provided valuable reporting on security issues to the department in Canberra.

Through the RSA program we can provide contextual and timely expert security advice which then allows diplomatic staff to focus on their priority objective of advancing Australia’s national interests abroad.

PERFORMANCE CRITERION	RESULT
<p>The construction and refurbishment of departmental overseas property completed within agreed timeframes and budgets.</p> <p>Criterion Source Corporate Plan 2016–20, p. 18 Program 3.2, Portfolio Budget Statements 2016–17, p. 51</p>	<p> Partially Met</p>

CASE STUDY NEW AUSTRALIAN EMBASSY BANGKOK—PROMOTING AUSTRALIAN DESIGN AND SERVICES



The new Australian Embassy, Bangkok, Thailand, 22 June 2017. [Daniel Londono]

The Government’s decision to construct a new purpose-built Australian embassy complex in Bangkok, comprising a chancery and head of mission residence, will provide secure accommodation in a modern, functional building. Construction of the \$190 million project began in March 2014

and staff will relocate to the new complex mid-2017.

The project was delivered within budget. However, the program timeframe was exceeded by five months due to inadequate contractor resourcing to meet the technical and construction complexities of delivering

such a project to Australian standards in an overseas environment. The sale of the existing chancery is in progress.


The new embassy complex showcases the best of Australian expertise and skills in architectural design, project management and building services, and an estimated \$50 million worth of Australian materials and content was used in the project. Given the importance of embassy security, several Australian specialist sub-contractors have been involved in the design, manufacture and installation of physical and electronic security measures and controls.

The design concept by Sydney-based architects, Bligh Voller Nield (BVN), gives expression to the Australia–Thailand relationship. The curvilinear building

structure represents the unique Australian landscape while traditional Thai architecture with internal and external water features is also included. The building’s outback colour, integral to the design, is achieved using 500,000 bricks commissioned from the Austral Brickworks plant in Bowral, NSW.

The complex also incorporates state-of-the-art building management technologies provided by Australian specialist engineering firms. These environmentally sustainable measures include glazing and building fabric to reduce energy demand, energy-efficient lighting systems, rainwater collection and storage, green roof technology, and wastewater treatment and reuse for landscape irrigation.

REVIEWS

PERFORMANCE CRITERION	RESULT
<p>The accessibility and reliability of the secure cable network.</p> <p>Criterion Source Corporate Plan 2016–20, p. 18 Program 3.1, Portfolio Budget Statements 2016–17, p. 50</p>	<p> Partially Met</p>

The department introduced new ICT infrastructure and telecommunication services to improve the performance and resilience of the ICT network and the business systems that rely on it. We assigned additional resources to support our network’s compliance with the Australian Signals Directorate’s Essential Eight cyber mitigation strategies and created a branch dedicated to cybersecurity and ICT risk management. We commenced mandatory cyber awareness training for all staff.

ICT staff delivered quality services to departmental officers and partner agency staff connected to the secure cable network.

Operational teams in Canberra monitored and supported the network on a 24/7 basis. Regional information and technical officers undertook preventative maintenance and emergency repair visits to posts and provided secure communications facilities to travelling portfolio ministers. According to a May 2017 survey by an independent market research consultancy, the overall level of user satisfaction with ICT support services improved, up from 6.6 last year to 7.2 (on a scale from one to 10). Partner agency staff rated the department’s delivery of ICT support services at 7.3 out of 10.

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Protecting staff, information and property

PERFORMANCE CRITERION	RESULT
Whether asset management plans are in place for all owned properties in the overseas estate. Criterion Source Corporate Plan 2016–20, p. 18 Program 3.2, Portfolio Budget Statements 2016–17, p. 51	 Met

The department has developed asset management plans for all owned properties in the overseas estate. These are updated regularly to assist the prioritisation of future

works across the portfolio and promote a strategic approach to building management.

PERFORMANCE CRITERION	RESULT
Whether the majority of tenants rate the performance of the service provider and the Overseas Property Office as good or better. Criterion Source Corporate Plan 2016–20, p. 18 Program 3.2, Portfolio Budget Statements 2016–17, p. 51	 Met

The client surveys of the Overseas Property Office (OPO) and the new outsourced service provider Jones Lang LaSalle (JLL) conducted by Orima Research showed the majority of the department’s tenants were satisfied with OPO’s property management (89 per cent) and JLL’s maintenance services (83 per cent). Satisfaction with OPO’s overall performance remained

strong across all regions with the results ranging from 80 per cent to 94 per cent. Overall satisfaction with JLL’s performance across all regions ranged from 68 per cent to 100 per cent. The survey results will assist in identifying areas for improvement and provide a basis for monitoring JLL’s performance in the out-years.

PERFORMANCE CRITERION

RESULT

Government agencies at overseas missions are satisfied with service provided in accordance with the *Prime Minister's Directive: Guidelines for the Management of the Australian Government Presence Overseas* and service level agreements in place.



Criterion Source

Program 1.1, Portfolio Budget Statements 2016–17, p. 33

In 2016–17 we continued to provide corporate enabling and support services to other agencies with a presence at DFAT-managed posts to assist efficient administration and avoid operational and financial duplication. Under the Service Level Agreement, the department delivered financial, office, human resources, property and fleet management services on a cost-recovery basis to 26 government departments and agencies, including the New Zealand Government (*see Appendix 8*). We concluded an 11-month period of negotiation for a new arrangement that will come into effect on 1 July 2017 (with validity to 30 June 2020). The negotiations reconfirmed agency satisfaction with the department's service delivery.

In 2017 the department established the Australian Government Global Service Delivery Board to facilitate agencies with staff deployed overseas working together collaboratively to promote an effective and coordinated approach to Australia's overseas representation, and the efficient use of public resources, under the Prime Minister's Directive. The inaugural meeting of the board was held on 19 April 2017 with 18 agencies represented. Through the board, agencies expressed interest in the department expanding its offering to support a broader range of services. The Global Service Delivery Section was established to coordinate and standardise the delivery of services under a single global service delivery model. The department will continue to strengthen its service delivery by creating a *one door, one service* catalogue, available to all agencies, globally.

A user satisfaction survey, conducted by Australia Online Research in May 2017, recorded a satisfaction rate of 7.3 out of 10 for ICT service delivery to partner agency staff. The department has been upgrading ICT infrastructure and telecommunication services for agencies with overseas representation as part of the International Communications Network (ICN) implementation. ICN has been well received by partner agency staff. The department negotiated a new Memorandum of Understanding (MoU) for the provision of ICT services to partner agencies for the period 2017–2020 with 30 agencies having signed the MoU as at 30 June 2017. Under the new arrangements, partner agencies will benefit from simpler access to services and a clearer costing methodology and fee structure.

REPORT ON FINANCIAL PERFORMANCE

DEPARTMENTAL OPERATING RESULT

The 2016–17 Budget included additional funding to: expand Australia's diplomatic presence in China and Papua New Guinea; advance trade and investment opportunities for Australia; provide a greater level of consular assistance; promote Australia's free trade agreements; contribute to regional and global stability, security and prosperity through investment in cybersecurity and combatting people smuggling; and strengthen our engagement in the Indo-Pacific region.

The department demonstrated strong financial performance in 2016–17 with a surplus of \$34.5 million before depreciation and amortisation. The financial statements reported an operating deficit of \$136.8 million, including depreciation and amortisation expenses of \$171.3 million.

See also Management of financial resources, p. 151-152, and the financial statements, p. 154-225.

REVENUE

The department reported \$1,534.9 million of revenue in the Statement of Comprehensive Income, comprised of:

- \$1,383.0 million of appropriation revenue from government
- \$149.62 million of own source income
- \$2.2 million in gains including sale of assets.

This represents an increase of \$16.5 million over 2015–16. The main factor contributing to this movement was the increased revenue for services provided to attached agencies at overseas posts, including rental revenue and IT-related services, for which the department also incurred increased expenses.

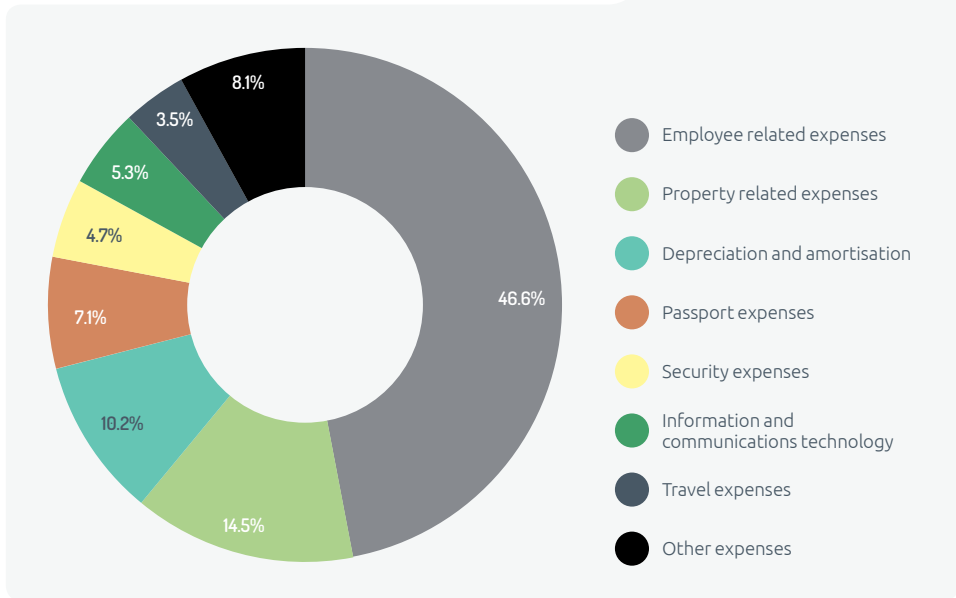
The department also reported \$32.0 million of other comprehensive income arising from asset revaluation movements in the Statement of Financial Position. This is recorded directly as equity on the Statement of Financial Position and is not incorporated into the departmental operating result.

EXPENSES

The department reported \$1,671.6 million of expenses in the Statement of Comprehensive Income. This represents an increase of \$24.8 million over 2015–16.

The main factors contributing to the movement in 2016–17 were:

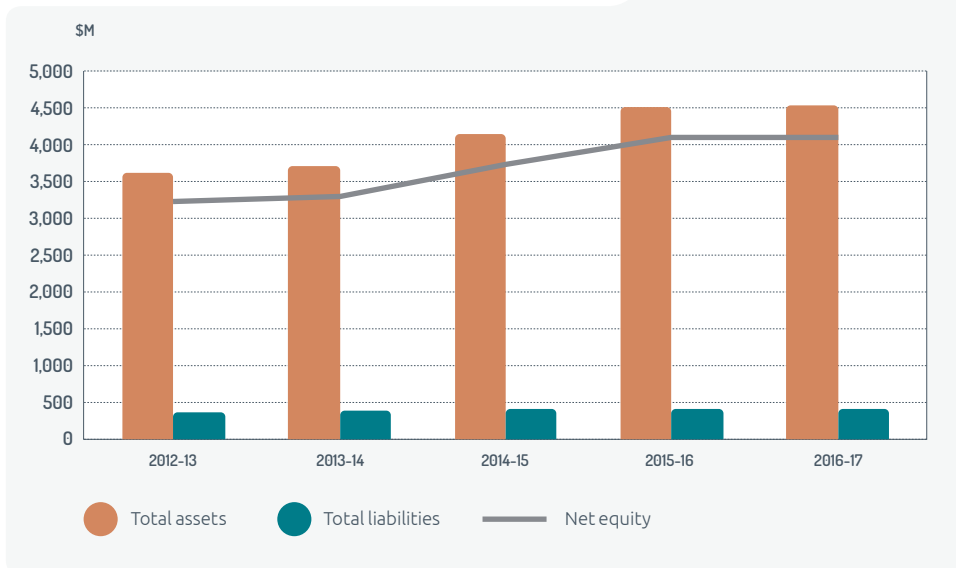
- increased depreciation and amortisation expenses of \$23.6 million due to the increased value of the department's asset holdings, and write-down and impairment costs after annual reviews of assets including assets under construction
- increases in grant expenses of \$5.7 million due to temporary budget increases to fund additional external entity and non-aid discretionary grants for activities such as public diplomacy
- offset by a reduction in overall supplier expenses of \$2.5 million due to cost savings on specific suppliers.

Figure 22: Departmental expenses, 2016–17

ASSETS AND LIABILITIES

The department reported a strong net asset position of \$4,103.8 million in the Statement of Financial Position, with liabilities equating to less than 10 per cent of the total asset base. This is an increase of \$13.0 million over 2015–16. The main factors

contributing to the movement in 2016–17 were the increase in the value of physical and intangible non-financial assets due to new purchases and developments, and revaluation movements.

Figure 23: Assets and liabilities 2012–13 to 2016–17

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Report on financial performance

ADMINISTERED PROGRAM PERFORMANCE

2016–17 expenses administered by the department on behalf of Government were \$4,703.0 million, an increase of \$875.3 million over 2015–16. The majority of the increase was due to the movement in multilateral replenishments from the initial recognition of new pledges entered into in 2016–17 and the decrease in the valuation of multilateral subscriptions.

The aid program of \$2,919.7 million, a decrease of \$197.1 million from 2015–16, reflects the different development and economic trajectories across the region and continues the Government's commitment to development in the Pacific. Recognising the economic growth trajectory of the Asia region, the aid program will focus on building partnerships to strengthen the private sector and underpin economic growth in Asian nations.

The department also managed a range of other administered programs. The majority of these expenses support Australian membership of critical international organisations (\$135.8 million, a decrease

of \$6.7 million from 2016–17), advancing Australia's foreign, trade and investment, development and security interests in international forums, and supporting the crucial work of global UN peacekeeping operations (\$226.7 million, a decrease of \$6.7 million from 2015–16). These costs have decreased due to the increase in value of the Australian dollar.

2016–17 income administered by the department on behalf of Government was \$612.1 million, which is \$1.0 million more than 2015–16. The movement is due predominantly to increases in passport, consular and other fees of \$40.2 million from the legislative fee increase from 1 January 2017, and the increase in the number of passport applications together with the exchange rate gains of \$2.4 million on re-measurement of overseas defined benefit schemes. This was offset by a decrease of \$43.2 million from the valuation at year-end of multilateral replenishments.

MANAGEMENT AND ACCOUNTABILITY

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OVERVIEW

The department's management agenda focused on strengthening core capabilities and modernising processes to increase efficiency. We sought to improve productivity through a range of new policies underpinning staff engagement, wellbeing and diversity. We continued to promote gender equality in our corporate and human resources policies and practices through implementation of Women in Leadership initiatives such as better access to flexible and remote work options.

Overseas, the department continued to implement the largest expansion of Australia's diplomatic network in 40 years. We opened new posts in Doha, Lae and Bogotá, with progress under way for new posts in Surabaya, Rabat and Shenyang. We continued to rethink the traditional post operating model, implementing fit-for-purpose missions that streamline service delivery and reduce overhead costs.

We continued work to consolidate, streamline and standardise corporate-enabling service delivery for staff and other agency clients overseas. Under the reDESIGN strategy, we established the first six regional service delivery hubs in London, Washington, Manila, Jakarta, New Delhi and Beijing. Up to nine service delivery hubs will be established by December 2020.

CORPORATE GOVERNANCE

The department's corporate governance agenda focused on building a more resilient, flexible and accountable organisation to better deliver the Government's foreign, trade and investment, and development policy priorities. Our corporate governance agenda is guided by the *Corporate Plan 2016–2020 and Values Statement*.

The *Corporate Plan* articulates how the department will deliver on, and measure its performance in delivering, the Government's policy priorities. The *Values Statement* sets out the way the department aims to achieve its purpose and is the foundation for staff actions and behaviour.

In 2016–17 the department strengthened its business planning processes and performance oversight of divisions, posts and state and territory offices. We also continued to implement changes required by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), including the enhanced Commonwealth performance framework.

THE EXECUTIVE

The Secretary and Deputy Secretaries oversaw all significant foreign, trade and investment, and development policy, service delivery and corporate management. The executive was also responsible for placements of senior executive staff. The Deputy Secretaries supported the Secretary through management of the department's work units (*see Figure 1, p. 19*). Members of the executive represented the Government at meetings in Australia and overseas, and chaired key corporate governance bodies.

SENIOR MANAGEMENT COMMITTEES AND THEIR ROLES

PORTFOLIO AND WHOLE-OF-GOVERNMENT COORDINATION

The department worked closely with portfolio agencies—the Australian Centre for International Agricultural Research, the Australian Secret Intelligence Service, the Australian Trade and Investment Commission, Tourism Australia and the Export Finance and Insurance Corporation—to ensure a seamless and cohesive approach to implementing the Government's agenda. The Secretary met regularly with portfolio counterparts at agency heads' meetings to enhance high-level coordination on policy and corporate issues, including the Government's economic diplomacy agenda.

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Corporate Governance

The department's leading coordination role across Australia's overseas network is set out in the *Prime Minister's Directive: Guidelines for the Management of the Australian Government Presence Overseas*. Working closely with other government agencies, the department helped achieve whole-of-government objectives, including hosting and participating in major international meetings, delivering a quality aid program and responding to consular crises.

The Secretary and members of the executive met counterparts from other government departments and agencies regularly to support cohesive responses to current and emerging foreign, trade and investment, and development policy matters, as well as shared management challenges.

The department led the whole-of-government review of overseas allowances, seeking to standardise and simplify financial support provided to Australian Government employees overseas. The department also led the review of management of the Commonwealth's overseas property.

GOVERNANCE MECHANISMS

The department maintained a structure of management bodies and meetings designed to provide robust corporate governance, convey priorities and propagate strong and ethical organisational values.

The **Departmental Executive** (DE)—comprising the Secretary, Deputy Secretaries and other senior officers—is the department's primary formal governance body.

The DE met weekly, with a focus on strategic resource management and priorities, and major policy issues. A subset of the DE also reviewed the performance and priorities of overseas posts and departmental divisions under the Post/Division Business Review process.

The department's governance structure includes the following committees:

The **Audit and Risk Committee** provides independent assurance and advice to the Secretary and DE on the department's risk management and fraud control, internal control and compliance frameworks and its external accountability responsibilities. It assists the department to comply with its obligations under legislation by reviewing and recommending improvements to management systems, key processes, corporate governance, financial and performance reporting.

The committee has three departmental members and four independent external members. Other designated departmental officers and representatives from the Australian National Audit Office (ANAO) attend meetings as observers. The committee met six times during 2016–17.

The **Ethics Committee** comprises members drawn from across functional areas and met three times during 2016–17. The committee considered departmental policies on risk governance, rewards and recognition, and conflict of interest, and introduced bi-annual code of conduct statistical reporting for all staff.

The **Workplace Relations Committee**, with its elected staff, union and management representatives, is the department's principal forum for consulting and informing staff, and exchanging views on the workplace. The committee met seven times, including to consider staffing, posting and promotion matters, flexible work arrangements, changes to overseas allowances and travel policy.

The **Indigenous Taskforce** shapes the department's strategic policy on Indigenous matters and provides a forum for the Indigenous Employees Network to influence policy priorities. It met twice in 2016–17 and oversaw the delivery of the department's new Indigenous Recruitment and Career Development Strategy. It also monitored implementation of the department's Reconciliation Action Plan and Indigenous Peoples Strategy.



DFAT Secretary Frances Adamson with Isaiah Firebrace and members of the department's Indigenous Employees Network. [DFAT/Linda Roche]

The **Aid Investment Committee** met six times in the reporting period, providing oversight of Australia's aid investment portfolio, including the implementation of Aid Investment Plans for major country and regional programs. The committee assessed high-risk and high-value investment concepts for development impact, value for money and strategic alignment with government policy and Aid Investment Plans.

The **Development Policy Committee** (DPC) held seven meetings in 2016–17, providing strategic vision and oversight on development policy issues for the department in line with Australian Government priorities. The committee ensures policy consistency across the aid program and has a key role in promoting policy coherence between Australia's foreign affairs, trade and development agendas. The DPC considered emerging global development issues—particularly in relation to the 2030 Agenda for Sustainable Development—their relevance and implications for Australia's aid policy, and identified key actions to improve the effectiveness of Australian aid. The committee also provided a forum to discuss development policy priorities with the Foreign Policy White Paper Taskforce.

The **ICT Steering Committee** (ITSC) oversees the management and operation of information and communications technology across the department.

In consultation with business areas, the ITSC sets the strategic direction for ICT services and evaluates progress against the strategy. The ITSC met four times during the year to consider business requests for ICT resources, determine ICT investment priorities, approve the business technology strategy for 2017–2020 and assess the performance of high-risk projects.

The **Departmental Security Committee**, which sets the strategic direction for DFAT's security responsibilities for staff, property and information in Australia and overseas, met four times in the reporting period. The committee considered global security threats and their impact on the department's operations, and examined key security risks and risk mitigation measures in the area of physical, information (including cyber), personnel and operational security.

The **Trade and Investment Policy Committee** met four times during the year. Its primary focus was on enhancing DFAT–Austrade coordination and on ensuring coherence across the trade and investment policy and negotiations agenda. The committee considered, among other issues, Brexit, foreign investment in critical infrastructure, competitiveness, trade advocacy and bilateral and regional trade negotiations.

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EVALUATION AND PLANNING

Regular planning and evaluation took place across the department to ensure efficient and effective allocation of resources to support the Government's foreign, trade and investment, and development policy objectives.

In accordance with the PGPA Act, the department published its *Corporate Plan 2016–2020* and developed the second Annual Performance Statement for inclusion in this Annual Report (see p. 24–133). The *Foreign Affairs and Trade Portfolio Budget Statements 2016–17* outlined the department's performance expectations and planned use of resources.

The executive conducted rolling reviews of the performance of divisions, posts and state and territory offices against their individual business plans and risk registers. These business plans report against the priorities in the department's *Corporate Plan*. In 2016–17 the executive conducted 30 Division Business Reviews and 47 Post Business Reviews.

As part of the review process, we sought feedback from more than 80 Australian Government agencies and key stakeholders. This feedback helped identify opportunities for further or improved collaboration between the department, government agencies and other stakeholders in support of whole-of-government objectives.

OFFICE OF DEVELOPMENT EFFECTIVENESS

The Office of Development Effectiveness (ODE) is an operationally independent unit of the department that monitors and assesses the effectiveness of the aid program and the quality of the department's performance reporting. The work of ODE is overseen by the Independent Evaluation Committee (IEC) (see p. 145).

In 2016–17 ODE published five reviews and evaluations of the department's development programs:

- *Review of Operational Evaluations Completed in 2014*

- *Evaluation of the Secretariat of the Pacific Community – Government of Australia Partnership*
- *Evaluation of the Management Arrangements for the Civil Society Water, Sanitation and Hygiene Fund*
- *Humanitarian Assistance in the Pacific: An Evaluation of the Effectiveness of Australia's Response to Cyclone Pam*
- *Investing in Roads: Lessons from the Eastern Indonesia National Roads Improvement Project.*

ODE also assessed the robustness of the department's development performance reporting, drawing on its annual spot check of performance ratings assigned by aid managers to individual investments and a quality review of aid program performance reports. The ODE assessment of DFAT's *Performance of Australian Aid* report was endorsed by the IEC and published as an annex to that report.

The IEC endorsed and the Secretary approved ODE's work plan for 2017 and 2018. ODE selected evaluation topics on the basis of policy relevance, coverage and materiality, potential for learning and risks to aid effectiveness.

CONDUCT AND ETHICS

The department's Employee Ethics Section (EES) provides an ethical advisory service and investigates allegations of fraud and misconduct involving staff, including locally engaged staff overseas. During the period, EES investigated 42 allegations: 13 matters were substantiated, four were found to be unsubstantiated, 12 matters remain ongoing and 13 were handled managerially. As a result of EES inquiries, four DFAT officers were dismissed, one officer was demoted, four resigned and one matter was referred to the Commonwealth Director of Public Prosecutions. One contractor resigned.

The EES upholds and promotes the APS Values and Employment Principles through e-learning training modules, face-to-face training, and pre-posting conduct and ethics briefings for heads of mission, deputy heads of mission and senior administrative officers.

The department supports staff in reporting wrongdoing in the APS, in keeping with the *Public Interest Disclosure Act 2013* (PID). The department's PID policy is available on the DFAT intranet and external website, and the department also provides e-learning.

ANTI-BULLYING, HARASSMENT AND DISCRIMINATION

The department has zero tolerance for bullying, harassment and discrimination and is committed to providing a workplace that is fair, flexible, safe and rewarding. In circumstances where a report of bullying, harassment or discrimination has occurred, the department acts promptly to address the issues.

We continue to provide mandatory e-learning to all staff in Australia and overseas, and staff have access to a number of support options, including a global network of over 200 workplace diversity contact officers.

COUNTERING FRAUD

The department has a policy of zero tolerance towards fraudulent and corrupt activity or behaviour by its staff and external parties that receive Australian Government funds, including through the Australian aid program.

The department's Fraud Control and Anti-Corruption Plan sets out the arrangements for the management of fraud and corruption risks in accordance with legislative requirements under the Commonwealth Fraud Control Framework 2014. The plan provides policies, tools and guidance on how to prevent, detect and respond to fraud and corruption risks faced by the department.

The department ensures that staff are equipped to prevent, identify and report fraud through training, both face-to-face and e-learning. In 2016–17 we provided fraud and anti-corruption training to 1,024 department, partner government, multilateral, contractor and NGO staff based in Canberra and overseas.

RISK MANAGEMENT

In 2017 the department commenced new work on measuring and improving the department's risk culture, including a review of risk governance across the department, risk culture surveys, and targeted training across all levels and business areas. Operating in a complex and dynamic international environment, the department has to engage with risk to achieve its objectives. The *DFAT Risk Management Guide* articulates the principles that govern risk management, explains roles and responsibilities of staff and provides instructions on how to assess and manage risk. It encourages officers to engage with risk in a positive and transparent way to facilitate innovation and improve policy development and service delivery.

Key risk areas, including human resources, work health and safety, IT, finance, security, consular and crisis management, and aid management, provided tailored policies governing key risks and advice to staff on the department's appetite and tolerance for these key risks. Several departmental committees provided additional oversight on key risks. The Audit and Risk Committee also provided independent assurance to the Secretary on risk management and ensured that the department's risk management framework is fit for purpose.

All divisions, posts and state and territory offices submitted risk registers and recorded key risks in their individual business plans. The executive reviewed these as part of the Division/Post/Office Business Review process. In May 2017 the department used the Division/Post/Office risk registers, along with input from the department's Enterprise Risk Group, to update the critical risk list. The critical risk list considered organisational risks such as staff capability, cybersecurity, business continuity, aid program performance and work health and safety, as well as strategic risks in the trade, aid and foreign policy areas. It outlined the department's controls and proposed treatments, and provided comment on the department's appetite and tolerance for these critical risks. The executive approved the critical risk list and confirmed that appropriate and effective controls were in place. The critical risk list will be reviewed every six months to capture the changing context and any emerging risks.

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Corporate Governance

BUSINESS CONTINUITY PLANNING

The department continued to strengthen its business continuity planning to ensure the availability of essential business services during and after a major disruption to key organisational capabilities. The department held two desktop exercises to test and validate its Business Continuity Plan (BCP), in December 2016 and June 2017.

The December 2016 exercise concentrated on the responses over the first two days to a business disruption to the department's services in Canberra caused by meteorological factors and subsequently tested the department's continuity response to the degradation of power infrastructure in the Australian Capital Territory. The June 2017 exercise tested the department's after-hours emergency management, the maintenance of core functions and the restoration of business-as-usual services to concurrent outages in both Australia and overseas.

These exercises confirmed that the BCP enables effective management of a major disruption to operations across the department's global network. All posts and state and territory offices maintain individual business continuity plans, which are exercised and reviewed at least annually to ensure their effectiveness and currency.

INTERNAL AUDIT

The department's Internal Audit Branch, under the direction of the Chief Auditor, focuses on improving the quality, accountability, efficiency and effectiveness of the functions and processes used to develop and implement foreign, trade and investment, and development policy.

The internal audit program is designed to provide assurance that critical policies and procedures are complied with and identify areas for improvement in administrative and program functions and processes. The internal audit program is delivered using a combination of internal resources and external providers.

EXTERNAL SCRUTINY AND ACCOUNTABILITY

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External scrutiny and accountability

INDEPENDENT EVALUATION COMMITTEE

The Independent Evaluation Committee (IEC) is an external body that oversees the work of the ODE (*see p. 142*) in quality assuring and evaluating the performance of the Australian aid program. It provides independent strategic and technical advice on all aspects of ODE's work. The committee has three external members (former World Bank Vice President, Jim Adams, is the chair) and one DFAT representative (at deputy secretary level). The Department of Finance also attends IEC meetings in an observer capacity. The committee met three times in 2016–17.

PARLIAMENTARY COMMITTEES OF INQUIRY

Departmental officers appeared as witnesses before the Joint Standing Committee on Treaties (JSCOT) in relation to 10 proposed treaty actions. This figure does not include occasions on which the department's Treaties Secretariat staff attended JSCOT hearings in an observer or advisory capacity. Officers also appeared as witnesses before one Senate Committee, one Parliamentary Standing Committee, and one Joint Select Committee.

COURTS AND ADMINISTRATIVE TRIBUNALS

The department managed a range of legal matters before courts and tribunals during the year (*see Appendix 5, p. 246*).

COMMONWEALTH OMBUDSMAN

The Commonwealth Ombudsman commenced nine investigations with respect to the department's activities in 2016–17. There was one notice provided to the department under subsection 12(4) of the *Ombudsman Act 1976*, but no formal reports were issued.

OFFICE OF THE AUSTRALIAN INFORMATION COMMISSIONER, FREEDOM OF INFORMATION AND PRIVACY

The department finalised 240 Freedom of information (FOI) applications in 2016–17. On external review the Information Commissioner affirmed two substantive FOI decisions, set aside two administrative decisions, and declined to investigate one other application for review. No privacy complaints concerning the department were investigated by the Information Commissioner.

Detailed information on the department's management of FOI requests can be found on the Office of the Australian Information Commissioner's website at: oaic.gov.au/freedom-of-information/foi-resources/freedom-of-information-reports/.

To meet requirements of the *Freedom of Information Act 1982* (FOI Act), we continued to publish information under the Information Publication Scheme contained in Part II of the FOI Act. The content is available at: <http://www.dfat.gov.au/foi/ips.html>.

AUSTRALIAN HUMAN RIGHTS COMMISSION (AHRC)

The AHRC is continuing to investigate a complaint made in relation to the department's activities. The complaint was made in a previous financial year.

LEGISLATION

The department facilitated the enactment of the *Passport Legislation Amendment (Overseas Travel by Child Sex Offenders) Act 2017*, the *Civil Nuclear Transfers to India Act 2016* and the *Registration of Deaths Abroad Amendment Act 2016*. The department also facilitated the making of a number of legislative instruments, including: the *Charter of the United Nations (Sanctions—Democratic People's Republic of Korea) Amendment (2017 Measures No. 1) Regulations 2017*; *Charter of the United Nations (Sanctions—Democratic People's Republic of Korea) (Documents) Instrument 2017*; *Charter of the United Nations (Sanctions—Democratic People's Republic of Korea) (Luxury Goods) Instrument 2017*; *Consular Fees Amendment (Fees and Indexation) Regulation 2016*; *Registration of Deaths Abroad Amendment Regulations 2017*; *International Organisations (Privileges and Immunities—Organisation for the Prohibition of Chemical Weapons) Regulation 2016*, and the *Diplomatic Privileges and Immunities (Indirect Tax Concession Scheme) Amendment (Estonia and Pakistan) Determination 2017*.

The department provided input to legislation managed by agencies within the portfolio and contributed to the development of legislation initiated by other agencies that affected the foreign affairs and trade portfolio.

REPORTS BY THE AUDITOR-GENERAL

In 2016–17 the Auditor-General tabled in Parliament the following reports by the Australian National Audit Office (ANAO) related to the department's operations:

- Report No. 6: Corporate Planning in the Australian Public Sector
- Report No. 7: Interim Phase of the Audits of the Financial Statements of Major General Government Sector Entities for the year ending 30 June 2016
- Report No. 18: Confidentiality in Government Contracts: Senate Order for Departmental and Entity Contracts (Calendar Year 2015 Compliance)
- Report No. 33: Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2016.

Details of these reports are on the ANAO website.

COMPENSATION FOR DETRIMENT CAUSED BY DEFECTIVE ADMINISTRATION, ACT OF GRACE, EX-GRATIA PAYMENTS

Fourteen new claims were made under the scheme for compensation for detriment caused by defective administration. The department resolved 11 cases, including applications made in previous financial years. Of these, seven applications for compensation were accepted and four were rejected. Eight cases remained in progress at the end of the financial year.

One application for an act of grace payment relating to the department's activities was received and was in progress with the Department of Finance at the end of the financial year.

MANAGEMENT OF HUMAN RESOURCES

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Management of human resources

The department continued the professionalisation of its human resources services. Significant progress was made in establishing sound workforce planning principles to underpin recruitment and staff management across the department. Through mapping the department's capability requirements by function, we were better able to identify and link capability requirements to the Diplomatic Academy's learning pathways or seek to bring in expertise from elsewhere.

We actively managed our APS and locally engaged staffing resources overseas, reallocating staff to priority tasks and government priorities as required. We used staffing taskforces to deliver specific objectives such as the Foreign Policy White Paper, reDESIGN, the kidnapping taskforce, and in support of the Human Rights Council campaign.

There was a greater focus on improving professional and personal support for staff. Overseas, a notable focus was on developing protocols around air pollution, working closely with the Overseas Property Office.

During the review period we conducted several staff surveys to inform the development of corporate policies, including mental health and women in leadership, and drew on the results of the APS Employees Census to measure and improve performance across key indicators.

DIVERSITY

The department values the diversity of its staff and acknowledges the contribution this makes to achieving its objectives.

We made steady progress towards our SES gender targets which aim to achieve at least 40 per cent women at SES Band 1 and 2 levels by 2020, with 32.6 per cent female SES (2016–17), up from 31.5 per cent (2015–16). Under our Women in Leadership strategy, we introduced new policies to support flexible work and held workshops to minimise unconscious bias. We celebrated female role models in the department, including through renaming meeting rooms, rebalancing photo displays and panel discussions.

We renewed our Indigenous Recruitment and Career Development Strategy 2016–20. On 30 June 2017 we had 81 ongoing employees (approximately 2.2 per cent of the total workforce) formally identifying as Aboriginal and/or Torres Strait Islander. Our goal is 2.5 per cent Indigenous employee representation by June 2018. We implemented a number of initiatives, including targeted special measures recruitment processes, to help meet that goal.

We began implementing our Disability Action Strategy 2017–20 to promote workforce participation, capability and contribution of people with disability. As of 30 June 2017 we employed 57 staff who reported a disability (representing approximately 1.5 per cent of APS employees). Disability reporting details under the National Disability Strategy are available at dss.gov.au.



DFAT staff attending the Mardi Gras, Sydney, 4 March 2017. [DFAT/Diana Nelson]

We continued to support lesbian, gay, bisexual, transgender and intersex (LGBTI) inclusion, notably through participation by staff walking under a DFAT banner for the first time in the 2017 Sydney Gay and Lesbian Mardi Gras Parade.

More than 17 per cent of our staff identify as having a Culturally and Linguistically Diverse (CALD) background. Data from our Agency Multicultural Plan is included in the Multicultural Access and Equity in Government Services Report at dss.gov.au.

Further information on diversity reporting mechanisms is available through the APSC's State of the Service Report and the APS Statistical Bulletin at apsc.gov.au.

STAFF WELFARE

The Staff and Family Support Office provided more than 1,600 consultations in Canberra and at our overseas posts, as well as state and territory offices. Of these, 270 were related to the provision of management-related advice and 263 were selection and wellbeing assessments. Additionally, 194 training sessions (reaching over 2,700 staff) were conducted.

Notable achievements this year in managing overseas health risks included visits to higher-risk posts, the establishment of a new medical clinic in Honiara and significant policy work, such as the Air-Quality Management Strategy. Routine work included approximately 1,000 pre-deployment medical assessments, regular individual consultations, and management and clinical support to six existing overseas clinics. In addition, the Medical Unit facilitated the on-shore influenza vaccine program—over 1,700 vaccines were administered.

PERFORMANCE MANAGEMENT

The department's Performance Management Framework provides guidance on dealing with complex performance issues. In 2016–17 we expanded our online upwards feedback survey to include EL1 managers in key positions as well as managers at and above the EL2 level. Our mentoring programs, including for first time heads of mission and senior administrative officers, built capacity by drawing on the skills, knowledge and experience of fellow officers. Some 250 staff across all levels of the department volunteered to mentor colleagues.

WORKPLACE ARRANGEMENTS

DFAT's Enterprise Agreement (EA) sets out employment terms and conditions for non-SES employees. The current EA came into effect on 17 December 2015 and has a nominal expiry date of 16 December 2018. The next, and final, pay rise of two per cent will take place on 17 December 2017.

Details of employees covered by the EA, and determinations and remuneration supplementation agreements are included in *Appendix 1 (p. 234)*. SES staff are employed under the terms of a determination made by the Secretary under section 24(1) of the *Public Service Act 1999*. Key management personnel remuneration is set out in Note 6.2 of the financial statements (*p. 201*). In addition to remuneration, the department provides a range of non-salary allowances to staff for travel and for expenses related to overseas postings.



International Graduate Program participants visit the Torres Strait Treaty Liaison Office, Thursday Island, 11 October 2016. [DFAT/Christina Yiannakis]

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Management of human resources

Diplomatic Academy

The department established the Diplomatic Academy in May 2016 as a learning and development hub for all staff working to advance Australia's interests internationally.

The academy aims to strengthen the skills, functional capabilities and knowledge of departmental staff, the wider APS and regional governments. The academy has developed curricula based on need and demand, informed by consultation within the department and with other APS agencies, think tanks, learning experts and academic bodies. An advisory board comprising members of the senior executive and external advisers ensures the relevance, currency and quality of the academy's curricula.

The academy delivers learning across nine faculties, with a full curriculum to be offered by early 2018. Faculties will play a critical role in building the department's capability to implement the recommendations of the Foreign Policy White Paper. The academy has to date launched six of its nine faculties.

The academy has developed and piloted innovative new courses which provide staff with a much stronger foundational understanding of diplomatic tradecraft and Australian culture and values, as well as foreign, trade and aid policies, and enabling services. Delivery is in a range of different formats (digital and face-to-face) across the overseas network. The academy has developed 'Workshops in a Box', which allow

courses to be delivered remotely by colleagues at overseas posts. The academy has delivered diplomatic tradecraft training to over 330 participants from the department, the wider APS and regional foreign ministries. This training has received uniformly positive feedback.

The academy will position Australia as a regional centre for diplomatic excellence. We have sought early opportunities to collaborate with international partners, notably those in the Indo-Pacific region, to exchange ideas, build linkages and pursue collaboration activities. We are collaborating with Vietnam, the United Kingdom and Indonesia, including through:

- exchanges of senior foreign ministry officials to deliver lectures
- reciprocal attendance at training programs by junior diplomats
- sharing course materials on issues of mutual interest
- leveraging bilateral visits to invite senior officials to deliver guest lectures.

The International Graduate Program (IGP) remains our main vehicle for engaging and building capacity for neighbouring countries. In 2016 the IGP involved the department's 35 graduate trainees and 29 international participants.



Secretary Frances Adamson (centre) with Robyn Mudie Executive Director of the Diplomatic Academy (R, 2nd row from front) and international and department participants in the Graduate Program, Diplomatic Academy, Canberra, 25 October 2016. [Eventphotography]

MANAGEMENT OF FINANCIAL RESOURCES

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Management of financial resources

The department's operations in Australia and overseas are supported by a sound financial management framework, which includes robust internal controls, financial analysis and forecasting, and regular financial performance reporting.

In its report, Interim Phase of the Audit of Financial Statements of Major General Government Sector Agencies for the year ending 30 June 2017, the ANAO found that the department had effective internal controls to ensure good financial management and a sound financial reporting framework.

Continued strong management of financial resources will be required for the effective implementation and alignment of government priorities in the areas of foreign affairs, trade and investment, development assistance and the provision of high-quality passport and consular services. This will be particularly important in a tighter fiscal environment.

The department is committed to supporting the Government's smaller government agenda through implementation of efficiencies identified in the department's Functional and Efficiency Review and contributions to the Shared and Common Services Program.

The department has progressed a number of internal reforms aimed at improving efficiency and finding better, smarter ways of working. This includes:

- continued focus on modernising and enhancing our financial systems and processes
- reviewing the department's internal red tape with a focus on streamlining administrative processes
- redesign of overseas operations to deliver contemporary work practices and new models of operation in support of low administration, high impact overseas representation.

FINANCIAL MANAGEMENT INFORMATION SYSTEM

The department delivered enhancements to its financial management information system to support innovation and the reduction of red tape in 2016–17. We will continue to work towards utilising improved finance technology to support these core objectives, including towards the delivery of shared service initiatives.

ASSETS MANAGEMENT

Internal capital funding is allocated based on sound business cases developed by work units, which are assessed rigorously by the central finance area and approved by the executive. The executive reviews capital investment throughout the year. The long-term strategic planning of the department's investment needs is supported through the implementation of the Capital Management Plan. We conduct informal reviews and impairment testing of asset classes annually to ensure asset values are fairly stated in the end-of-year financial statements.

PURCHASING PERFORMANCE

The department is one of the Government's major purchasers of goods and services. The department's purchasing was undertaken in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the Commonwealth Procurement Rules, which require Commonwealth officials to ensure value for money through the efficient, effective, economical and ethical use of public resources.

In 2016–17 we continued to focus on delivering procurement solutions that support the department's foreign, trade and aid objectives, and pursuing value for money in procurement and contract management practices and processes.

The department continued to play a strong role at the whole-of-government level in supporting the Indigenous supplier diversity strategy. This is evidenced through the contracts awarded in the inaugural year of implementation and the continued effort throughout 2016–17.

CONSULTANCY CONTRACTS

During 2016–17, 48 new consultancy contracts were entered into involving total actual expenditure of \$2,055,324 (inclusive of GST). In addition, 27 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$2,686,728 (inclusive of GST).

The department engages consultants where it lacks specialist expertise or when independent research, review or assessment is required. Consultants are typically engaged to investigate or diagnose a defined issue or problem, carry out reviews or evaluations, or provide independent advice, information or creative solutions to assist in the department's decision-making.

Before engaging consultants, the department takes into account the skills and resources required for the task, the skills available within the department and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the PGPA Act and related rules, including the Commonwealth Procurement Rules and relevant departmental policies.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website: tenders.gov.au.

ANAO ACCESS CLAUSES

No standing offers or contracts in excess of \$100,000 (inclusive of GST) failed to provide for the Auditor-General to have access to the contractor's premises.

EXEMPT CONTRACTS

There were three contracts or standing offers in excess of \$10,000 (inclusive of GST), with a total value of \$4,225,922, exempted from being published in AusTender on the basis that publication would disclose exempt matters under the FOI Act.

PROCUREMENT INITIATIVES TO SUPPORT SMALL BUSINESS

The department supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website: finance.gov.au/procurement/statistics-on-commonwealth-purchasingcontracts.

The department remained committed to ensuring that SMEs could engage in fair competition and we demonstrated this through our procurement practices.

In 2016–17 the department held its inaugural Aid Supplier Conference, an initiative to foster communication and shared understanding with over 180 businesses. It provided SMEs with the tools required for working with the department to deliver an aid program that effectively contributes to Australia's national interest by promoting prosperity, stability and security in our region.

The department recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website: treasury.gov.au.

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INDEPENDENT AUDITOR'S REPORT

**To the Minister for Foreign Affairs
To the Minister for Trade, Tourism and Investment**

Opinion

In my opinion, the financial statements of the Department of Foreign Affairs and Trade for the year ended 30 June 2017:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Department of Foreign Affairs and Trade as at 30 June 2017 and its financial performance and cash flows for the year then ended.

The financial statements of the Department of Foreign Affairs and Trade, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- Statement by the Secretary and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising significant accounting policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Department of Foreign Affairs and Trade in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the

context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter

Accuracy and completeness of international development assistance

Refer to Note 2.1A International Development Assistance

The Department of Foreign Affairs and Trade (the Department) reported administered international development assistance of \$2 919.7 million for the year ended 30 June 2017.

The administered international development assistance programs are focused on providing assistance to developing countries to reduce poverty and improve living standards. I considered it a key audit matter due to the:

- significant value of the payments made through the Department's aid programs; and
- varied nature of the payments that are allocated through country, regional and global programs and include payments to international organisations, emergency and humanitarian programs and contributions to non-Government organisations and volunteer programs.

How the audit addressed the matter

To address this matter I performed the following audit procedures:

- assessed and tested a sample of the internal controls supporting international development assistance including processes for: recording and monitoring; and approval for funding agreements and expenditure;
- tested key information technology general and application controls relating to the Department's grants management systems; and
- examined supporting documentation for a sample of payments to assess the accuracy of expenditure amounts and compliance with funding agreements and applicable acquittal processes.

Key audit matter

Valuation of overseas property

Refer to Note 3.2A Total land and buildings

As at 30 June 2017, the reported fair value of total land and buildings was \$3 132.8 million. The overseas property represents a significant proportion of this balance. The Department engaged an independent expert to undertake the valuation.

I focused on this area due to the:

- significant value of the properties;
- estimate of the fair values for these assets using different valuation methodologies; and
- inherent subjectivity and the significant judgements, assumptions and estimates required in the determination of the fair value of the properties.

The Department provides details on the assumptions used in the valuation in notes 3.2A and 7.2 to the financial statements.

How the audit addressed the matter

To address this key audit matter I:

- assessed the key controls associated with the valuation process and tested a sample of controls as appropriate;
- assessed the competence, capability and objectivity of the Department's valuations expert;
- reviewed and assessed the methodologies used including challenging the key assumptions applied particularly in relation to the assessment of movements in market conditions and restrictions on title;
- evaluated the relevance, completeness and accuracy of the reports and underlying data used by the Department's expert; and
- tested the accuracy and completeness of financial statements disclosures.

Key audit matter**Valuation of other investments**

*Refer to Note 4.1C Other Investments
Non-monetary 'available for sale'
International Development Association and
Asian Development Fund subscriptions*

These investments represent subscription-based membership rights held by the Australian Government in accordance with the articles of association for the International Development Association and the Asian Development Fund.

The valuation of multilateral subscriptions is considered a key audit matter due to the:

- inherent subjectivity and the significant judgements, assumptions and estimates required in the determination of the fair value of these investments; and
- complexity of the membership arrangements.

The Department engaged an independent expert to undertake the valuation. As at 30 June 2017 the reported fair value of multilateral subscriptions was \$1 896.0 million. The Department provides details on the assumptions used in the valuation in notes 4.1C and 7.5 to the financial statements.

How the audit addressed the matter

To audit the valuation of multilateral subscriptions, I engaged a valuation specialist to assist with tests of detail, on a sample basis. These procedures included:

- evaluating the competence and objectivity of the valuation expert used by management;
- review and assessment of the methodology and valuation model used including challenging the key assumptions applied in the model;
- evaluating the relevance, completeness and accuracy of the reports and underlying data used by the Department's expert; and
- assessment of the appropriateness of the related disclosures included in the notes to the financial statements.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Department, the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the Department's ability to continue as a going concern, taking into account whether the Department's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

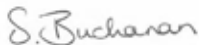
As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary;
- conclude on the appropriateness of the Secretary's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Department to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Serena Buchanan
Senior Executive Director

Delegate of the Auditor-General

Canberra
12 September 2017

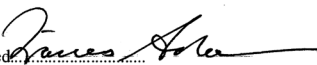
Department of Foreign Affairs and Trade
STATEMENT BY THE SECRETARY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2017 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

The following exemptions to the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) are published on the Department of Finance website and have been applied to DFAT's financial statements:


- a) Subsections 37(a) and 43(2)(b) to require net recording of receipts on behalf of other entities as per Section 74 of the *Public Governance, Performance and Accountability Act 2013*.
- b) Subsection 43(3)(a) to require net recording of cash payments on behalf of other entities made from appropriations.
- c) Section 47 to not require separate disclosure of money paid on behalf of other entities.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Foreign Affairs and Trade will be able to pay its debts as and when they fall due.

Signed 

Frances Adamson
 Secretary

12 September 2017

Signed 

Paul Wood
 Chief Financial Officer

12 September 2017

Department of Foreign Affairs and Trade
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	778,564	781,733	765,608
Suppliers	1.1B	698,362	700,842	696,337
Depreciation and amortisation	3.2A	171,287	147,678	159,282
Write-down and impairment of assets	1.1C	12,408	11,458	-
Grants		10,313	4,614	4,930
Finance costs		659	462	-
Total expenses		1,671,593	1,646,787	1,626,157
Own-Source Income				
Own-source revenue				
Sale of goods and rendering of services	1.2A	135,116	123,856	104,863
Other revenue	1.2B	14,513	9,456	8,300
Total own-source revenue		149,629	133,312	113,163
Gains				
Gains on sale of assets	1.2C	367	348	18,074
Other gains	1.2D	1,860	2,492	-
Foreign exchange gains - non-speculative		11	558	-
Total gains		2,238	3,398	18,074
Total own-source income		151,867	136,710	131,237
Net cost of services		(1,519,726)	(1,510,077)	(1,494,920)
Revenue from Government - departmental appropriations		1,382,971	1,381,749	1,403,143
(Deficit) attributable to the Australian Government		(136,755)	(128,328)	(91,777)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve		31,965	241,943	-
Total other comprehensive income		31,965	241,943	-
Total comprehensive income / (loss) attributable to the Australian Government		(104,790)	113,615	(91,777)

The above statement should be read in conjunction with the accompanying notes.

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Management of financial resources

Department of Foreign Affairs and Trade
STATEMENT OF FINANCIAL POSITION
as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	178,403	161,184	84,720
Trade and other receivables	3.1B	573,022	697,200	589,651
Total financial assets		751,425	858,384	674,371
Non-financial assets				
Land and buildings	3.2A	3,132,820	3,039,304	3,070,305
Plant and equipment	3.2A	306,290	263,413	285,094
Intangibles	3.2A	118,895	106,628	86,090
Inventories	3.2B	47,118	47,586	39,641
Assets held for sale	3.2C	106,323	106,014	66,842
Other non-financial assets	3.2D	59,915	94,439	86,923
Total non-financial assets		3,771,361	3,657,384	3,634,895
Total assets		4,522,786	4,515,768	4,309,266
LIABILITIES				
Payables				
Suppliers	3.3A	137,439	117,924	123,914
Other payables	3.3B	42,723	60,811	63,324
Total payables		180,162	178,735	187,238
Provisions				
Employee provisions	6.1A	219,273	227,468	216,753
Other provisions	3.4A	19,567	18,763	22,647
Total provisions		238,840	246,231	239,400
Total liabilities		419,002	424,966	426,638
Net assets		4,103,784	4,090,802	3,882,628
EQUITY				
Contributed equity / capital		2,520,217	2,402,445	2,516,502
Asset revaluation reserve		1,515,402	1,483,437	1,241,493
Retained surplus		68,165	204,920	124,633
Total equity		4,103,784	4,090,802	3,882,628

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2017

	Retained surplus			Asset revaluation reserve			Contributed equity / capital			Total equity		
	2017 \$'000	2016 \$'000	Original Budget \$'000	2017 \$'000	2016 \$'000	Original Budget \$'000	2017 \$'000	2016 \$'000	Original Budget \$'000	2017 \$'000	2016 \$'000	Original Budget \$'000
Opening balance												
Balance carried forward from previous period	204,920	333,248	216,410	1,483,437	1,241,494	1,241,493	2,402,445	2,153,381	2,407,063	4,090,802	3,728,123	3,864,966
Adjusted opening balance	204,920	333,248	216,410	1,483,437	1,241,494	1,241,493	2,402,445	2,153,381	2,407,063	4,090,802	3,728,123	3,864,966
Comprehensive income												
Revaluation adjustment	-	-	-	32,079	239,050	-	-	-	-	32,079	239,050	-
Makegood revaluation adjustment	-	-	-	(114)	2,893	-	-	-	-	(114)	2,893	-
(Deficit) for the period	(136,755)	(128,328)	(91,777)	-	-	-	-	-	-	(136,755)	(128,328)	(91,777)
Total comprehensive income	(136,755)	(128,328)	(91,777)	31,965	241,943	-	-	-	-	(104,790)	113,615	(91,777)
Transactions with owners												
Distribution to owners												
Returns of capital:												
Other	-	-	-	-	-	-	-	(4,618)	-	-	(4,618)	-
Contributions by owners												
Equity injection - Appropriations	-	-	-	-	-	-	66,017	201,511	57,684	66,017	201,511	57,684
Departmental capital budget	-	-	-	-	-	-	51,755	52,171	51,755	51,755	52,171	51,755
Total transactions with owners	-	-	-	-	-	-	117,772	249,064	109,439	117,772	249,064	109,439
Closing balance as at 30 June	68,165	204,920	124,633	1,515,402	1,483,437	1,241,493	2,520,217	2,402,445	2,516,502	4,103,784	4,090,802	3,882,628

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and departmental capital budgets (DCBs) are recognised directly in contributed equity in that year.

Other Distributions to Owners

The *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)* requires that distributions to owners be debited to contributed equity unless in the nature of a dividend. These represent amounts appropriated to the department that were subsequently returned to Government.

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
CASH FLOW STATEMENT
for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		1,602,175	1,495,558	1,403,143
Sale of goods and rendering of services		152,454	120,845	113,163
Special account cash transferred from Official Public Account (OPA)		89,000	108,000	-
Net GST received		41,067	42,204	-
Other		13,952	9,024	104,496
Total cash received		1,898,648	1,775,631	1,620,802
Cash used				
Employees		781,995	781,715	763,462
Suppliers		678,633	751,834	695,110
Section 74 receipts transferred to OPA		224,531	192,077	-
Special account cash transferred to OPA		87,340	5,800	-
Other		11,973	106,814	98,854
Total cash used		1,784,472	1,838,240	1,557,426
Net cash from / (used by) operating activities		114,176	(62,609)	63,376
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of property, plant and equipment		1,222	1,616	41,120
Total cash received		1,222	1,616	41,120
Cash used				
Purchase of land and buildings		155,788	126,555	-
Purchase of plant and equipment		114,943	89,938	231,286
Purchase and development of intangibles		27,743	37,677	-
Total cash used		298,474	254,170	231,286
Net cash (used by) investing activities		(297,252)	(252,554)	(190,166)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		200,284	185,144	126,790
Total cash received		200,284	185,144	126,790
Net cash from financing activities		200,284	185,144	126,790
Net increase / (decrease) in cash held		17,208	(130,019)	-
Cash and cash equivalents at the beginning of the reporting period		161,184	290,645	84,720
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period		11	558	-
Cash and cash equivalents at the end of the reporting period	3.1A	178,403	161,184	84,720

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
International development assistance	2.1A	2,919,738	3,116,868	2,919,800
Multilateral replenishments and other loans	2.1B	1,205,760	110,837	1,240,048
Other contributions	2.1C	415,157	425,431	517,550
Export Finance and Insurance Corporation (Efic)	2.1D	9,115	21,532	16,327
Other expenses	2.1E	8,289	7,525	3,984
Payments to corporate Commonwealth entities - Tourism Australia		143,610	144,018	140,266
Depreciation and amortisation	4.2A	1,350	1,460	1,189
Total expenses		4,703,019	3,827,671	4,839,164
Income				
Fees and charges	2.2A	505,290	465,092	505,098
Multilateral replenishments and other loans	2.2B	12,050	55,295	-
Efic National Interest Account (NIA)	2.2C	34,708	35,686	38,450
Efic dividend and competitive neutrality	2.2D	12,824	13,654	13,954
Return of prior year administered expenses		38,454	34,954	13,641
Other revenue and gains	2.2E	8,820	6,433	254
Total income		612,146	611,114	571,397
Net cost of services		(4,090,873)	(3,216,557)	(4,267,767)
OTHER COMPREHENSIVE INCOME				
Re-measurements of defined benefit plans		2,991	(8,618)	-
Changes in asset revaluation surplus		532	(1,074)	-
Movement in the carrying amount of investments		6,513	8,540	-
Total other comprehensive income		10,036	(1,152)	-
Total comprehensive (loss)		(4,080,837)	(3,217,709)	(4,267,767)

The above statement should be read in conjunction with the accompanying notes.

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Management of financial resources

Department of Foreign Affairs and Trade
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash on hand or on deposit	4.1A	12,162	25,683	1,832
Trade and other receivables	4.1B	185,305	185,512	2,852,668
Investments	4.1C	2,367,368	2,451,526	2,472,373
Total financial assets		2,564,835	2,662,721	5,326,873
Non-financial assets				
Leasehold improvements	4.2A	81	62	973
Plant and equipment	4.2A	27	6	1,436
Computer software internally developed	4.2A	3,565	4,094	4,168
Prepayments		128	572	151
Total non-financial assets		3,801	4,734	6,728
Total assets administered on behalf of Government		2,568,636	2,667,455	5,333,601
LIABILITIES				
Payables				
Grants	4.3A	1,071,059	509,767	1,368,069
Other payables	4.3B	1,127,086	945,153	1,386,366
Total payables		2,198,145	1,454,920	2,754,435
Provisions				
Employee provisions	6.1B	82,252	89,711	80,749
Total provisions		82,252	89,711	80,749
Total liabilities administered on behalf of Government		2,280,397	1,544,631	2,835,184
Net assets		288,239	1,122,824	2,498,417

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2017

	2017 \$'000	2016 \$'000
Opening assets less liabilities as at 1 July	1,122,824	853,639
Net (cost of) / contribution by services		
Income	612,146	611,114
Expenses		
Payments to entities other than corporate Commonwealth entities	(4,559,409)	(3,683,653)
Payments to corporate Commonwealth entities - Tourism Australia	(143,610)	(144,018)
Other comprehensive income		
Movement in the carrying amount of investments	6,513	8,540
Administered asset revaluations taken to / from reserves	532	(1,074)
Actuarial gains / (losses) on defined benefit plans	2,991	(8,618)
Transfers (to) / from the Australian Government		
Appropriation transfers from Official Public Account (OPA)		
Administered assets and liabilities appropriations	410,718	362,075
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	3,421,926	3,615,886
Payments to corporate Commonwealth entities - Tourism Australia	143,610	144,018
Special accounts		
Payments to entities other than corporate Commonwealth entities	8,920	37,876
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	656	831
Appropriation transfers to OPA		
Transfers to OPA	(739,578)	(673,792)
Closing assets less liabilities as at 30 June	288,239	1,122,824

Accounting Policy

Administered cash transfers to and from the Official Public Account

Revenue collected by DFAT for use by the Government rather than by DFAT is administered revenue. Collections are transferred to the OPA maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the Government. These transfers to and from the OPA are adjustments to the administered cash held by DFAT on behalf of the Government and reported as such in the Administered Cash Flow Statement and in the Administered Reconciliation Schedule.

Payments to corporate Commonwealth entities

Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans of the relevant portfolio department. The appropriation to DFAT is disclosed in Note 5.1A: Annual Appropriations ('Recoverable GST exclusive').

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
OPERATING ACTIVITIES			
Cash received			
Fees and charges		510,047	441,983
Net GST received		92,454	59,074
Return of prior year administered expenses		38,454	34,954
Efic (dividend and neutrality) and NIA		47,245	45,996
Other		8,182	4,448
Total cash received		696,382	586,455
Cash used			
International development assistance		3,112,963	3,237,695
Other contributions		415,157	425,431
Payments to corporate Commonwealth entities - Tourism Australia		143,610	144,018
Efic - NIA		9,210	21,532
Other		3,488	7,042
Total cash used		3,684,428	3,835,718
Net cash / (used by) operating activities		(2,988,046)	(3,249,263)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		-	8
Proceeds from concessional financial instruments		3,950	-
Total cash received		3,950	8
Cash used			
Purchase of intangibles		329	730
Purchase of concessional financial instruments		275,348	227,021
Total cash used		275,677	227,751
Net cash / (used by) investing activities		(271,727)	(227,743)
Net (decrease) in cash held		(3,259,773)	(3,477,006)
Cash and cash equivalents at the beginning of the reporting period		25,683	15,263
Cash from Official Public Account			
Appropriations		3,976,910	4,122,810
Special accounts		8,920	37,876
Total cash from official public account		3,985,830	4,160,686
Cash to Official Public Account			
Appropriations		(739,578)	(673,792)
Total cash to official public account		(739,578)	(673,792)
Effect of exchange rate fluctuations		-	532
Cash and cash equivalents at the end of the reporting period		12,162	25,683

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview

Objectives of the Department of Foreign Affairs and Trade

The Department of Foreign Affairs and Trade (DFAT) is an Australian Government controlled entity. It is a not-for-profit, non-corporate Commonwealth entity. The continued existence of DFAT in its present form and with its present outcomes and programs is dependent on Government policy and on continuing funding by Parliament for DFAT's administration and programs.

DFAT's role is to advance the interests of Australia and Australians internationally, providing foreign, trade and investment, development and international security policy advice to the Government. DFAT works with other Government agencies to ensure that Australia's pursuit of its global, regional and bilateral interests is coordinated effectively. DFAT's role involves working to strengthen Australia's security, enhancing Australia's prosperity, delivering an effective and high-quality aid programme and helping Australian travellers and Australians overseas. DFAT is structured to meet three 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, trade and international development policy priorities,
- **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, and
- **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 property estate.

DFAT's activities that contribute towards these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by DFAT in its own right. Administered activities involve the management or oversight by DFAT, on behalf of the Government, of items controlled or incurred by the Government.

DFAT conducts the following administered activities on behalf of the Government:

- Official development assistance,
- Consular and passport services,
- Public information services and public diplomacy,
- International climate change engagement,
- The New Colombo Plan,
- Programs to promote Australia's international tourism interests, and
- Payments to international organisations.

Official development assistance administered by DFAT includes international development assistance and multilateral replenishments and other loans. Appropriation funding is allocated through country, regional and global programs, and includes payments to international organisations, emergency and humanitarian programs, contributions to non-Government organisations (NGOs) and volunteer programs. These programs are focussed on providing assistance to developing countries to reduce poverty and improve living standards.

Basis of Preparation

The financial statements and notes are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements and notes have been prepared in accordance with:

- a) the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015, and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The Department has applied the Reduced Disclosure Requirements issued by the AASB with the exception of disclosures prepared under the following accounting standards, as required under subsection 18(3) of the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR):

- AASB 7 *Financial Instruments: Disclosure*,
- AASB 12 *Disclosure of Interests in Other Entities*,
- AASB 13 *Fair Value Measurement*, and
- AASB 116 *Property, Plant and Equipment*.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified. Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current at the end of the reporting period. Exchange gains and losses are reported in the Statement of Comprehensive Income. DFAT does not enter into hedging arrangements for its foreign currency transactions and all foreign exchange gains or losses are considered non-speculative in nature.

DFAT is exempt from all forms of Australian taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Overseas, DFAT may be subject to Value Added Tax (VAT) or similar on the purchase of goods and services. Revenues, expenses, assets and liabilities are recognised net of GST / VAT except:

- a) where the amount of GST or VAT incurred is not recoverable from the Australian Taxation Office or overseas taxation authority, and
- b) for receivables and payables.

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes. Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

There have been no events after 30 June 2017 which will affect the financial position of DFAT materially at the reporting date.

New Accounting Standards

No accounting standard has been adopted earlier than the application date as stated in the standard. When transitional provisions apply, all changes in accounting policy are made in accordance with their respective transitional provisions.

All new / revised / amending standards and / or interpretations that were issued prior to the signing of the statement by the Secretary and Chief Financial Officer and are applicable to the current reporting period did not have a material effect on DFAT's financial statements.

Significant Accounting Judgements and Estimates

Departmental

In the process of applying the accounting policies detailed in these statements, DFAT has made the following estimates and judgements that have a significant impact on the amounts recorded in the departmental financial statements:

- The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer. In some instances, DFAT's buildings are purpose built and may in fact realise more or less in the market.
- The fair value of property, plant and equipment has been taken to be the market value of similar assets or depreciated replacement value as determined by an independent valuer.
- The employee provisions have been determined by reference to advice from the Australian Government Actuary and standard parameters provided by the Department of Finance.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

Administered

In the process of applying the accounting policies detailed in these statements, DFAT has made the following estimates and judgements that have a significant impact on the amounts recorded in the Administered financial statements:

- The fair value of the administered financial instruments in 2016-17 has been determined on a basis consistent with previous years, using professional valuation advice. The fair value of the financial instruments reported in future periods will be affected by variables such as discount rates, exchange rates and possible impairment.
- A number of debts recorded on the Efic National Interest Account (NIA) are impaired, with the impairment assessment based on judgement of the risks to repayment of the debts. For some debts the judgement is discussed and agreed between DFAT and Efic, and is informed by assessment of the economic and political environment and previous repayment history.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Change in Accounting Policy – prior year adjustments

Consistent with division 6 section 48 of the FRR, DFAT now discloses special accounts as cash in the financial statements. This change in accounting treatment was made to improve accountability, transparency and consistency of the treatment of special accounts across the Commonwealth in accordance with the FRR.

The impacts of this change on the comparative figures in the financial statements for 2016-17 are as follows:

Departmental

To move the special account balance from receivable to cash and cash equivalents.

Comparative	2015-16 Audited (\$'000)	Movement (\$'000)	2015-16 Restated (\$'000)
<i>Statement of financial position</i>			
Cash and cash equivalents	57,295	103,889	161,184
Trade and other receivables	801,089	(103,889)	697,200

The cash flow statement has also been restated in light of the above.

Administered

To remove special account funds recognised in liabilities for aid related purposes and to recognise all special account balances in cash and cash equivalents.

Comparative	2015-16 Audited (\$'000)	Movement (\$'000)	2015-16 Restated (\$'000)
<i>Schedule of assets and liabilities</i>			
Cash and cash equivalents	257	25,426	25,683
Other payables	(965,376)	20,223	(945,153)
Net impact on:	(1,077,175)	(45,649)	(1,122,824)
<i>Reconciliation Schedule</i>			
Reflects inclusion of special account balances in the opening balances of assets and liabilities (increase \$20.601m) and the movement during 2015-16 in Special account payments to entities other than corporate Commonwealth entities (decrease of \$11.995m) and in transfers to OPA (decrease \$13.053m).			
Net impact on:			
<i>Cash flow statement</i>	257	25,426	25,683

Reflects inclusion of special account balances in the opening balances of cash (increase \$13.431m) and the movement during 2015-16 in cash used (IDA increase \$13.053m), and Cash to OPA (increase \$13.053m in Appropriations) and Cash from OPA (decrease \$11.995m Special accounts).

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Departmental Financial Performance

1.1 Expenses

	2017 \$'000	2016 \$'000
<u>Note 1.1A: Employee Benefits</u>		
Wages and salaries	540,945	524,936
Superannuation		
Defined contribution plans	36,212	34,587
Defined benefit plans	40,544	50,594
Leave and other entitlements	48,078	66,302
Fringe benefits expense	98,637	98,350
Separation and redundancies	11,373	3,950
Other employee expenses	2,775	3,014
Total employee benefits	778,564	781,733
Accounting policy		
Accounting policies for employee benefits are included in Section 6 People and Relationships.		
<u>Note 1.1B: Suppliers</u>		
Goods and services supplied or rendered		
Passport expenses	118,280	103,972
Property related expenses (excluding rent)	94,336	95,627
Security expenses	78,195	88,991
Information and communication technology	89,415	78,724
Travel expenses	59,281	59,786
Staff related expenses	42,209	44,084
Office expenses	22,994	26,179
Legal and other professional services	12,747	16,701
Contractors	6,203	14,813
Consultants	5,180	7,162
Remuneration of auditors	665	635
Other expenses	18,234	19,678
Total goods and services supplied or rendered	547,739	556,352
Goods supplied	64,092	74,252
Services rendered	483,647	482,100
Total goods and services supplied or rendered	547,739	556,352
Other suppliers		
Operating lease rentals	147,308	142,101
Workers compensation expenses	3,315	2,389
Total other suppliers	150,623	144,490
Total suppliers	698,362	700,842
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	127,296	105,083
Between 1 to 5 years	314,034	291,832
More than 5 years	359,437	397,983
Total operating lease commitments	800,767	794,898

Commitments are GST or VAT inclusive where relevant. GST / VAT included in the total contractual commitments in place for operating leases payable expected to be recovered is \$45.660m (2016: \$50.520m).

DFAT has in place a number of sub-lease arrangements for the above operating lease commitments. Sub-lease revenue expected to be received is \$104.630m (2016: \$87.618m).

Department of Foreign Affairs and Trade**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2017 \$'000	2016 \$'000
<u>Note 1.1C: Write-down and Impairment of Assets</u>		
Write-down of leasehold improvements	924	2,312
Write-down of plant and equipment	3,754	3,717
Write-down of intangibles	212	566
Write-down of assets under construction	7,462	4,844
Write-down of financial assets	89	29
Movement in impairment allowance	(33)	(10)
Total write-down and impairment of assets	12,408	11,458

Accounting policy

Accounting policies for financial assets are included at Note 3.1: Financial Assets. Accounting policies for non-financial assets are included at Note 3.2: Non-Financial Assets.

1.2 Income

<u>Note 1.2A: Sale of Goods and Rendering of Services</u>		
Sale of goods	665	688
Rendering of services	134,451	123,168
Total sale of goods and rendering of services	135,116	123,856

Accounting policy

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer, and
- DFAT retains no managerial involvement or effective control over the goods.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date, determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured, and
- it is probable that the economic benefits of the transaction will flow to DFAT.

<u>Note 1.2B: Other Revenue</u>		
Foreign tax refunds	5,219	4,571
Sponsorship revenue	1,710	3,596
Resources received free of charge	665	637
Other revenue	6,919	652
Total other revenue	14,513	9,456

Accounting policy

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Sponsorship revenue is recognised as revenue at the fair value of the sponsorship received or receivable when the probable economic benefits of the transaction will flow to DFAT.

Foreign tax refunds are recognised as revenue at the fair value of the foreign tax refund when the probable economic benefits of the transaction will flow to DFAT.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2017	2016
	\$'000	\$'000
<u>Note 1.2C: Gains on Sale of Assets</u>		
Plant and equipment:		
Proceeds from sale	1,222	925
Carrying value of assets sold	(761)	(199)
Non-financial assets held for sale		
Proceeds for sale	-	691
Carrying value of assets sold	-	(671)
Selling expenses	(94)	(398)
Net gain from sale of assets	367	348

Accounting policy

Accounting policies for non-financial assets are included at Note 3.2: Non-Financial Assets.

<u>Note 1.2D: Other Gains</u>		
Gain on restoration obligation	1,014	2,439
Assets previously expensed	846	16
Non-financial assets received free of charge	-	37
Total other gains	1,860	2,492

Accounting policy

Accounting policies for gain on restoration obligation are included at Note 3.4: Other Provisions.

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the goods would have been purchased if they had not been donated.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. Income and Expenses Administered on Behalf of Government**2.1 Administered - Expenses**

	2017 \$'000	2016 \$'000
Note 2.1A: International Development Assistance		
International development assistance	2,919,738	3,116,868
Total international development assistance	2,919,738	3,116,868
Note 2.1B: Multilateral Replenishments and Other Loans		
New multilateral replenishments	684,963	-
Unwinding costs - multilateral grants and contributions	23,988	45,314
Loss from measuring multilateral financial liabilities - at fair value through profit & loss	400,792	58,335
Impairment on financial instrument - 'available for sale' financial asset	96,017	-
Concessional cost for Australia-Indonesia Partnership for Reconstruction and Development (AIPRD) loans	-	7,188
Total multilateral replenishments and other loans	1,205,760	110,837

Accounting Policy

Accounting policies for other loans and multilateral replenishments are included in Note 4.1: Administered - Financial Assets and Note 4.3: Administered - Payables.

Note 2.1C: Other Contributions

Payments to international organisations	362,571	375,887
New Colombo Plan	27,804	27,302
Tourism Australia - Asia marketing fund	14,000	14,000
Tourism Australia - working holiday makers	2,500	-
Other	8,282	8,242
Total other contributions	415,157	425,431

Accounting Policy

DFAT administers a number of agreements on behalf of the Australian Government with international organisations. Liabilities are recognised to the extent that:

- a) the services required to be performed by the recipient have been performed, or
- b) the eligibility criteria has been satisfied, but payments due have not been made.

Note 2.1D: Efic

Indonesia Debt 2 Health Swap	7,683	19,787
NIA administration expenses	1,432	1,745
Total Efic	9,115	21,532

Accounting Policy

Accounting policies for the Efic are included in Note 4.1: Administered - Financial Assets.

Note 2.1E: Other Expenses

Defined benefit pension schemes	6,386	6,536
Passport fee refunds	656	785
Consular services refunds	5	10
Write-down and impairment of financial assets	1,242	186
Write-down of non-financial assets	-	8
Total other expenses	8,289	7,525

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Management of financial resources

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2.2 Administered - Income

Administered income relates to ordinary activities performed by DFAT on behalf of the Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

	2017 \$'000	2016 \$'000
Note 2.2A: Fees and Charges		
Passport fees	492,039	455,680
Consular fees	12,325	8,676
Nuclear safeguard charges	926	736
Total fees and charges	505,290	465,092

Accounting Policy

Passport and consular income is based on a fee arrangement, collected both domestically and internationally, for the processing of new passport applications, registering lost or stolen passports, issuing emergency passports, and for other travel related documents and endorsements. Fees are determined under the *Australian Passports (Application Fees) Act 2005* and the income is recognised on receipt of the fees and all income collected is returned to consolidated revenue. The nuclear safeguard charge income is the Uranium Producers Charge for each kilogram of uranium ore concentrate produced in Australia with the income recognised on receipt of the charge with all income returned to consolidated revenue.

Note 2.2B: Multilateral Replenishments and Other Loans

AIPRD loan interest	12,050	11,305
Reversals of impairment on financial instrument - 'available for sale' financial asset	-	43,990
Total multilateral replenishments and other loans	12,050	55,295

Accounting Policy

Accounting policies for other loans and multilateral replenishments are included in Note 4.1: Administered - Financial Assets and Note 4.3: Administered - Payables.

Note 2.2C: Efic - NIA

NIA interest	-	972
NIA premiums	13,904	14,403
NIA repayments of interest subsidies and recoveries	20,804	20,311
Total Efic - NIA	34,708	35,686

Accounting Policy

Accounting policies for the Efic are included in Note 4.1: Administered - Financial Assets.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2017 \$'000	2016 \$'000
<u>Note 2.2D: Efic Dividend and Competitive Neutrality</u>		
Efic dividend	5,770	13,654
Competitive neutrality	7,054	-
Total Efic dividend and competitive neutrality	12,824	13,654

Accounting Policy

Under section 61A of the *Export Finance and Insurance Corporation Act 1991* (the Efic Act) the Minister may apply to Efic a debt neutrality charge in respect of short-term insurance contracts entered into by Efic. These arrangements ensure Efic does not, through its Commonwealth ownership have an unfair advantage over private sector financiers.

Note 2.2E: Other Revenue and Gains

Defined benefit pension schemes - contributions	4,087	4,079
Other interest	1,374	1,676
Other revenue	97	146
Other foreign exchange gains (non-speculative)	3,262	532
Total other revenue and gains	8,820	6,433

Accounting Policy*Defined benefit schemes*

Accounting policies for the defined benefit schemes - contributions are included in Note 7.6: Administered - Defined Benefit Pension Schemes.

Return of prior year administered expenses

Return of prior year administered expenses (as recorded in the Administered Schedule of Comprehensive Income) relates to funds returned after finalisation or acquittal of an agreement or funding arrangement which were originally paid from prior year appropriations. These funds are treated as administered revenue in the year the funds are returned and are transferred back to consolidated revenue.

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Management of financial resources

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Departmental Financial Position

3.1 Financial Assets

	2017 \$'000	2016 \$'000
<u>Note 3.1A: Cash and Cash Equivalents</u>		
Cash on hand or on deposit	75,198	55,267
Overseas property special account cash held by the entity	976	2,028
Overseas property special account cash held in the OPA	102,229	103,889
Total cash and cash equivalents	178,403	161,184
Accounting policy		
Cash is recognised at its nominal amount.		
<u>Note 3.1B: Trade and Other Receivables</u>		
Goods and services receivables		
Goods and services	40,543	86,436
Total goods and services receivables	40,543	86,436
Appropriations receivables		
Departmental - operating	403,479	398,152
Departmental - capital	107,793	190,305
Total appropriations receivable	511,272	588,457
Other receivables		
Advances	14,026	14,625
Statutory receivables	5,384	5,400
Cash held by outsiders	203	647
Other	1,594	1,668
Total other receivables	21,207	22,340
Total trade and other receivables (gross)	573,022	697,233
Less impairment allowance		
Other receivables	-	(33)
Total impairment allowance	-	(33)
Total trade and other receivables (net)	573,022	697,200
Trade and other receivables (net) expected to be recovered		
No more than 12 months	559,413	678,493
More than 12 months	13,609	18,707
Total trade and other receivables (net)	573,022	697,200
Trade and other receivables (gross) aged as follows		
Not overdue	571,131	693,595
Overdue by:		
0 to 30 days	774	362
31 to 60 days	105	179
61 to 90 days	68	918
More than 90 days	944	2,179
Total trade and other receivables (gross)	573,022	697,233

The impairment allowance account is all aged more than 90 days.

Department of Foreign Affairs and Trade**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 3.1B: Trade and Other Receivables (continued)****Reconciliation of the Impairment Allowance Account:****Movements in relation to 2017**

	Goods and services \$'000	Other receivables \$'000	Total \$'000
Opening balance	-	33	33
Amounts written off	-	(33)	(33)
Closing balance	-	-	-

Movements in relation to 2016

	Goods and services \$'000	Other receivables \$'000	Total \$'000
Opening balance	-	43	43
Amounts written off	-	(64)	(64)
Increase recognised in net cost of services	-	54	54
Closing balance	-	33	33

Accounting policy

Aside from cash, financial assets are all classified as loans and receivables. Terms for receivables for goods and services are 30 days (2016: 30 days).

Loans and Receivables

Loans and receivables have fixed or determinable payments and are not quoted in an active market. Loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method less impairment.

Appropriations

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the entity gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Impairment

Financial assets are assessed for impairment at the end of each reporting period. Allowances are made when collectability of the debt is no longer probable. The loss is recognised in the Statement of Comprehensive Income.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.2 Non-Financial Assets

Note 3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

Reconciliation of the opening and closing balances for 2017

	Land \$'000	Buildings & leasehold improvements \$'000	Total land and buildings \$'000	Plant and equipment \$'000	Computer software ¹ \$'000	Total \$'000
As at 1 July 2016						
Gross book value	1,561,229	1,532,071	3,093,300	321,421	183,027	3,597,748
Accumulated depreciation, amortisation and impairment	-	(53,996)	(53,996)	(58,008)	(76,399)	(188,403)
Total as at 1 July 2016	1,561,229	1,478,075	3,039,304	263,413	106,628	3,409,345
Additions:						
By purchase	37,857	119,592	157,449	114,943	12,570	284,962
Internally developed	-	-	-	-	15,173	15,173
Revaluations and impairments recognised in other comprehensive income	62,970	(28,265)	34,705	(2,626)	-	32,079
Reversal of impairments recognised in net cost of services	-	-	-	846	-	846
Depreciation and amortisation expense	-	(97,638)	(97,638)	(59,839)	(13,810)	(171,287)
Disposals:						
Other disposals	-	(1,000)	(1,000)	(10,447)	(1,666)	(13,113)
Total as at 30 June 2017	1,662,056	1,470,764	3,132,820	306,290	118,895	3,558,005
Net book value as of 30 June 2017 represented by:						
Gross book value	1,662,056	1,545,056	3,207,112	393,871	197,424	3,798,407
Accumulated depreciation, amortisation and impairment	-	(74,292)	(74,292)	(87,581)	(78,529)	(240,402)
Total	1,662,056	1,470,764	3,132,820	306,290	118,895	3,558,005

1. The carrying amount of computer software included \$48.023m purchased software and \$70.872m internally generated software.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 7.2: Fair Value Measurements. Land and buildings managed by the Overseas Property Office were independently valued by Colliers International Valuation and Advisory Services (CIVAS) as at 30 June 2017. In accordance with DFAT's 3-year revaluation plan, works of art were independently re-valued as at 30 June 2017 by Jones Lang Lasalle (JLL).

There is a revaluation increment of \$62.970m for land (2016: increment of \$84.253m), a decrement of \$25.412m for buildings (2016: increment of \$74.769m) and an increment of \$0.849m for plant and equipment (works of art) (2016: increment of \$12.368m for plant and equipment) which were recorded in the asset revaluation reserve.

Contractual Commitments for the Acquisition of Property, Plant, Equipment and Intangible Assets

DFAT has a number of contractual commitments in place for the purchase and / or development of buildings, leasehold improvements, plant, equipment and intangible assets, aged as follows:

	2017 (\$'000)	2016 (\$'000)
Within 1 year	42,276	79,962
Between 1 to 5 years	7,513	17,586
More than 5 years	-	-
Total commitments	49,789	97,548

The majority of these commitments relate to contracts in place for the development, refurbishment and upgrade of properties in DFAT's diplomatic network, and are managed through the Overseas Property Office.

Commitments are GST or VAT inclusive where relevant. Total GST / VAT included in the total contractual commitments in place for the purchase and / or development of property, plant, equipment and intangible assets 2017: \$0.186m (2016: \$2.971m).

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (continued)

Reconciliation of the opening and closing balances for 2016

	Land \$'000	Buildings & leasehold improvements \$'000	Total land and buildings \$'000	Plant and equipment \$'000	Computer software ¹ \$'000	Total \$'000
As at 1 July 2015						
Gross book value	1,575,435	1,457,479	3,032,914	291,584	167,858	3,492,356
Accumulated depreciation, amortisation and impairment	-	(149,282)	(149,282)	(83,116)	(78,247)	(310,645)
Net book value 1 July 2015	1,575,435	1,308,197	2,883,632	208,468	89,611	3,181,711
Additions:						
By purchase	-	126,555	126,555	89,975	8,914	225,444
Internally developed	-	-	-	-	28,763	28,763
Revaluations and impairments recognised in other comprehensive income	84,253	142,429	226,682	12,368	-	239,050
Reversal of impairments recognised in net cost of services	-	-	-	16	-	16
Assets held for sale	(98,459)	(7,864)	(106,323)	-	-	(106,323)
Depreciation and amortisation expense	-	(88,517)	(88,517)	(42,588)	(16,573)	(147,678)
Other movements	-	-	-	-	-	-
Asset transfers	-	(39)	(39)	(704)	743	-
Disposals:						
Other disposals	-	(2,686)	(2,686)	(4,122)	(4,830)	(11,638)
Net book value 30 June 2016	1,561,229	1,478,075	3,039,304	263,413	106,628	3,409,345
Net book value as of 30 June 2016 represented by:						
Gross book value	1,561,229	1,532,071	3,093,300	321,421	183,027	3,597,748
Accumulated depreciation, amortisation and impairment	-	(53,996)	(53,996)	(58,008)	(76,399)	(188,403)
Total	1,561,229	1,478,075	3,039,304	263,413	106,628	3,409,345

1. The carrying amount of computer software included \$41.364m purchased software and \$65.264m internally generated software.

Besides those disclosed in Note 3.2C: Assets Held for Sale, no other land and building assets are expected to be sold within the next 12 months.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Policy

Non-financial assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Non-financial assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000 (2016: \$5,000), which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by DFAT where there exists an obligation to restore the property to its original condition on termination of the lease. These costs are included in the value of DFAT's leasehold improvements with a corresponding provision for the 'make good' disclosed in Note 3.4A: Other Provisions.

Depreciation

Depreciable property, plant and equipment assets are written-down to their estimated residual values over their estimated useful lives to DFAT using, in all cases, the straight-line method of depreciation. Depreciation and amortisation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following typical useful lives:

Asset Class	2017	2016
Buildings	Based on remaining useful life	Based on remaining useful life
Leasehold Improvements	Lesser of lease term or up to 15 years	Lesser of lease term or up to 15 years
Plant and Equipment (other than Works of Art)	3 to 25 years	3 to 25 years
Plant and Equipment (Works of Art)	100 years	100 years

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure the carrying amount of assets did not differ materially from the assets' fair value as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus / deficit. Revaluation decrements for a class of assets are recognised directly in the surplus / deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the re-valued amount. Assets held overseas are valued in local currencies and translated into Australian dollars at the exchange rates current at balance date.

De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Impairment

All assets were assessed for impairment at 30 June 2017. Where indications of impairment existed, the asset's recoverable amount was estimated and an impairment adjustment made if the asset's recoverable amount was less than its carrying amount.

The recoverable amount of any asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if DFAT were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Intangibles

DFAT's intangibles comprise purchased and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the entity's software are 5 to 10 years (2016: 5 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2017.

Accounting Judgements and Estimates

Restrictions on Title

Due to the diplomatic nature of the overseas property portfolio, some properties have restrictions on title. Restrictions on title vary depending on local Government rules and regulations, such as long term title that prohibits the Commonwealth of Australia from profiting from sale of land. Whilst the effect of restrictions on some titles can be quantified, there are others than cannot, such as those titles held in limited or unsophisticated markets. As part of the valuation process, consideration is given to the restrictions on title.

Assets Under Construction

Assets under construction (AUC) are recorded at acquisition cost. They include expenditure to date on various capital projects carried as AUC. AUC projects are reviewed annually for indicators of impairment and all AUC older than 12 months prior to the reporting date are externally revalued to fair value. Prior to rollout into service, the accumulated AUC balance is reviewed to ensure accurate capitalisation of built or purchased assets.

Department of Foreign Affairs and Trade**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2017 \$'000	2016 \$'000
<u>Note 3.2B: Inventories</u>		
Inventories held for sale		
Finished goods	47,118	47,586
Total inventories	47,118	47,586

During 2017, \$42.991m of inventory held for sale was recognised as an expense (2016: \$44.315m).

Accounting policy

Inventories held for sale are valued at cost. Costs incurred in bringing each item of inventory to its present location and condition include the cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Note 3.2C: Assets Held for Sale

Land	98,459	98,181
Buildings	7,864	7,833
Total assets held for sale	106,323	106,014

The land and buildings held for sale above relate to properties held in Jakarta and Bangkok, where new properties have or are currently being constructed to replace the older properties. The properties were classified as Assets Held for Sale at the end of the 2015-16 financial year.

Accounting policy

Non-current assets are classified as held for sale if the carrying amount is to be recovered principally through a sale transaction rather than through continuing use. On classification as held for sale, the asset is measured at the lower of its carrying amount and fair value less costs to sell. Any write down to fair value less costs to sell is recognised as an impairment loss. Assets which have been classified as held for sale are no longer subject to depreciation or amortisation.

Note 3.2D: Other Non-Financial Assets

Property prepayments	29,106	36,302
Other prepayments	30,809	58,137
Total other non-financial assets	59,915	94,439

No indicators of impairment were identified for other non-financial assets (2016: nil).

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.3 Payables

	2017	2016
	\$'000	\$'000
Note 3.3A: Suppliers		
Trade creditors and accruals	137,439	117,924
Total suppliers	137,439	117,924

Accounting policy

Supplier payables are classified as other financial liabilities and are recognised and measured at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Settlement terms for suppliers were within 30 days (2016: 30 days).

Note 3.3B: Other Payables

Wages and salaries	8,148	6,421
Superannuation	518	283
Separations and redundancies	1,255	-
Prepayments received / unearned income	8,545	38,509
Leases	23,845	15,320
Other	412	278
Total other payables	42,723	60,811

Accounting policy

Other payables are classified as other financial liabilities and are recognised and measured at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

The liability for wages and salaries and superannuation recognised as at 30 June 2017 represents outstanding amounts and contributions for the final payroll fortnight of the financial year.

Operating lease payments are recognised on a straight-line basis, which is representative of the pattern of benefits derived from the leased assets, with the associated lease straight-line liability recognised as other payables. Lease incentives, typically in the form of a rent-free period, are also recognised as other payables and amortised over the period of the lease on a straight-line basis.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.4 Provisions

	2017 \$'000	2016 \$'000
Note 3.4A: Other Provisions		
Provision for restoration obligations	19,567	18,763
Total other provisions	19,567	18,763
Provision for restoration		
As at 1 July	18,763	22,422
Additional provisions made	1,661	985
Amounts used	(160)	-
Amounts reversed	(1,014)	(527)
Revaluation of Provision	114	(2,893)
Changes in Foreign Exchange Rates	(455)	(70)
Unwinding of discount	658	462
Change in discount rate	-	(1,616)
As at 30 June	19,567	18,763

Other provisions expected to be settled no more than 12 months are \$5.182m (2016: \$2.986m) and other provisions expected to be settled more than 12 months are \$14.385m (2016: \$15.777m).

DFAT currently has 77 agreements (2016: 73) for the leasing of premises where DFAT has raised a provision to restore the premises to their original condition at the conclusion of the lease. The provision reflects the present value of these obligations.

Accounting policy

For a number of property leases, DFAT has obligations to restore to their original condition or makegood leasehold improvements. These are assessed on a site-by-site basis in line with the relevant clauses of the underlying lease, with fair value calculated based on estimated costs per square metre at the time the makegood obligation falls due, discounted to present value.

DFAT engages an independent expert to assist in the valuation of the estimated costs to makegood. The total provision is reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the adjustment relates to the revaluation of the provision and there is sufficient related asset revaluation reserve for the associated leasehold improvement assets, the adjustment is recorded against the asset revaluation reserve. All other adjustments are recognised in the Statement of Comprehensive Income.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4. Assets and Liabilities Administered on Behalf of Government

4.1 Administered - Financial Assets

	2017 \$'000	2016 \$'000
<u>Note 4.1A: Cash and Cash Equivalents</u>		
Cash on hand or on deposit	1,003	257
Cash held at OPA	11,159	25,426
Total cash and cash equivalents	12,162	25,683
<u>Note 4.1B: Trade and Other Receivables</u>		
Goods and services receivable	1,987	5,066
Total goods and services receivable	1,987	5,066
Advances and loans		
Concessional loan receivable - AIPRD	153,438	145,338
Other - travellers emergency loans	1,290	1,330
Total advances and loans	154,728	146,668
Other receivables		
Statutory receivables	14,811	10,942
Net position of Efic - NIA	12,015	11,635
Passport fees, passport act fines and consular fees	2,090	1,711
Other	1,488	10,493
Total other receivables	30,404	34,781
Total trade and other receivables (gross)	187,119	186,515
Less impairment allowance		
Advances and loans - travellers emergency loans	(691)	(529)
Other receivables - passport act fines	(35)	(38)
Other receivables - external parties	(1,088)	(436)
Total impairment allowance account	(1,814)	(1,003)
Total trade and other receivables (net)	185,305	185,512
Trade and other receivables (gross) aged as follows		
Not overdue	184,947	181,536
Overdue by		
0 to 30 days	274	2,099
31 to 60 days	10	3
61 to 90 days	11	6
More than 90 days	1,877	2,871
Total trade and other receivables (gross)	187,119	186,515

The impairment allowance account is all aged more than 90 days.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation of the impairment allowance account

Movements in relation to 2017

	Advances and loans \$'000	Receivables - passports \$'000	Receivables - external parties \$'000	Total \$'000
Opening balance	529	38	436	1,003
Amounts impaired	162	-	652	814
(Decrease) recognised in net surplus	-	(3)	-	(3)
Closing balance	691	35	1,088	1,814

Movements in relation to 2016

	Advances and loans \$'000	Receivables - passports \$'000	Receivables - external parties \$'000	Total \$'000
Opening balance	266	40	551	857
Amounts impaired	263	-	-	263
(Decrease) recognised in net surplus	-	(2)	(115)	(117)
Closing balance	529	38	436	1,003

Accounting Policy

Loans and receivables

Consistent with DFAT's outcomes, long-term loans are provided to other entities at concessional rates. On payment of the loan funds, differences between the nominal value of the loan subscription and the fair value of the associated assets are recorded in the Schedule of Administered Items as an expense administered on behalf of Government.

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, de-recognition and amortisation are recognised through profit or loss.

Efic – NIA

Part 5 of the *Export Finance and Insurance Corporation Act 1991* (Efic Act) provides for the Minister for Trade, Tourism and Investment to give an approval or direction to Efic to undertake any transaction that the Minister considers is in the national interest. Such transactions may relate to a class of business which Efic is not authorised to undertake, or involve terms and conditions Efic would not accept in the normal course of business on its Commercial Account. Efic manages these transactions on the NIA.

For these transactions, the credit risk is borne by the Government and the funding risk is borne by Efic on the Commercial Account. Accordingly, premium or other incomes arising from these transactions are paid by Efic to the Government. Efic recovers from the Government the costs of administration and any losses incurred in respect of such business.

Loans on the NIA are funded from the Efic Commercial Account at fair value. The amount disclosed above reflects the Commonwealth's exposure on business undertaken on the NIA. It reflects the net amount of:

- Assets in the form of loans and rescheduled credit insurance debts to overseas governments, commitment fees on loans received by Efic but not yet paid to the Commonwealth, bond premiums receivable from exports.
- Liabilities relating to the reimbursement to Efic for debt forgiveness on loans, provisions for unearned income on loan premiums, accrued expenses including Efic administration fees and other creditors.

Indonesia Debt-2-Health swap

The Indonesia Debt-2-Health swap is a tripartite agreement between the Government of Indonesia, Efic and the Global Fund (through the International Bank for Reconstruction and Development – World Bank) whereby the Australian Government has agreed to cancel \$75m in debt owed by the Government of Indonesia to Australia over 7 years from 2010, while at the same time the Government of Indonesia invests \$37.5m in the Global Fund to fight AIDS, Tuberculosis and Malaria for approved tuberculosis programs. The expense recognised in Note 2.1D: Efic relates to DFAT providing funding to Efic to write off the debt that would otherwise be payable by the Government of Indonesia to the Australian Government through Efic.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2017 \$'000	2016 \$'000
Note 4.1C: Other Investments		
Non-monetary 'available for sale' IDA and ADF Subscriptions - fair value	1,896,013	1,986,684
Efic - commercial account	451,185	444,793
Tourism Australia	20,170	20,049
Total other investments	2,367,368	2,451,526

Accounting Policy

Administered investments are classified as available-for-sale and are measured at their fair value as at 30 June 2017. Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the whole-of-Government level. Financial instruments are recognised on a trade date basis.

Multilateral subscriptions

The Australian Government holds these investments long-term for policy reasons, with the issuers being partner foreign governments and multilateral aid organisations including the Asian Development Fund (ADF) and the International Development Association (IDA). The investment represents subscription-based membership rights held by the Australian Government in accordance with the articles of association for the IDA and the ADF.

The AASB 139 *Financial Instruments: Recognition and Measurement* technical definition of 'available for sale' does not indicate an intention to trade these investments, as there is no observable market value for these investments. DFAT, based on independent expert valuation advice, values the investment on a discounted cash flow basis. The basis assumes the redemption of the Commonwealth's pro-rata share of the outstanding loan principal for each fund. The redemption basis is consistent with the withdrawal provisions of the articles of association with the IDA and the ADF.

The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. The discount rate range uses the "build up method" based on the following components: risk free rate (20 year US Government bond rate), currency risk premium, sovereign risk premium and liquidity risk premium.

Efic – Commercial Account

Efic's principal activity is the provision of competitive finance and insurance services to Australian exporters and Australian companies investing in new projects overseas. The Australian Government guarantees to Efic's creditors the payment of monies payable by Efic on the Commercial Account (CA). The Minister for Trade, Tourism and Investment has the powers to determine and instruct Efic to pay a dividend in accordance with section 55(1) of the Efic Act. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entity as at the end of the reporting period.

Tourism Australia

Tourism Australia is the Australian Government agency responsible for attracting international visitors to Australia, both for leisure and business events. DFAT administers Tourism Australia on behalf of the Government for oversight and management purposes and to improve linkages internationally. Funding appropriated to DFAT for Tourism Australia is disclosed as Payments to corporate Commonwealth entities in the Administered Schedule of Comprehensive Income. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entity as at the end of the reporting period.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4.2 Administered - Non-Financial Assets**Note 4.2A: Reconciliation of the Opening and Closing Balances for Leasehold Improvements, Plant and Equipment and Intangibles**

	Leasehold improvements \$'000	Plant and equipment \$'000	Computer software internally developed \$'000	Total \$'000
As at 1 July 2016				
Gross book value	590	30	12,424	13,044
Accumulated depreciation, amortisation & impairment	(528)	(24)	(8,330)	(8,882)
Net book value 1 July 2016	62	6	4,094	4,162
Additions				
By purchase	-	-	177	177
Internally developed	-	-	152	152
Revaluations and impairments recognised in other comprehensive income	508	24	-	532
Depreciation & amortisation expenses	(489)	(3)	(858)	(1,350)
Net book value 30 June 2017	81	27	3,565	3,673
Net book value as of 30 June 2017 represented by				
Gross book value	570	29	11,836	12,435
Accumulated depreciation, amortisation & impairment	(489)	(2)	(8,271)	(8,762)
Net book value 30 June 2017	81	27	3,565	3,673

Leasehold improvements

There were no revaluation increments or decrements for leasehold improvements in 2017.

Plant and equipment

There were no revaluation increments or decrements for plant and equipment in 2017.

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Management of financial resources

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 4.2B: Reconciliation of the Opening and Closing Balances for Leasehold Improvements, Plant and Equipment and Intangibles

	Leasehold improvements \$'000	Plant and equipment \$'000	Computer software internally developed \$'000	Total \$'000
As at 1 July 2015				
Gross book value	2,576	44	11,985	14,605
Accumulated depreciation, amortisation & impairment	(915)	(26)	(7,399)	(8,340)
Net book value 1 July 2015	1,661	18	4,586	6,265
Additions				
By purchase	-	-	665	665
Internally developed	-	-	65	65
Revaluations and impairments recognised in other comprehensive income	(1,071)	(3)	-	(1,074)
Depreciation & amortisation expenses	(528)	(1)	(931)	(1,460)
Other movements				
Asset transfers	-	-	(291)	(291)
Disposals				
Other disposals	-	(8)	-	(8)
Net book value 30 June 2016	62	6	4,094	4,162
Net book value as of 30 June 2016 represented by:				
Gross book value	590	30	12,424	13,044
Accumulated depreciation, amortisation & impairment	(528)	(24)	(8,330)	(8,882)
Net book value 30 June 2016	62	6	4,094	4,162

Leasehold improvements

There were no revaluation increments or decrements for leasehold improvements in 2016.

Plant and equipment

There were no revaluation increments or decrements for plant and equipment in 2016.

Accounting Policy

Accounting policies are included in Note 3.2: Non-Financial Assets.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4.3 Administered - Payables

Accounting Policy

Financial liabilities are classified either at fair value through profit or loss, or as other financial liabilities. Financial liabilities are recognised and derecognised upon 'Trade Date'.

Financial liabilities at fair value through profit or loss include multilateral grants payable and multilateral contributions payable. Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss.

Other financial liabilities include trade creditors and accruals and are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

	2017 \$'000	2016 \$'000
Note 4.3A: Grants		
Multilateral grants payable - fair value through profit and loss	1,071,059	509,767
Total grants	1,071,059	509,767
Note 4.3B: Other Payables		
Multilateral contributions - fair value through profit and loss	893,229	741,041
International development assistance	233,857	204,112
Total other payables	1,127,086	945,153

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5. Funding

5.1 Appropriations

Note 5.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2017				
	Annual Appropriation ¹ \$'000	Section 74 PGPA Act \$'000	Total appropriation \$'000	Appropriation applied in 2017 (current and prior years) \$'000
				Variance ² \$'000
Departmental				
Ordinary annual services	1,442,003	224,531	1,666,534	99,135
Capital budget	51,755	-	51,755	(4,920)
Other services				
Equity	66,017	-	66,017	(77,592)
Total departmental	1,559,775	224,531	1,784,306	16,623
Administered				
Ordinary annual services				
Capital budget	383	-	383	12
Administered items ³	4,196,772	-	4,196,772	883,397
Payments to corporate				
Commonwealth entities	143,610	-	143,610	-
Other services				
Administered assets and liabilities	1,012,362	-	1,012,362	601,644
Total administered	5,353,127	-	5,353,127	1,485,053

1. In 2016-17, there were adjustments that met the recognition criteria of a formal addition or reduction in revenue or in equity but at law the appropriations had not been amended before the end of the reporting period as Departmental appropriations do not lapse at financial year end. The adjustments were:

- a reduction to revenue of \$1,101,435 relating to the Passport Funding Agreement,
- a reduction to revenue of \$3,101,101 relating to no-win / no-loss funding for FBT payable on living away from home allowance, and
- a reduction to revenue of \$23,967,905 relating to no-win / no-loss funding for foreign exchange.

The net decrease in appropriations of \$28,170,441 will be applied to Appropriation Act (No 1) 2016-17.

2. Variances in appropriation may result from using prior year non-lapsed appropriations to fund operating and capital expenditure incurred in the current financial year, making payments for benefits to be received in future years and where obligations in the current financial year are not settled by financial year end.

3. Commonwealth Superannuation Corporation (CSC) spends money from the Consolidated Revenue Fund on behalf of DFAT in accordance with the *Papua New Guinea (Staffing Assistance) Act 1973*. In 2016-17 CSC drew down \$6,410,654 from DFAT's administered appropriation. This is included in the appropriation applied amount above.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5.1A: Annual Appropriations ('Recoverable GST exclusive')(continued)

Annual Appropriations for 2016					
	Annual Appropriation ¹ \$'000	Section 74 PGPA Act \$'000	Total appropriation \$'000	Appropriation applied in 2016 (current and prior years) \$'000	Variance ² \$'000
Departmental					
Ordinary annual services	1,368,915	192,077	1,560,992	(1,511,071)	49,921
Capital budget	52,171	-	52,171	(50,246)	1,925
Other services					
Equity	205,241	-	205,241	(134,897)	70,344
Total departmental	1,626,327	192,077	1,818,404	(1,696,214)	122,190
Administered					
Ordinary annual services					
Capital budget	2,325	-	2,325	(730)	1,595
Administered items ³	3,601,101	-	3,601,101	(3,512,328)	88,773
Payments to corporate					
Commonwealth entities	144,018	-	144,018	(144,018)	-
Other services					
Administered assets and liabilities	13,527	-	13,527	(362,075)	(348,548)
Total administered	3,760,971	-	3,760,971	(4,019,151)	(258,180)

1. In 2015-16, there were adjustments that met the recognition criteria of a formal addition or reduction in revenue or in equity but at law the appropriations had not been amended before the end of the reporting period as Departmental appropriations do not lapse at financial year end. The adjustments were:

- a section 51 reduction to capital of \$3,730,000 relating to the change in scope of the diplomatic accommodation project in Kabul,

- a reduction to revenue of \$321,000 relating to portfolio efficiencies as published in the 2016-17 Portfolio Budget Statement,

- an addition to revenue of \$6,258,261 relating to the Passport Funding Agreement,

- an addition to revenue of \$804,789 relating to no-win / no-loss funding for FBT payable on living away from home allowance, and

- an addition to revenue of \$24,119,702 relating to no-win / no-loss funding for foreign exchange.

The net increase in appropriations of \$30,861,752 was applied to Appropriation Act (No 3) 2016-17.

2. Variances in appropriation may result from using prior year non-lapsed appropriations to fund operating and capital expenditure incurred in the current financial year, making payments for benefits to be received in future years and where obligations in the current financial year are not settled by financial year end.

3. Commonwealth Superannuation Corporation (CSC) spends money from the Consolidated Revenue Fund on behalf of DFAT in accordance with the *Papua New Guinea (Staffing Assistance) Act 1973*. In 2015-16 CSC drew down \$6,883,284 from DFAT's administered appropriation. This is included in the appropriation applied amount above.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2017 \$'000	2016 \$'000
Departmental		
Appropriation Act (No. 1) 2013-14 ¹	801	801
Appropriation Act (No. 1) 2014-15 ²	88	88
Appropriation Act (No. 2) 2014-15 ³	7,809	7,809
Appropriation Act (No. 1) 2015-16	-	353,439
Appropriation Act (No. 1) 2015-16 - Departmental Capital Budget	-	6,017
Appropriation Act (No. 2) 2015-16 ⁴	91,465	188,018
Appropriation Act (No. 1) 2015-16 - Cash at bank and on hand	-	55,267
Appropriation Act (No. 1) 2016-17 ⁵	417,797	-
Appropriation Act (No. 1) 2016-17 - Departmental Capital Budget	1,097	-
Appropriation Act (No. 2) 2016-17	10,628	-
Appropriation Act (No. 4) 2016-17	8,333	-
Appropriation Act (No. 1) 2016-17 - Cash at bank and on hand	75,198	-
Total departmental	613,216	611,439

1. 2013-14 includes a section 51 quarantined amount of \$0.801 million under Appropriation Act (No.1) 2013-14.

2. 2014-15 includes a section 51 quarantined amount of \$0.088 million under Appropriation Act (No.1) 2014-15.

3. 2014-15 includes a section 51 quarantined amount of \$7.809 million under Appropriation Act (No.2) 2014-15.

4. 2015-16 includes a section 51 quarantined amount of \$3.730 million under Appropriation Act (No.2) 2015-16.

5. 2016-17 includes quarantined amount of \$28.170 million under Appropriation Act (No.1) 2016-17.

6. DFAT has in place a number of no-win / no-loss funding agreements due to the complex and variable environment the department operates in overseas. The difference between the balance of departmental appropriation receivable disclosed in Note 3.1B: Trade and other receivables and the above balance on unspent annual appropriations is due to these agreements and cash at bank and on hand. Adjustments relating to the no-win / no-loss agreements are recognised as formal additions or reductions in DFAT's accounts.

	2017 \$'000	2016 \$'000
Administered		
Appropriation Act (No. 1) 2013-14 - Administered Capital Budget	1,029	1,029
Appropriation Act (No. 3) 2013-14	265,089	265,089
Appropriation Act (No. 4) 2013-14	1,822,447	1,822,447
Appropriation Act (No. 1) 2014-15 ⁷	1,878	1,878
Appropriation Act (No. 1) 2014-15 - Administered Capital Budget	2,287	2,287
Appropriation Act (No. 3) 2014-15	617	617
Appropriation Act (No. 1) 2015-16	64,983	228,902
Appropriation Act (No. 1) 2015-16 - Administered Capital Budget	1,817	1,894
Appropriation Act (No. 2) 2015-16	-	3,848
Appropriation Act (No. 1) 2015-16 - Cash at bank and on hand	-	257
Supply Act (No.1) 2016-17	299,983	-
Supply Act (No. 2) 2016-17	15,206	-
Appropriation Act (No. 1) 2016-17	713,893	-
Appropriation Act (No. 1) 2016-17 - Administered Capital Budget	89	-
Appropriation Act (No. 2) 2016-17	590,286	-
Appropriation Act (No. 3) 2016-17	33,440	-
Appropriation Act (No. 1) 2016-17 - Cash at bank and on hand	3	-
Supply Act (No. 2) 2016-17 - Cash at bank and on hand	1,000	-
Total administered	3,814,047	2,328,248

7. 2014-15 includes quarantined amount of \$1.878 million under Appropriation Act (No.1) 2014-15.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5.1C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2017 \$	2016 \$
Export Finance and Insurance Corporation (Efic) Act 1991 section 54(10), Administered	Unlimited Amount	For the payment by the Commonwealth to Efic of amounts equal to the amount of capital determined by the Efic Board as necessary to overcome the inadequacies, in the moneys or other assets of Efic to meet the expected liabilities, losses or claims against Efic	-	-
Public Governance, Performance and Accountability Act 2013 section 77, Administered ¹	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment	656,259	831,002
Total special appropriation applied			656,259	831,002

1. DFAT uses section 77 of the PGPA Act to make refunds of passport and consular fees in certain circumstances, where there is no other specific appropriation available to make the repayment.

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Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.2 Special Accounts

	Overseas Property Special Account ¹ (Departmental)		Overseas Property Special Account ² (Departmental)		Services for Other Entities and Trust Moneys - DFAT Special Account ³ (Administered)	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance brought forward from previous period	-	-	105,917	207,460	20,425	7,399
Increases						
Other increases	158,130	-	127,073	72,522	11,119	29,356
Total increases	158,130	-	127,073	72,522	11,119	29,356
Available for payments	158,130	-	232,990	279,982	31,544	36,755
Decreases						
Administered	-	-	-	-	(20,425)	(16,330)
Departmental	(54,925)	-	(232,990)	(174,065)	-	-
Total decreases	(54,925)	-	(232,990)	(174,065)	(20,425)	(16,330)
Total balance carried to the next period	103,205	-	-	105,917	11,119	20,425
Balance represented by:						
Cash held in entity bank accounts	976	-	-	2,028	-	-
Cash held in the Official Public Account	102,229	-	-	103,889	11,119	20,425
Total balance carried to the next period	103,205	-	-	105,917	11,119	20,425

	Consular Services Special Account ⁴ (Administered)		Administered Payments and Receipts for Other Entities Special Account ⁵ (Administered)		Expositions Special Account ⁶ (Administered)	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance brought forward from previous period	-	-	-	-	-	-
Increases						
Other increases	32	38	4,969	5,000	-	994
Total increases	32	38	4,969	5,000	-	994
Decreases						
Other decreases	125	99	185,998	266,303	-	-
Total decreases	125	99	185,998	266,303	-	-
Available for payments	157	137	190,967	271,303	-	994
Decreases						
Administered	(117)	(105)	(190,967)	(266,334)	-	(994)
Total decreases	(117)	(105)	(190,967)	(266,334)	-	(994)
Total balance carried to the next period	40	32	-	4,969	-	-
Balance represented by:						
Cash held in the Official Public Account	40	32	-	4,969	-	-
Total balance carried to the next period	40	32	-	4,969	-	-

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1. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 78
 Establishing Instrument: PGPA Act Determination (Establishment of Overseas Property Special Account 2017)
 Purpose:
 - a) acquire, lease, construct, manage, operate, repair, maintain, divest, finance, identify or advise on, and undertake any other activities in relation to, the real property of the Commonwealth outside Australia
 - b) repay to an original payer amounts credited to the special account or to the former special account, after any necessary payments made for the purposes mentioned in paragraph (a)
 - c) carry out activities that are incidental to a purpose mentioned in paragraph (a)
 - d) reduce the balance of the Special Account (and, therefore, the available appropriation for the Account) without making a real or notional payment, including to give effect to the remittance of amounts to the Official Public Account as agreed between the Finance Minister and the responsible minister
 - e) repay amounts where an Act or other law requires or permits the repayment of an amount received.

2. Appropriation: *Financial Management and Accountability Act 1997* section 20 and section 22
 Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2002/01 and variation 2006/36
 Purpose:
 - a) acquire, lease, construct, manage, operate, repair, maintain, divest, finance, identify or advise on, and undertake any other activities in relation to, the real property of the Commonwealth outside Australia
 - b) return dividends or net proceeds from the sale of an asset to the Budget as agreed between the Finance Minister and the responsible minister
 - c) carry out activities that are incidental to a purpose mentioned in paragraph (a)
 - d) reduce the balance of the Special Account (and, therefore, the available appropriation for the Account) without making a real or notional payment
 - e) repay amounts where an Act or other law requires or permits the repayment of an amount received.

This special account sunsetted on 1 April 2017 and was replaced with the above special account established under the PGPA Act effective from 29 March 2017.

3. Appropriation: *Financial Management and Accountability Act 1997* section 20
 Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2009/25
 Purpose:
 - a) disburse amounts held in trust or otherwise for the benefit of a person other than the Commonwealth
 - b) disburse amounts in connection with services performed on behalf of other governments and bodies that are not FMA agencies
 - c) repay amounts where an Act or other law requires or permits the repayment of an amount received
 - d) reduce the balance of the Special Account (and, therefore, the available appropriation for the Account) without making a real or notional payment.

4. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 78
 Establishing Instrument: PGPA Act (Consular Services Special Account 2015 – Establishment) Determination 2015/05
 Purpose:
 - a) providing assistance to Australian citizens and permanent residents overseas:
 - i. in circumstances of urgency
 - ii. when commercial money transfer services are unavailable or inappropriate
 - b) to repay to an original payer amounts credited to the Special Account and residual after any necessary payments have been made under paragraph (a)
 - c) activities that are incidental to a purpose mentioned in paragraphs (a) or (b)
 - d) to reduce the balance of the Special Account (and, therefore, the available appropriation for that Account) without making a real or notional payment
 - e) to repay amounts where an Act or other law requires or permits the repayment of an amount received.

The 2015-16 Consular Services Special Account established under *Financial Management and Accountability Act 1997* section 20 was sunsetted on 1 October 2015. The increases of \$16,039 and decreases of \$54,813 have been incorporated in the above comparatives of the special account established under the PGPA Act effective from 1 September 2015.

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5. Appropriation: *Financial Management and Accountability Act 1997* section 20
 Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2000/13
 Purpose:
- a) to make payments overseas on behalf of entities
 - b) to make payments to entities for amounts received overseas on their behalf
 - c) to make payments overseas on projects jointly funded with entities
 - d) activities that are incidental to a purpose mentioned in paragraphs (a), (b) and (c)
 - e) to reduce the balance of the Special Account (and, therefore, the available appropriation for that Special Account) without making a real or notional payment
 - f) to repay amounts where an Act or other law requires or permits the repayment of an amount received.
- This special account sunsetted on 1 April 2017 and was not replaced with a further special account.
6. Appropriation: *Financial Management and Accountability Act 1997* section 20
 Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2007/14
 Purpose:
- a) to acquire, lease, hire, construct, manage, operate, repair, maintain, identify and advise on, and undertake any other activities in relation to Australia's participation at international expositions
 - b) activities that are incidental to a purpose mentioned in paragraph (a)
 - c) to reduce the balance of the Special Account (and, therefore, the available appropriation for the Special Account) without making a real or notional payment
 - d) to repay amounts where an Act or other law requires or permits the repayment of an amount received.
- This special account was repealed on 13 October 2016.
7. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 78
 Establishing Instrument: PGPA Act (Australia-Indonesia Partnership for Reconstruction and Development (Loans) Special Account 2015 - Establishment) Determination 2015/01
 Purpose:
- a) loans for relief, rehabilitation and reconstruction assistance to areas in the Republic of Indonesia directly affected by the 2004 Tsunami through one or more of the activities specified in subsection 8(2)
 - b) loans for economic and social development assistance in all areas of the Republic of Indonesia through one or more of the activities specified in subsection 8(2)
 - c) activities that are incidental to and directly related to a purpose mentioned in paragraph (a) or (b)
 - d) to reduce the balance of the Special Account (and, therefore, the available appropriation for the special account) without making a real or notional payment
 - e) to repay amounts where an Act or other law required or permits the repayment of an amount received.
- This special account was revoked on 31 December 2016, therefore this account has not been included in the above table.
 2017: nil (2016: nil).

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6. People and Relationships

6.1 Employee Provisions

	2017 \$'000	2016 \$'000
Note 6.1A: Employee Provisions		
Leave	160,834	166,233
Separations and redundancies	20,086	20,606
Superannuation	14,563	16,087
Other employee provisions	23,790	24,542
Total employee provisions	219,273	227,468

Accounting policy

Liabilities for short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. Other long-term employee benefit liabilities are measured as the net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including DFAT's employer superannuation contribution rates and other employment on-costs, to the extent that the leave is likely to be taken during service rather than paid out on separation.

The liability for long service leave has been determined with reference to the work of an actuary as at 31 January 2017. The estimate of the present value of the liability takes into account attrition rates, pay increases through promotion and inflation. DFAT engages an actuary every three years unless it is assessed that there is a material movement in DFAT's staff profile.

Separation and Redundancy

In some countries, locally engaged staff employed by DFAT at overseas posts are entitled to separation benefits under local labour laws. DFAT provides for these separation benefits, and they have been classified as an employee benefit.

DFAT recognises a provision for redundancy when a decision by management has been made and affected employees have been informed that DFAT will carry out those terminations of employment.

Superannuation

The Australian-based staff of DFAT are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the Public Sector Superannuation accumulation plan (PSSap), or other superannuation schemes. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and the other superannuation schemes are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

DFAT makes employer contributions to the employee superannuation schemes at rates determined by the Government. For defined benefit scheme employer contribution rates are determined by an actuary to be sufficient to meet the current cost to the Government. DFAT accounts for these as if they were contributions to defined contributions plans.

Where required, DFAT makes superannuation contributions for locally engaged staff overseas to comply with local labour laws. Australian based staff who are engaged on a temporary basis and locally engaged staff overseas who are considered to be Australian residents for taxation purposes have compulsory employer superannuation contributions made on their behalf by DFAT.

Department of Foreign Affairs and Trade**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2017	2016
	\$'000	\$'000
<u>Note 6.1B: Administered Employee Provisions</u>		
Leave	8,461	9,163
Superannuation	388	520
Defined benefit pension schemes	73,403	80,028
Total employee provisions	82,252	89,711

Accounting Policy

DFAT administers defined benefit pension schemes for some locally engaged staff in North America, the United Kingdom and India on behalf of the Australian Government. DFAT recognises an administered liability for the present values of the Government's expected future payments arising from the unfunded components of the North American Pension Scheme, London Pension Scheme and the New Delhi Gratuity Scheme.

Increases in the accrued benefits liability, pursuant to regular estimates of the liability taking account of actuarial reviews, are recognised as an expense and classified as employee superannuation expense. Re-measurement of the net defined benefit obligation is recognised in other comprehensive income as outlined in AASB 119 *Employee Benefits*. DFAT engages actuaries to estimate the unfunded provisions and expected future cash flows as at end of the reporting period each year. More details on the defined benefit pension schemes are included in Note 7.6: Administered - Defined Benefit Pension Schemes.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6.2 Key Management Personnel Remuneration

DFAT's key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the department. DFAT has determined the key management personnel to be the Portfolio and Assisting Ministers, the Secretary, Deputy Secretaries, Chief People Officer and Chief Finance Officer. Key management personnel remuneration is reported in the table below:

	2017	2016
	\$	\$
Short-term employee benefits	2,615,712	2,575,805
Post-employment benefits	402,190	788,232
Other long-term employee benefits	266,719	289,049
Termination benefits	137,540	-
Total key management personnel remuneration expenses¹	3,422,161	3,653,086

The total number of key management personnel that are included in the above table is 11 (2016: 9).

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio and Assisting Ministers. The Portfolio and Assisting Ministers remuneration and other benefits are set by the Remuneration Tribunal and are not paid by DFAT.

6.3 Related Party Disclosures

Related party relationships:

DFAT is an Australian Government controlled entity. DFAT's related parties are key management personnel including the Portfolio and Assisting Ministers, and other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens.

Transactions with related parties of DFAT have occurred within normal customer or supplier relationships on terms and conditions no more favourable than those which it is reasonable to expect DFAT would have entered into on an arm's-length basis. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by DFAT, it has been determined that there are no related party transactions to be separately disclosed.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7. Managing Uncertainties

7.1 Contingent Assets and Liabilities

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are reported when settlement is probable but not virtually certain and contingent liabilities are disclosed when the probability of settlement is greater than remote.

Note 7.1A: Contingent Liabilities and Assets

	Guarantees		Claims for damages or costs		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Contingent liabilities						
Balance from previous period	101	98	572	539	673	637
New contingent liabilities recognised	600	-	-	-	600	-
Re-measurement	(1)	3	34	199	33	202
Obligations expired	-	-	(4)	(166)	(4)	(166)
Total contingent liabilities	700	101	602	572	1,302	673
Net contingent assets / (liabilities)	(700)	(101)	(602)	(572)	(1,302)	(673)

Quantifiable Contingencies

The above table reports contingent liabilities in respect of claims for damages / costs of \$0.602m (2016: \$0.572m). This amount represents an estimate of DFAT's liability based on precedent cases and on advice from DFAT's external legal service providers. The department is defending the claims.

The above table also reports contingent liabilities in respect of bank and residential lease guarantees made by DFAT of \$0.700m (2016: \$0.101m).

Unquantifiable Contingencies

At 30 June 2017, DFAT was involved in a number of litigation matters for losses allegedly suffered by claimants. DFAT is defending these claims. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these claims.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.1B: Administered - Contingent Assets and Liabilities

DFAT has no Administered contingent assets or liabilities (2016: nil).

Quantifiable Administered Contingencies

There are no quantifiable administered contingencies disclosed in the Administered Schedule of Assets and Liabilities.

Unquantifiable Administered Contingencies

At 30 June 2017, DFAT was involved in a number of matters relating to the recovery of funds. It is not possible to estimate the amounts of any eventual recoveries that may be received in relation to these matters. There are no unquantifiable administered liabilities.

Significant Remote Administered Contingencies

Under section 62 of the *Export Finance and Insurance Corporation Act 1991*, the Australian Government guarantees Efic's creditors the due payment of all monies payable, or that may at any time become payable, by Efic on the Commercial Account and has a \$200 million callable capital facility available for this purpose. This guarantee has never been utilised. Details of remote contingencies are shown in the following table.

	2017	2016
	\$'000	\$'000
Contracts of insurance and guarantees	663,100	690,600
Statement of financial position liabilities	2,084,800	2,313,400
NIA contracts of insurance, guarantees and statement of position liabilities	530,500	608,300
Total	3,278,400	3,612,300

Guarantees to Subsidiaries

At the time of completion of the financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.

Indemnities

At the time of the completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no recognition of any liability was therefore required.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.2 Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply the fair value hierarchy.

The different levels of the fair value hierarchy are defined below.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

Accounting policy

Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. Land and buildings managed by the Overseas Property Office were independently valued by CIVAS as at 30 June 2017. Works of art were independently valued by JLL as at 30 June 2017.

An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from their fair value. DFAT engaged JLL to undertake this review, and JLL has provided written assurance that the models developed are in compliance with AASB 13 *Fair Value Measurement*. DFAT's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all non-financial assets is considered their highest and best use. DFAT's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

Buildings and Leasehold Improvements - Replacement Cost of New Assets and Contracted Prices

DFAT controls assets situated in locations where construction cost evidence is limited. In determining the replacement cost for new assets measured using the depreciated replacement cost approach, reference has been made to the available building cost information. The valuer has used significant professional judgement in determining the fair value measurements of these assets.

Leasehold Improvements - Physical Depreciation and Obsolescence

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach, the estimated cost to replace the asset is calculated and then adjusted to take into account physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all leasehold improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

Land and Buildings - Adjusted Market Transactions, Estimated Market Rental Values and Capitalisation Rates

DFAT controls assets situated in locations where property markets experience relatively few transactions. In determining fair value of these assets, reference has been made to available sales evidence together with other relevant information related to local economic conditions and property market conditions. The valuer has used significant professional judgement in determining the fair value measurements of these assets.

Investment in the Export Finance and Insurance Corporation Commercial Account and Tourism Australia

DFAT has determined that the reported net asset values represent fair value at the end of the reporting period.

Financial Liabilities at Fair Value Through Profit and Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

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Note 7.2A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period			Category (Level 1, 2 or 3)	
	2017 \$'000	2016 \$'000			
Non-financial assets:					
Land	1,293,352	1,209,671		2	Market Approach: This approach seeks to estimate the current value of an asset with reference to recent market transactions involving identical or comparable assets. Inputs: Prices and other relevant information generated by market transactions involving land assets were considered.
Land	368,704	351,558		3	Market Approach Inputs: Prices and other relevant information generated by market transactions involving land assets were considered. Significant professional judgement has been utilised.
Buildings	507,439	451,778		2	Market Approach Inputs: Prices and other relevant information generated by market transactions involving building assets were considered.
Buildings	32,910	19,234		3	Market Approach Inputs: Prices and other relevant information generated by market transactions involving building assets were considered. Significant professional judgement has been utilised.
Buildings	306,407	347,307		2	Income Approach: Converts future amounts (cash flows or income and expenses) to a single current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts. Inputs: Market rental transaction of comparable assets, adjusted to reflect differences in price sensitive characteristics. Capitalisation rates as represented by the income produced by an investment, expressed as a percentage of the assets value.
Buildings	5,503	5,709		3	Income Approach Inputs: Market rental transaction of comparable assets, adjusted to reflect differences in price sensitive characteristics. Capitalisation rates as represented by the income produced by an investment, expressed as a percentage of the assets value. Significant professional judgement.
Buildings	339,189	375,587		3	Depreciated Replacement Cost: The amount a market participant would be prepared to pay to acquire or construct a substitute asset of comparable utility, adjusted for physical depreciation and obsolescence. Inputs: Current prices for substitute assets. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the assets under consideration.
Leasehold Improvements	279,316	278,460		3	Depreciated Replacement Cost Inputs: Current prices for substitute assets. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the assets under consideration.

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Note 7.2A: Fair Value Measurements, Valuation Techniques and Inputs Used (continued)

Fair value measurements at the end of the reporting period				Category (Level 1, 2 or 3)	
2017 \$'000	2016 \$'000	2016 \$'000	2017 \$'000		
Property, Plant and Equipment	250,768	179,277		2	Market Approach Inputs: Prices and other relevant information generated by market transactions involving property, plant and equipment assets were considered.
Property, Plant and Equipment	1,746	2,620		3	Market Approach Inputs: Prices and other relevant information generated by market transactions involving property, plant and equipment assets were considered. Significant professional judgement has been utilised.
Property, Plant and Equipment	53,776	81,516		3	Depreciated Replacement Cost Inputs: Current prices for substitute assets. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the assets under consideration.
Total Non-financial assets	3,439,110	3,302,717			
Assets not measured at fair value in the statement of financial position:					
	2017 \$'000	2016 \$'000			
Land ¹	98,459	98,181			Market Approach Inputs: Prices and other relevant information generated by market transactions involving land assets were considered.
Buildings ¹	7,864	7,833			Market Approach. Inputs: Prices and other relevant information generated by market transactions involving build assets were considered.
Total non-financial assets	106,323	106,014			
Total assets not measured at fair value in the statement of financial position	106,323	106,014			

1. In 2016, DFAT reclassified two former chancery properties located in Jakarta, Indonesia and Bangkok, Thailand to assets held for sale. These properties were measured at fair value less cost to sell at 30 June 2016. In 2017, each property has been revalued by CIVAS to an amount higher than its carrying amount. Therefore, the two former chancery properties have been measured at their carrying amounts at 30 June 2017.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.2B: Reconciliation for Recurring Level 3 Fair Value Measurements

	Non-Financial assets - 2017				
	Land \$'000	Buildings \$'000	Leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Opening balance - 1 July 2016	351,558	400,530	278,460	84,136	1,114,684
Total gains / (losses) recognised in other comprehensive income ¹	9,572	(1,997)	(59,576)	(26,746)	(78,747)
Purchases	-	48	60,507	597	61,152
Disposals	-	-	(75)	(2,465)	(2,540)
Transfers into Level 3 ²	37,128	3,948	-	-	41,076
Transfers out of Level 3 ³	(29,554)	(24,927)	-	-	(54,481)
Closing balance - 30 June 2017	368,704	377,602	279,316	55,522	1,081,144

	Non-Financial assets - 2016				
	Land \$'000	Buildings \$'000	Leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Opening balance - 1 July 2015	152,076	145,101	144,294	105,192	546,663
Total gains / (losses) recognised in other comprehensive income ¹	(2,961)	8,198	29,723	(22,128)	12,832
Reclassifications	-	-	-	(773)	(773)
Purchases	201,993	246,846	115,253	929	565,021
Disposals	-	-	(10,810)	(1,072)	(11,882)
Transfers into Level 3 ²	450	385	-	1,988	2,823
Closing balance - 30 June 2016	351,558	400,530	278,460	84,136	1,114,684

1. These gains / (losses) are presented in the Statement of Comprehensive Income under Depreciation and Amortisation and Write-down and Impairment of Assets.

2. There have transfers of land, buildings assets into Level 3 due to a combination of, limited market transactions, use of significant professional judgement, or a change in the valuation technique from the market approach to depreciated replacement cost approach.

3. There have transfers of land, buildings assets out of Level 3 due to a combination of, the identification of market transactions, or a change in the valuation technique from the depreciated replacement cost approach to the market approach.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.3 Financial Instruments

Note 7.3A: Categories of Financial Instruments	Notes	2017 \$'000	2016 \$'000
Financial assets			
Loans and receivables			
Cash and cash equivalents	3.1A	178,403	161,184
Goods and services receivable (gross)	3.1B	40,543	86,436
Advances receivable	3.1B	14,026	14,625
Cash held by outsiders	3.1B	203	647
Other receivables	3.1B	1,594	1,668
Total loans and receivables		234,769	264,560
Total financial assets		234,769	264,560
Financial liabilities			
Financial liabilities measured at amortised cost			
Trade creditors and accruals	3.3A	137,439	117,924
Other payables	3.3B	412	278
Total financial liabilities measured at amortised cost		137,851	118,202
Total financial liabilities		137,851	118,202

Accounting policy

Accounting policies for financial assets can be found in Note 3.1: Financial Assets. Accounting policies for financial liabilities can be found in Note: 3.3 Payables.

Note 7.3B: Net Gains or Losses on Financial Assets

Loans and receivables			
Foreign exchange (loss)		(5,266)	(3,849)
Write-down of financial assets	1.1C	(89)	(29)
Movement in impairment allowance	1.1C	33	10
Net (loss) on loans and receivables		(5,322)	(3,868)
Net (loss) on financial assets		(5,322)	(3,868)

Note 7.3C: Net Gains or Losses on Financial Liabilities

Financial liabilities measured at amortised cost			
Foreign exchange gains		5,277	4,407
Net gains on financial liabilities measured at amortised cost		5,277	4,407
Net gains on financial liabilities		5,277	4,407

Note 7.3D: Fair Value of Financial Instruments

As DFAT only holds basic financial instruments the carrying amounts are a reasonable approximation of fair value.

Note 7.3E: Liquidity Risk

It is highly unlikely that DFAT will encounter difficulty in meeting its obligations associated with DFAT's basic financial liabilities given that it is a Commonwealth entity and has funding mechanisms available to ensure default does not occur. In addition, DFAT has internal policies and procedures in place to ensure there are sufficient resources to make payments and it has no history of default. All non-derivative financial liabilities are expected to maturity within the next 12 months. The department had no derivative financial liabilities in either 2017 or 2016.

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Note 7.3F: Credit Risk

Credit risk is the possibility that a debtor will not repay some or all of a loan or receivable in a timely manner, causing loss to the department. The department is exposed to minimal credit risk as cash and cash equivalents, goods and services receivable and other receivables comprise all loans and receivables. The maximum exposure the department has to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets indicated in the Statement of Financial Position. The department has assessed the risk of default on payment and has allocated nil (2016: \$0.03m) to an impairment allowance for doubtful debts account. The department has no collateral to mitigate against credit risk.

	Not past due or not impaired		Past due or impaired	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Credit quality of financial assets not past due or individually determined as impaired				
Cash and cash equivalents	178,403	161,184	-	-
Goods and services receivable	39,237	84,327	1,306	2,109
Advances receivable	14,026	14,625	-	-
Cash held by outsiders	203	647	-	-
Other receivables	1,009	957	585	711
Total	232,878	261,740	1,891	2,820
Ageing of financial assets that were past due but not impaired for 2017				
	0 to 30 days	31 to 60 days	61 to 90 days	90+ days
	\$'000	\$'000	\$'000	\$'000
Not impaired				
Goods and services receivables	774	73	49	410
Other receivables	-	32	19	534
Total	774	105	68	944
Ageing of financial assets that were past due but not impaired for 2016				
	0 to 30 days	31 to 60 days	61 to 90 days	90+ days
	\$'000	\$'000	\$'000	\$'000
Not impaired				
Goods and services receivables	73	78	889	1,069
Other receivables	96	42	23	517
Total	169	120	912	1,586
Total				2,787

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Note 7.3G: Market Risk

Currency risk

Currency risk refers to the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in foreign currency exchange rates. DFAT is exposed to foreign currency exchange risk primarily through undertaking certain transactions denominated in a wide range of foreign currency through its overseas operations. The following table illustrates the effect on DFAT's operating result (profit or loss) and equity as at 30 June 2017 from a 10.2% (2016: 10.5%) increase or decrease against the AUD in the currencies in which financial instruments were held by the department, with all other variables held constant.

Sensitivity analysis of the currency risk that the entity is exposed to for 2017						
	Risk variable \$'000	Change in risk variable %	+ Effect on		- Effect on	
			Net cost of services \$'000	Equity \$'000	Net cost of services \$'000	Equity \$'000
Cash and cash equivalents	68,570	10.2%	(6,994)	(6,994)	6,994	6,994
Goods and services receivable	2,392	10.2%	(244)	(244)	244	244
Advances receivable	12,391	10.2%	(1,264)	(1,264)	1,264	1,264
Other receivables	1,204	10.2%	(123)	(123)	123	123
Trade creditors	(15,856)	10.2%	1,617	1,617	(1,617)	(1,617)
Sensitivity analysis of the currency risk that the entity is exposed to for 2016						
	Risk variable \$'000	Change in risk variable %	+ Effect on		- Effect on	
			Net cost of services \$'000	Equity \$'000	Net cost of services \$'000	Equity \$'000
Cash and cash equivalents	36,997	10.5%	(3,885)	(3,885)	3,885	3,885
Goods and services receivable	2,814	10.5%	(295)	(295)	295	295
Advances receivable	12,660	10.5%	(1,329)	(1,329)	1,329	1,329
Other receivables	1,306	10.5%	(137)	(137)	137	137
Trade creditors	(19,424)	10.5%	2,040	2,040	(2,040)	(2,040)

Interest Rate Risk and Other Price Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The department holds basic financial instruments that do not expose it to interest rate risk or other price risk.

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7.4 Administered – Fair Value Measurements

The following tables provide an analysis of administered assets and liabilities measured at fair value. The remaining assets and liabilities disclosed in the Schedule of Administered Assets and Liabilities do not apply the fair value hierarchy. See Note 7.2: Fair Value Measurements for an overview of the different levels of the fair value hierarchy and techniques and inputs used to determine fair value.

Note 7.4A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period using			Valuation technique(s) ¹	For Levels 2 and 3 fair value measurements Inputs used ²
	2017 \$'000	2016 \$'000	Level (1, 2 or 3)		
Financial assets:					
Other investments:					
Non-monetary 'available for sale'	1,896,013	1,986,684			
IDA and ADF subscriptions					
Investment in the Export Finance and Insurance Corporation's Commercial Account	451,185	444,793			
Tourism Australia	20,170	20,049	3	Net asset position	Balance sheet of Tourism Australia
Total financial assets	2,367,368	2,451,526			
Non-financial assets:					
Leasehold Improvements	81	62	3	Market approach	Replacement cost Consumed economic benefits and obsolescence Adjusted market transactions
Plant and Equipment	27	6	2		
Total non-financial assets	108	68			
Total fair value measurements of assets in the administered schedule of assets and liabilities	2,367,476	2,451,594			

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Note 7.4A: Fair Value Measurements, Valuation Techniques and Inputs Used (continued)

	Fair value measurements at the end of the reporting period using		Valuation technique(s) ¹	For Levels 2 and 3 fair value measurements Inputs used ²
	2017 \$'000	2016 \$'000	Level (1, 2 or 3)	
Financial liabilities:				
Multilateral grants	1,071,059	509,767	3	A discounted rate range and a 10-year government bond rate is used to discount the expected payment schedules of each loan agreement
Multilateral contributions payable	893,229	741,041	3	A discounted rate range and a 10-year government bond rate is used to discount the expected payment schedules of each loan agreement
Total financial liabilities	1,964,288	1,250,808		
Total fair value measurements of liabilities in the administered schedule of assets and liabilities	1,964,288	1,250,808		

There have been no transfers between levels during the year (2016: nil). DFAT's policy for determining when transfers between levels are deemed to have occurred can be found in Note 7.2: Fair Value Measurements.

Fair value measurements - highest and best use differs from current use for non-financial assets

DFAT's Administered assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all controlled assets is considered their highest and best use.

1. There have been no changes to valuation techniques used.
2. There were no significant inter-relationships between unobservable inputs that materially affect fair value.
3. The future economic benefits of DFAT's assets are not primarily dependent on their ability to generate cash flows. DFAT has not disclosed quantitative information about the significant unobservable inputs for the department's assets.

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Note 7.4B: Reconciliation for recurring Level 3 fair value measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Financial assets		Non-financial assets	
	Other investments	Total	Leasehold improvements	Total
	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000
Opening balance - 1 July 2016	2,451,526	2,451,526	62	62
Total (losses) recognised in net cost of services ¹	(90,671)	(90,671)	(489)	(489)
Total gains recognised in other comprehensive income ²	6,513	6,513	508	508
Closing balance - 30 June 2017	2,367,368	2,367,368	81	81
Changes in unrealised gains / (losses) recognised in net cost of services for assets held at the end of the reporting period ³	-	-	-	-

	Financial assets		Non-financial assets	
	Other investments	Total	Leasehold improvements	Total
	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000
Opening balance - 1 July 2015	2,392,373	2,392,373	1,661	1,661
Total gains recognised in net cost of services ¹	50,613	50,613	(528)	(528)
Total gains / (losses) recognised in other comprehensive income ²	8,540	8,540	(1,071)	(1,071)
Closing balance - 30 June 2016	2,451,526	2,451,526	62	62
Changes in unrealised gains / (losses) recognised in net cost of services for assets held at the end of the reporting period ³	-	-	-	-

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Note 7.4B: Reconciliation for recurring Level 3 fair value measurements (continued)

Recurring Level 3 fair value measurements - reconciliation for liabilities

	Financial Liabilities		
	Multilateral grants 2017 \$'000	Multilateral contributions payable 2017 \$'000	Total 2017 \$'000
Opening balance - 1 July 2016	509,767	741,041	1,250,808
Total gains recognised in net cost of services ⁴	687,553	427,536	1,115,089
Settlements	(126,261)	(275,348)	(401,609)
Closing balance - 30 June 2017	1,071,059	893,229	1,964,288
Changes in unrealised gains / (losses) recognised in net cost of services for assets held at the end of the reporting period ³	-	-	-

	Financial Liabilities		
	Multilateral grants 2016 \$'000	Multilateral contributions payable 2016 \$'000	Total 2016 \$'000
Opening balance - 1 July 2015	590,449	892,360	1,482,809
Total gains recognised in net cost of services ⁴	34,569	75,702	110,271
Settlements	(115,251)	(227,021)	(342,272)
Closing balance - 30 June 2016	509,767	741,041	1,250,808
Changes in unrealised gains / (losses) recognised in net cost of services for assets held at the end of the reporting period ³	-	-	-

1. These gains / (losses) are represented in the Administered Schedule of Comprehensive Income and in Note 2.1B: Multilateral Replenishments and Other Loans and Note 2.1E: Other Expenses.
2. These gains / (losses) are represented in the Administered Schedule of Comprehensive Income.
3. There are no unrealised gains / (losses) for level 3 assets and liabilities in the Administered Schedule of Comprehensive Income as at both 30 June 2017 and 30 June 2016.
4. These gains / (losses) are represented in the Administered Schedule of Comprehensive Income and in Note 2.1B: Multilateral Replenishments and Other Loans.

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7.5 Administered - Financial Instruments

	2017 \$'000	2016 \$'000
Note 7.5A: Categories of Financial Instruments		
Financial Assets		
Cash and cash equivalents	12,162	25,683
Loans and receivables		
Goods and services receivables	2,387	15,123
Concessional loan receivable	153,438	145,338
Net position of Efic - NIA	12,015	11,635
Traveller Emergency Loans	599	801
Total loans and receivables	168,439	172,897
Available-for-sale financial assets		
Non-monetary available for sale debt instrument - fair value	1,896,013	1,986,684
Efic - Commercial Account	451,185	444,793
Tourism Australia	20,170	20,049
Total available for sale	2,367,368	2,451,526
Total financial assets	2,547,969	2,650,106
Financial Liabilities		
Financial liabilities measured at amortised cost		
International development assistance and other payables	233,857	204,112
Total financial liabilities measured at amortised cost	233,857	204,112
Financial liabilities at fair value through profit or loss		
Multilateral grants payable	1,071,059	509,767
Multilateral contributions payable	893,229	741,041
Total financial liabilities at fair value through profit or loss	1,964,288	1,250,808
Total financial liabilities	2,198,145	1,454,920

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	2017 \$'000	2016 \$'000
<u>Note 7.5B: Net Gains or Losses on Financial Assets</u>		
Loans and receivables		
Interest revenue	13,424	13,953
Concessional costs for AIPRD loans	-	(7,188)
Impairment	(814)	(263)
Write-off	(1,242)	(186)
Net gain on loans and receivables	11,368	6,316
Available-for-sale financial assets		
Dividend revenue	5,770	13,654
Competitive neutrality revenue	7,054	-
Gains recognised in profit or loss for reversal of impairment	-	43,990
Revaluation gain recognised in equity	6,513	8,540
Net gain on available for sale financial assets	19,337	66,184
Net gain on financial assets	30,705	72,500
<u>Note 7.5C: Net Gains or Losses on Financial Liabilities</u>		
Financial liabilities measured at amortised cost		
Exchange gains	3,262	532
Net gain on financial liabilities measured at amortised cost	3,262	532
Financial liabilities at fair value through profit or loss (held for trading)		
Unwinding of discount	(23,988)	(45,314)
Loss on remeasuring at fair value through profit or loss	(400,792)	(58,335)
Net (loss) on financial liabilities at fair value through profit or loss (held for trading)	(424,780)	(103,649)
Net (loss) on financial liabilities	(421,518)	(103,117)

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Note 7.5D: Fair Value of Financial Instruments

	Carrying amount 2017 \$'000	Fair value 2017 \$'000	Carrying amount 2016 \$'000	Fair value 2016 \$'000
Financial Assets				
Cash and cash equivalents	12,162	12,162	25,683	25,683
Receivables for goods and services	2,387	2,387	15,123	15,123
Concessional loans receivable	153,438	153,438	145,338	145,338
Net position of Efic - NIA	12,015	12,015	11,635	11,635
Traveller emergency loans	599	599	801	801
Investments - available for sale	1,896,013	1,896,013	1,986,684	1,986,684
Investments - Efic	451,185	451,185	444,793	444,793
Investments - Tourism Australia	20,170	20,170	20,049	20,049
Total financial assets	2,547,969	2,547,969	2,650,106	2,650,106
Financial liabilities				
Trade creditors	233,857	233,857	204,112	204,112
Grants payable - at fair value through profit or loss	1,071,059	1,071,059	509,767	509,767
Multilateral contributions payable IDA / ADF at fair value through profit or loss	893,229	893,229	741,041	741,041
Total financial liabilities	2,198,145	2,198,145	1,454,920	1,454,920

Fair value measurements categorised by fair value hierarchy

The table at Note 7.4A: Fair Value Measurements, Valuation Techniques and Inputs Used provides an analysis of financial instruments that are measured at fair value, by valuation method.

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Note 7.5E: Credit Risk

Recognised in the DFAT Administered Accounts

DFAT's senior executive has endorsed policies and procedures for debt management (including the provision of credit terms) to reduce the incidence of credit risk. Collateral is not required on any loan.

Credit risk is the possibility that a debtor will not repay all or a portion of a loan or will not repay in a timely manner and will therefore cause a loss to DFAT. DFAT has exposure to concentrations of credit risk with regard to the 'loan receivable' and the 'non-monetary available for sale debt instrument at fair value'. The maximum exposure DFAT has to credit risk at reporting date in relation to each class of recognised financial assets is presented in the following table excluding any collateral or credit enhancements.

DFAT has assessed the risk of default on payment and has allocated \$1,814 (2016: \$1,003) to an impairment allowance for doubtful debts account. DFAT has no collateral to mitigate against credit risk.

Maximum exposure to credit risk (excluding any collateral or credit enhancements)

	2017 \$'000	2016 \$'000
Credit quality of financial instruments not past due or individually determined as impaired		
Loans and receivables	170,494	174,570
Available for sale	2,367,368	2,451,526
Total credit quality of financial instruments not past due or individually determined as impaired	2,537,862	2,626,096
Credit quality of financial liabilities not past due or individually determined as impaired		
At amortised cost	233,857	204,112
Through profit or loss	1,964,288	1,250,808
Total credit quality of financial liabilities not past due or individually determined as impaired	2,198,145	1,454,920

Credit quality of financial assets not past due or individually determined as impaired

	Not past due or impaired 2017 \$'000	Not past due or impaired 2016 \$'000	Past due or impaired 2017 \$'000	Past due or impaired 2016 \$'000
Loans and receivables	168,322	169,591	2,172	4,979
Available for sale	2,367,368	2,451,526	-	-
Total	2,535,690	2,621,117	2,172	4,979

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Note 7.5E: Credit Risk (continued)

Ageing of financial assets that were past due but not impaired for 2017

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90 + days \$'000	Total \$'000
Not impaired					
Loans and receivables	274	10	11	63	358
Total	274	10	11	63	358

Ageing of financial assets that were past due but not impaired for 2016

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90 + days \$'000	Total \$'000
Not impaired					
Loans and receivables	2,099	3	6	1,868	3,976
Total	2,099	3	6	1,868	3,976

Note 7.5F: Liquidity Risk

The continued existence of DFAT in its present form and with its present programs is dependent on government policy and on continuing appropriations by Parliament for DFAT's administration and programs. The probability of the Government encountering difficulties meeting its administered financial obligations is less than remote.

Maturities for non-derivative financial liabilities 2017

	On demand \$'000	Within 1 year \$'000	Between 1 to 2 years \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Financial liabilities measured at amortised cost	-	233,857	-	-	-	233,857
Financial liabilities at fair value through profit or loss	-	313,719	282,042	834,503	534,023	1,964,287
Total	-	547,576	282,042	834,503	534,023	2,198,144

Maturities for non-derivative financial liabilities 2016

	On demand \$'000	Within 1 year \$'000	Between 1 to 2 years \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Financial liabilities measured at amortised cost	-	204,112	-	-	-	204,112
Financial liabilities at fair value through profit or loss	-	341,395	230,450	511,063	167,900	1,250,808
Total	-	545,507	230,450	511,063	167,900	1,454,920

DFAT had no derivative financial liabilities in both the current and prior financial year.

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Note 7.5G: Market Risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the following types of risk, either alone or in combination: interest rate risk, sovereign risk and liquidity risk (for the purposes of discounting the future value of the non-monetary 'available for sale' debt instrument); currency risk (for the purposes of converting to Australian dollars the discounted United States dollar value of the non-monetary 'available for sale' debt instrument); and the 10-year government bond rate for the purposes of discounting future liabilities relating to multilateral loan and grant commitments. The following sensitivity analysis discloses the effect that a reasonable possible change in each risk variable, either alone, or in total, would have on DFAT's administered income and expenses.

The following table illustrates the effect on DFAT's administered net income less expenses and equity as at 30 June 2017 from 10.2% (2016: 10.5%) increase or decrease against the AUD in the currencies in which the financial instruments were administered by DFAT with all other variables held constant.

Sensitivity analysis of the risk that the entity is exposed to for 2017

			Effect on	
			Profit and loss	Equity
		%	\$'000	\$'000
Currency risk	\$/USD	+ 10.2%	(175,493)	(175,493)
Currency risk	\$/USD	- 10.2%	215,360	215,360
Interest rate risk	*	+ 0.3%	(20,902)	(20,902)
Interest rate risk	*	- 0.3%	14,263	14,263

Sensitivity analysis of the risk that the entity is exposed to for 2016

			Effect on	
			Profit and loss	Equity
		%	\$'000	\$'000
Currency risk	\$/USD	+ 10.5%	(189,364)	(189,364)
Currency risk	\$/USD	- 10.5%	233,700	233,700
Interest rate risk	*	+ 0.3%	(20,524)	(20,524)
Interest rate risk	*	- 0.3%	28,316	28,316

All other items are denominated in AUD and are not subject to market risk due to exchange fluctuations.

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7.6 Administered - Defined Benefit Pension Schemes

	2017 \$'000	2016 \$'000
<i>The amounts recognised in the Administered Schedule of Assets and Liabilities are as follows:</i>		
Present value of funded obligations	56,836	54,447
Fair value of plan assets	(37,221)	(36,095)
	19,615	18,352
Present value of unfunded obligations	53,788	61,676
Net liability in schedule of administered assets and liabilities	73,403	80,028
<i>Movements in the net liability recognised in the Administered Schedule of Assets and Liabilities as follows:</i>		
Net liability at the start of the year	80,028	71,908
Exchange differences on foreign plans	(3,213)	(254)
Net expense recognised in the Administered Schedule of Comprehensive Income	3,559	3,683
Net actuarial (gains) / losses	(2,991)	8,618
Contributions by employers	(3,980)	(3,927)
Net liability at the end of the year	73,403	80,028
<i>Reconciliation of opening and closing balance of the defined benefit obligation:</i>		
Opening liability	116,122	113,793
Exchange differences on foreign plans	(5,351)	(5,168)
Service cost	1,106	1,100
Interest cost	3,647	3,828
Contributions by plan participants (funded schemes)	59	70
Actuarial (gains) due to experience	(514)	(1,919)
Actuarial (gains) / losses due to changes in financial assumptions	(1,676)	1,630
Actuarial losses due to changes in demographic assumptions	1,783	7,561
Benefits paid	(4,552)	(4,773)
Closing liability	110,624	116,122
<i>Reconciliation of opening and closing balance of the fair value of plan assets:</i>		
Opening assets	36,095	41,886
Exchange differences on foreign plans	(2,138)	(4,915)
Expected return on plan assets	1,194	1,245
Contributions by plan participants (funded schemes)	59	70
Contributions by employer	973	858
Actuarial (gains) / losses	2,584	(1,346)
Benefits paid	(1,546)	(1,703)
Closing liability	37,221	36,095

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	2017 \$'000	2016 \$'000
<i>The amounts recognised in the Administered Schedule of Comprehensive Income are as follows:</i>		
Current service cost	1,106	1,100
Net interest on net defined benefit (asset) / liability	2,453	2,583
Total included 'employee benefit expense account'	3,559	3,683
<i>Amounts recognised directly in administered equity</i>		
	2017 \$'000	2016 \$'000
Actuarial gains / (losses)	2,991	(8,618)
<i>Cumulative amounts of gains and losses recognised in administered equity</i>		
	2017 \$'000	2016 \$'000
Actuarial (losses)	(44,064)	(47,055)
<i>Pension scheme assets</i>		
<i>The fair value of scheme assets is represented by:</i>		
	2017	2016
UK equities	0.0%	0.0%
Overseas equities	0.0%	0.0%
Long dated UK corporate bonds	12.0%	12.1%
Long dated UK gilts	9.9%	11.0%
Cash	0.2%	0.2%
Insured Pensioner	1.4%	1.5%
Investment in LIC India	3.8%	3.3%
Diversified Growth Fund	72.7%	71.9%
<i>Fair value of pension scheme assets</i>		
The fair value of scheme assets does not include amounts relating to:		
- any of DFAT's (and the Australian Government's) own financial instruments, and		
- any property occupied by, or other assets used by DFAT (or the Australian Government).		
<i>Principal actuarial assumptions at the reporting date (expressed as weighted averages):</i>		
	2017	2016
Discount rate at 30 June	3.11%	3.09%
Expected return on assets at 30 June		
Salary growth	2.95%	2.72%
Price inflation	3.12%	2.98%
Pension growth	2.94%	2.80%

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Historical information

	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
Present value of defined benefit obligations	(110,624)	(116,122)	(113,794)	(88,666)	(76,459)
Fair value of scheme assets	37,221	36,095	41,886	30,669	27,307
(Deficit) in the scheme	(73,403)	(80,028)	(71,908)	(57,997)	(49,152)
Actuarial gains / (losses) - net liabilities	2,991	(8,618)	(7,108)	(7,069)	(5,133)
Effect of exchange rate gains / (losses)	3,213	254	(10,877)	(453)	(3,380)

Expected employer contributions

	2018 \$'000	2017 \$'000
Expected employer contributions ¹	4,094	3,709

Notes

1. This represents the employer contributions, which are paid in the schemes fund.

Scheme information

DFAT administers on behalf of the Australian Government, defined benefit pension schemes for locally engaged staff across a number of agencies at posts in London and New Delhi, and also the North American Pension Scheme. All schemes, with the exception of the New Delhi Gratuity Scheme, have been closed to new employees and provide pensions that are linked to final salaries. Figures disclosed are based on formal actuarial reviews that are generally conducted triennially and reviewed and updated by the actuary on an annual basis. The New Delhi and London schemes are partially funded and the North American Pension Scheme is fully unfunded. Contributions for the North American Scheme are made to the Consolidated Revenue Fund, which will provide funding for the benefits payable under the scheme.

Weighted average maturity profile of defined benefit obligation

Financial year ended	2017	2016
Weighted average duration of defined benefit obligation (years)	13.95	14.43

Sensitivity to assumptions

DFAT's defined benefit obligation at the reporting date has been determined using actuarial calculations that require assumptions about future events. The estimated sensitivity of the defined benefit obligation to each significant assumption shown below has been determined at an individual scheme level if each assumption were changed in isolation. In practice, the schemes are subject to multiple external experience items which may vary the defined benefit obligation over time. The methods and assumptions used in preparing these sensitivity results remain consistent with those used in previous reporting periods.

The estimated effects of variations in the principal actuarial assumptions on DFAT's defined benefit obligation at the reporting date are as follows:

Increase / (decrease) in defined benefit obligation

	2017 \$'000	2016 \$'000
Discount rate		
Increase of 0.5%	(7,745)	(7,840)
Decrease of 0.5%	8,091	8,220
Future salary increases		
Increase of 0.5%	237	461
Decrease of 0.5%	(220)	(445)
Future inflation increases		
Increase of 0.5%	7,544	7,814
Decrease of 0.5%	(7,282)	(7,516)

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8. Other Information

8.1 Budgetary Reporting - Explanation of Major Variances

8.1A: Explanation of Major Departmental Variances

The following provides explanations of major variances between DFAT's original budget estimates, as published in the 2016-17 Portfolio Budget Statements (PBS) and the actual results for the financial year as presented in accordance with the Australian Accounting Standards. Major variances are those relevant to an analysis of DFAT's performance, not merely on numerical differences between the budget and actual amounts.

Own-source revenue reported in the Statement of Comprehensive Income (32.2%) and operating cash receipts for sale of goods and rendering of services reported in the Cash Flow Statement (34.7%) were higher than originally estimated. The higher actuals are a result of increased rental revenues, service level agreement fees and other cost recoveries from attached Australian Government agencies that DFAT provide services to at overseas posts. The increase was primarily driven by higher than expected market rent valuations, CPI and increased volume of services.

Gains and proceeds from the sale of assets reported in the Statement of Comprehensive Income (98.0%) and Cash Flow Statement (97.0%) are lower than originally estimated due to the delay in sale of the former Jakarta embassy building, with the sale now expected in the 2017-18 financial year.

There is a flow on impact of the above movements, in revenue and expenses, to the deficit for the current financial year reported in the Statement of Comprehensive Income and Statement of Changes in Equity.

There are a number of items that are not incorporated into PBS estimates due to the unpredictable, uncontrollable and / or unplanned nature of the transactions and adjustments. This includes:

- › the write-down and impairment of assets reported in the Statement of Comprehensive Income,
- › gains or losses from foreign exchange differences reported in the Statement of Comprehensive Income and Cash Flow Statement, and
- › accounting adjustments for DFAT's provision for the future makegood of leasehold improvements in leased properties reported in the Statement of Comprehensive Income and Statement of Changes in Equity.

Additionally, DFAT does not estimate or factor in revaluation adjustments for land and buildings and plant and equipment assets as these movements are beyond DFAT's control and are difficult to predict. This impacts other comprehensive income reported in the Statement of Comprehensive Income and Statement of Changes in Equity and non-financial asset balances reported in the Statement of Financial Position.

Major variances between actual figures reported in the Statement of Financial Position and the PBS estimates include:

- › Cash and cash equivalents increased (110.6%) due to the reclassification of the Overseas Property Special Account as cash rather than trade and other receivables. There is a flow on impact to the cash flow statement. This change in accounting policy contained in division 6 section 48 of the FRR was implemented after the budget was prepared.
- › Inventories increased (18.9%) to maintain passport stock consistent with DFAT's Business Continuity Plan.
- › Intangibles increased (38.1%) due to new measures announced in the Mid-Year Economic Fiscal Outlook relating to expanding Australia's Overseas Representation and movement of funds from last year to the current financial year which occurred after the budget.
- › Assets held for sale increased (59.1%) due to the earlier than anticipated decommissioning of the Bangkok embassy.
- › Other non-financial assets decreased (31.1%) following the implementation of monthly invoicing arrangements for passport services from Australia Post. At the time of finalising the budget these services were invoiced 12 months in advance.

The Cash Flow Statement also includes variances for items that are not included in PBS estimates. This includes no estimates for section 74 receipts transferred to the Official Public Account (OPA) and subsequently re-drawn as appropriations, estimated cash transfers to and from the OPA for the Overseas Property Special Account, and GST payments to suppliers and subsequent refunds received from the Australian Taxation Office. In addition, estimated cash flows for asset purchases included amounts that represented the completion of work in progress assets and transfer of the balance to a depreciating asset, with a proportion of the cash flows actually occurring in prior years.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8.1B: Explanation of Major Administered Variances

There are a number of items that are not incorporated into PBS estimates due to the unpredictable, uncontrollable and / or unplanned nature of the transactions and adjustments related to contributions, unplanned revenue and gains and Efic NIA income in the Administered Schedule of Comprehensive Income.

There were higher than expected returns of prior year administered expenses reported in the Administered Schedule of Comprehensive Income (181.9%), which relate to unspent monies from previous funding arrangements. The original PBS estimate was based on forecast reductions of these returns in line with anticipated reductions in the aid program.

DFAT does not estimate or factor in adjustments for re-measurement of the net liability for defined benefit pension schemes, revaluation of property, plant and equipment assets or movements in the carrying amount of investments, reported in the Administered Schedule of Assets and Liabilities and corresponding entries in Other Comprehensive Income (100.0% variance) into the PBS estimates. Similar to above, this is because the main factors that drive these movements are beyond DFAT's control, such as movements due to changes in the value of the Australian Dollar on currency markets.

The cash on hand or on deposit balance reported in the Administered Schedule of Assets and Liabilities (563.9% above estimates) increased with the change in accounting policy contained in division 48 of the FRR. The accounting policy change, which requires special account balances to be included as cash, was implemented after the budget was prepared.

The estimated balance for trade and other receivables reported in the Administered Schedule of Assets and Liabilities (93.5% above estimates) increased with the inclusion of amounts appropriated for multilateral agreements that are drawn down in line with the agreed encashment schedules. As these are administered on behalf of Government the appropriations not yet drawn down are not recorded as receivables in DFAT's financial statements in accordance with accounting standards, but due to the substantial value, they are included in the budget estimates.

The timing of the preparation of estimates included in the PBS in April can also result in variances to actual results. Portfolio Budget Statement estimates are prepared in order to be included as part of the Federal Budget, and are based on the current financial year estimates plus adjustments - prior to the finalisation of actual balances for that financial year. Significant movements and adjustments that occur late in a financial year are not able to be incorporated into the estimates, resulting often in more obvious variances.

The impacts of the timing of PBS estimates are most pronounced for both investments and multilateral grants and contributions payables administered on behalf of Government reported in the Administered Schedule of Assets and Liabilities (4.2% and 19.9% respectively) and is due to revaluation and discounting factors applied at 30 June including the government bond rate and exchange rate fluctuations.

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Management of financial resources

APPENDIXES

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APPENDIX 1: STAFFING OVERVIEW

Table 6: Employees by classification, gender and location (excluding locally engaged employees overseas)

Classification*	Female			Male			Gender X			Total	Total
	Canberra	State Offices	Overseas	Canberra	State Offices	Overseas	Canberra	State Offices	Overseas	30 June 2017	30 June 2016
APS Level 1										-	-
APS Level 2				2	1					3	6
APS Level 3	15	21		9	4					49	55
APS Level 4	42	28	4	36	15	2				127	138
APS Level 5	323	148	110	128	44	68				821	789
APS Level 6	297	21	79	182	7	56				642	650
Exec. Level 1	454	9	150	375	9	142				1,139	1,128
Exec. Level 2	171	3	84	173	5	91				527	542
Non SES Unattached **	146		2	58						206	173
SES Band 1	31	2	20	58		49				160	180
SES Band 2	11		7	33		14				65	55
SES Band 3	2		3	3		7				15	12
SES Specialist Band 1				2						2	2
SES Specialist Band 2										-	-
SES Unattached	6			7						13	22
Director of Safeguards ***				1						1	1
Secretary	1									1	1
Cadet										-	-

Classification*	Female			Male			Gender X			Total	Total
	Canberra	State Offices	Overseas	Canberra	State Offices	Overseas	Canberra	State Offices	Overseas	30 June 2017	30 June 2016
Graduate	43			29						72	74
Medical Officer Cl. 3			4			2				6	4
Medical Officer Cl. 4				1		3				4	4
Medical Officer Cl. 5	1									1	-
Gender X****							3			3	-
Total	1,543	232	463	1,097	85	434	3	-	-	3,857	3,836

* Broadband classifications applicable to APS1–5, Cadets and Graduates.

** Includes staff on leave without pay, long service leave, seconded to other agencies and staff covered by the *Members of Parliament (Staff) Act 1984*.

*** Director of Safeguards, a statutory officer responsible to the Minister for Foreign Affairs, occupies the position of Director General of the Australian Safeguards and Non-Proliferation Office.

**** As per the Australian Government Guidelines on the Recognition of Sex and Gender, collection of data on Gender X (Indeterminate/Intersex/Unspecified) commenced on 1 July 2016. Due to the small number of employees who have identified as Gender X, this line has been consolidated to maintain anonymity.

Note: Staffing figures are based on headcount.

Table 7: Ongoing and non-ongoing employees, full-time and part-time (excluding locally engaged employees overseas)

Ongoing employee		Non-ongoing		Total	Total
Full Time	Part Time	Full Time	Part Time	30 June 2017	30 June 2016
3,343	396	94	24	3,857	3,836

Table 8: Employees by category of employment

	Female	Female %	Male	Male %	Gender X	Gender X %	30 June 2017	30 June 2016
Ongoing employees	2,167	58.0%	1,569	42.0%	3	0.1%	3,739	3,711
Non-ongoing employees	71	60.2%	47	39.8%			118	125
Overseas employees (locally engaged employees)	1,330	55.0%	1,089	45.0%			2,419	2,428
Total	3,568	56.9%	2,705	43.1%	3	0.0%	6,276	6,264

Table 9: SES by level and location

				Total	Total
	Canberra	State Offices	Overseas	30 June 2017	30 June 2016
SES Band 1	89	2	30	121	138
SES Band 2	44		2	46	35
SES Band 3	5			5	5
SES Specialist Band 1	2			2	2
SES Specialist Band 2				0	0
Director of Safeguards*	1			1	1
Head of Mission Band 1			39	39	42
Head of Mission Band 2			19	19	20
Head of Mission Band 3			10	10	7
Secretary	1			1	1
Medical Officer Cl. 5	1			1	0
SES Unattached**	13			13	22
Total	156	2	100	258	273

* Director of Safeguards, a statutory officer responsible to the Minister for Foreign Affairs, occupies the position of Director General of the Australian Safeguards and Non-Proliferation Office.

** Includes staff on leave without pay, long service leave, seconded to other agencies and staff covered by the *Members of Parliament (Staff) Act 1984*.

Table 10: SES by gender

	Total				Total	Total
	Female	Female %	Male	Male %	30 June 2017	30 June 2016
SES Band 1	42	34.7%	79	65.3%	121	138
SES Band 2	13	28.3%	33	71.7%	46	35
SES Band 3	2	40.0%	3	60.0%	5	5
SES Specialist Band 1	0	0.0%	2	100%	2	2
SES Specialist Band 2	0	0.0%	0	0.0%	0	0
Director of Safeguards*	0	0.0%	1	100%	1	1
Head of Mission Band 1	11	28.2%	28	71.8%	39	42
Head of Mission Band 2	5	26.3%	14	73.7%	19	20
Head of Mission Band 3	3	30.0%	7	70.0%	10	7
Secretary	1	100%	0	0.0%	1	1
Medical Officer Cl. 5	1	100%	0	0.0%	1	0
SES Unattached**	6	46.2%	7	53.8%	13	22
Total	84	32.6%	174	67.4%	258	273

* Director of Safeguards, a statutory officer responsible to the Minister for Foreign Affairs, occupies the position of Director General of the Australian Safeguards and Non-Proliferation Office.

** Includes staff on leave without pay, long service leave, seconded to other agencies and staff covered by the Members of Parliament (Staff) Act 1984.

Table 11: SES: New starters and separations during the year

	Total
Commenced in the department*	13
Separated from the department	27

* Includes temporary transfers, promotion of non-SES staff to the SES from within the department and non-APS HOM appointments.
Note: Figures include non-ongoing SES officers recruited for short-term projects who commenced and/or separated during the year.

Table 12: SES: Inter-agency mobility during the year

	Band 1	Band 2	Band 3	Total
Commenced in the department*	9	3	1	13
From the department	15	9	3	27

* Includes temporary transfers and promotion of non-SES staff to the SES from within the department.

Note: Figures include non-ongoing SES officers recruited for short-term projects who commenced and/or separated during the year.

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Appendix 1 – 1: Appendix 1: Staffing overview

Table 13: Employees by location and gender as at 30 June 2017

Location	APS Staff					Locally Engaged Staff					LES Total	
	Female	Female %	Male	Male %	Gender X	Gender X %	APS Total	Female	Female %	Male		Male %
Canberra												
Canberra total	1,543	58.4%	1,097	41.5%	3	0.1%	2,643					-
Overseas Posts—by regions												
Asia	202	51.0%	194	49.0%		0.0%	396	651	54.1%	552	45.9%	1,203
South Asia	36	45.6%	43	54.4%		0.0%	79	88	36.7%	152	63.3%	240
Southeast Asia	125	56.6%	96	43.4%		0.0%	221	391	54.4%	328	45.6%	719
North Asia	41	42.7%	55	57.3%		0.0%	96	172	70.5%	72	29.5%	244
Americas	36	46.2%	42	53.8%		0.0%	78	106	57.0%	80	43.0%	186
Europe	51	50.5%	50	49.5%		0.0%	101	153	55.6%	122	44.4%	275
New Zealand and the South Pacific	89	56.0%	70	44.0%		0.0%	159	238	58.3%	170	41.7%	408
Middle East and Africa	60	50.0%	60	50.0%		0.0%	120	142	49.7%	144	50.3%	286
Multilateral*	25	58.1%	18	41.9%		0.0%	43	40	65.6%	21	34.4%	61
Overseas posts total **	463	51.6%	434	48.4%		0.0%	897	1,330	55.0%	1,089	45.0%	2,419
State and territory offices—including Australian Passport Office												
New South Wales	55	78.6%	15	21.4%		0.0%	70					-
Northern Territory	7	63.6%	4	36.4%		0.0%	11					-
Queensland	41	77.4%	12	22.6%		0.0%	53					-
South Australia	14	70.0%	6	30.0%		0.0%	20					-

Location	APS Staff						Locally Engaged Staff						
	Female	Female %	Male	Male %	Gender X	Gender X %	APS Total	Female	Female %	Male	Male %	LES Total	
Tasmania	11	57.9%	8	42.1%		0.0%	19					-	
Victoria	75	71.4%	30	28.6%		0.0%	105					-	
Western Australia	29	74.4%	10	25.6%		0.0%	39					-	
State & territory offices total	232	73.2%	85	26.8%		0.0%	317	-		-		-	
Total staff numbers	2,238	58.0%	1,616	41.9%	3	0.1%	3,857	1,330	55.0%	1,089	45.0%	2,419	
Total DFAT resourcing													6,276

* Posts in this category include Geneva UN, Geneva WTO, New York UN, Paris OECD and Vienna UN.

** Overseas staff includes officers on in-country language training, short-term assignments, in-transit from post and exchange officers.

Table 14: Employees covered by the Enterprise Agreement, determinations, individual flexibility agreements and remuneration supplementation agreements as at 30 June 2017 (excluding locally engaged employees overseas)

APS Level	Enterprise Agreement			Determinations, individual flexibility agreements and remuneration supplementation agreements			Total
	Salary Min	Salary Max	No. of Staff	Salary Min	Salary Max	No. of Staff	
APS Level 1-3, Broadband 1 (includes graduates and cadets)	52,234	73,142	129				129
APS Level 4-5, Broadband 2	66,331	108,825	983				983
APS6 *	80,642	126,255	685				685
Exec. Level 1 *	100,424	156,411	1,224				1,224
Exec. Level 2 **	121,322	184,626	518	137,021	167,604	38	556
Medical Officers	176,512	228,020	10				10
Subtotal non-SES			3,549			38	3,587
SES ***				184,626	461,335	251	251
Medical Officers				167,604	212,319	1	1
Subtotal SES						252	252
Total			3,549			290	3,839

* Includes annualised shift penalties for APS 6 level and Executive Level 1 staff.

** Includes Executive Level 2 staff deployed to Head of Mission SES positions overseas.

*** The Secretary and the Director General of the Australian Safeguards and Non-Proliferation Office have not been included in the above figures as their remuneration is set by Prime Ministerial Determinations and the Remuneration Tribunal respectively.

Note: This table excludes 16 employees on temporary transfer to other organisations including the Office of the Governor-General, Parliament House and other government agencies.

Table 15: Performance bonus payments by level, 2016–17

	Number in 2015–16	Number in 2016–17	Aggregated (Total) amount (\$)	Average amount (\$)	Minimum amount*	Maximum amount
APS Level 3	48	41	49,944	1,218	516	1,290
APS Level 5	476	503	755,009	1,501	667	1,563
APS Level 6	497	443	767,648	1,733	363	1,814
Executive Level 1	966	972	2,112,515	2,173	1,818	2,373
Executive Level 2**	423	414	1,115,819	2,695	585	3,323
Total	2,410	2,373	4,800,935			

* Low minimum payments are pro rata bonuses to staff who worked part time during the performance management cycle.

** Includes Medical Officers.

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Appendix 1 – 1: Appendix 1: Staffing overview

APPENDIX 2: AGENCY RESOURCE STATEMENT

Table 16: Department of Foreign Affairs and Trade resource statement 2016–17

		Actual available appropriation for 2016–17	Payments made 2016–17	Balance remaining 2016–17
		\$'000	\$'000	\$'000
Ordinary annual services¹				
Departmental appropriation ²		2,042,968	1,624,074	418,894
Total		2,042,968	1,624,074	418,894
Administered expenses				
Outcome 1 ³		4,196,405	3,313,745	
Outcome 2		750	32	
Payments to corporate entities ⁴		143,610	143,610	
Total		4,340,765	3,457,387	
Total ordinary annual services	[A]	6,383,733	5,081,461	
Other services⁵				
Departmental non-operating				
Equity injections		250,305	143,610	106,695
Total		250,305	143,610	106,695
Administered non-operating				
Administered assets and liabilities ⁶		2,839,657	410,718	
Total		2,839,657	410,718	
Total other services	[B]	3,089,962	554,328	
Total available annual appropriations	[A+B]	9,473,695	5,635,789	
Special appropriations				
Special appropriations limited by criteria/ entitlement				
<i>Public Governance, Performance and Accountability Act 2013 – s77 Administered</i>			656	
Total special appropriations	[C]		656	
Special accounts⁷				

	Actual available appropriation for 2016–17	Payments made 2016–17	Balance remaining 2016–17
	\$'000	\$'000	\$'000
Opening balance	105,917		
Appropriation receipts	82,295		
Non-appropriation receipts to Special Accounts	35,177		
Payment made		148,429	
Total special accounts [D]	223,389	148,429	
Total resourcing [A+B+C+D]	9,697,084	5,784,874	
Less appropriations drawn from annual or special appropriations above and credited to special accounts	82,295	-	
and/or payments to corporate entities through annual appropriations	(143,610)	(143,610)	
Total net resourcing and payments for DFAT	9,635,769	5,641,264	

1. *Appropriation Act (No.1) 2016–17 and Appropriation Act (No. 3) 2016–17*. This also includes prior year departmental appropriation and section 74 Retained Revenue Receipts.
2. Includes an amount of \$51.755m in 2016–17 for the Departmental Capital Budget. For accounting purposes this amount has been designated as 'contributions by owners'.
3. Includes an amount of \$0.383m in 2016–17 for the Administered Capital Budget. For accounting purposes this amount has been designated as 'contributions by owners'.
4. 'Corporate entities' are corporate Commonwealth entities and Commonwealth companies as defined under the *PGPA Act 2013*.
5. *Appropriation Act (No.2) 2016–17 and Appropriation Act (No.4) 2016–17*.
6. Includes appropriations carried forward from previous years to extinguish multi-year agreements.
7. Excludes "Special Public Money" held in accounts like 'Consular Services Account (CSA), Services for Other Government and Non-agency Bodies (SOG) or 'Services for Other Entities and Trust Moneys accounts (SOTEM).

Table 17: 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, trade and international development policy priorities.	Budget* 2016–17	Actual expenses 2016–17	Variation 2016–17
	\$'000	\$'000	\$'000
	(a)	(b)	(a – b)
Program 1.1: Foreign affairs and trade operations			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	6,495	10,049	(3,554)
Expenses not requiring appropriation in the Budget year	15,027	9,115	5,912
Other services (<i>Appropriation Act Nos. 2 and 4</i>)	16,327	8,683	7,644
Departmental expenses			
Departmental appropriation ¹	706,568	639,342	67,226
Expenses not requiring appropriation in the Budget year ³	126,022	145,861	(19,839)

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Appendix 2 – 2: Appendix 2: Agency resource statement

Outcome 1: The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities.	Budget* 2016–17	Actual expenses 2016–17	Variation 2016–17
	\$'000	\$'000	\$'000
Total for Program 1.1	870,439	813,050	57,389
Program 1.2: Official development assistance			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	2,919,800	2,919,738	62
Expenses not requiring appropriation in the Budget year ²	200	2,266	(2,066)
Departmental expenses			
Departmental appropriation ¹	242,856	242,856	-
Total for Program 1.2	3,162,856	3,164,860	(2,004)
Program 1.3: Official development assistance – multilateral replenishments			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	781,458	684,963	96,495
Other services (<i>Appropriation Act Nos. 2 and 4</i>)	858,820	401,610	457,210
Expenses not requiring appropriation in the Budget year ²	401,760	520,797	(119,037)
Total for Program 1.3	2,042,038	1,607,370	434,668
Program 1.4: Official development assistance – East Asia East Asia Australia–Indonesia Partnership for Reconstruction and Development (AIPRD)			
Administered expenses			
AIPRD Loans Special Account 2015 ³	-	-	-
Expenses not requiring appropriation in the Budget year ²	-	-	-
Total for Program 1.4	-	-	-
Program 1.5: Payments to international organisations			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	439,385	362,571	76,814
Total for Program 1.5	439,385	362,571	76,814
Program 1.6: New Colombo Plan – transforming regional relationships			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	27,790	27,379	411
Other services (<i>Appropriation Act No. 2 and 4</i>)	425	425	-
Total for Program 1.6	28,215	27,804	411

Outcome 1: The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities.	Budget* 2016–17	Actual expenses 2016–17	Variation 2016–17
	\$'000	\$'000	\$'000
Program 1.7: Public information services and public diplomacy			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	4,594	4,592	2
Total for Program 1.7	4,594	4,592	2
Program 1.8: Programs to promote Australia's international tourism interests			
Administered expenses			
Tourism Australia – Corporate Commonwealth Entity	143,610	143,610	-
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	16,500	16,500	-
Total for Program 1.8	160,110	160,110	-
Outcome 1 totals by appropriation type			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	4,196,022	4,025,792	170,230
Corporate Commonwealth Entity	143,610	143,610	-
Other services (<i>Appropriation Act Nos. 2 and 4</i>)	875,572	410,718	464,854
Expenses not requiring appropriation in the Budget year ²	416,987	532,178	(115,191)
Departmental expenses			
Departmental appropriation ¹	949,424	882,198	67,226
Expenses not requiring appropriation in the Budget year ²	126,022	145,861	(19,839)
Total expenses for Outcome 1	6,707,637	6,140,357	567,280
	2015–16	2016–17	
Average staffing level (number)	3,749	3,774	

* Full year budget, including any subsequent adjustments made to the 2016–17 budget at additional estimates.

1. Departmental appropriation combines 'ordinary annual services (Appropriation Act No. 1 & Act No. 3)' and 'section 74 revenue receipts'.
2. Expenses not requiring appropriation in the budget year may include depreciation expenses, amortisation expenses, make good expenses, audit fees, concessional costs for loans, finance costs and impairment of financial instruments.
3. This reflects the amount of funding disbursed on a cash basis, not an expense basis.

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Appendix 2 – 2: Appendix 2: Agency resource statement

Table 18: 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.	Budget* 2016–17	Actual expenses 2016–17	Variation 2016–17
	\$'000	\$'000	\$'000
	(a)	(b)	(a – b)
Program 2.1: Consular services			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	200	32	168
Expenses not requiring appropriation in the Budget year ¹	-	324	(324)
Departmental expenses			
Departmental appropriation ²	104,714	104,714	-
Total for Program 2.1	104,914	105,070	(156)
Program 2.2: Passport services			
Administered expenses			
Special appropriations	1,010	656	354
Expenses not requiring appropriation in the Budget year ¹	-	2	(2)
Departmental expenses			
Departmental appropriation ²	250,791	249,690	1,101
Total for Program 2.2	251,801	250,348	1,453
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	200	32	168
Special appropriations	1,010	656	354
Expenses not requiring appropriation in the Budget year ¹	-	326	(326)
Departmental expenses			
Departmental appropriation ²	355,505	354,404	1,101
Total expenses for Outcome 2	356,715	355,418	1,297
	2015–16	2016–17	
Average staffing level (number)	1,082	1,081	

* Full year budget, including any subsequent adjustments made to the 2016–17 budget at additional estimates.

1. Expenses not requiring appropriation in the budget year may include depreciation expenses, amortisation expenses, make good expenses, audit fees, concessional costs for loans, finance costs and impairment of financial instruments.
2. Departmental appropriation combines 'ordinary annual services (Appropriation Act No. 1 & Act No. 3)'.

Table 19: 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 property estate.	Budget* 2016–17	Actual expenses 2016–17	Variation 2016–17
	\$'000	\$'000	\$'000
	(a)	(b)	(a – b)
Program 3.1: Foreign Affairs and Trade security and IT			
Departmental expenses			
Departmental appropriation ¹	203,119	203,119	-
Total for Program 3.1	203,119	203,119	-
Program 3.2: Overseas property			
Departmental expenses			
Special accounts ²	195,475	148,429	47,046
Expenses not requiring appropriation in the Budget year ³	5,496	86,011	(80,515)
Total for Program 3.2	200,971	234,440	(33,469)
Outcome 3 totals by appropriation type			
Departmental expenses			
Departmental appropriation ¹	203,119	203,119	-
Special accounts ²	195,475	148,429	47,046
Expenses not requiring appropriation in the Budget year ³	5,496	86,011	(80,515)
Total expenses for Outcome 3	404,090	437,559	(33,469)
	2015–16	2016–17	
Average staffing level (number)	869	873	

* Full year budget, including any subsequent adjustments made to the 2016–17 budget at additional estimates.

1. Departmental appropriation combines 'ordinary annual services (Appropriation Act No. 1 & Act No. 3)'.

2. This reflects the amount of funding disbursed on a cash basis, not an expense basis.

3. Expenses not requiring appropriation in the budget year may include depreciation expenses, amortisation expenses, make good expenses, audit fees, concessional costs for loans, finance costs and impairment of financial instruments.

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Appendix 2 – 2: Appendix 2: Agency resource statement

APPENDIX 3: AID PROGRAM EXPENDITURE

Table 20: Estimated departmental ODA by country and region, 2016–17

Country/Region	Estimated expenditure (\$M)		
	Bilateral	Regional/Global	Total
Papua New Guinea	478.7	33.9	512.5
Solomon Islands	93.2	24.6	117.7
Vanuatu	42.6	25.7	68.3
Fiji	48.1	24.0	72.1
Samoa	23.4	10.3	33.7
Nauru	21.2	2.1	23.4
Kiribati	20.2	9.5	29.7
Tonga	17.6	9.0	26.6
Tuvalu	6.6	2.1	8.7
Niue and Tokelau	1.8	1.2	3.0
Cook Islands	1.9	1.2	3.1
North Pacific ¹	5.0	2.3	7.3
Pacific Regional ²	0.0	117.6	117.6
Pacific Total	760.4	263.4	1,023.7
Indonesia	295.6	54.2	349.7
Timor-Leste	68.8	17.5	86.3
Philippines	67.3	10.3	77.6
Cambodia	62.3	23.5	85.8
Vietnam	58.5	22.6	81.1
Myanmar	42.4	35.1	77.5
Laos	22.0	16.0	38.0
Mongolia	6.0	4.4	10.4
Southeast and East Asia Regional ²	0.0	50.3	50.3
Southeast and East Asia Total	623.0	233.8	856.9
Afghanistan	82.0	0.9	83.0
Bangladesh	42.4	13.8	56.2
Pakistan	44.1	6.3	50.4

Country/Region	Estimated expenditure (\$M)		
	Bilateral	Regional/Global	Total
Sri Lanka	20.4	8.6	29.0
Nepal	15.6	15.0	30.6
Bhutan	2.1	5.2	7.3
Maldives	2.2	2.1	4.4
South and West Asia Regional ²	0.0	23.8	23.8
South and West Asia Total	208.8	75.8	284.6
Palestinian Territories	20.5	22.4	43.0
Middle East and North Africa	81.0	2.7	83.7
Sub-Saharan Africa	33.5	88.1	121.6
Latin America and the Caribbean	0.0	11.4	11.4
Other ODA not attributed to particular countries or regions ³	0.0	917.5	917.5
Departmental (ODA)			242.9
Adjustments⁴			-57.5
Grand Total*	1,727.3	1,615.2	3,527.8

* Differences due to rounding.

1 Federated States of Micronesia, Palau, and the Republic of the Marshall Islands.

2 Includes amounts attributable to the region, but not a specific country.

3 Includes payments to some UN and Commonwealth organisations and UN peacekeeping operations. The ODA eligible components of cash payments to the International Development Association, Asian Development Fund, Global Environment Facility, Heavily Indebted Poor Countries Initiative, Multilateral Debt Relief Initiative and the Montreal Protocol Multilateral Fund are also included.

4 Includes expected outcome for adjustments as estimated at May 2017. 'Adjustments' includes adjustments to reconcile expenses to ODA, which are reported on a cash basis. This includes adjusting accrued expenses to cash and excluding non-ODA eligible departmental and administered expenditure. The adjustments also exclude non-ODA eligible administered expenditure such as miscellaneous receipts and GST payments.

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Appendix 3 – 3: Appendix 3: Aid program expenditure

APPENDIX 4: INQUIRIES BY PARLIAMENTARY COMMITTEES

During the reporting period the department provided submissions and/or gave evidence to the following parliamentary committees:

JOINT STANDING COMMITTEE ON TREATIES

- Amendment of Australia's Schedule of Concessions under the General Agreement on Tariffs and Trade 1994 (GATT) and the Marrakesh Agreement establishing the World Trade Organization for Implementation of Ministerial Declaration on the Expansion of Trade in Information Technology Products; and Ministerial Decision—Export Competition, hearing 10 October 2016.
- Paris Agreement, hearing 7 November 2016.
- Doha Amendment to the Paris Agreement, hearing 7 November 2016.
- Trans-Pacific Partnership Agreement between the Government of Australia and the Governments of Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States of America and Vietnam and associated side letters, hearing 7 November 2016.
- Agreement between the Government of Australia and the Government of Ukraine on Cooperation in the Peaceful Uses of Nuclear Energy, hearing 21 November 2016.
- Treaty on Extradition between Australia and The People's Republic of China, hearing 24 November 2016.
- Consequences of Termination of the Treaty between Australia and the Democratic Republic of Timor-Leste on Certain Maritime Arrangements in the Timor Sea, hearing 14 March 2017.

- Framework Agreement between the Government of Australia and the Government of the French Republic concerning Cooperation on the Future Submarine Program, hearing 14 March 2017.
- Agreement between the Government of Australia and the Government of the French Republic regarding the Exchange and Reciprocal Protection of Classified Information, hearing 20 March 2017.
- Agreement to Amend the Singapore Free Trade Agreement, hearing 19 June 2017.

JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE, HUMAN RIGHTS SUB-COMMITTEE

A world without the death penalty: Australia's advocacy for the abolition of the death penalty (DFAT coordinated the Government's response, which was tabled on 1 March 2017).

Inquiry into the status of the human right to freedom of religion or belief (submission 9 June 2017).

SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES COMMITTEE

The delivery and effectiveness of Australia's bilateral aid program in Papua New Guinea. [The committee tabled its report 4 May 2016. DFAT coordinated the Government's response to the recommendations which was tabled on 8 November 2016.]

PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS

- Security personnel accommodation and operations centre, Kabul, Afghanistan (submission 8 August 2016).
- New post, Ulaanbaatar, Mongolia (submission 6 October 2016).
- Diplomatic Academy, Level 1, 44 Sydney Ave Barton, Canberra (submission 14 October 2016).
- Embassy base building refurbishment and IEA tenant fit-out, Paris, France (submission 23 November 2016), hearing 17 February 2017.
- New Embassy Washington, USA (submission 15 November 2016), hearing 17 February 2017.
- New Embassy Relocation and Fit-out, Athens, Greece (submission 20 June 2017).
- New Consulate-General, Lae, Papua New Guinea (submission 20 June 2017).
- New Consulate-General, Surabaya, Indonesia (submission 20 June 2017).
- Fit-out of the Australian Delegation to the OECD (submission 23 June 2017).

JOINT STANDING COMMITTEE ON TRADE AND INVESTMENT GROWTH

Leveraging our advantages—The trade relationship between Australia and Indonesia (submission 31 March 2017, coordinated by DFAT). [The committee tabled its report 19 June 2017.]

JOINT SELECT COMMITTEE ON GOVERNMENT PROCUREMENT

Inquiry into the Commonwealth Procurement Framework, (submission 31 March 2017), hearing 8 May 2017.

JOINT STANDING COMMITTEE ON MIGRATION

Seasonal Change—Inquiry into the Seasonal Worker Programme. [The committee tabled its report 5 May 2016. Input into the Government response, coordinated by the Department of Employment, which was tabled 16 February 2017.]

SENATE ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

Inquiry into the Australian Broadcasting Corporation Amendment (Restoring Shortwave Radio) Bill 2017, hearing 16 June 2017.

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Appendix 4 – 4: Appendix 4: Inquiries by parliamentary committees

APPENDIX 5: MATTERS BEFORE COURTS AND ADMINISTRATIVE TRIBUNALS

During the reporting period the department was involved in the following matters before courts and administrative tribunals:

COURTS

The department successfully pursued one debt recovery action in court. The department is a defendant in three employment actions in foreign courts, which were ongoing at the end of the financial year.

The department complied with discovery, subpoena and other document production obligations in a range of matters. This included matters brought against the Commonwealth and other Australian Government agencies. The department facilitated the successful assertion of the Commonwealth's foreign state immunity in one matter involving overseas legal proceedings.

The department facilitated the service of documents through diplomatic channels relating to private litigation brought overseas and in Australia. The department also facilitated the service of documents on foreign states under the *Foreign States Immunities Act 1985*.

TRIBUNALS

The department continued to be involved in applications before the Administrative Appeals Tribunal (AAT), mainly concerning passports matters. At the end of the financial year, there were 14 active applications before the AAT for review, including:

- 13 for review of passports decisions
- one for review of an FOI decision.

APPENDIX 6: WORKPLACE HEALTH AND SAFETY

The following information is provided in accordance with Schedule 2, Part 4 of the *Work Health and Safety Act 2011* (Cth).

HEALTH AND SAFETY MANAGEMENT IN THE DEPARTMENT

The department attaches a high priority to the wellbeing of its workers and those who assist the organisation to achieve its objectives. We are committed to building an organisational culture that actively seeks to improve work practices and to foster attitudes that sustain healthy and safe work environments.

WORK HEALTH AND SAFETY INITIATIVES AND OUTCOMES

In May 2017 the department launched its Work Health and Safety (WHS) Strategic Plan 2017–2019 and complementary Officer Due Diligence Manual. These documents are sponsored by the Secretary and build upon the department's WHS and Rehabilitation Management Systems.

The WHS Strategic Plan 2017–2019 aims to ensure the department is compliant with its duties and obligations under the *Work Health and Safety Act 2011* (WHS Act) and promotes a robust culture of safety and wellbeing at all levels across the department. It identifies key objectives and sets out a three-year program of work to ensure continuous improvement.

The Officer Due Diligence Manual provides officers, as defined under the WHS Act, with information about their due diligence obligations and the activities and processes established to support officers to discharge their legislated responsibilities.

During 2016–17, 234 WHS incidents were reported. In response, corrective actions were implemented to eliminate or control

the risk and prevent further occurrences where appropriate.

The department delivered individual WHS briefings to more than 40 staff deploying overseas, including attached agency staff. In addition, the department provided group training sessions including, but not limited to, managers deploying overseas, members of the Australian Civilian Corps and Australian Passport Office managers. The department completed WHS support visits to Australian missions in Baghdad, Jakarta and Port Moresby.

REPORTING REQUIREMENTS UNDER THE *WORK HEALTH AND SAFETY ACT 2011* (THE ACT)

- 17 incidents were notified to Comcare under Part 3 of the Act.
- No directions were given to the department under Part 11, Section 217 of the Act.
- One external investigation commenced under Part 9 of the Act.
- No notices were issued under Part 10, Section 191 of the Act.

REHABILITATION MANAGEMENT

The Rehabilitation Management System (RMS), which was established as a stand-alone system in 2016, will be reviewed in 2017–18. The 2016–17 RMS audit against Section 41 of the *Safety Rehabilitation and Compensation Act 1988* demonstrates continuous improvement against rehabilitation best practice criteria.

The department continues to implement a number of proactive strategies to improve the management of injury and illness cases—both compensable and

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Appendix 6 – 6: Appendix 6: Workplace health and safety

non-compensable—focusing on early intervention, targeted case management, collaboration with stakeholders and the management of service provider performance. These strategies have improved rehabilitation outcomes and

reduced costs to the department as evidenced by the department's 2016–17 Comcare premium rate (*Table 21*), which demonstrates a continued reduction in premium costs as a percentage of payroll over the past three financial years.

Table 21: Workplace health and safety statistics

Comcare claims accepted	2014–15	2015–16	2016–17**
Total departmental staff covered by Comcare under the <i>Safety, Rehabilitation and Compensation Act 1988</i> *	4,030	4,171#	4,141
Number of claims accepted by Comcare			
falls, trips and slips	9	11	4
hitting objects	2	3	8
sound and pressure			1
body stressing	9	11	4
heat, radiation and electricity			
chemicals and other		2	
biological factors	1	1	1
mental stress	3	6	3
other and unspecified		1	
Total	24	35	21
Departmental premium rate for Comcare coverage (as a percentage of total departmental wages and salaries)***	1.07#	0.76#	0.53

* Includes employees located in Australia, Australia-based employees overseas and, where applicable, locally engaged staff overseas.

** Departmental staff numbers are reported bi-annually to Comcare, including estimates for the forthcoming financial year and actuals at the end of the financial year – these figures vary due to changes during the year in staff numbers.

*** The Comcare premium rate for current and previous years is reviewed annually by Comcare based on the changes during the year in the number of claims and the average cost relating to injury or illness.

Correction from 2015–16 Annual Report.

APPENDIX 7: ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

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Appendix 7 – 7: Appendix 7: Ecologically sustainable development and environmental performance

This appendix comprises the department's report on its ecologically sustainable development and environmental performance as required by Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (the EPBC Act).

The department continued to ensure that policy activities, administration of legislated activities and other operations accorded with, and enacted, ecologically sustainable development principles. We pursued these principles through a combination of multilateral environmental agreements, international legal frameworks, foreign, trade and aid policies, and property and corporate management policies.

OUTCOME 1: THE ADVANCEMENT OF AUSTRALIA'S INTERNATIONAL STRATEGIC, SECURITY AND ECONOMIC INTERESTS INCLUDING THROUGH BILATERAL, REGIONAL AND MULTILATERAL ENGAGEMENT ON AUSTRALIAN GOVERNMENT FOREIGN, TRADE AND INTERNATIONAL DEVELOPMENT POLICY PRIORITIES.

Source: DFAT Portfolio Budget Statements 2016–17 2.1.

The department participated in UN negotiations for a new global treaty to ensure the conservation and sustainable use of marine biological diversity in areas beyond national jurisdictions.

With the Australian Antarctic Division of the Department of the Environment, we continued to build international support for the establishment of a network of marine protected areas in East Antarctica. We also

supported whole-of-government efforts to deter and prevent illegal, unregulated and unreported fishing in the Southern Ocean and Indo-Pacific region.

The department's aid program was delivered in accordance with the principles of ecological sustainability underpinned by Commonwealth environmental legislation, including the EPBC Act, Australia's development policy, environmental laws of partner governments and relevant multilateral environment agreements.

Australia's development policy *Australian aid: promoting prosperity, reducing poverty, enhancing stability* commits to actively managing risks to people and their environment by applying mandatory safeguards policies. The department's *Aid Programming Guide*, *Environment Protection Policy for the Aid Program* and policy on *Displacement and Resettlement of People in Development Activities* provide a framework for the management of environmental and social safeguards in aid investments. All investments, regardless of the monetary value or delivery approach, must be assessed for potential environmental and social impacts in accordance with the policies.

The department worked with multilateral and bilateral partners, including the World Bank and the Asian Development Bank, to improve developing country safeguard systems, and develop a common and robust approach to environment and social safeguards in the Pacific.

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.

Source: DFAT Portfolio Budget Statements 2016–17 2.2.

All Australian passports issued during the reporting period were printed on Australian Paper's 100 per cent carbon neutral, environmentally friendly paper range.

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 PROPERTY ESTATE.

Source: DFAT Portfolio Budget Statements 2016–17 2.3.

In the overseas estate, environmental performance is a core part of all major new construction projects. Environmental management and monitoring through the construction phase includes air quality, noise levels and wastewater management.

The department is actively pursuing various environmentally sustainable initiatives in the delivery of its overseas projects, such as energy-efficient lighting, daylight and motion sensors, rainwater harvesting, and zoned air-conditioning systems and building management systems to lower energy consumption.

The department is also working towards environmental certification of selected new construction projects to recognised international standards. We are also developing an environmental management

plan to address the management of energy, water and waste, and greenhouse gas emissions from refrigerants, associated with the operation of DFAT's property portfolio, and to develop environmentally sustainable initiatives through the building lifecycle.

Environmental management services to all properties in the domestic leased estate are delivered under the department's property management services contract with Jones Lang LaSalle (JLL). Under the contract JLL provides:

- monitoring and reporting on the impact of DFAT business on the environment
- identifying, costing and, where cost-effective, implementing environmental initiatives
- preparing information for mandatory departmental reporting including Energy Efficiency in Government Operations, National Waste Policy, Australian Packaging Covenant and WaterMAPS
- providing strategic advice on environmental management policy and government direction that will benefit departmental strategies.

JLL is also required to be compliant and remain up-to-date with any changes in relevant legislation, regulation and policy.

The department fulfilled whole-of-government reporting requirements on the ICT Sustainability Plan and the Australian Packaging Covenant. The department collated energy usage according to the metrics outlined in Energy Efficiency in Government Operations (EEGO) Policy, and utilised this information to target initiatives and energy efficiency works.

The department's leased headquarters in the RG Casey Building in Canberra underwent base building services refurbishment by the owner in April 2016, which was scoped to contribute to improved environmental performance. The department's leased premises at 255 London Circuit in Canberra holds an accredited 4.5 star National Australian Built Environment Rating System energy rating for offices based on a number of features including an environmentally sustainable cooling system and grey water recycling.

APPENDIX 8: PURCHASER-PROVIDER ARRANGEMENTS

FINANCIAL, OFFICE, HUMAN RESOURCES, PROPERTY AND FLEET MANAGEMENT SERVICES

The department provides financial, office, human resources, property and fleet management services, on a cost-recovery basis, to other government departments and agencies with overseas representation, and to the New Zealand Government under a Service Level Agreement (SLA). This ensures consistency and efficient use of resources and avoids duplication of effort (in accordance with the *Prime Minister's Directive: Guidelines for the Management of the Australian Government Presence Overseas*).

The SLA sets out the obligations of the department and other agencies for management services and determines service delivery standards in the areas of financial, office, human resources, property and fleet management for Australia-based employees and locally engaged staff at posts managed by the department. The SLA was due to expire on 30 June 2016; however, by agreement with attached agencies, the department extended the SLA to 30 June 2017.

The main purchasers of services under the SLA are the Department of Immigration and Border Protection, Department of Defence, Australian Trade and Investment Commission and Australian Federal Police.

In 2016–17 the department provided services under the SLA to:

- Attorney-General's Department
- Australian Centre for International Agricultural Research
- Australian Criminal Intelligence Commission
- Australian Federal Police (including Australian Federal Police Protective Service)
- Australian Maritime Safety Authority
- Australian National University
- Australian Nuclear Science and Technology Organisation
- Australian Taxation Office
- Australian Trade and Investment Commission (Austrade)
- Commonwealth Scientific and Industrial Research Organisation
- Department of Agriculture and Water Resources
- Department of Defence
- Department of Education and Training
- Department of Employment
- Department of the Environment and Energy
- Department of Health
- Department of Immigration and Border Protection
- Department of Industry, Innovation and Science
- Department of Infrastructure and Regional Development
- Department of the Prime Minister and Cabinet
- Department of Veterans' Affairs
- Intellectual Property Australia
- National Library of Australia
- New Zealand Government
- Office of National Assessments
- Reserve Bank of Australia
- The Treasury

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Appendix 8 – 8: Purchaser-provider arrangements

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) SERVICES

The department also has purchaser-provider arrangements to provide ICT services to government agencies with staff at our overseas missions and at a number of agency locations within Australia.

In 2016–17 the department provided ICT services to the following agencies in Australia and overseas:

- Attorney-General's Department
- Australian Antarctic Division
- Australian Centre for International Agricultural Research
- Australian Criminal Intelligence Commission
- Australian Electoral Commission
- Australian Federal Police
- Australian Fisheries Management Authority
- Australian Human Rights Commission
- Australian Maritime Safety Authority
- Australian National University
- Australian Nuclear Science and Technology Organisation
- Australian Public Service Commission
- Australian Radiation Protection and Nuclear Safety Agency
- Australian Research Council
- Australian Taxation Office
- Australian Trade and Investment Commission (Austrade)
- Australian Transaction Reports and Analysis Centre
- Bureau of Meteorology
- Civil Aviation Safety Authority
- Commonwealth Scientific and Industrial Research Organisation
- Department of Agriculture and Water Resources
- Department of Communications and the Arts
- Department of Defence
- Department of Education and Training
- Department of Employment
- Department of the Environment and Energy
- Department of Finance
- Department of Health
- Department of Immigration and Border Protection
- Department of Industry, Innovation and Science
- Department of Infrastructure and Regional Development
- Department of the Prime Minister and Cabinet
- Department of Social Services
- Department of the House of Representatives (International and Parliamentary Relations Office)
- Department of Veterans' Affairs
- Export Finance and Insurance Corporation
- Food Standards Australia–New Zealand
- Geoscience Australia
- Intellectual Property Australia
- National Library of Australia
- New Zealand Ministry of Foreign Affairs and Trade
- Office of National Assessments
- Reserve Bank of Australia
- The Treasury

APPENDIX 9: ADVERTISING AND MARKET RESEARCH

During 2016–17 the department conducted the Smartraveller advertising campaign. Further information on this advertising campaign is available at dfat.gov.au and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website: finance.gov.au.

As required under Section 311A of the *Commonwealth Electoral Act 1918*, following is a list of agencies and organisations contracted by the department (including at overseas posts) to provide advertising and market research services. The list includes payments above \$13,000 (GST inclusive).

Table 22: Advertising and market research

Account name	Service provided	Program	Amount(\$)
Advertising agencies			
Arnold Furnace Pty Ltd	Smartraveller advertising	2.1	60,434
Australian Federation of Travel Agents	@mail advertising	2.1	15,180
Market research organisations			
IPSOS Public Affairs Pty Ltd	Smartraveller market research	2.1	102,443
Media advertising organisations			
Telstra Corporation	White Pages advertising	1.1, 2.1 & 2.2	239,987
Dentsu Mitchell Media Australia Pty	Smartraveller and various advertising services	2.1	3,110,020

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Appendix 9 – 9: Appendix 9: Advertising and market research

APPENDIX 10: GRANTS AND CONTRIBUTIONS

Information on grants awarded by the Department of Foreign Affairs and Trade during 2016–17 is available at dfat.gov.au/about-us/business-opportunities/grant-opportunities/Pages/grants-programs.aspx.

Table 23 lists payments made by the department totalling \$362.5 million, consisting of \$135.7 million to 27 international organisations and international treaty secretariats, and \$226.8 million to 15 UN peacekeeping operations.

Table 23: Contributions to international organisations and peacekeeping operations*

	Total (\$)
International organisations	
ABAC Secretariat	45,869
Antarctic Treaty Secretariat	79,857
APEC Secretariat	460,354
Arms Trade Treaty	37,768
Asia Europe Foundation	51,586
Biological Weapons Convention	877
Commission for the Conservation of Antarctic Marine Living Resources	930,120
Commonwealth Secretariat	3,531,119
Comprehensive Nuclear-Test-Ban Treaty	3,744,204
Convention on Certain Conventional Weapons	31,120
Energy Charter Conference	321,457
International Atomic Energy Agency	14,589,592
International Bureau of the Permanent Court of Arbitration	30,408
International Centre for the Study of the Preservation and Restoration of Cultural Property	110,321
International Humanitarian Fact Finding Commission	11,912
International Seabed Authority	284,652
International Tribunal for the Law of the Sea	401,894
International Tribunals for War Crimes	4,376,636
Organisation for Economic Co-operation and Development	12,938,137
Organisation for the Prohibition of Chemical Weapons	2,211,615
Ottawa Convention	18,553
Pacific Economic Cooperation	32,056

	Total (\$)
United Nations—assessed contribution	77,908,952
United Nations Educational, Scientific and Cultural Organization	9,816,156
Voluntary Principles on Security and Human Rights	36,464
Wassenaar Arrangement	77,651
World Trade Organization	3,655,248
Subtotal international organisations	135,734,580
International peacekeeping operations	
UN Disengagement Observer Force	1,458,061
UN Hybrid Operation in Darfur	30,333,031
UN Interim Force in Lebanon	14,775,176
UN Interim Mission in Kosovo	979,720
UN Interim Security Force for Abyei	8,026,542
UN Mission for the Referendum in Western Sahara	1,549,113
UN Mission in Liberia	5,169,809
UN Mission in South Sudan	32,368,550
UN Multidimensional Integrated Stabilization Mission in Mali	31,208,963
UN Multidimensional Integrated Stabilization Mission in the Central African Republic	29,201,568
UN Operation in Cote d'Ivoire	4,123,860
UN Organization Stabilisation Mission in the Democratic Republic of the Congo	38,986,164
UN Peacekeeping Force in Cyprus	830,634
UN Stabilization Mission in Haiti	9,954,496
UN Support Office for African Union Military Observer Mission in Somalia	17,870,478
Subtotal International peacekeeping operations	226,836,166
Total	362,570,746

* Contributions to international organisations and UN peacekeeping operations are administered under Outcome 1. These figures are provided on an accrual basis consistent with the Financial Statements Note 2.1C. Reporting of payments under the Outcome structure provides consistency with the reporting of these items in the *Portfolio Budget Statements 2016–2017* and the *Portfolio Additional Estimates Statements 2016–2017*.

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Appendix 10 – 10: Appendix 10: Grants and contributions

APPENDIX 11: LIST OF SPONSORS

The following is a list of sponsors who supported projects or programs undertaken by the department during the year. The list includes sponsorship equivalent to \$1,500 and above (GST inclusive).

Table 24: List of sponsors

Sponsor	Project/Event	Program	Amount (\$)
Qatar Airways	Opals Exhibition 2017 (Doha)	1.1	88,000
DHL	Opals Exhibition 2017 (Doha)	1.1	5,500
University of Wollongong	Australia Day 2017 (Abu Dhabi)	1.1	5,724
Northrop Grumman Corporation	Australia Day 2017 (Abu Dhabi)	1.1	5,724
ANZ Dubai	Australia Day 2017 (Abu Dhabi)	1.1	5,724
Austal Middle East	Australia Day 2017 (Abu Dhabi)	1.1	5,724
Macquarie Capital Middle East	Australia Day 2017 (Abu Dhabi)	1.1	5,724
AL Habtoor Leighton	Australia Day 2017 (Abu Dhabi)	1.1	5,724
Servcorp	Australia Day 2017 (Abu Dhabi)	1.1	5,724
Murdoch University	Australia Day 2017 (Abu Dhabi)	1.1	5,724
VFS	Australia Day 2017 (Abu Dhabi)	1.1	5,724
National Ambulance	Australia Day 2017 (Abu Dhabi)	1.1	5,724
GHD Global Pty	Australia Day 2017 (Abu Dhabi)	1.1	5,724
Puma Energy	Melbourne Cup (Accra)	1.1	2,654
African Mining Services	Melbourne Cup (Accra)	1.1	1,769
Perseus Mining	Melbourne Cup (Accra)	1.1	1,769
Newmont Mining	Melbourne Cup (Accra)	1.1	3,539
Geodrill	Melbourne Cup (Accra)	1.1	1,840
Geodrill	Commonwealth Gala Games (Accra)	1.1	8,139
Azumah Resources	Commonwealth Gala Games (Accra)	1.1	9,703
Mensin Gold Bibiani	Commonwealth Gala Games (Accra)	1.1	7,012
AMS	Commonwealth Gala Games (Accra)	1.1	7,012
Teatrul National Radu Stanca Sibiu	Performance events (Athens)	1.1	10,133
QBE La Buenos Aires	Australia Day 2017 (Buenos Aires)	1.1	2,261
Ady Resources Limited	Australia Day 2017 (Buenos Aires)	1.1	2,276
PepinNini Minerals Limited	Australia Day 2017 (Buenos Aires)	1.1	1,517

Sponsor	Project/Event	Program	Amount (\$)
Meat & Livestock Australia	Australia Day 2017 (Germany)	1.1	2,229
Sonic Healthcare GmbH	GICC Concert Frankfurt-Australia Now 2017 (Germany)	1.1	6,236
Creative Victoria	Theater der Welt event, Hamburg-Australia Now 17 (Germany)	1.1	66,000
Bank of Beirut	Embassy opening 50th anniversary (Beirut)	1.1	21,036
Victorian Government	Embassy opening 50th anniversary (Beirut)	1.1	2,596
Australian/Lebanese Chamber of Commerce & Industry	Embassy opening 50th anniversary (Beirut)	1.1	5,059
Dyldam	Embassy opening 50th anniversary (Beirut)	1.1	6,970
Australian/Lebanese Chamber of Commerce	Embassy opening 50th anniversary (Beirut)	1.1	6,970
Australian Meat & Livestock Association	Embassy opening 50th anniversary (Beirut)	1.1	4,768
Etihad Airlines	Embassy opening 50th anniversary (Beirut)	1.1	8,414
Domaine Wardy	Embassy opening 50th anniversary (Beirut)	1.1	5,722
WBA – Suzi Roberts	Beijing Design Week (Beijing)	1.1	4,281
Jessica Luo	Beijing Design Week (Beijing)	1.1	4,174
Copyright Agency Limited	Australian Writers' Week 2017 (Beijing)	1.1	42,680
Fitness Zone	OzSports Festival 2017 (Bandar Seri Begawan)	1.1	1,797
Karoon Gas	Film Festival 2017 (Brasilia)	1.1	4,161
Commonwealth International Bank of Egypt	Djuki Mala Public Diplomacy event (Cairo)	1.1	5,373
ANZ Support Services	Chiudaka Reception (Chennai)	1.1	6,162
Humanistic Ecology Museum of Dimen	Black Cockatoo Performance (Chengdu)	1.1	4,947
Eastern Elevator	Savour Australia Event (Chengdu)	1.1	3,960
Agricultural Bank of China CQ Branch	Savour Australia Event (Chengdu)	1.1	4,281
CPA Australia	Australia Day 2017 (Ho Chi Minh City)	1.1	2,607
Commonwealth Bank of Australia	Australia Day 2017 (Ho Chi Minh City)	1.1	2,623
Norfolk Group	Australia Day 2017 (Ho Chi Minh City)	1.1	5,119
Organique Olinda Spring Pty Ltd	Taste of Australia 2017 (Ho Chi Minh City)	1.1	6,977
KPMG in Vietnam	Taste of Australia 2017 (Ho Chi Minh City)	1.1	7,131

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Appendix 11 – 11: Appendix 11: List of sponsors

Sponsor	Project/Event	Program	Amount (\$)
ANZ Banking Group Ltd, Hong Kong	Australia Day 2017 (Hong Kong)	1.1	8,103
Aristocrat (Macau) Pty Limited	Australia Day 2017 (Hong Kong)	1.1	8,103
Cheung Kong Group Limited	Australia Day 2017 (Hong Kong)	1.1	8,103
CPA Australia-Hong Kong China Branch	Australia Day 2017 (Hong Kong)	1.1	8,103
Far East Consortium International Limited	Australia Day 2017 (Hong Kong)	1.1	8,103
First Pacific Company Limited	Australia Day 2017 (Hong Kong)	1.1	8,103
Goodman Asia Limited	Australia Day 2017 (Hong Kong)	1.1	8,103
Macquarie Bank	Australia Day 2017 (Hong Kong)	1.1	8,103
Ovolo Group	Australia Day 2017 (Hong Kong)	1.1	8,103
Sino Land Company Limited	Australia Day 2017 (Hong Kong)	1.1	8,103
Tourism Australia	Australia Day 2017 (Hong Kong)	1.1	9,003
The Woolmark Company (HK) Limited	Australia Day 2017 (Hong Kong)	1.1	9,903
Austrade	Australia Day 2017 (Hong Kong)	1.1	4,502
Pernod Ricard Hong Kong and Macau	Australia Day 2017 (Hong Kong)	1.1	5,402
Foreign Correspondents Club	Christmas Card Competition 2016 (Hong Kong)	1.1	46,816
Lockheed Martin	Anzac Day 2017 (Houston)	1.1	14,024
Schlumberger Ltd	Anzac Day 2017 (Houston)	1.1	28,048
KBR	Anzac Day 2017 (Houston)	1.1	21,036
Air New Zealand	Anzac Day 2017 (Houston)	1.1	14,024
BHP Billiton Petroleum	Anzac Day 2017 (Houston)	1.1	28,048
Department of Defence	Australia Day in Spring 2017 (Islamabad)	1.1	3,090
Monash University	Australia Day 2017 (Kuala Lumpur)	1.1	6,702
Blackmore (M) Sdn Bhd	Australia Day 2017 (Kuala Lumpur)	1.1	6,702
Landlease Projects (M) Sdn Bhd	Australia Day 2017 (Kuala Lumpur)	1.1	6,702
Victorian Government Business Office	Australia Day 2017 (Kuala Lumpur)	1.1	3,158
UGL Asia Sdn Bhd	Australia Day 2017 (Kuala Lumpur)	1.1	6,702
NS Bluescope	Australia Day 2017 (Kuala Lumpur)	1.1	6,702
Lynas Malaysia Sdn Bhd	Australia Day 2017 (Kuala Lumpur)	1.1	6,702
QBE Insurance Sdn Bhd	Australia Day 2017 (Kuala Lumpur)	1.1	3,351
Spotlight store Sdn Bhd	Australia Day 2017 (Kuala Lumpur)	1.1	3,351
Department of State Development SA	Australia Day 2017 (Kuala Lumpur)	1.1	6,727
CPA Australia	Australia Day 2017 (Kuala Lumpur)	1.1	6,702
Gribbles Pathology (M) Sdn Bhd	Australia Day 2017 (Kuala Lumpur)	1.1	3,351

Sponsor	Project/Event	Program	Amount (\$)
Office of the Commonwealth Games	Australia Day 2017 (Kuala Lumpur)	1.1	13,200
Worley Parsons	Australia Day 2017 (Kuwait City)	1.1	2,336
Australian College of Kuwait	Drawing Competition (Kuwait City)	1.1	23,364
Australian Federation of Ukrainian Organisations	Public Diplomacy events (Kyiv)	1.1	5,500
Negociants UK	Australia Day 2017 (London)	1.1	2,987
Typo	Australia Day 2017 (London)	1.1	6,652
Dinosaur Designs	Australia Day 2017 (London)	1.1	30,052
Negociants UK	London Design Biennale (London)	1.1	1,578
Negociants UK	Australian Ballet Reception (London)	1.1	1,588
Woolmark	Queen's Young Leaders Dinner (London)	1.1	20,035
Qantas	Queen's Young Leaders Dinner (London)	1.1	10,017
Tourism Australia	Queen's Young Leaders Dinner (London)	1.1	6,010
ANZ Bank	Australia Day 2017 (Manila)	1.1	3,533
Greenstone Resources Corporation	Australia Day 2017 (Manila)	1.1	3,533
Cardno Emerging Markets (Phils)	Australia Day 2017 (Manila)	1.1	3,533
Aurecon Philippines	Australia Day 2017 (Manila)	1.1	3,533
Australian International School	Australia Day 2017 (Manila)	1.1	3,533
Crone Partners	Australia Day 2017 (Manila)	1.1	3,533
Macquarie Offshore Services Pty Ltd	Australia Day 2017 (Manila)	1.1	3,533
Oceana Gold Philippines	Australia Day 2017 (Manila)	1.1	3,533
IDP Education Pty Ltd	Australia Day 2017 (Manila)	1.1	3,533
Site Skills Training	Australia Day 2017 (Manila)	1.1	3,533
Telstra International Limited	Australia Day 2017 (Manila)	1.1	3,533
QBE Group Shared Services Limited	Australia Day 2017 (Manila)	1.1	3,533
Orica Philippines, INC.	Australia Day 2017 (Manila)	1.1	3,533
Fort Bonifacio Development Corporation	Philippines-Australia Friendship Day (Manila)	1.1	5,888
Qantas	Philippines-Australia Friendship Day (Manila)	1.1	6,182
New Zealand School of Dance	Amber Haine Season (Wellington)	1.1	4,095
New Zealand School of Dance	L Langlois Solos Season (Wellington)	1.1	5,119
Ghella S.p.A.	Australia Focus 2016 (Rome)	1.1	7,794
Gestione Bargello srl	Australia Focus 2016 (Rome)	1.1	6,236

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Appendix 11 – 11: Appendix 11: List of sponsors

Sponsor	Project/Event	Program	Amount (\$)
Macquarie	Australia Focus 2016 (Rome)	1.1	7,794
Parmalat S.p.A.	Australia Focus 2016 (Rome)	1.1	10,912
Treasury Wine Estate	Australia Focus 2016 (Rome)	1.1	3,551
Ghella S.p.A.	Australia Focus 2016 (Rome)	1.1	7,794
Qantas	Australia Focus 2016 (Rome)	1.1	4,677
Cochlear	Australia Focus 2016 (Rome)	1.1	3,118
Servcorp	Australia Day 2017 (Riyadh)	1.1	4,485
Austal	Australia Day 2017 (Riyadh)	1.1	4,485
Aviation Australia	Australia Day 2017 (Riyadh)	1.1	4,485
EGO Pharmaceuticals	Australia Day 2017 (Riyadh)	1.1	2,990
Australian Business Group Saudi Arabia	Australia Day 2017 (Riyadh)	1.1	4,485
University of Sydney	Australia Day 2017 (Riyadh)	1.1	4,485
Model Craft	Australia Day 2017 (Riyadh)	1.1	4,485
Aconex	Australia Day 2017 (Riyadh)	1.1	4,485
ANZ Korea	Australia Day 2017 (Seoul)	1.1	11,500
Hancock Prospecting Pty Ltd	Australia Day 2017 (Seoul)	1.1	5,750
Roy Hill Holdings Pty Ltd	Australia Day 2017 (Seoul)	1.1	5,750
Hyundai Motor Group	Australia Day 2017 (Seoul)	1.1	22,999
The Woolmark Korea Pty Ltd	Australia Day 2017 (Seoul)	1.1	22,999
Sunny Side Up Korea Inc (Bills)	Australia Day 2017 (Seoul)	1.1	3,450
Geumbo Co., Ltd (Oraki)	Australia Day 2017 (Seoul)	1.1	11,500
Meat & Livestock Australia (MLA)	Australia Day 2017 (Seoul)	1.1	5,750
Cochlear Korea	Australia Day 2017 (Seoul)	1.1	22,999
Somerset Palace Seoul	Australia Day 2017 (Seoul)	1.1	2,300
Citadines Han River Seoul	Australia Day 2017 (Seoul)	1.1	2,300
Citadines Haeundae Busan	Australia Day 2017 (Seoul)	1.1	2,300
Kim & Chang	Australia Day 2017 (Seoul)	1.1	11,500
POSCO	Australia Day 2017 (Seoul)	1.1	11,500
Blackmores Korea	Australia Day 2017 (Seoul)	1.1	22,999
Hastings Korea	Australia Day 2017 (Seoul)	1.1	11,500
Wilson Parking Korea Ltd	Australia Day 2017 (Seoul)	1.1	22,999
AustCham	Australia Day 2017 (Seoul)	1.1	11,500
Macquarie Securities Korea Ltd	Australia Day 2017 (Seoul)	1.1	22,999
Tourism Australia	Australia Day 2017 (Seoul)	1.1	11,500

Sponsor	Project/Event	Program	Amount (\$)
Woodside Energy Ltd	Australia Day 2017 (Seoul)	1.1	11,500
Pepper Savings Bank	Australia Day 2017 (Seoul)	1.1	22,999
Jin Air	Australia Day 2017 (Seoul)	1.1	5,750
KAL (Korean Air)	Australia Day 2017 (Seoul)	1.1	5,750
Pepper Savings Bank	Australia Day 2017 (Seoul)	1.1	2,300
Harry Oscar Tribuhoff	Australia-Israel Friendship (Tel Aviv)	1.1	5,222
Lowy Family Group	Australia-Israel Friendship (Tel Aviv)	1.1	26,295
Crown Resorts	Australia-Israel Friendship (Tel Aviv)	1.1	26,477
Arnold Bloch Leibler	Australia-Israel Friendship (Tel Aviv)	1.1	5,224
Designer Rugs Pty Ltd	Australia-Israel Friendship (Tel Aviv)	1.1	5,208
James Richardson	Australia-Israel Friendship (Tel Aviv)	1.1	35,056
Tal Aviation	Australia-Israel Friendship (Tel Aviv)	1.1	2,051
Sussan	Australia-Israel Friendship (Tel Aviv)	1.1	10,004
Our Crowd	Australia-Israel Friendship (Tel Aviv)	1.1	1,534
DLA Piper US	Australia-Israel Friendship (Tel Aviv)	1.1	10,748
Teva	Australia-Israel Friendship (Tel Aviv)	1.1	5,145
Square Peg Capital	Australia-Israel Friendship (Tel Aviv)	1.1	6,966
Square Peg Capital	Australia-Israel Friendship (Tel Aviv)	1.1	6,977
Shell International	Aussie Oktober events (The Hague)	1.1	23,383
Damen Shipyards Gorinchem	Aussie Oktober events (The Hague)	1.1	7,794
Japan Airlines Co., Ltd.	Australia Day in Spring 2017 (Tokyo)	1.1	2,448
ITOCHU Corporation	Australia Day in Spring 2017 (Tokyo)	1.1	2,448
Lendlease Japan Inc	Australia Day in Spring 2017 (Tokyo)	1.1	2,448
Mars Japan Limited	Australia Day in Spring 2017 (Tokyo)	1.1	2,448
National Australia Bank Limited	Australia Day in Spring 2017 (Tokyo)	1.1	15,300
Telstra International Limited	Australia Day in Spring 2017 (Tokyo)	1.1	15,300
Toll Express Japan Co., Ltd.	Australia Day in Spring 2017 (Tokyo)	1.1	15,300
Air Aroma Japan Co., Ltd.	Australia Day in Spring 2017 (Tokyo)	1.1	6,120
Impex Corporation	Australia Day in Spring 2017 (Tokyo)	1.1	6,120
Jetstar Group	Australia Day in Spring 2017 (Tokyo)	1.1	6,120
Mitsui & Co., Ltd.	Australia Day in Spring 2017 (Tokyo)	1.1	6,120
Qantas Airways Limited	Australia Day in Spring 2017 (Tokyo)	1.1	6,120
Trade and Investment Queensland	Australia Day in Spring 2017 (Tokyo)	1.1	3,672

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Appendix 11 – 11: Appendix 11: List of sponsors

Sponsor	Project/Event	Program	Amount (\$)
Victorian Government Business Office Tokyo	Australia Day in Spring 2017 (Tokyo)	1.1	3,672
Government of Western Australia	Australia Day in Spring 2017 (Tokyo)	1.1	3,672
Goodman Japan Limited	Australia Day in Spring 2017 (Tokyo)	1.1	4,162
Marubeni Corporation	Australia Day in Spring 2017 (Tokyo)	1.1	4,162
Mitsubishi Corporation	Australia Day in Spring 2017 (Tokyo)	1.1	4,162
Rio Tinto Japan Limited	Australia Day in Spring 2017 (Tokyo)	1.1	4,162
Servcorp	Australia Day in Spring 2017 (Tokyo)	1.1	4,162
Sumitomo Corporation	Australia Day in Spring 2017 (Tokyo)	1.1	4,162
NEC Corporation	Australia Day in Spring 2017 (Tokyo)	1.1	2,448
Australia New Zealand Banking Group Limited	Australia Day in Spring 2017 (Tokyo)	1.1	15,300
Commonwealth Bank of Australia	Australia Day in Spring 2017 (Tokyo)	1.1	6,120
Macquarie Capital Securities (Japan) Limited	Australia Day in Spring 2017 (Tokyo)	1.1	15,300
PwC Advisory LLC	Australia Day in Spring 2017 (Tokyo)	1.1	6,120
Ashurst	Australia Day in Spring 2017 (Tokyo)	1.1	2,448
Commonwealth Bank of Australia	Australia Day in Spring 2017 (Tokyo)	1.1	9,180
Sojitz Corporation	Australia Day in Spring 2017 (Tokyo)	1.1	4,162
Pro Global Inc	Australia Day in Spring 2017 (Tokyo)	1.1	3,672
Tourism Australia	Australia Day in Spring 2017 (Tokyo)	1.1	6,120
BHP Billiton Limited	Australia Day in Spring 2017 (Tokyo)	1.1	15,300
IFM Investors	Australia Day in Spring 2017 (Tokyo)	1.1	6,120
Omega Walnuts	Australia Day in Spring 2017 (Tokyo)	1.1	1,836
Clinico Inc	Australia Day 2017 (Taipei)	1.1	4,213
I-Mei Food Co.	Australia Day 2017 (Taipei)	1.1	4,213
Formosa Plastic	Australia Day 2017 (Taipei)	1.1	2,107
TECO	Australia Day 2017 (Taipei)	1.1	4,213
Macquarie Group Ltd	Australia Day 2017 (Taipei)	1.1	4,213
ANZ Bank Taiwan Ltd	Australia Day 2017 (Taipei)	1.1	2,528
Taiwan Power Co.	Australia Day 2017 (Taipei)	1.1	2,107
Telstra	Australia Day 2017 (Taipei)	1.1	2,107
CPC Corporation	Australia Day 2017 (Taipei)	1.1	4,213
CPA Australia Ltd.	Australia Taiwan Young Alumni Award 2017 (Taipei)	1.1	3,487

Sponsor	Project/Event	Program	Amount (\$)
Tourism Australia	Australia Taiwan Young Alumni Award 2017 (Taipei)	1.1	3,850
Rio Tinto	Cultural Program (Washington)	1.1	28,048
AAC-Chevron	Great Australian Artists (Washington)	1.1	70,119
AAC-Gen Dynamic	Great Australian Artists (Washington)	1.1	70,119
Trans-Tasman Business Circle	Melbourne Cup 2016 (Wellington)	1.1	3,723
Tourism Australia	Melbourne Cup 2016 (Wellington)	1.1	4,654
NZ Racing Board	Melbourne Cup 2016 (Wellington)	1.1	3,258
Qantas Airways Ltd	Melbourne Cup 2016 (Wellington)	1.1	4,654
Trans-Tasman Business Circle	Trans-Tasman Dinner (Wellington)	1.1	11,169
CPA Australia	Trans-Tasman Dinner (Wellington)	1.1	9,308
Bunnings Limited	Trans-Tasman Dinner (Wellington)	1.1	2,792
Westpac NZ Limited	Trans-Tasman Dinner (Wellington)	1.1	20,477
AMP Services NZ Limited	Trans-Tasman Dinner (Wellington)	1.1	13,962
Qantas Airways Ltd	Trans-Tasman Dinner (Wellington)	1.1	4,654
Auckland Airport	Trans-Tasman Dinner (Wellington)	1.1	4,654
TOTAL			2,044,649

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Appendix 11 – 11: Appendix 11: List of sponsors

APPENDIX 12: SUMMARY OF THE OVERSEAS NETWORK

Following is a summary of the overseas network as at 30 June 2017.

More information about our overseas network is available at the department's website at dfat.gov.au/missions and at smartraveller.gov.au.

Table 25: Australian Government embassies, high commissions, consulates, multilateral missions and representative offices managed by DFAT and Austrade (115 posts)

Location	City	Type
Afghanistan	Kabul	Embassy
Argentina	Buenos Aires	Embassy
Austria	Vienna	Embassy and Permanent Mission to the United Nations
Bangladesh	Dhaka	High Commission
Belgium	Brussels	Embassy and Mission to the European Union
Brazil	Brasília	Embassy
	São Paulo	Consulate-General*
Brunei Darussalam	Bandar Seri Begawan	High Commission
Cambodia	Phnom Penh	Embassy
Canada	Ottawa	High Commission
	Toronto	Consulate-General*
Chile	Santiago	Embassy
China	Beijing	Embassy
	Chengdu	Consulate-General
	Guangzhou	Consulate-General
	Hong Kong	Consulate-General
	Shanghai	Consulate-General
Colombia	Bogotá	Embassy#
Croatia	Zagreb	Embassy
Cyprus	Nicosia	High Commission
Denmark	Copenhagen	Embassy
Egypt	Cairo	Embassy
Ethiopia	Addis Ababa	Embassy
Federated States of Micronesia	Pohnpei	Embassy
Fiji	Suva	High Commission

Location	City	Type
France	Paris	Embassy and Permanent Delegation to UNESCO
	Paris	Delegation to the OECD
Germany	Berlin	Embassy
	Frankfurt	Consulate-General*
Ghana	Accra	High Commission
Greece	Athens	Embassy
India	New Delhi	High Commission
	Chennai	Consulate-General
	Mumbai	Consulate-General
Indonesia	Jakarta	Embassy
	Jakarta ASEAN	Mission
	Bali (Denpasar)	Consulate-General
	Makassar	Consulate-General
Iran	Tehran	Embassy
Iraq	Baghdad	Embassy
Ireland	Dublin	Embassy
Israel	Tel Aviv	Embassy
Italy	Rome	Embassy and Permanent Mission to the FAO
	Milan	Consulate-General*
Japan	Tokyo	Embassy
	Fukuoka	Consulate-General*
	Osaka	Consulate-General*
	Sapporo	Consulate*
Jordan	Amman	Embassy
Kenya	Nairobi	High Commission
Kiribati	Tarawa	High Commission
Korea, Republic of	Seoul	Embassy
Kuwait	Kuwait City	Embassy
Laos	Vientiane	Embassy
Lebanon	Beirut	Embassy
Malaysia	Kuala Lumpur	High Commission
Malta	Malta	High Commission
Mauritius	Port Louis	High Commission
Mexico	Mexico City	Embassy

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Appendix 12 – 12: Appendix 12: Summary of the overseas network

Location	City	Type
Mongolia	Ulaanbaatar	Embassy
Myanmar	Yangon	Embassy
Nauru	Nauru	High Commission
Nepal	Kathmandu	Embassy
Netherlands	The Hague	Embassy
New Caledonia (France)	Noumea	Consulate-General
New Zealand	Wellington	High Commission
	Auckland	Consulate-General*
Nigeria	Abuja	High Commission
Pakistan	Islamabad	High Commission
Papua New Guinea	Port Moresby	High Commission
	Lae	Consulate-General
Peru	Lima	Embassy
Philippines	Manila	Embassy
Poland	Warsaw	Embassy
Portugal	Lisbon	Embassy
Qatar	Doha	Embassy
Russia	Moscow	Embassy
Samoa	Apia	High Commission
Saudi Arabia	Riyadh	Embassy
Serbia	Belgrade	Embassy
Singapore	Singapore	High Commission
Solomon Islands	Honiara	High Commission
South Africa	Pretoria	High Commission
Spain	Madrid	Embassy
Sri Lanka	Colombo	High Commission
Sweden	Stockholm	Embassy
Switzerland	Geneva	Permanent Mission to the United Nations
	Geneva	Permanent Mission to the WTO and Consulate-General
Thailand	Bangkok	Embassy and Permanent Mission to ESCAP
	Phuket	Consulate-General
Timor-Leste	Dili	Embassy
Tonga	Nuku'alofa	High Commission

Location	City	Type
Trinidad and Tobago	Port of Spain	High Commission
Turkey	Ankara	Embassy
	Çanakkale	Consulate
	Istanbul	Consulate-General*
Ukraine	Kyiv	Embassy
United Arab Emirates	Abu Dhabi	Embassy
	Dubai	Consulate-General*
United Kingdom	London	High Commission
United States of America	Washington DC	Embassy
	Chicago	Consulate-General
	Honolulu	Consulate-General
	Houston	Consulate-General*
	Los Angeles	Consulate-General
	New York	Consulate-General
	New York	Permanent Mission to the United Nations
	San Francisco	Consulate-General*
Vanuatu	Port Vila	High Commission
Vatican City	Vatican City	Embassy to the Holy See
Vietnam	Hanoi	Embassy
	Ho Chi Minh City	Consulate-General
Zimbabwe	Harare	Embassy

* Consulates managed by Austrade.

The consulate-general managed by Austrade in Bogotá was upgraded to an embassy in May 2017.

Notes:

In Ramallah, the Australian Government maintains the Australian Representative Office.

In Taipei, the Australian Office represents Australian interests in Taiwan in the absence of formal relations. The office includes staff seconded from the Department of Foreign Affairs and Trade and Austrade.

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Appendix 12 – 12: Appendix 12: Summary of the overseas network

Table 26: Consulates headed by honorary consuls (69 consulates)

Region	Country of Location	City	Responsible Post
Africa	Angola	Luanda	Pretoria
	Botswana	Gaborone	Pretoria
	Cameroon	Yaoundé	Abuja
	Djibouti	Djibouti	Addis Ababa
	Madagascar	Antananarivo	Port Louis
	Malawi	Lilongwe***	Harare
	Mozambique	Maputo	Pretoria
	Namibia	Windhoek	Pretoria
	Nigeria	Lagos	Abuja
	Tanzania	Dar es Salaam**	Nairobi
	Uganda	Kampala	Nairobi
	Zambia	Lusaka***	Harare
Asia	Kazakhstan	Almaty	Moscow
	Korea, Republic of	Busan	Seoul
	Malaysia	Kota Kinabalu	Kuala Lumpur
		Kuching	Kuala Lumpur
		Penang	Kuala Lumpur
	Pakistan	Karachi	Islamabad
		Lahore	Islamabad
	Philippines, The	Cebu***	Manila
	Thailand	Chiang Mai	Bangkok
		Koh Samui	Bangkok
Pacific	French Polynesia (France)	Papeete	Noumea
	Papua New Guinea	Lae	Port Moresby

Region	Country of Location	City	Responsible Post
Europe	Bosnia and Herzegovina	Sarajevo	Vienna
	Bulgaria	Sofia	Athens
	Czech Republic	Prague*	Warsaw
	Estonia	Tallinn	Stockholm
	Finland	Helsinki	Stockholm
	Former Yugoslav Republic of Macedonia	Skopje	Belgrade
	Germany	Munich**	Berlin
	Greece	Thessaloniki	Athens
	Italy	Venice	Rome
	Latvia	Riga	Stockholm
	Lithuania	Vilnius	Warsaw
	Norway	Oslo**	Copenhagen
	Romania	Bucharest	Athens
	Russia	St Petersburg	Moscow
		Vladivostok*	Moscow
	Slovenia	Ljubljana	Vienna
	Spain	Barcelona	Madrid
	Switzerland	Zurich	Berlin
	Ukraine	Kyiv	Warsaw
	United Kingdom	Edinburgh**	London
North America	Canada	Calgary***	Ottawa
		Vancouver*	Ottawa
	United States of America	Denver***	Los Angeles
		Miami	Washington DC

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Appendix 12 – 12: Appendix 12: Summary of the overseas network

Region	Country of Location	City	Responsible Post
Central/ South America	Bolivia	La Paz	Lima
	Brazil	Rio de Janeiro	Brasília
	Costa Rica	San Jose	Mexico City
	Dominican Republic	Santo Domingo***	Mexico City
	Ecuador	Guayaquil	Santiago
	El Salvador	San Salvador	Mexico City
	Guatemala	Guatemala City**	Mexico City
	Guyana	Georgetown	Port of Spain
	Honduras	Tegucigalpa	Mexico City
	Mexico	Cancún	Mexico City
	Nicaragua	Managua	Mexico City
	Panama	Panama City***	Mexico City
	Paraguay	Asunción	Buenos Aires
	Uruguay	Montevideo	Buenos Aires
Caribbean	Antigua and Barbuda	St John's	Port of Spain
	Bahamas	Nassau	Port of Spain
	Barbados	St James	Port of Spain
	Grenada	St George's**	Port of Spain
	Jamaica	Kingston	Port of Spain
Middle East	Oman	Muscat	Riyadh
	Saudi Arabia	Jeddah	Riyadh

* Austrade-managed consulate.

** Temporarily closed as at 30 June 2017.

*** Pending appointment of honorary consul.

Table 27: Places where Canada provides consular services to Australian citizens

Country/consular area	Canadian post responsible	Australian supervising post
Algeria	Algiers	Paris Embassy
Burkina Faso	Ouagadougou	Accra
Cote D'Ivoire	Abidjan	Accra
Cuba	Havana	Mexico City
Democratic Republic of Congo	Kinshasa	Harare
Dominican Republic	Santa Domingo	Mexico City
Ecuador	Quito	Santiago de Chile
Gabon	Yaoundé	Abuja
Gambia, The	Dakar	Abuja
Guinea	Dakar	Accra
Hungary	Budapest	Vienna
Iceland	Reykjavik	Copenhagen
Mali	Bamako	Accra
Morocco	Rabat*	Paris Embassy
Panama	Panama City	Mexico City
Senegal	Dakar	Accra
Tunisia	Tunis	Malta
Venezuela	Caracas	Santiago de Chile

* The department is in the process of opening an embassy in Rabat.

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Appendix 12 – 12: Appendix 12: Summary of the overseas network

Table 28: Places where Australia provides consular services to Canadian citizens

Country/consular area	Australian post responsible	Canadian supervising post
American Samoa	Apia	Wellington
Bali (Indonesia)	Bali (Denpasar)	Jakarta
Commonwealth of Northern Mariana Islands	Pohnpei	Canberra
Federated States of Micronesia	Pohnpei	Canberra
French Polynesia (France)	Noumea	Wellington
Guam	Pohnpei	Canberra
Hawaii	Honolulu	San Francisco
Kiribati	Tarawa	Wellington
Marshall Islands	Pohnpei	Canberra
Nauru	Nauru	Canberra
New Caledonia (France)	Noumea	Canberra
Nusa Tenggara Barat (Indonesia)	Bali (Denpasar)	Jakarta
Palau	Pohnpei	Canberra
Papua New Guinea	Port Moresby	Canberra
Samoa	Apia	Wellington
Solomon Islands	Honiara	Canberra
Timor-Leste	Dili	Jakarta
Tonga	Nuku'alofa	Wellington
Vanuatu	Port Vila	Canberra

APPENDIX 13: CUTTING RED TAPE: REGULATORY REFORM AND THE REGULATOR PERFORMANCE FRAMEWORK

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In 2016–17 the department continued to find ways to minimise regulatory red tape. Our three regulators—the Australian Passport Office (APO), the Sanctions Section and the Australian Safeguards and Non-Proliferation Office (ASNO)—led these efforts, resulting in over \$9.5 million of regulatory savings.

A major contribution was APO's decision to introduce an online digital-capture passport application form. Passport applicants will save time through a more streamlined application process. As thousands of Australians apply for a passport every year, saving just a few minutes per person can have substantial benefits for the broader economy.

The three regulators also conducted their second performance self-assessment under the Commonwealth's Regulator Performance Framework (RPF). This included an assessment of their regulatory reform performance, including their engagement with stakeholders. All three regulators demonstrated strong results, while identifying areas for future work. A particular focus this year for ASNO included outreach to stakeholders. This provided an avenue for discussing ways to minimise red tape, while balancing Australia's need for strong and effective regimes against the proliferation of nuclear and chemical weapons.

Now entering the third year of RPF implementation, 2017–18 provides the regulators with the opportunity to examine and report their performance over a three-year cycle. More information on the department's work to cut red tape and links to the RPF are available on the DFAT website at dfat.gov.au/about-us/corporate/Pages/deregulation.aspx.

Appendix 13 – 13: Cutting red tape: regulatory reform and the Regulator Performance Framework

APPENDIX 14: LIST OF CORRECTIONS

The following errors appeared in *DFAT Annual Report 2015–16*:

- **Publication details—Contact**

As printed on p. IV:
Director Communications Section

Correct text:
Director Digital Communications Hub

- **Trade and Investment, Tourism and Private Sector Engagement—Overview**

As printed on p. 87:
The first round of the Business Partnerships Platform saw \$3.8 million of departmental funding attract \$10.2 million in additional private finance for initiatives seeking to generate social and commercial returns in partner countries.

Correct text:
The first round of the Business Partnerships Platform saw **\$3.3 million** of departmental funding attract **\$8.4 million** in additional private finance for initiatives seeking to generate social and commercial returns in partner countries.

- **Appendix 7—Table 21: Workplace health and safety statistics, lines 2 and 14**

As printed on p. 228:

	2013–14	2014–15	2015–16
Total departmental staff covered by Comcare*	4,121	4,030	4,065
Departmental premium for Comcare coverage (as a percentage of total departmental wages and salaries)**	1.25/1.70**	1.39	1.07

Correct text:

	2013–14	2014–15	2015–16
Total departmental staff covered by Comcare*	4,121	4,030	4,171#
Departmental premium for Comcare coverage (as a percentage of total departmental wages and salaries)**	1.25/1.70**	1.07	0.76

Departmental staff numbers are reported bi-annually to Comcare, including estimates for the forthcoming financial year and actuals at the end of the financial year – these figures vary due to changes during the year in staff numbers.

APPENDIX 15: LIST OF REQUIREMENTS

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(g) Letter of transmittal			
17AI	<i>p. 7</i>	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h) Aids to access			
17AJ(a)	<i>p. 8–9</i>	Table of contents.	Mandatory
17AJ(b)	<i>p. 289</i>	Alphabetical index.	Mandatory
17AJ(c)	<i>p. 282–284</i>	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	<i>p. 275–279</i>	List of requirements.	Mandatory
17AJ(e)	<i>p. 6</i>	Details of contact officer.	Mandatory
17AJ(f)	<i>p. 296</i>	Entity's website address.	Mandatory
17AJ(g)	<i>p. 6</i>	Electronic address of report.	Mandatory
17AD(a) Review by accountable authority			
17AD(a)	<i>p. 12–16</i>	A review by the accountable authority of the entity.	Mandatory
17AD(b) Overview of the entity			
17AE(1)(a)(i)	<i>p. 17–18</i>	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	<i>p. 19</i>	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	<i>p. 20</i>	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	<i>p. 17</i>	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(b)	<i>p. 21</i>	An outline of the structure of the portfolio of the entity.	Portfolio departments – mandatory
17AE(2)	<i>n.a.</i>	Where the outcomes and programmes administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
17AD(c) Report on the Performance of the entity			
Annual performance Statements			
17AD(c)(i); 16F	<i>p. 24–133</i>	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory

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Appendix 15 – 15: Appendix 15: List of requirements

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	<i>p. 134–136</i>	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	<i>p. 236–241</i>	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	<i>n.a.</i>	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.
17AD(d)	Management and Accountability		
	Corporate Governance		
17AG(2)(a)	<i>p. 7</i>	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	<i>p. 7</i>	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	<i>p. 7</i>	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	<i>p. 7</i>	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	<i>p. 139–144</i>	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	<i>n.a.</i>	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to noncompliance with Finance law and action taken to remedy noncompliance.	If applicable, Mandatory
	External Scrutiny		
17AG(3)	<i>p. 145–146</i>	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	<i>p. 145, 246</i>	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)	<i>p. 145–46, 244–245</i>	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	<i>n.a.</i>	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
Management of Human Resources			
17AG(4)(a)	p. 147–150	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(b)		Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:	Mandatory
	p. 228–229	Statistics on staffing classification level;	
	p. 230	Statistics on full-time employees;	
	p. 230	Statistics on part-time employees;	
	p. 228–231	Statistics on gender;	
	p. 232–233	Statistics on staff location;	
	p. 147	Statistics on employees who identify as Indigenous.	
17AG(4)(c)	p. 149, 234	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	p. 234	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	p. 234	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	p. 149	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	p. 235	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	p. 235	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	p. 235	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	p. 235	Information on aggregate amount of performance payments.	If applicable, Mandatory
Assets Management			
17AG(5)	p. 151	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory
Purchasing			
17AG(6)	p. 151–152	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory

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Appendix 15 – 15: Appendix 15: List of requirements

PGPA Rule Reference	Part of Report	Description	Requirement
Consultants			
17AG(7)(a)	<i>p. 152</i>	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)	<i>p. 152</i>	A statement that “ <i>During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].</i> ”	Mandatory
17AG(7)(c)	<i>p. 152</i>	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	<i>p. 152</i>	A statement that “ <i>Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.</i> ”	Mandatory
Australian National Audit Office Access Clauses			
17AG(8)	<i>n.a.</i>	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
Exempt contracts			
17AG(9)	<i>p. 152</i>	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
Small business			
17AG(10)(a)	<i>p. 152</i>	A statement that “ <i>[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.</i> ”	Mandatory
17AG(10)(b)	<i>p. 152</i>	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(10)(c)	p. 152	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, Mandatory
Financial Statements			
17AD(e)	p. 154–225	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
17AD(f) Other Mandatory Information			
17AH(1)(a)(i)	p. 253	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, Mandatory
17AH(1)(a)(ii)	n.a.	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	p. 254	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, Mandatory
17AH(1)(c)	p. 147	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	p. 145	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	p. 274	Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)	p. 247–250, 253	Information required by other legislation.	Mandatory

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Appendix 15 – 15: Appendix 15: List of requirements

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GLOSSARY OF ACRONYMS, ABBREVIATIONS AND TERMS

Term	Definition
ADF	Australian Defence Force
additional estimates	Where amounts appropriated at budget time are insufficient, Parliament may approve additional funds to agencies through additional appropriations legislation.
administered items	Revenues, expenses, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. In many cases, administered expenses fund the delivery of third party outputs.
agency	Agencies are Commonwealth entities as defined under section 10 of the <i>Public Governance, Performance and Accountability Act 2013</i> .
ANAO	Australian National Audit Office
APEC	Asia–Pacific Economic Cooperation (forum)
appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
APPRs	aid program performance reports
APS employee	A person engaged under section 22, or a person who is engaged as an APS employee under section 74, of the Public Service Act 1999.
ASEAN	Association of Southeast Asian Nations
AUSMIN	Australia–United States Ministerial Consultations
Austrade	Australian Trade and Investment Commission
core funding	Contributions to the regular budgets of organisations to support agreed activities in their strategic plans.
corporate governance	The process by which agencies are directed and controlled. It encompasses authority, accountability, stewardship, leadership, direction and control.
CRT	Crisis Response Team
DAP	Direct Aid Program
DFAT	Department of Foreign Affairs and Trade
departmental items	Revenue, expenses, assets and liabilities that are controlled by the agency in providing its programs.
EAS	East Asia Summit
economic diplomacy	Economic diplomacy is the use of Australia's international diplomatic assets to advance Australia's prosperity and global prosperity. It is guided by four key pillars: promoting trade; encouraging growth; attracting investment; and supporting Australian business.
Efic	Export Finance and Insurance Corporation
EU	European Union
FCIs	Foundations, Councils and Institutes

Term	Definition
FTA	free trade agreement
grant	Commonwealth financial assistance as defined under the Commonwealth Grants Rules and Guidelines (paragraphs 2.3–2.5).
GCF	Green Climate Fund
G20	Group of Twenty (19 member countries and the European Union)—forum for international economic cooperation
IA-CEPA	Indonesia–Australia Comprehensive Economic Partnership Agreement
ICN	International Communications Network
ICT	information and communications technology
ISIL	Islamic State in Iraq and the Levant
JSCOT	(Parliamentary) Joint Standing Committee on Treaties
LES	locally engaged staff
MDF	Market Development Facility
MIKTA	Mexico, Indonesia, Republic of Korea, Turkey, Australia
NATO	North Atlantic Treaty Organization
NCP	New Colombo Plan
NGO	non-government organisation
non-core funding	Funding for organisations for specific programs with a clearly identified purpose.
non-ongoing APS employee	A person engaged as a non-ongoing APS employee under subsection 22(2)(b) or 22(2)(c) of the Public Service Act 1999.
ODA	Official Development Assistance
ODE	Office of Development Effectiveness
OECD	Organisation for Economic Co-operation and Development
ongoing APS employee	A person engaged as an ongoing APS employee under subsection 22(2)(a) of the Public Service Act 1999.
PACER	Pacific Agreement on Closer Economic Relations
performance pay	A payment in recognition of performance.
PNG	Papua New Guinea
Portfolio Budget Statements	Inform the public and Parliament of the proposed allocation of resources by program to achieve the agency's outcomes.
program	An activity or a group of activities that delivers benefits, services or transfer payments to individuals, industry/business or the community as a whole and are the primary vehicles for government agencies to achieve the intended results of their outcome statements.
purchaser-provider arrangements	Arrangements under which the services of one agency are purchased by another agency to contribute to outcomes.
SAFTA	Singapore–Australia Free Trade Agreement
SATIN	Secure Australian Telecommunications and Information Network

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Glossary of acronyms, abbreviations and terms

Term	Definition
service charter	A public statement about the service that a department will provide and what customers can expect from the department. It is government policy that departments which provide services directly to the public have service charters in place.
SLA	Service Level Agreement
TPP	Trans-Pacific Partnership
UK	United Kingdom
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNSC	United Nations Security Council
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
WIPO	World Intellectual Property Organization
WTO	World Trade Organization
'2+2'	Meeting of foreign and defence ministers from two countries

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THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE HAS OFFICES IN EACH STATE AND TERRITORY CAPITAL CITY AND THURSDAY ISLAND. PLEASE CONTACT YOUR NEAREST OFFICE FOR MORE INFORMATION, OR ACCESS THE DEPARTMENT'S WEBSITE AT [DFAT.GOV.AU](http://dfat.gov.au).

Department Offices

Australian Capital Territory

RG Casey Building
John McEwen Crescent
Barton ACT 0221
T: (02) 6261 1111

Queensland State Office

150 Charlotte Street
Brisbane QLD 4000
T: (07) 3405 4799

Tasmania State Office

Level 1, 111 Macquarie Street
Hobart TAS 7000
T: (03) 6238 4099

New South Wales State Office

Level 13, 9 Castlereagh Street
Sydney NSW 2000
T: (02) 9356 6222

Torres Strait Treaty Liaison Office

Commonwealth Centre
Corner Victoria Parade
and Hastings Street
Thursday Island QLD 4875
T: (07) 4069 1495

Victoria State Office

Level 14, 55 Collins Street
Melbourne VIC 3000
T: (03) 9221 5444

Northern Territory Office

5th Floor, Northern Territory House
22 Mitchell Street
Darwin NT 0800
T: (08) 8982 4199

South Australia State Office

5th Floor, Allianz House
55 Currie Street
Adelaide SA 5000
T: (08) 8403 4899

Western Australia State Office

Exchange Plaza
Sherwood Court
Perth WA 6000
T: (08) 9231 4499

Passport Offices

Australian Passport Information Service

T: 131 232
E: passports.australia@dfat.gov.au
W: passports.gov.au

Darwin Passport Office

5th Floor, Northern Territory House
22 Mitchell Street
Darwin NT 0800

Hobart Passport Office

Level 1
111 Macquarie Street
Hobart TAS 7000

Canberra Passport Office

RG Casey Building
Sydney Avenue
Barton ACT 0221

Brisbane Passport Office

Level 17, 150 Charlotte Street
Brisbane QLD 4000

Melbourne Passport Office

Level 2, Collins Square
747 Collins Street
Docklands VIC 3008

Sydney Passport Office

Level 7, Gateway House
Henry Deane Place
26 Lee Street
Sydney NSW 2000

Adelaide Passport Office

5th Floor, Allianz House
55 Currie Street
Adelaide SA 5000

Perth Passport Office

Exchange Plaza
Sherwood Court
Perth WA 6000

