



Australian Government

Department of Foreign Affairs and Trade



ANNUAL REPORT 2017-18

HIGHLIGHTS



FOREIGN POLICY WHITE PAPER

The Foreign Policy White Paper provides a strategic framework to advance Australia's security and prosperity in a contested and competitive world over the next decade.



ASEAN-AUSTRALIA SPECIAL SUMMIT

The inaugural ASEAN-Australia Special Summit elevated Australia's strategic partnership with ASEAN and enhanced cooperation in counter-terrorism, maritime issues, cyber affairs, infrastructure and digital trade.



EXCEPTIONAL YEAR FOR TRADE NEGOTIATORS AND LAWYERS TPP-11

Successfully negotiated the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11), the most significant global trade deal in over two decades.

Tobacco

Defended Australia's right to regulate to protect public health through our comprehensive victory in four disputes against Australia's tobacco plain packaging measures.

European Union

Free Trade Agreement

Launched FTA negotiations with the EU, Australia's second largest trading partner.



INDO-PACIFIC CENTRE FOR HEALTH SECURITY

Launched the \$300 million Indo-Pacific Centre for Health Security which improves the capacity of regional health systems to help prevent epidemics, strengthen early detection, and support rapid, effective responses to disease outbreaks.



PACIFIC LABOUR MOBILITY

Our new Pacific Labour Scheme will allow workers in our region to take up low and semi-skilled work in rural and regional Australia.



INTERNATIONAL CYBER ENGAGEMENT STRATEGY

Our Cyber Engagement Strategy is promoting an open, free and secure internet that drives growth, protects national security and fosters international stability.



TIMOR-LESTE MARITIME BOUNDARY TREATY

The Maritime Boundary Treaty settled a long-running dispute, delimiting our maritime boundaries, and laying the foundation for a new chapter in our relationship.



AID FOR TRADE

Aid for trade comprised 22.4% of the aid program, surpassing the strategic target of 20%.



UNITED NATIONS HUMAN RIGHTS COUNCIL

Australia elected to the United Nations Human Rights Council, the world's peak body for promoting and protecting human rights, to serve an inaugural three-year term.



INNOVATION AND DIVERSITY

Recognised for our:

Women in Leadership Strategy

Winner, Gender Equality Award (APSC)

Tupaia (real-time mobile health data)

Winner, Public Sector Innovation Award in Digital Data (IPAA)

Indigenous Supplier

Diversity Strategy

Finalist, Government Supplier of the Year (Supply Nation)

OUR PURPOSE

We work to make Australia stronger, safer and more prosperous by promoting and protecting our interests internationally and contributing to economic growth and global stability, particularly in the Indo-Pacific region

WHERE WE ARE

117 POSTS OVERSEAS*

- around half of which are in the Indo-Pacific
- around three quarters of our total overseas staff work in these Indo-Pacific posts

* total posts includes Austrade-managed posts

9 LOCATIONS ACROSS AUSTRALIA

Helping build strong networks and enable high-quality information gathering, analysis and advocacy



Our staff have proficiency in 31 languages

OUR STAFF

6,083 TOTAL



2,916
IN AUSTRALIA



3,167
OVERSEAS

Includes 2,298 locally engaged staff



OUR DIVERSITY APS staff



58%
Female



2.5%
Identify as Indigenous



2.2%
Reported a disability



18%
From non-English speaking backgrounds



40%
of our heads of mission are women

WHAT WE DO



FOREIGN POLICY

Advancing Australia's international interests by supporting the Prime Minister and portfolio ministers in multilateral forums (e.g. United Nations, WTO, G20 and OECD) and regional forums (e.g. APEC, ASEAN, East Asia Summit, Indian Ocean Rim Association, Pacific Islands Forum and the Bali Process), as well as quadrilateral and trilateral dialogues and bilateral meetings



HUMANITARIAN CRISES

\$400 million in life-saving humanitarian assistance for communities hit by natural disasters
\$200 million in humanitarian assistance to support refugees and internally displaced people



PROMOTE TRADE AND INVESTMENT

\$387 billion total value of exports
↑14.8%

\$377 billion total value of imports
↑7.5%

\$3.3 trillion level of total foreign investment in Australia*
↑3%

* as at 31 December 2017



ASSIST TRAVELLERS

2,082,127 record number of passports issued
11,880 Australians overseas provided with consular assistance
>62,000 calls received by our Consular Emergency Centre



CONNECT PEOPLE

13,774 New Colombo Plan students studied in the Indo-Pacific creating new people-to-people links in 37 countries across the region
4,031 new Australia Awards offered to individuals from over 60 developing countries



REDUCE POVERTY AND PROMOTE GROWTH

\$3.7 billion (estimate) total Official Development Assistance

Priority sectors

\$593 million infrastructure and trade

\$248 million agriculture, fisheries and water

\$683 million effective governance

\$654 million education

\$456 million health

\$1.3 billion gender equality



PROMOTE AUSTRALIA

11 visits for 66 influential journalists from 20 Indo-Pacific countries through our International Media Visits program, providing exposure to policies of strategic importance to Australia.

3 million social media followers up
↑23%



Australian Government

Department of Foreign Affairs and Trade



ANNUAL REPORT 2017-18

A BRIEF HISTORY OF DFAT

1901

The new Commonwealth of Australia established seven departments, including the Department of External Affairs (DEA), which was given responsibility for imperial relations and migration; and the Department of Trade and Customs, which administered customs duties and federal tariffs.

1910

Australia established a high commission in London, its first post overseas. Former Prime Minister George Reid was appointed head of mission and remained there until 1916.

1916

Prime Minister William Hughes abolished the DEA and divided its functions between the Prime Minister's Department and the Department of Home Affairs.

1921

The DEA was re-established, mainly due to Australia's membership of the League of Nations, but was still attached to the Prime Minister's Department.

1934–
1935

The first Australian trade commissioners were appointed to Canada, New Zealand, Japan, China and the Netherlands East Indies (later Indonesia), under the *Trade Commissioners Act 1933* (Cth).

1935

The DEA was released from its subordinate role in the Prime Minister's Department and transformed into a fully separate foreign office.

1940–
1941

Following the outbreak of World War II, Prime Minister Robert Menzies announced that Australia would establish diplomatic posts in the major Pacific powers, beginning with the United States and Japan in 1940 and China in 1941.

1956

The functions of the Department of Trade and Customs were separated—the first in a number of changes over the next thirty years, before the formation of the Department of Trade (1983–87).

1970

The DEA was renamed the Department of Foreign Affairs (DFA).

1972

Responsibility for the high commission in London was transferred from the Prime Minister's Department to the DFA.

1973

Prime Minister Gough Whitlam restructured the DFA by creating a second Asia division, one for North and West Asia and the other for Southeast Asia.

1974

The Whitlam Government created the Australian Development Assistance Agency (ADAA) to manage Australia's aid program, withdrawing this responsibility from the DFA.

1976

Under the Fraser Government, the ADAA was renamed the Australian Development Assistance Bureau (ADAB) and placed under the direction of the DFA. Over the next two decades, the agency underwent several name changes, before becoming the Australian Agency for International Development (AusAID) in 1995.

1987

The Department of Foreign Affairs and the Department of Trade were merged to achieve better coordination in pursuit of Australia's national interests.

1997

DFAT released the first white paper on foreign and trade policy 'In the National Interest', which emphasised the need for 'a realistic perspective of how to advance Australia's security and economic interests'.

2013

On 18 September Julie Bishop was appointed Australia's first female Minister for Foreign Affairs.

2013

DFAT and AusAID were integrated to ensure close alignment of the diplomatic and aid objectives of Australia's foreign policy.

2016

On 20 July Frances Adamson was appointed Secretary of DFAT, becoming the department's first female Secretary.

2017

DFAT released the 2017 Foreign Policy White Paper 'Opportunity, Security, Strength', delivering a comprehensive trade, aid and foreign policy framework to ensure Australia's prosperity and security over the next decade and beyond.

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pmc.gov.au/resource-centre/government/commonwealth-coat-arms-information-and-guidelines

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dfat.gov.au/about-us/publications/corporate/annual-reports/Pages/annual-reports.aspx

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LETTER OF TRANSMITTAL



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Department of Foreign Affairs and Trade

Secretary

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File Number: D18/1427918

17 September 2018

Senator the Hon. Marise Payne
Minister for Foreign Affairs

Senator the Hon. Simon Birmingham
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 2017–18.

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*.

As required by sections 10 and 17AG(2)(b) of the *Public Governance, Performance and Accountability Rule 2014*, I certify that I am satisfied that the department:

- prepared fraud risk assessments and fraud control plans
- had in place appropriate fraud prevention, detection, investigation and reporting mechanisms that met its specific needs, and
- took all reasonable measures to appropriately deal with fraud.

Yours sincerely

Frances Adamson

R G Casey Building, Barton ACT 0221 www.dfat.gov.au

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01



OVERVIEWS

MINISTER FOR TRADE, TOURISM AND INVESTMENT, STEVEN CIOBO, DELIVERING A SPEECH AT THE LAUNCH OF THE 2017 FOREIGN POLICY WHITE PAPER, WITH PRIME MINISTER, MALCOLM TURNBULL, AND MINISTER FOR FOREIGN AFFAIRS, JULIE BISHOP [DFAT]

Policy
r
length

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FRANCES ADAMSON
SECRETARY
DEPARTMENT OF FOREIGN
AFFAIRS AND TRADE



SECRETARY'S REVIEW

I AM PLEASED TO PRESENT THE DEPARTMENT'S 2017-18 ANNUAL REPORT, OUR FIRST SINCE THE RELEASE OF THE 2017 FOREIGN POLICY WHITE PAPER. THE WHITE PAPER—A SIGNATURE ACHIEVEMENT DURING THE PERFORMANCE YEAR—PROVIDES A COMPREHENSIVE FRAMEWORK TO ADVANCE AUSTRALIA'S SECURITY AND PROSPERITY OVER THE COMING DECADE. IT IS AUSTRALIA'S FIRST FOREIGN POLICY WHITE PAPER IN 14 YEARS, FULLY INTEGRATING OUR FOREIGN, TRADE, ECONOMIC, SECURITY AND DEVELOPMENT POLICIES.

A COMPLEX AND FAST-CHANGING WORLD

Powerful drivers of change in the international system are converging in ways that are challenging Australia's interests.

The White Paper makes clear that Australia will need to pursue its national interests in a more competitive and contested world. Now, more than ever, our global environment does not draw distinctions between our foreign policy, trade, economic, security and development interests. We will have to work harder to maximise our international influence and secure our national interests, the prosperity of Australia, the independence of our decision-making, and the security, safety and freedom of our people.

THE YEAR IN REVIEW

Since the White Paper's release, we have supported ministers in leading its implementation across government. We have made significant progress.

The department has been active in shaping an **Indo-Pacific region that is open, inclusive and prosperous**. We spearheaded Australian efforts to deepen and broaden our partnership with the United States and to encourage it to remain constructively engaged in the region. We deepened cooperation with major Indo-Pacific democracies, including by strengthening regional groupings, such as the revived Australia-India-Japan-United States quadrilateral dialogue.

We strengthened ties with ASEAN—Southeast Asia's strategic convenor—including through the March ASEAN-Australia Special Summit.

We supported Australia's substantial interests in our relationship with China, celebrating the 45th anniversary of bilateral relations during the year. Our long history, deep economic relationship and growing people-to-people links provide considerable ballast for a relationship central to both our interests.

We supported the government's **stepped-up engagement in the Pacific**, including through the high-speed undersea cables initiative linking Papua New Guinea, Solomon Islands and Australia that will provide more reliable telecommunications. Our development assistance to the Pacific was the largest of any region in 2017-18, totalling \$1.04 billion. This, together with our work to design a new Australia-Pacific Security College, sign security agreements with Solomon Islands, Tuvalu and Nauru, and support labour mobility and much-needed economic infrastructure has helped ensure Australia remains a partner of choice in the Pacific.

The department has helped the government **deliver more opportunities for Australian business globally** and stand firm against protectionism. We supported the Minister for Trade, Tourism and Investment to successfully negotiate and sign the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11) and a bilateral free trade agreement with Peru, made concrete progress on free trade agreement negotiations with Indonesia, Hong Kong and Pacific Alliance partners, and launched negotiations with the European Union.

There is no higher priority for government than to keep its citizens **safe, secure and free**. We helped the government make significant progress in the fight against ISIL, dealing with the threat of foreign fighters and delivering an International Cyber Engagement Strategy. We contributed to the strong international response to Russia's use of chemical weapons in the United Kingdom and co-led international efforts to seek accountability for the downing of Malaysia Airlines flight MH17. We continued our efforts to deliver a modern, efficient, cost-effective passport and consular service to Australians—a complex task at a time when Australians are travelling overseas in unprecedented numbers.

Protecting and promoting international rules and norms has become a vital aspect of our work over the last year, particularly in the face of sharper challenges. We worked across government to oppose protectionism and bolster international support for global trade rules and economic architecture. We have similarly responded to rear-guard actions aimed at undermining global rules and norms around non-proliferation, disarmament and chemical weapons. We have used international law to resolve peacefully our maritime boundary dispute with Timor-Leste. As a member of the United Nations Human Rights Council, we are supporting the multilateral human rights system. Our comprehensive victory in disputes against Australia's tobacco plain packaging measure upheld the rights of World Trade Organization members to regulate in the public interest within an international trade rules-based framework.

Australia's **development assistance program** is a reflection of our values and an investment in regional and global stability and prosperity. In 2017–18 our aid program was well-targeted and innovative. It focused on where our efforts and expertise had the greatest impact. We continued to support better state capability to improve governance and reduce poverty and inequality and helped our neighbours respond to natural disasters and humanitarian crises. Our aid program has magnified the influence Australia has brought to bear on pressing regional and global problems, including efforts to meet the Sustainable Development Goals and address regional security threats.

The **quality and reach of our diplomacy** affects Australia's ability to exert influence. We have examined our culture, capability and operating model to ensure the department is fit for purpose into the future. We have revised the department's organisational structure and are allocating our resources to align with the strategic direction and priorities of the White Paper.

We are rolling out our new workforce strategy. It will prioritise capability and focus on core attributes of innovative thinking, flexibility, effective communication through modern platforms and intelligent engagement with risk, reinforced by a diverse workforce. Our Diplomatic Academy, a leading-edge learning and development hub, is giving all staff across government the skills and capabilities they need to support an ambitious international engagement agenda.

Delivering our broader workforce strategy will take time. But I am encouraged by the successful implementation of our Women in Leadership (WIL) strategy and our work in seeking to build a more diverse and higher-performing workforce. The WIL strategy is driving deep cultural change and opening up new ways of working to improve gender equality, helping staff reach their full potential and enhance productivity. Forty per cent of our heads of mission and posts overseas are women and, in May, Australia's first Indigenous female head of mission was appointed Ambassador to Spain.

Through our innovationXchange, we are finding ways to achieve better outcomes with our current resources, and to respond to new policy, program and service delivery challenges. Our innovative mobile-enabled web platform, Tupaia, is improving healthcare access across the Pacific.

Rapid and unprecedented pace of change in the international environment requires us to use more efficient and cost-effective technologies to support our overseas engagement, including as we expand our diplomatic network. In 2017–18 we successfully delivered the International Communications Network—a five-year initiative to enhance, modernise and replace networks at over 174 sites globally. This is the most significant ICT investment ever undertaken in the department's history. The rollout of reDESIGN, our new corporate services 'hub and spoke' model, in North America, Europe and North Asia is streamlining administrative processes, reducing duplication and freeing up posts to focus on policy, advocacy and service delivery.

The department continued to demonstrate strong financial performance in 2017–18.

OUTLOOK FOR 2018–19

Australia will continue to advance its interests in a more contested and competitive international environment. The regional and global rules and institutions that help guide trade and investment and maintain security are under strain. Australia faces substantial security challenges posed by nuclear proliferation, terrorism, technological advances, demographic shifts, climate change and new global power balances. If current trends persist, Australia will be making its way in an even more difficult economic and security environment.

In this dynamic environment, Australia must seek opportunities while protecting our interests in the face of complexity and uncertainty. Australia will use science, technology, regional growth and existing international rules and systems to improve productivity, harness new sources of economic prosperity and promote security for Australia and Australians.

We will maintain an active, determined and agile foreign policy, anchored on strong domestic foundations. The White Paper will help us retain clarity about our long-term objectives and a steadiness of purpose in ensuring Australia's prosperity and security strengthen in this complex and fast-changing world.

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DEPARTMENTAL OVERVIEW

ON 22 NOVEMBER 2017 PRIME MINISTER MALCOLM TURNBULL LAUNCHED THE WHITE PAPER—A COMPREHENSIVE FRAMEWORK TO ADVANCE AUSTRALIA'S SECURITY AND PROSPERITY OVER THE COMING DECADE. IN RELEASING THE WHITE PAPER, THE GOVERNMENT REAFFIRMED THE DEPARTMENT'S CRITICAL ROLE IN PROVIDING STRATEGIC DIRECTION, LEADERSHIP AND POLICY COHERENCE ACROSS AN EXPANDING FOREIGN POLICY AGENDA.

As our 2017–18 Corporate Plan predates the White Paper, this year's Annual Performance Statement addresses the Corporate Plan within the context of the White Paper's objectives.

We revised the department's organisational structure and allocated our resources to align with the strategic direction and priorities of the White Paper. Five newly established groups headed by deputy secretaries mirror the White Paper's priorities and harness the services and capabilities required for their effective implementation. This new group structure promotes a sense of shared corporate leadership, and enables greater contestability and improved prioritisation and resource allocation in pursuit of the department's objectives. The department is improving its governance structures to better harness performance information to inform judgements and priorities.

FIGURE 1 CORPORATE PLAN ON A PAGE*

Corporate Plan	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 economic growth and global stability, particularly in the Indo-Pacific region.		
Portfolio Budget Statements	OUTCOME 1	OUTCOME 2	OUTCOME 3
	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	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	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
Annual Performance Statement	CP1 Promoting a stable and prosperous regional and global environment PBS1.1 Foreign affairs and trade operations Page 21	CP6 Providing passport and consular services PBS2.1 Consular services PBS2.2 Passport services Page 95	CP8 Protecting staff, information and property PBS3.1 Foreign affairs and trade security and IT PBS3.2 Overseas property Page 113
	CP2 Opening markets, promoting foreign investment, and advancing commercial interests PBS1.1 Foreign affairs and trade operations Page 37	CP7 Leading the government's response to international crises and humanitarian emergencies PBS2.1 Consular services PBS1.2 Official Development Assistance Page 105	
	CP3 Delivering an innovative aid program PBS1.1 Foreign affairs and trade operations PBS1.2 Official Development Assistance PBS1.3 Official Development Assistance – multilateral replenishments Page 55		
	CP4 Enhancing Australia's influence and providing protocol services [^] PBS1.1 Foreign affairs and trade operations PBS1.6 New Colombo Plan – transforming regional relationships PBS1.7 Public information services and public diplomacy Page 69		
	CP5 Strengthening rule of law, international security, open and transparent global markets, international frameworks and norms PBS1.1 Foreign affairs and trade operations PBS1.5 Payments to international organisations Page 83		

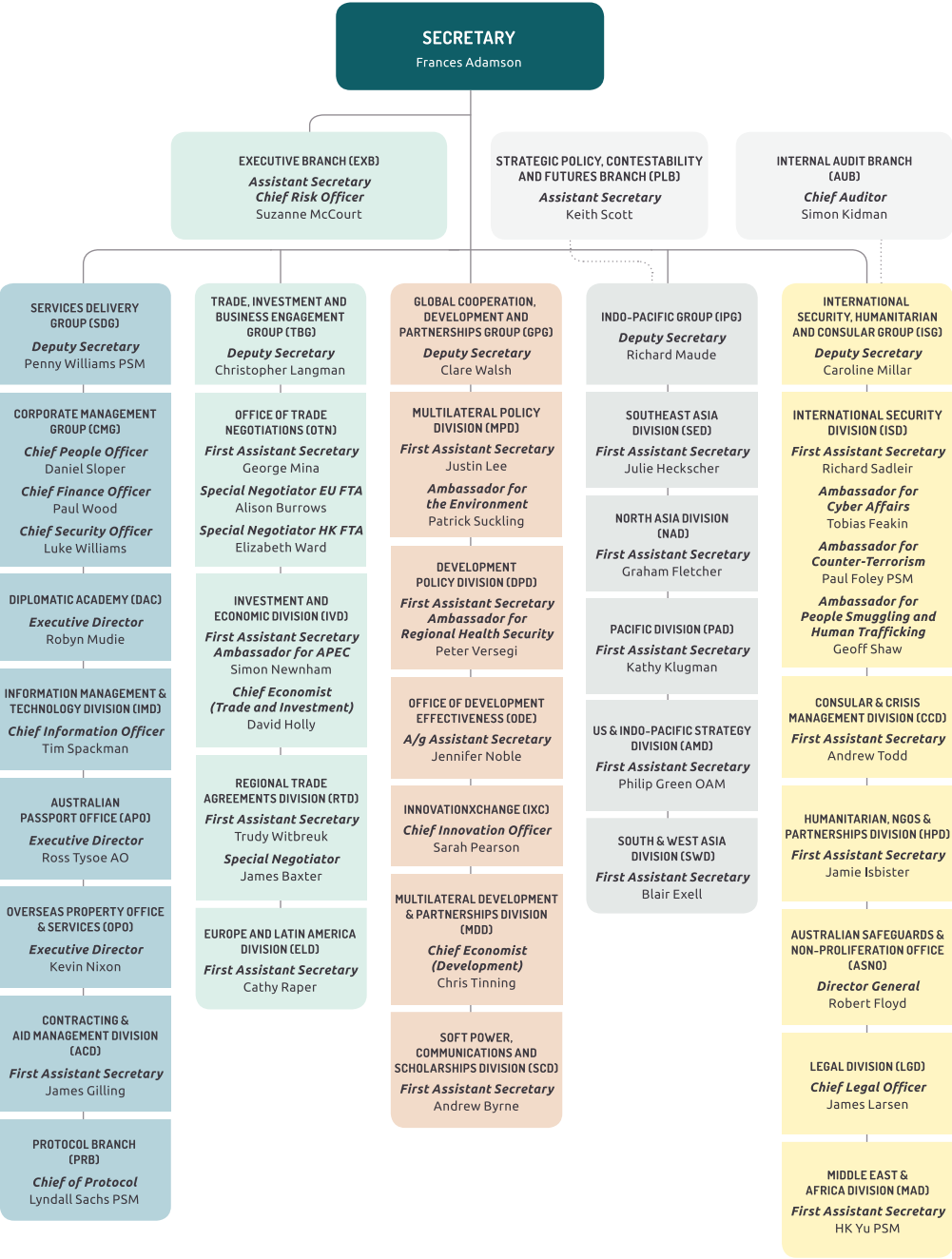
*Department of Foreign Affairs and Trade Portfolio Budget Statements (PBS) 2017–18 and Portfolio Additional Estimates Statements 2017–18. This structure uses a different program order to the one published in the PBS 2017–18. We aligned the programs with the Corporate Plan and the Annual Performance Statement to provide the reader with a better understanding of the way in which these documents interact under the enhanced Commonwealth performance framework.

[^]The department published the operational activities and performance measures for protocol services in priority function 6 in the Corporate Plan 2017–18, together with passports and consular. However, the intention was for these to be included in priority function 4. The Annual Performance Statement reflects this.

PBS 1.4 Official Development Assistance—East Asia AIPRD: final disbursement was made in 2014–15 and the program has been completed.

PBS 1.8 Programs to promote Australia's international tourism interests: not included in the Annual Performance Statement, as the functions are the responsibility of the Australian Trade and Investment Commission (Austrade) and Tourism Australia.

FIGURE 2 ORGANISATIONAL CHART
AS AT 30 JUNE 2018





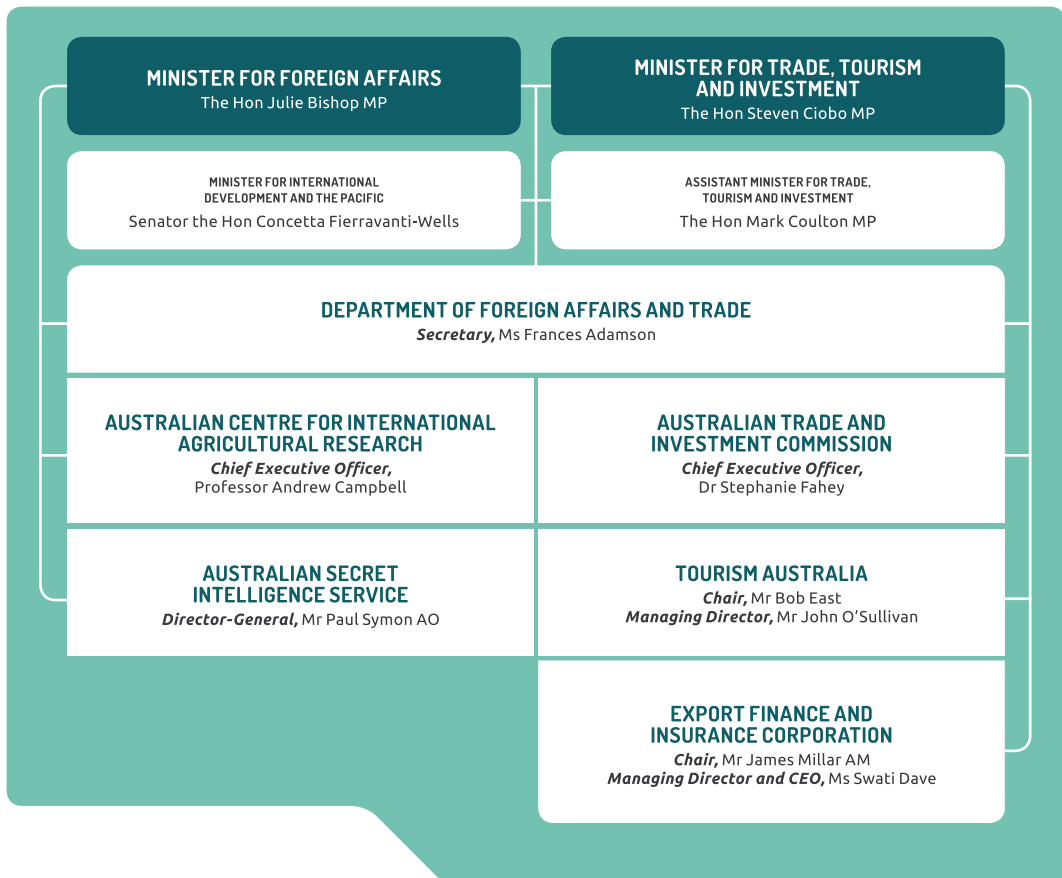
The executive, Department of Foreign Affairs and Trade. (L. to R.) Deputy Secretaries Caroline Millar, Richard Maude and Clare Walsh, Secretary Frances Adamson, Deputy Secretaries Christopher Langman and Penny Williams PSM [DFAT/Linda Roche]

In support of our ministers, the Secretary and five Deputy Secretaries lead the department's work in Australia and overseas.

We work closely with our portfolio partners to promote and protect Australia's interests internationally, contributing to economic growth and global stability. With our global network, we are uniquely placed to:

- develop foreign and trade policy advice to government
- facilitate trade and investment
- deliver development assistance
- promote a whole-of-government international crisis response
- provide consular assistance
- issue secure passports efficiently
- provide protocol services
- manage Australia's overseas property and systems
- ensure the security of Australian Government staff, information and property in Australia and overseas.

FIGURE 3 FOREIGN AFFAIRS AND TRADE PORTFOLIO STRUCTURE
AS AT 30 JUNE 2018



02



**REPORT ON
PERFORMANCE**

COUNSELLOR, NATALIE COHEN, DELIVERS AUSTRALIA'S REVIEW OF HIV/AIDS
AT THE UN GENERAL ASSEMBLY IN NEW YORK (UN PHOTO/LOEY FELIPE)

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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 2017–18 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

PROMOTING A STABLE AND PROSPEROUS REGIONAL AND GLOBAL ENVIRONMENT

OVERVIEW AND ANALYSIS

OUR OBJECTIVE IS TO DEEPEN BILATERAL PARTNERSHIPS AND PROMOTE AND PROTECT THE RULES AND INSTITUTIONS THAT ENABLE COOPERATION TO TACKLE REGIONAL AND GLOBAL CHALLENGES. IN DOING SO WE SERVE THE NATIONAL INTEREST BY ADVANCING THE PROSPERITY OF AUSTRALIANS AND SAFEGUARDING THE INDEPENDENCE OF OUR DECISION-MAKING, AND THE SECURITY, SAFETY AND FREEDOM OF OUR PEOPLE. WHILE THE INDO-PACIFIC IS OF PRIMARY IMPORTANCE TO AUSTRALIA, OUR NATIONAL INTERESTS AND FOREIGN POLICY ARE GLOBAL IN SCOPE.

PROMOTING AN OPEN, INCLUSIVE AND PROSPEROUS INDO-PACIFIC

Australia's prosperity and security are inextricably tied to the Indo-Pacific. The region encompasses our most important economic partners and its dynamism supports economic growth in Australia, creating jobs and increasing our standard of living.

Our cultural, people-to-people and educational links are also deep. The region is the source of many of our largest migrant communities, which are vital to our modern nation.

The Indo-Pacific's rising prosperity has been built on the region's stability. Today the region is undergoing a strategic transition as profound as the economic transformation that preceded it.

As the White Paper makes clear, no long-term foreign policy objective is more important to Australia than ensuring our region evolves peacefully and without an erosion of the fundamental principles on which the Indo-Pacific's prosperity and cooperative relations are based.

In 2017–18 through the White Paper process, we reviewed our policy framework for the Indo-Pacific and set clear objectives. We seek to promote a region in which adherence to rules delivers lasting peace, where the rights of all states are respected, and where open markets facilitate the free flow of trade, capital and ideas.

The department is leading implementation of the White Paper. Our alliance with the United States is central to Australia's approach. We are broadening and deepening our alliance and encouraging strong United States political, economic and security engagement in the region.

The government is equally committed to strong and constructive ties with China. The department seeks to strengthen our Comprehensive Strategic Partnership for the benefit of both nations.

To support a balance in the Indo-Pacific favourable to our interests, Australia is working more closely with the region's major democracies, bilaterally and in small groups. Our partnerships with Japan, Indonesia, India and the Republic of Korea are of first order importance to Australia and we continued to invest in them.

As competition for influence in the region grows, the department is also increasing its efforts to ensure Australia is a leading security, economic and development partner for Southeast Asia. We support ASEAN's central role in convening the region's strategic forums, such as the East Asia Summit.

Closer to home, to support White Paper objectives, the department is helping to deliver a step-change in our engagement with Pacific island countries. This approach recognises that more ambitious engagement by Australia is essential to the long-term stability and economic prospects of the Pacific.

ENGAGING THE UNITED STATES

Our alliance with the **United States** is important for Australia's security and sits at the core of our strategic and defence planning. The United States is also Australia's largest investment partner and our third largest trading partner. Since the Australia–United States Free Trade Agreement entered into force in 2005, the stock of investment between both countries has more than doubled to \$1.6 trillion.

The department is taking forward the White Paper objective of broadening and deepening our alliance cooperation, with a strong focus on the Indo-Pacific. In 2017–18 we supported 11 portfolio minister visits to the United States to ensure close engagement with the administration as it develops and implements its strategic and economic agenda in our region.

In early 2018 we facilitated a visit to Washington by the Prime Minister, accompanied by the Minister for Trade, Tourism and Investment, and state, territory and business leaders. This was the largest Australian Government-led delegation ever to visit Washington. Through high-level engagement, including an innovative partnership with the United States National Governors Association, the initiative opened doors to the United States' administration, state governors and industry, strengthened relationships among governments and business, and created new opportunities for cooperation. Among these is a joint Australian–United States undertaking to support high-quality infrastructure development in the Indo-Pacific.

In the context of significant developments in United States' trade policy, the department strongly advocated to United States' leaders the shared benefits of bilateral trade and investment. This was pivotal to Australia securing an exemption from United States' steel and aluminium tariffs for Australian companies, helping to protect Australian exports and jobs.

WORKING WITH CHINA

Australia is committed to advancing our Comprehensive Strategic Partnership with **China**. Our broad and sophisticated relationship is underpinned by a bilateral free trade agreement, growing investment, cooperation to combat transnational crime, important research linkages, and significant flows of students, tourists and migrants.

China is our largest trading partner with total trade at \$183 billion. Since the China–Australia Free Trade Agreement entered into force we have seen 21.4 per cent growth in trade and 33.7 per cent growth in exports. We continued to deepen this substantial economic engagement through the Minister for Trade, Tourism and Investment's attendance at the Joint Ministerial Economic Commission and, together with the Treasurer, the Strategic Economic Dialogue, which included a roundtable discussion with major Chinese investors on Australia's investment climate. We facilitated a range of other bilateral interactions, including a visit to Shanghai by the Minister for Trade, Tourism and Investment and a meeting between the Minister for Foreign Affairs and her counterpart in the margins of the G20 meeting in Argentina.

People-to-people links continue to be a clear strength. China is our number one source of students and tourists. A total of 185,000 Chinese students studied in Australia in 2017 and over 1.4 million Chinese visited Australia in 2017–18. Australia and China celebrated the 45th anniversary of bilateral relations during the year with a Melbourne dinner co-hosted by Australia's Minister for Foreign Affairs, Julie Bishop, and China's Ambassador, Cheng Jingye. The event was attended by senior business and community leaders. Beijing celebrations included the launch of the *45 Years, 45 Stories* website (en.45stories.com/) celebrating the breadth and variety of China's people-to-people links.

The department continues to build on these positive and mutually beneficial foundations of the bilateral relationship. At the same time, we also worked to ensure differing national perspectives on some regional and domestic security issues were managed constructively.

WORKING WITH INDO-PACIFIC DEMOCRACIES

The Indo-Pacific democracies of Japan, Indonesia, India and the Republic of Korea are major bilateral partners for Australia. We are committed to working more closely together to promote an open, inclusive and rules-based region, building on our shared values and interests. In 2017–18 we pursued new economic and security cooperation and people-to-people links to strengthen these relationships.

Australia's special strategic partnership with **Japan** continued to develop and influence regional stability and prosperity. A significant achievement was our close cooperation to secure finalisation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11)—the most significant global trade and investment agreement in more than two decades. We strengthened the architecture of our bilateral relationship, with the first Ministerial Economic Dialogue chaired by the Minister for Trade, Tourism and Investment with his Japanese counterpart on 2 July. This dialogue will help our two countries address challenges to the rules-based economic order in the Indo-Pacific. The Japan–Australia Economic Partnership Agreement (JAEPA) celebrated its third anniversary in January and a fifth round of tariff cuts occurred in April. JAEPA has helped expand Australian goods exports to Japan by 24 per cent in 2017 from 2016 (to \$45 billion), and services exports by 3.5 per cent (to \$2.3 billion). Almost 96 per cent of eligible products exported to Japan made use of JAEPA's preferential access in 2017, underpinning strong growth in trade and supporting Australian jobs.

We are doing more with Japan to address some of the region's most pressing economic security challenges. We made progress with bilateral negotiations for a new treaty to facilitate joint military exercises and operations. To support an open, rules-based maritime domain, we are coordinating our maritime capacity-building assistance to regional states more closely. We are working to promote inclusive trade, investment and infrastructure in the region based on market principles. Australia and Japan are also deepening their cooperation with the United States and India, including through the quadrilateral dialogue, on strategic challenges in the Indo-Pacific.

Indonesia is one of our closest neighbours, the world's third-largest democracy and the country with the largest Muslim population. We share key strategic, security and economic interests and one of the longest maritime boundaries in the world. We enjoy an extensive whole-of-government framework of cooperation spanning economic, trade, investment, development, people-to-people, defence and security, and maritime issues. We cooperate in the East Asia Summit, ASEAN Regional Forum, Indian Ocean Rim Association, and MICTA (Mexico, Indonesia, Republic of Korea, Turkey and Australia).

The bilateral relationship is underpinned by regular high-level meetings, including the Indonesia–Australia Annual Leaders' Meeting. People-to-people links are also strong. Around 1.2 million Australians visit Indonesia each year and Indonesia is the most popular host location for Australian students through the New Colombo Plan. Our security partnership continues to grow and Indonesia is a key partner in combating transnational crime and counter-terrorism. We co-chair a number of important international security processes, including the Bali Process on People Smuggling.

We concluded the Australia–Indonesia Maritime Cooperation Plan of Action in March, which reflects our joint commitment to maritime security. As our economic partnership with Indonesia evolves, we are changing the way we deliver aid and help Indonesia use its own resources more effectively. Our economic governance program (PROSPERA), as well as our new innovative infrastructure development facility (KIAT), are boosting inclusive growth and promoting mutual benefit from trade and investment. Finalising bilateral FTA negotiations will further advance our trade and investment interests.

As a like-minded democracy, **India** is an important partner in promoting Indo-Pacific security and prosperity. We are cooperating with India across a range of forums to bolster regional security architecture, including through the Indian Ocean Rim Association. We are focused on harnessing India's potential as an emerging engine for growth in the Australian economy.

Australia continues to support Australian farmers and growers on current trade issues, notably by lobbying against India's restrictive trade practices—such as measures placed on pulses, sugar and grains. At the same time, we are leading efforts to invest in the long-term opportunities presented by India. The department conceived and designed the proposal for an independent report on an India Economic Strategy to 2035 (see below) and recast trade talks at the June Joint Ministerial Commission to focus around sectoral priorities identified by Mr Varghese's strategy. These include facilitating two-way investment flows; prioritising collaborative research, education and skilling initiatives; and reducing volatility in India's demand for pulses. During the Minister for Trade, Tourism and Investment's September visit, the Australia–India CEO Forum was revived and the department supported the Australian Business Week in India to promote our commercial interests.

The government also announced a new consulate-general in Kolkata to better connect businesses with India's minerals-rich eastern states and advance our interests in the Indo-Pacific.

India economic strategy

An India Economic Strategy to 2035. Navigating from Potential to Delivery was authored by Peter Varghese AO and submitted to the Prime Minister in April. It aims to help transform Australia's relationship with India, build our understanding of India's trajectory out to 2035, and take the economic partnership to a new level. The report finds that there is no market over the next 20 years that offers more growth opportunities for Australian business than India. The department supported Mr Varghese in developing his detailed analysis of the economic opportunities and 90 recommendations for government and business. We coordinated over 232 consultations, public submissions and international engagement.

At a time of increased tensions on the Korean Peninsula, we pursued closer engagement with the **Republic of Korea**. The 2+2 Foreign and Defence Ministers' Meeting held in October enabled shared views and approaches to be discussed on regional and global security. This included threats posed by North Korea's nuclear and missile programs, as well as developing our bilateral security cooperation.

Dealing with the threat posed by North Korea

The White Paper recognises that North Korea's long-range missile and nuclear programs represent the region's most immediate security challenge. We implemented Australia's **autonomous sanctions on North Korea's programs** as well as those mandated by the United Nations Security Council. We took a leadership role in advocacy in Southeast Asia and the Pacific on enforcement of United Nations sanctions, and worked with New Zealand and Pacific partners on a Pacific Islands Forum initiative to remove North Korean vessels from the region's shipping registries. Australia welcomed the renewal of inter-Korean talks in May and the historic United States and North Korea leaders' summit in June. But we recognise much work lies ahead to ensure the complete, verifiable and irreversible denuclearisation of North Korea.

WORKING WITH SOUTHEAST ASIA

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

In 2017–18 we delivered \$633.7 million in bilateral **development programs** and \$41.6 million in regional programs. Our support is helping partners achieve inclusive growth and effective governance, which strengthens stability and prosperity in the region.

We marked the 45th anniversary of diplomatic relations with **Vietnam** during the year and elevated our bilateral engagement to strategic partnership in March. This will allow us to work better alongside Vietnam in supporting a prosperous, outwardly-focused

and resilient Southeast Asia. In May, the Minister for Foreign Affairs opened Australia's largest aid investment in mainland Southeast Asia, the Cao Lanh Bridge. This will create a crucial new transport link, spurring economic development and access to key markets and services for over five million people in Vietnam's Mekong Delta region.

Singapore remains an important strategic and economic partner for Australia. In 2017–18 the Singapore–Australia FTA was upgraded, opening further markets for Australian exports and significantly reducing red tape for Australian businesses.

Countering terrorism and violent extremism in our region continues to be a high priority. The ASEAN–Australia Counter-Terrorism Memorandum of Understanding demonstrates our regional resolve to strengthen cooperation and bolster capacity building. We led whole-of-government counter-terrorism dialogues to strengthen cooperation with Japan, the United States, the Philippines, Indonesia, Singapore, China, India and Turkey during the year. We supported the Philippines following the Marawi siege in 2017. Our focus on bilateral and regional solutions to terrorism has helped strengthen regional security and keep Australians safe in Southeast Asia and at home.

The Bali Process is our primary vehicle for engaging with regional countries on People Smuggling, Trafficking in Persons and Related Transnational Crime, working closely as co-chair with Indonesia. Over the past year, the Bali Process has seen major achievements, including the launch of the Government and Business Forum co-hosted by the Minister for Foreign Affairs in Perth in August. The forum brought together business and government representatives from across the Indo-Pacific region to forge closer engagement on tackling human trafficking and modern slavery. Business committed to develop a set of practical recommendations to drive concerted action across our region where two thirds of the world's victims of modern slavery are found.

The Bali Process also held its inaugural Consultation Mechanism in October—established to respond to sudden and large movements of irregular migrants in our region. The first meeting of the Task Force on Planning and Preparedness was held in March, bringing together operational-level government officials to better coordinate procedures between governments and

identify capacity gaps in dealing with mass irregular migration events.

In May, Bali Process senior official co-chairs conducted 'good office' visits to Bangladesh and Myanmar to promote practical assistance and technical support to tackle people smuggling and trafficking in persons.

The Bali Process continued to deliver capacity building through the Bangkok Regional Support Office including the:

- Technical Experts Group on Returns and Reintegration
- Working Group on Trafficking in Persons, which finalised anti-money laundering guidelines on 14–15 May
- Working Group on Disruption of Criminal Syndicates involved in People Smuggling and Trafficking in Persons, which completed its 3rd Joint Period of Action resulting in 72 convictions, 10 arrests, the identification of 23 new suspects, the execution of search warrants, extradition requests, new investigations and the rescue of trafficked victims.

Supporting the Australian Government's response to the Marawi Siege

The five-month siege of Marawi City by ISIL-aligned militants in 2017 resulted in a humanitarian crisis in the Southern Philippines. It also exposed the extent to which international terrorist groups such as ISIL have been able to attract support in our region. The humanitarian consequences of the siege were severe: some 360,000 people displaced; 920 militants, 165 Philippine government troops and 47 civilians killed; and almost the entire infrastructure in the city centre destroyed.



Australia's Ambassador to the Philippines, Amanda Gorely, with Australian Army officer, Lieutenant Ewy De Guzman, at the arrival ceremony of HMA Ships Larrakia and Maitland at Zamboanga, Philippines, as part of Operation AUGURY [Department of Defence/Kyle Genner]

The department played a leading role in the Australian Government's support to the Philippines during and after the siege. This included managing a \$24 million commitment to support the humanitarian response, recovery and long-term peace-building efforts for Marawi. Our focus has been on meeting the immediate needs of affected populations, reducing economic vulnerability and funding longer-term programs to promote rebuilding, security and tolerance.

Australia's national interests are well supported by these activities. We seek to limit the spread of extremism in Southeast Asia and to prevent safe havens for terrorists. This both supports the security of our regional partners and helps protect Australia and Australians from attacks by terrorists.

BUILDING REGIONAL COLLABORATION

Shifts in the Indo-Pacific region make **ASEAN**—Southeast Asia's strategic convenor—more important than ever. That is why Australia hosted ASEAN leaders for the first time as a group in March. The **ASEAN–Australia Special Summit** was the first major domestic foreign policy endeavour following the launch of the White Paper and reaffirmed ASEAN's central role in the Indo-Pacific. The 15 initiatives announced at the summit enhanced cooperation in areas such as counter-terrorism, infrastructure and digital trade.

The Sydney Declaration adopted by leaders sets out a clear, shared vision for the type of region we want to live in. The summit elevated our strategic partnership with ASEAN to a new level. It allowed leaders to discuss approaches to common challenges and encouraged the private sector to drive growth and prosperity in the region.

The **East Asia Summit** is the Indo-Pacific's premier political and security forum. Centred on ASEAN, the summit—which also includes China, India, Japan, the Republic of Korea, Russia and the United States—is the only regional forum to bring together the leaders of all of Australia's key Indo-Pacific partners to discuss the strategic, political and economic challenges and opportunities facing the region.

In recent years, summit leaders have sought to strengthen cooperation on security issues, including maritime security, counter-terrorism and counter-proliferation. At the 12th East Asia Summit in 2017, leaders adopted the Australian-initiated Declaration on Anti-Money Laundering and Countering the Financing of Terrorism, strengthening the region's commitment to fight terrorism. Also in 2017 Australia and Thailand hosted a seminar on non-proliferation, which enhanced our efforts to ensure that weapons of mass destruction do not threaten Australia or its region.

In addition to these forums, Australia is working to strengthen regional groupings that promote an open, prosperous and inclusive Indo-Pacific, including the revived Australia–India–Japan–United States **quadrilateral** dialogue. During the year, we worked closely with Japan and the United States in a **trilateral** security dialogue and established a new trilateral officials-level dialogue with India and Indonesia as well as a 1.5 track dialogue with France and India. We also continued to engage with the Pacific Islands Forum and focused the **Indian Ocean Rim Association** on maritime safety and security and women's economic empowerment.

We continue to work within the region to promote an open, free and secure cyberspace. Australia has committed \$30 million over four years to 2020 for **cyber capacity-building initiatives** in the Indo-Pacific. This will strengthen cyber incident response capability, combat cybercrime, promote freedom and democracy online, and maximise the opportunities offered by technology for sustainable development. Our efforts led to agreement by ASEAN foreign ministers in 2017 to establish a meeting on cyber issues at the ASEAN Regional Forum.

Safeguarding maritime security

As a major trading nation, Australia depends on the maintenance of a stable, open and rules-based maritime domain in the Indo-Pacific. In 2017–18 the department increased assistance to regional states to help build their capacity to address maritime threats such as terrorism, people smuggling, illegal fishing and piracy, thereby reducing risks to our shared security and prosperity. This included taking forward the package of maritime cooperation initiatives announced by the Prime Minister at the ASEAN–Australia Special Summit in March. We also deepened

coordination of our maritime assistance activities with those of the United States and Japan to maximise the effectiveness of our efforts.

Adherence to international law underpins stability and security in the region's oceans, enabling states to trade and cooperate with confidence. Through our advocacy, the department promoted international law, especially the United Nations Convention on the Law of the Sea (UNCLOS), and respect for the rights of all states to conduct freedom of navigation and overflight activities, including in the South China Sea. Our successful conciliation with Timor-Leste set a positive example for the region about the value of UNCLOS dispute resolution procedures for resolving disputes peacefully, without the threat or use of force (see case study).

STEPPING UP SUPPORT FOR A MORE RESILIENT PACIFIC AND TIMOR-LESTE

The stability and economic progress of Pacific island countries is of fundamental importance to Australia. Our cooperation with Pacific partners, for example, helps them manage challenges such as transnational crime, climate

change, natural disasters and outbreaks of infectious diseases. This in turn mitigates potential risks to Australia. The White Paper identifies stepping up support for a more resilient Pacific as a key policy priority.

Over the year in review, we promoted economic cooperation and greater economic integration within the Pacific and between Pacific island countries and Australia. We developed new approaches to managing shared security challenges, with a particular focus on maritime security. We helped respond to natural disasters and built on already strong people-to-people links. We worked closely with Papua New Guinea to support its hosting of APEC.

Our **development assistance to the Pacific** was the largest to any region in 2017–18, totalling \$1.04 billion. These initiatives will assist in sustaining our engagement in the Pacific and promoting a more resilient region. Four new **Aid Partnership Arrangements** were signed **with Pacific governments**, bringing the total number to 10. These support a range of practical, mutually agreed measures to strengthen economic growth and resilience, enhance regional security cooperation, deepen people-to-people links, and support quality health and education outcomes in the region.



Counsellor Will Robinson with PNG ministers during a visit to Lake Murray, Western Province [DFAT]

Security and stability have featured in our regional engagement for decades. Our law and justice programs and the **Pacific Police Development Program** continued to help improve the rule of law as a prerequisite for economic, social and political development.

To enable **private sector growth**, and increased trade and employment, we supported improvements in trade regimes and to business enabling environments. We also worked with other partners to help develop much-needed **economic infrastructure**, including designing a safe, deep-water port for Nauru. Another flagship initiative developed during 2017–18 is the building of a new high-speed undersea telecommunications cable to link Australia, **Papua New Guinea and Solomon Islands**. The new cable will provide more reliable telecommunications and significant economic and development benefits.

Enhancing skills and increasing **job opportunities** for the people of the Pacific is also a central part of Australia's assistance, including through greater access to our labour mobility programs.

In response to calls from Pacific leaders, we have worked to strengthen information sharing and analysis to help Pacific partners better assert and protect their sovereignty, which will help address shared maritime and security challenges. To further boost security in the region, the Minister for Foreign Affairs signed a new security treaty with **Solomon Islands** foreign minister Milner Tozaka in August. This is the first security treaty signed in the Pacific after the conclusion of the Regional Assistance Mission to Solomon Islands.

During 2017–18 Australia also signed bilateral security partnerships with **Tuvalu and Nauru**. These new partnerships provide umbrella arrangements covering existing areas of security cooperation with these countries. We supported the Pacific Islands Forum Secretariat consultations for a 'Biketawa Plus' **regional security declaration**. The new security declaration aims to assist the region to respond more effectively to the emerging challenges ahead. We also worked closely with Pacific partners to design a new Australia–Pacific Security College—with courses to commence in early 2019—to build capacity and strengthen networking.

We facilitated regular high-level engagement between Australia and Pacific island countries,

including 29 visits (three Guests of Government) to Australia by Pacific island leaders and 18 visits to the region by portfolio ministers.

Australia has an abiding national interest in supporting a Pacific that is resilient to the impact of climate change, disasters and humanitarian emergencies, and we continue to act as a reliable and long-term partner in responding to these crises. We supported **Papua New Guinea** in the aftermath of the February 2018 earthquake and **Tonga** after Tropical Cyclone Gita devastated the country that same month. Repairs to 34 schools were funded as part of Australia's \$35 million package of assistance to **Fiji** following Tropical Cyclone Winston in 2016.

The signing of the Maritime Boundary Treaty with **Timor-Leste** in March was a historic moment for Australia; we settled a long-running dispute, delimited our maritime boundaries and laid the foundation for a new chapter in our relationship.

Pacific labour mobility

Expanding Pacific labour mobility is a key economic objective of Australia's step-up in the region. It benefits both Australia and Pacific island countries and supports Australian rural and regional businesses address labour shortages. In 2017–18 the Seasonal Worker Programme facilitated almost 8,500 workers from eight Pacific countries to undertake much-needed seasonal agricultural work in Australia.

Since 2012–13 over 25,000 Pacific workers have participated in the programme. In line with our 'Australian job seeker first' approach, approved employers must advertise for workers in Australia (in their locality) to ensure any jobs offered to Pacific workers cannot be filled by Australian job seekers.

Remittances are very important for Pacific communities and economies. Since 2012 approximately \$144 million has been sent from Australia to the region under the programme. These remittances help pay for essential services: schools and health, housing, and support to children and the elderly. Importantly, these funds support economic growth by enabling the establishment of small businesses.

To ensure the programme supports our international and domestic policy objectives we work closely with Pacific countries, Australian Government partners and industry. The programme has strengthened links in our region and supported skills development and economic growth both at home and in the region.

Our new Pacific Labour Scheme, announced by the Prime Minister at the Pacific Islands Forum Leaders' Meeting in Samoa in September 2017, will complement the Seasonal Worker Programme by allowing workers in our region to take up low and semi-skilled work in rural and regional Australia for up to three years in sectors such as aged care, hospitality, tourism and non-seasonal agriculture. The scheme will help fill labour gaps in Australia's towns and on our farms, boosting economic activity and competitiveness in rural and regional Australia. The scheme is open to sectors and industries where there is a genuine shortage of Australian workers. All workers under the scheme are protected by Australian workplace laws, in the same manner as Australian workers.

WORKING WITH SOUTH AND WEST ASIA

Our bilateral and regional development assistance to South and West Asia—\$254 million for 2017–18—supported regional stability, security and prosperity by addressing governance, infrastructure and economic opportunity, education, empowerment of women, and water, food and energy challenges.

For example, we contributed to improved energy efficiency in the textiles industry in **Bangladesh**, reducing water usage by 3.1 million litres and power use by 606,000 megawatts a year. By working with local and international private sector organisations in **Pakistan**, we successfully prosecuted the business case for women's inclusion. This resulted in better child care facilities and agricultural extension services delivered by women.

In March the Minister for Foreign Affairs announced \$60 million in humanitarian assistance to implement our multi-year

regional humanitarian strategy for **Afghanistan and Pakistan**. Working in **Bangladesh** through our partnerships with BRAC and the World Food Programme, we responded to the largest humanitarian crisis in the Indo-Pacific region—the influx of over 700,000 displaced Rohingya. Australia is now a lead donor in the region and provides considerable influence with our United Nations partners.

Security is also an important focus in South Asia. Visits to **Sri Lanka** by the Minister for Foreign Affairs in July and the Prime Minister in November resulted in greater collaboration on defence and maritime security. Our economic diplomacy and aid program continued to support Sri Lanka's economic reform and reconciliation agendas by building resilience. We further strengthened cooperation with **Afghanistan** where Australia participates in a NATO-led train, advise, assist mission to help that country's security forces address international terrorism and other security challenges.

GLOBAL PARTNERSHIPS

The Middle East and Africa present economic opportunities for Australia, and their conflicts and protracted crises threaten international rules and put pressure on us for assistance. The department supported the visit by Prime Minister Turnbull to **Israel** and the **Palestinian Territories** to commemorate the centenary of the Battle of Beersheba and advance our strategic interests, such as defence industry and cyber security. This visit advocated a two-state solution for enduring peace. One practical way we contribute to peace is by supporting stability in the Palestinian Territories. The department's development assistance in the region boosts economic growth and community cohesion, and helps to meet the needs of the most vulnerable. We have zero tolerance for the misuse of Australian aid funding.

During a time of political transition, we worked with partners, including the United Nations, as well as bilaterally, to support **Kenya, Ethiopia and Zimbabwe**. Our innovative **South Sudanese** diaspora engagement project provided critical space for diaspora representatives to rebuild trust and unity and to promote peace within the Australian community and in South Sudan. As well, our humanitarian assistance to South Sudan and **Somalia**, and the Australia Awards Africa

program—which delivers courses to selected students from 22 countries in Africa—helped contribute to stability and development.

State fragility in the Middle East continues to affect Australia's security interests through terrorism and irregular migration. To counter terrorism in **Iraq and Syria**, we worked closely with partners in the Global Coalition to Defeat ISIL. We worked with the Iraqi government to enable the Australian Defence Force to train and advise Iraqi forces—contributions that were important to the military wins achieved over ISIL. We also provided well-targeted humanitarian assistance in Iraq and Syria to help ensure these gains are sustained over time.

During the year we engaged with countries across the region to advance Australia's **commercial interests**. We supported the Minister for Trade, Tourism and Investment to co-chair the first Australia–**United Arab Emirates** Joint Economic Committee with his Emirati counterpart, providing strong political support for deeper commercial ties with our largest trade and investment partner in the Middle East. On the issue of live sheep exports, our advocacy across government ensured our Middle East trading partners were kept well informed of developments and safeguarded Australia's reputation as a reliable trading partner. We helped organise the annual **Australia–Africa Week in Perth**, bringing together Australian companies and African ministers to strengthen economic engagement, including in the mining sector.

We also continued to enhance Australia's engagement with Europe. Our strategic and economic connections with the **European Union** (EU) and EU member states were strengthened, as were those with the **United Kingdom** as it prepares to exit the EU. These relationships are vital in advancing our national interest in a rules-based international order built on common values.

We led the conclusion of the **Framework Agreement between the European Union and Australia**, elevating our bilateral relationship across economic, security, environmental and human rights agendas. Once ratified, the agreement will guide future engagement between Australia and the EU, and will complement our negotiations for an FTA. We also used innovative ways to enhance our diplomatic presence and engagement with

the launch in April of Australia's first pop-up embassy in Estonia.

The department led Australia's involvement in the **Asia–Europe Meeting** process, working to support a rules-based international order between two key regions fundamental to our prosperity and security. We also engaged with the United Kingdom, France, **Germany**, the EU and other European partners on the Indo-Pacific region, encouraging them to play a constructive strategic role.

Australia advanced a new era of cooperation with **France**. Prime Minister Turnbull and President Macron's vision statement set the scene for the future bilateral relationship during the president's visit to Australia in May. We began work on the Australia–France Initiative (AFiniti), which will strengthen this relationship including in the Indo-Pacific. Our annual Australia–**United Kingdom** Ministerial Consultations in July reaffirmed the closeness of our relationship and set a path for deeper engagement.

We also led Australia's efforts to resist **Russia's** conduct where it is contrary to global security, including its activities against Ukraine, its involvement in the downing of Malaysia Airlines flight MH17 and the nerve agent attack in the United Kingdom.

Australia's engagement with **Latin America** was also advanced during the year to take advantage of this region's growing economic opportunities and increasing international influence. The focus was on our trade and investment interests, increasing people-to-people links and supporting a rules-based international order in line with our White Paper objectives. The conclusion of the TPP-11 and a bilateral FTA with Peru significantly strengthened our trade ties with the region and demonstrated a shared commitment to open markets. We also continued FTA negotiations with the Pacific Alliance bloc (Chile, Columbia, Mexico and Peru) and worked constructively with Latin American partners in the United Nations, World Trade Organization, G20, APEC and the Antarctic Treaty system.

RESULTS

Performance criteria	Result	Source
<p>Whole-of-government coordination and leadership to advance Australia's interests internationally.</p> <p>Case study: Foreign Policy White Paper</p>	 Met	<p>PBS 2017–18 Program 1.1 p. 30</p> <p>Corporate Plan 2017–18 p. 10</p>
<p>Our ability to shape outcomes which reflect Australia's interests, including through coalition building with international partners.</p> <p>Case study: Australia and Timor-Leste Maritime Boundaries</p>	 Partially Met	<p>PBS 2017–18 Program 1.1 p. 30</p> <p>Corporate Plan 2017–18 p. 10</p>
<p>The quality and timeliness of advice, briefing and support in relation to Australia's foreign policy interests.</p> <p>Case study: ASEAN–Australia Counter-Terrorism Memorandum of Understanding</p>	 Met	<p>PBS 2017–18 Program 1.1 p. 30</p> <p>Corporate Plan 2017–18 p. 10</p>

WHOLE-OF-GOVERNMENT COORDINATION AND LEADERSHIP TO ADVANCE AUSTRALIA'S INTERESTS INTERNATIONALLY

CASE STUDY

FOREIGN POLICY WHITE PAPER

IN 2016 PRIME MINISTER MALCOLM TURNBULL ANNOUNCED THE AUSTRALIAN GOVERNMENT WOULD DEVELOP A FOREIGN POLICY WHITE PAPER, THE FIRST IN 14 YEARS. AN INTER-AGENCY TASKFORCE WAS ESTABLISHED IN THE DEPARTMENT TO UNDERTAKE THIS PROJECT.

The project began with extensive consultation with governments, business, non-government organisations, communities and stakeholders. In drawing on the deep knowledge and expertise of the Australian community, the inter-agency taskforce convened 24 roundtable discussions across Australia, met more than 60 prominent Australians and subject-matter experts and received over 9,200 written submissions. The Prime Minister launched the Foreign Policy White Paper on 23 November 2017.

The White Paper provides a framework to advance Australia's national interests in a more contested and competitive world. It identifies five objectives of fundamental importance to Australia's security and prosperity:

- promote an open, inclusive and prosperous Indo-Pacific region
- deliver more opportunities for our businesses globally and stand against protectionism
- ensure Australians remain safe, secure and free
- promote and protect the international rules that support stability and prosperity
- step up support for a more resilient Pacific and Timor-Leste.

At its launch Mr Turnbull said, 'the Foreign Policy White Paper shows how we're lifting our ambition, sharpening our strategic focus, (and) redoubling our commitment to ensure we continue to

benefit from an Indo-Pacific that is open, prosperous and free.'

The Minister for Foreign Affairs commended the inter-agency taskforce's efforts in capturing the diversity and complexity of Australia's international interests. 'We can face the future with confidence and with ambition, and this Foreign Policy White Paper will enable us to pursue an agenda of opportunity, security and strength', Ms Bishop said.

Having a whole-of-government strategic framework that clearly articulates Australia's national interests and the government's key international objectives has strengthened coordination and collaboration. It is driving an ambitious and agile foreign policy and fostering stronger links to the government's domestic policy agenda. Both in its development and implementation, the White Paper is complementary to the 2016 Defence White Paper.

The White Paper has become a reference for international issues considered by Cabinet and its National Security Committee. Departments and agencies are now framing their own approaches and strategies within the document's context.

Many Indo-Pacific states and close partners have welcomed the White Paper and its clear statement of Australia's policy priorities. Some neighbours, including Papua New Guinea, have sought our advice to prepare their own foreign policy white papers.

Ministers and senior officials are regularly reviewing implementation of the White Paper, as well as the underlying assumptions that informed its policy framework in the context of significant developments in our external environment.

OUR ABILITY TO SHAPE OUTCOMES WHICH REFLECT AUSTRALIA'S INTERESTS, INCLUDING THROUGH COALITION-BUILDING WITH INTERNATIONAL PARTNERS

CASE STUDY

AUSTRALIA AND TIMOR-LESTE MARITIME BOUNDARIES

AUSTRALIA ADVOCATES FOR COMPLIANCE WITH INTERNATIONAL LAW AND THE PEACEFUL RESOLUTION OF DISPUTES AS A VEHICLE FOR ACHIEVING OUTCOMES IN OUR NATIONAL INTEREST AND WITHIN OUR REGION. FOLLOWING TIMOR-LESTE'S INITIATION OF THE FIRST COMPULSORY CONCILIATION UNDER THE UNITED NATIONS CONVENTION ON THE LAW OF THE SEA, AUSTRALIA AND TIMOR-LESTE SUCCESSFULLY CONCLUDED AN AGREEMENT ON MARITIME BOUNDARIES AND RESOURCE DEVELOPMENT.

While Australia and Timor-Leste had previously agreed to develop the resources of the Timor Sea jointly, we had not been able to agree maritime boundaries. Notwithstanding initial reservations, Australia accepted the jurisdiction of the Conciliation Commission and, through our good faith engagement, achieved an outcome that reflects the shared interests of Australia and Timor-Leste.

The department led a whole-of-government team to engage with Timor-Leste and the Conciliation Commission in meetings over 20 months. All agencies contributed expertise and insights to deliver new solutions. We worked to create the political space for an agreement, overcome our legal differences, and consider the rights of companies with existing interests in the disputed waters.

The result is a maritime boundary treaty that both Australia and Timor-Leste see as fair, balanced and consistent with international law. It recognises Australia's stake in a strong and prosperous Timor-Leste and marks a new chapter in our relations. Importantly, the outcome respects Indonesian interests and provides

certainty to companies with multi-billion dollar investments in the Timor Sea.

Despite best efforts, the conciliation process was not able to secure an agreement between Australia, Timor-Leste and relevant companies on the best model for developing the Greater Sunrise gas fields. This is an important priority for both governments that requires ongoing engagement between Timor-Leste and the companies with an interest in the Greater Sunrise field.

The Minister for Foreign Affairs, Julie Bishop, announced after signing the treaty that it was a historic day for both nations. 'We recognise that it is a particularly important day for Timor-Leste and another step forward in Timor-Leste's journey as a sovereign nation,' she said. 'By signing this treaty, both governments have judged it has delivered a fair and equitable outcome. Our treaty reflects the value and importance of those rules and institutions, and the benefits for states in abiding by those rules. In particular, our treaty reflects the importance of the United Nations Convention on the Law of the Sea—UNCLOS.'

The conciliation process and maritime boundary treaty are a testament to the value Australia places in international law and its institutions, particularly as a way of securing benefits for both small and large states.



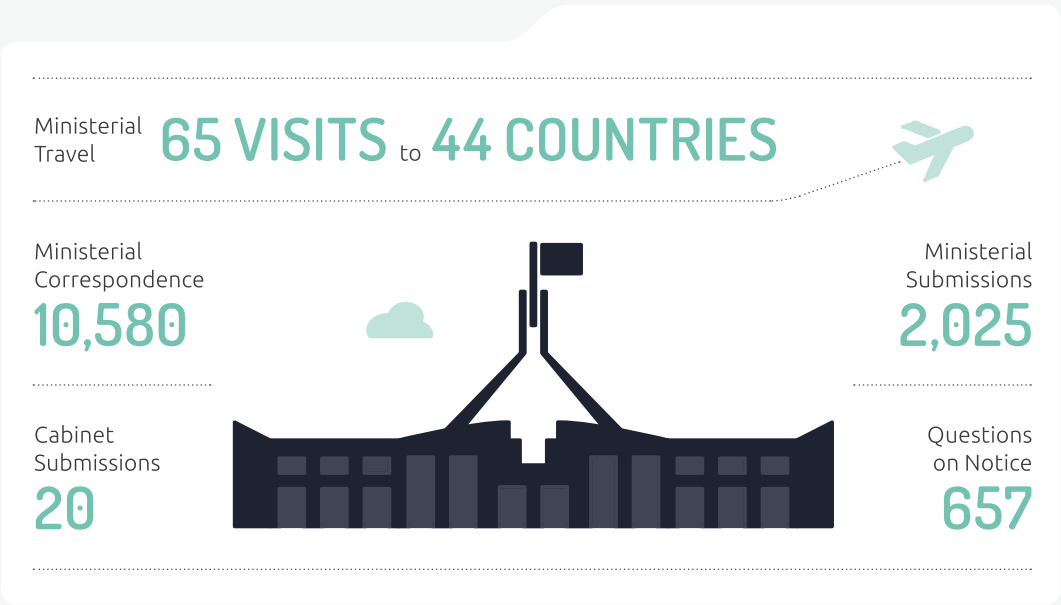
Minister for Foreign Affairs, Julie Bishop, and Minister in the Office of the Prime Minister for the Delimitation of Borders and the Agent in the Conciliation, Hermenegildo Pereira, sign the Maritime Boundary Treaty at UN New York, in the presence of Conciliation Commission Chair (right) and UN Secretary-General (middle) [Andrew Kelly]

THE QUALITY AND TIMELINESS OF ADVICE, BRIEFINGS AND SUPPORT FOR MINISTERS IN RELATION TO AUSTRALIA'S FOREIGN POLICY INTERESTS

During 2017-18 the department arranged 65 visits for our four portfolio ministers to 44 countries for a combined duration of 333 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 seven prime ministerial visits to 12 countries. We worked collaboratively across government to support visits by the Governor-General, federal government ministers and parliamentarians, as well as visits by state and territory representatives.

FIGURE 4 SERVICES TO PARLIAMENT



CASE STUDY

ASEAN-AUSTRALIA COUNTER-TERRORISM
MEMORANDUM OF UNDERSTANDING

THE ASEAN-AUSTRALIA SPECIAL SUMMIT IN MARCH WAS ONE OF AUSTRALIA'S HIGHEST FOREIGN POLICY PRIORITIES IN THE YEAR UNDER REVIEW. A KEY OBJECTIVE OF THE SUMMIT WAS TO STRENGTHEN STRATEGIC AND SECURITY PARTNERSHIPS IN OUR REGION, PARTICULARLY IN RELATION TO COUNTERING TERRORISM AND VIOLENT EXTREMISM. ASEAN COUNTRIES ARE SOME OF AUSTRALIA'S KEY COUNTER-TERRORISM PARTNERS.

On 17 March Australia and ASEAN signed the ASEAN–Australia Memorandum of Understanding (MoU) on Cooperation to Counter International Terrorism. The MoU gives effect to the 2016 ASEAN–Australia Joint Declaration to Combat International Terrorism. Working with the Department of the Prime Minister and Cabinet and other whole-of-government partners, we drew on our diplomatic network in Southeast Asia, including our ASEAN mission in Jakarta, and our regional expertise to win ASEAN support for the MoU and to negotiate outcomes that support our interests.

Timely and concise analysis and advice from Australian diplomatic posts in Southeast Asian capitals assisted in addressing ASEAN countries' concerns about the MoU text. The advice from our missions supported the delivery of effective and targeted advocacy through individual foreign ministries and the ASEAN Secretariat. Drawing on departmental briefing and advice, the Minister for Foreign Affairs engaged ASEAN counterparts and the ASEAN Secretary-General, advocating for their personal support for the summit and key outcomes, including the MoU. Secretary Adamson also spoke to counterparts to advocate for their support.

The MoU now strengthens cooperation to combat terrorism and violent extremism in Southeast Asia. It intensifies Australia's annual engagement with ASEAN.

It is supported by a suite of programs, including practical technical and regulatory assistance to develop best practice counter-terrorism legislation. The MoU will translate into pragmatic measures that will assist partner governments in combating terrorism in areas including electronic evidence, financial intelligence and countering online radicalisation.

We are working with the Department of Home Affairs and other departments and agencies to implement the MoU through our overseas diplomatic network and in conjunction with ASEAN.



Minister for Foreign Affairs, Julie Bishop, Prime Minister, Malcolm Turnbull, and Indonesian President, Joko Widodo, at the ASEAN–Australia Special Summit in Sydney in March [DFAT]



The Airport Economist, Tim Harcourt, with Australia's Ambassador to Peru, Nicholas McCaffrey, discuss economic opportunities flowing from the Peru–Australia FTA signed in February [Pinstripe Media/Jake Cunningham]

OPENING MARKETS, PROMOTING FOREIGN INVESTMENT AND ADVANCING COMMERCIAL INTERESTS

OVERVIEW AND ANALYSIS

THE DEPARTMENT'S OBJECTIVE IS TO OPEN NEW MARKETS FOR AUSTRALIAN EXPORTS OF GOODS AND SERVICES, MAXIMISE FLOWS OF PRODUCTIVE INVESTMENT, ADDRESS TRADE AND INVESTMENT BARRIERS, AND SUPPORT AUSTRALIAN BUSINESS IN ITS OVERSEAS COMMERCIAL ENDEAVOURS.

OPEN MARKETS HAVE NEVER BEEN MORE IMPORTANT

In 2017–18 complex, long-term challenges defined the global economic environment. This included shifts in economic power, technological change, an anti-globalisation backlash, increased protectionism and weaker support in some countries for global rules and institutions. As a nation with strong trade and investment links to the global economy, some of these challenges pose a serious threat to Australia's prosperity.

Australia's open economy has made a major contribution to 27 years of uninterrupted annual economic growth, strong employment conditions and improved living standards for Australians. A recent Centre for International

Economics study found trade liberalisation between 1986 and 2016 boosted Australia's real GDP by 5.4 per cent and lifted the real income of an average Australian family by over \$8,400. Around one in five Australian workers or 2.2 million people are employed in trade-related activity, while one in 10 Australians are employed in industries benefitting from foreign investment.

Access to global markets supports Australian companies by helping them secure economies of scale, participate in global value chains and access inputs for their goods and services—including advanced technologies—at lower prices. This supports the competitiveness and flexibility our economy needs to thrive in an interdependent, fast-changing world.

Access to global markets also provides Australian consumers with greater choice and helps keep prices of household consumables more affordable.

As figure 7 shows, prices of the goods and services we trade have increased by just seven per cent over the past decade compared to the 24 per cent increase in overall consumer prices for the same period.

FIGURE 5 BENEFITS OF IMPORTS TO AUSTRALIAN HOUSEHOLDS AND BUSINESS SINCE 2000

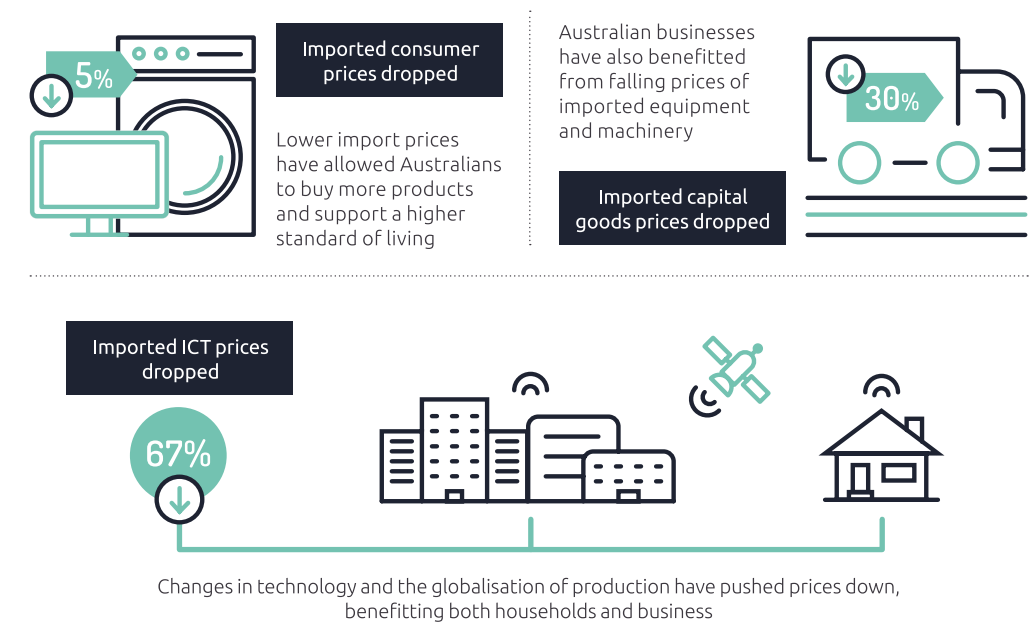
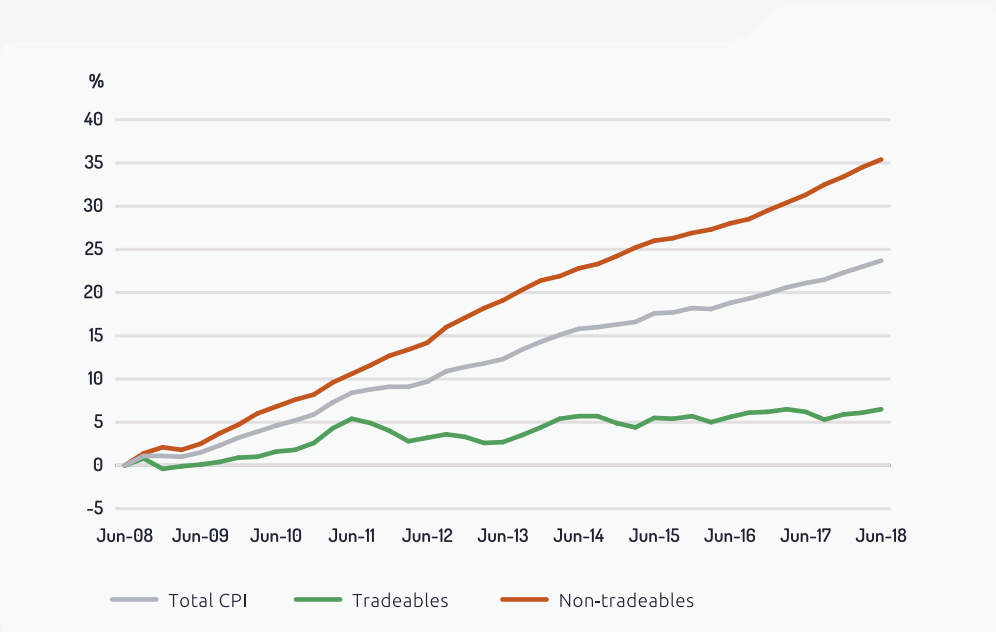


FIGURE 6 AUSTRALIAN CONSUMER PRICE INDEX: SEASONALLY ADJUSTED



Given our relatively small population and level of domestic savings, Australia has always relied on foreign investment to help drive economic growth. Foreign direct investment often introduces new technology and ways of doing business, and contributes to upgrades of equipment and machinery, enhancing the productivity of Australia's factories, farms and mines, and creating more jobs for Australian workers.

OUR PERFORMANCE IN 2017-18

To support Australia's prosperity, the government pursued an ambitious international trade agenda. It focused on resisting protectionism, bolstering support for an open, rules-based trading system, improving access and opportunities for Australian business and enhancing our competitiveness.

These efforts are paying dividends. In 2017 Australia's total exports reached a record \$387 billion. In the three years to 2017 the volume of our exports increased, on average, by 5.6 per cent, surpassing the growth rate of world trade over the same period (3.4 per cent). Australia's ambitious trade agenda has opened new markets and provided greater opportunities for Australian businesses and consumers.



Assistant Minister for Trade, Tourism and Investment, Mark Coulton, meets Thailand's Vice-Minister for Commerce, Sakon Varanyuwatana, to discuss trade opportunities [Senior Adviser to the Hon Mark Coulton MP, Cathy Heidrich]

MULTILATERAL AND REGIONAL ENGAGEMENT

The World Trade Organization (WTO) provides the framework of rules governing international trade and is the world's primary trade-negotiating forum. It is under challenge from a rise in anti-trade sentiment, growing trade tensions, unilateral actions and an inability to agree on how to take negotiations forward. These factors limit outcomes and risk weakening respect for global trade rules and the WTO as an institution, and have practical and direct implications for Australian business.

In response, we have worked to build the WTO's resilience and secure new liberalising outcomes. At the **11th WTO Ministerial Conference** in December, there was a risk consensus would not be achieved on a future negotiating agenda beyond fisheries subsidies. Australia responded pragmatically by promoting new and innovative approaches, including plurilateral negotiations that did not require consensus. We built a coalition of 70 WTO members to support an e-commerce initiative that would cover over 70 per cent of global trade. This helped drive negotiations forward in an area important to Australian business.

The **WTO Dispute Settlement System** is the most active international legal system. In 2017–18 we defended Australia's right to regulate to protect public health through our comprehensive victory in four disputes against **Australia's tobacco plain packaging measure**. We launched consultations with Canada on its measures that **discriminate against Australian wine** imports, currently valued at \$199 million. We also defended Australia's anti-dumping measures on **A4 copy paper** in a dispute brought by Indonesia. To protect our interests in the application of WTO rules, we participated as a third party in disputes covering agricultural subsidies and tariff quota administration in China, and the proper interpretation of anti-dumping rules relevant to our business.

WTO members agreed in June to support Australia's accession to the **WTO Government Procurement Agreement**, opening the door to markets worth over USD1.4 trillion.

Complementing these efforts, we played a significant role in driving negotiations on a **global export credits agreement**. When concluded, this agreement should cover both OECD and non-OECD countries and ensure our exporters compete on a level playing field.

We responded to global trade tensions by strengthening Australia's advocacy for free trade, open markets, economic integration and pro-growth structural reforms including in **APEC, the G20 and the OECD**. Our efforts helped galvanise defence of the global, rules-based international system, including bolstering key countries' commitment to fighting protectionism.

Our efforts on **aid for trade** were recognised in the OECD Development Assistance Committee Review of Australia's aid program as encouraging a more development-friendly outlook on trade. This included support for developing countries to participate in trade, strengthen inclusive economic growth, reduce poverty and engage in the multilateral trading system.

OUR AMBITIOUS REGIONAL AND BILATERAL FREE TRADE AGREEMENTS AGENDA

The White Paper endorsed Australia's approach of negotiating and implementing regional and bilateral FTAs to help ensure Australia's future prosperity. It set a goal of having over 80 per cent of Australia's total trade with FTA partner countries by 2020. Currently Australia's 10 FTAs cover about two thirds of our total trade. Nine of the 10 have entered into force since 2003, and the benefits to Australia will continue to grow as we build on existing agreements and negotiate and implement new agreements in the future.

We negotiated the **Comprehensive and Progressive Agreement for Trans-Pacific Partnership** (TPP-11), which Mr Ciobo signed with his counterparts on 8 March (see case study).

We made significant progress on the **Indonesia–Australia Comprehensive**

Economic Partnership Agreement negotiations. The agreement will help strengthen our trade and investment relationship with Indonesia, create opportunities for business and build closer links with a close neighbour and major Indo-Pacific democracy.

The **Peru–Australia Free Trade Agreement (PAFTA)** was signed on 12 February. Treaty-making processes are underway to bring PAFTA into force.

To diversify our export markets and strengthen engagement with Latin America, Australia is pursuing an FTA with the **Pacific Alliance** bloc of Chile, Colombia, Mexico and Peru. High tariffs in some of these markets have disadvantaged Australian exporters. Australia is one of the first countries to pursue a trade agreement with the Pacific Alliance, which has a combined GDP of USD1.95 trillion.

During the year Australia also pursued new opportunities through the **Regional Comprehensive Economic Partnership (RCEP)** negotiations—another key element of the emerging regional economic architecture. With ASEAN at its core, RCEP will include the major economies of China, India, Japan and the Republic of Korea in an agreement that

accounts for almost 60 per cent of our trade and half of the world's population.

In June FTA negotiations were launched with the **European Union**. Australia is seeking an ambitious and comprehensive agreement that will create new access for our goods and services to a market of half a billion people and a GDP of USD17.3 trillion. With our shared commitment to the rule of law, global norms and free and open markets, this agreement could set the benchmark for what can be achieved between like-minded partners.

We continued to explore the parameters of a future FTA with the **United Kingdom**, our seventh-largest two-way trading partner and second-largest source of foreign investment in 2017. We are committed to commencing negotiations quickly once the United Kingdom leaves the European Union.

SUPPORT FOR BUSINESS

We are working with Austrade and other government agencies to strengthen the government's support for business, including by revamping the government's **Economic and Commercial Diplomacy Program** (see review).



Australia's High Commissioner to Kenya, Alison Chartres, learns the finer details of the mineral sands operation at the Australian-owned Base Titanium mine in Kwale, Kenya. With her is Base Titanium's External Affairs Manager Simon Wall and Graduate Geologist Flora Nasila [DFAT/Rob Sirotko]

Given the importance of **services** to the Australian economy, the department continued to give a high priority to services trade liberalisation and reform. We worked with APEC member economies and the private sector to build capacity on investment policy, the digital economy and professional services, and to promote good regulatory practices, productivity and competitiveness. We also sought to advance efforts in the WTO and through our FTAs to open services markets. We collaborated with the OECD Secretariat on how to increase the competitiveness of Australia's services sector.

In 2017–18 we helped professional services bodies negotiate regional and bilateral **Mutual Recognition Agreements (MRA)**.

These allow Australian professionals to deliver services overseas, increase the value of Australian qualifications for international students and raise the international profile of our professionals. Agreements for engineers and architects recognise qualifications and licensing for skilled professionals across the APEC region. The department also facilitated discussions on bilateral MRAs between professional bodies on accounting, veterinary science and law in Asia and Europe.

We delivered our 100th **FTA information seminar** with Austrade in April. These seminars have played an important role in building awareness and helping businesses to use our FTAs. The **FTA portal**—which provides information for Australian exporters and covers all in-force agreements—was expanded to include services.

We also supported business with information and market intelligence through our trade and investment publications, and facilitated more than 2,200 requests for information from ministerial offices and the public.

SUPPORTING DOMESTIC POLICY DEVELOPMENT

We worked closely with partner agencies to bring our global economic experience and geopolitical insights to inform government decision-making on a range of complex issues—helping to ensure that Australia's international interests were considered, and competitiveness enhanced, in domestic policy development.






With Austrade, we promoted policies that supported our attractiveness as a competitive destination for productive foreign investment. This included providing input to government reviews of foreign investment applications.

We supported legislative changes to enable Export Finance and Insurance Corporation (Efic) loans to more Australian exporters, including tourism operators, online businesses, intellectual property holders and businesses engaged in overseas direct investment. We also worked closely with Efic and the Department of Defence to establish the \$3.8 billion **Defence Export Facility**, which will help Australia's defence industry pursue export opportunities.

The department also worked with Austrade and Treasury to build understanding across the community of the value of foreign investment, and supported the Minister for Trade, Tourism and Investment's Statement to the Parliament on Investment. We were active in the Department of Home Affairs' Critical Infrastructure Centre, including by seconding an officer.

We assisted the Department of Environment and Energy with the oil ticketing procurement program.

RESULTS

Performance criteria	Result	Source
Our delivery of trade and investment outcomes for Australian business. Case study: The Comprehensive and Progressive Agreement for Trans-Pacific Partnership	 Met	
Our promotion and protection of Australia's economic interests in bilateral, regional, multilateral and plurilateral outcomes. Case studies: 1. World Trade Organization: Australia wins the historic tobacco plain packaging dispute 2. Enabling the WTO e-commerce initiative—promoting and protecting Australian interests	 Met	PBS 2017–18 Program 1.1 p. 30 Corporate Plan 2017–18 p. 13
The satisfaction of Australian businesses with our support. Case study: Helping business to take advantage of Australia's FTAs	 Met	
Effective implementation of Australia's FTAs, including commercially meaningful outcomes resulting from the General Review of the ASEAN–Australia–New Zealand FTA (AANZFTA) and reviews of Australia's bilateral North Asia FTAs. Review	 Partially Met	Corporate Plan 2017–18 p. 13
Effectiveness of actions taken by posts and state and territory offices to support Australian businesses' ability to take advantage of global trade and investment opportunities. Review	 Partially Met	

OUR DELIVERY OF TRADE AND INVESTMENT OUTCOMES FOR AUSTRALIAN BUSINESS

CASE STUDY

THE COMPREHENSIVE AND PROGRESSIVE AGREEMENT FOR TRANS-PACIFIC PARTNERSHIP

LAST YEAR'S ANNUAL REPORT FORESHADOWED CHALLENGES IN IMPLEMENTING THE TRANS-PACIFIC PARTNERSHIP (TPP) FOLLOWING THE UNITED STATES' WITHDRAWAL. AT A TIME OF CONSIDERABLE STRESS ON THE RULES-BASED INTERNATIONAL TRADING SYSTEM, AUSTRALIA WORKED WITH JAPAN AND OTHERS TO HELP CONCLUDE THE AGREEMENT, WHICH WAS SIGNED ON 8 MARCH IN SANTIAGO, CHILE. THIS WAS AN EXTRAORDINARY SUCCESS FOR AUSTRALIAN TRADE POLICY AND REGIONAL TRADE REFORM.

The TPP-11 is an FTA between Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. It is the most significant trade and investment agreement in more than two decades and will eliminate 98 per cent of tariffs. It will also improve transparency and predictability for Australian services exporters in a free trade area that represents 13.3 per cent of the global economy.

To reach this landmark agreement, we led Australia's engagement with remaining TPP countries to capture the ambitious outcomes contained in the original agreement. Maintaining the high standards of the original deal was not easy. We worked hard to build consensus to retain the original TPP's market access commitments, ensuring Australia could fully benefit from the significant commercial gains the agreement offers.

Extensive stakeholder consultations were undertaken throughout negotiations, and Australian businesses argued strongly in favour of the agreement. The result of these efforts is an agreement that will remove significant barriers to trade, deliver opportunities for Australian businesses and deliver modern rules on a range of issues, such as transparency, state-owned enterprises and digital trade.

'Open and inclusive regional leadership is needed right now more than ever,' said Rio Tinto Chief Executive Officer Jean-Sébastien Jacques. 'The signing of TPP-11 is a great outcome for Australia and for the region. All countries need to work together to keep markets open and to support trade and growth.'

The Red Meat Advisory Council's CEO Anna Campbell said, 'the TPP-11 opens up some fantastic market advantages for Aussie red meat in countries like Japan, Peru, Mexico and Canada. We commend the Australian Government for these historic achievements and look forward to prompt ratification so Australia's 75,000 red meat businesses can realise the gains.'

Other economies in the region have already expressed interest in joining the TPP-11. This reflects its appeal as a pathway to reducing trade and investment barriers and is consistent with our objective of creating more opportunities for Australian businesses in overseas markets.



Minister for Trade, Tourism and Investment, Steven Ciobo, signing the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11) in Santiago, Chile on 8 March [DFAT]

OUR PROMOTION AND PROTECTION OF AUSTRALIA'S ECONOMIC INTERESTS IN BILATERAL, REGIONAL, MULTILATERAL AND PLURILATERAL OUTCOMES

CASE STUDY

WORLD TRADE ORGANIZATION: AUSTRALIA WINS THE HISTORIC TOBACCO PLAIN PACKAGING DISPUTE

AUSTRALIA'S MEMBERSHIP OF THE WTO GIVES US ACCESS TO AN OPEN, PREDICTABLE AND ENFORCEABLE SYSTEM OF TRADE RULES, AND AN ORDERLY PATH TO SETTling TRADE DISPUTES.

Since 2012 we have been defending our world-leading tobacco plain packaging measure in the WTO. Ukraine (which later withdrew its case), Honduras, the Dominican Republic, Cuba and Indonesia initiated disputes against Australia, claiming our measure breached numerous WTO obligations. These included obligations to protect intellectual property and to refrain from introducing unnecessary trade obstacles. A record 41 WTO members joined the disputes as third parties, reflecting the global significance of the public policy issues being litigated and scrutiny of how these issues would be resolved.

We led the whole-of-government litigation team that represented Australia in the fiercely contested dispute proceedings. Our close collaboration with the Department of Health and the Attorney-General's Department was instrumental to ensuring a robust defence of Australia's measure.

Our advocacy included over 1,300 pages of submissions and more than 600 exhibits, including nearly 30 expert reports that spanned public health, marketing and economic disciplines. We drew on our global network to support our defence, working closely with posts as well as other governments and non-government organisations that shared our interest in preserving the critical right of states to pursue legitimate public policy measures.

The department's leadership, and the valuable contribution of our domestic and international partners, resulted in a comprehensive victory in the WTO dispute proceedings. In a report circulated on 28 June the WTO panel rejected all 33 of the complainants' claims that Australia's measure breached WTO rules. The panel confirmed Australia's right to implement the tobacco plain packaging measure, which is making a meaningful contribution to improving public health. This landmark decision is not only a resounding win for Australia's pioneering efforts to protect against the harmful effects of tobacco, but also for upholding the right of WTO members to regulate in the public interest within the international trade rules.

CASE STUDY**ENABLING THE WTO E-COMMERCE INITIATIVE—PROMOTING AND PROTECTING AUSTRALIAN INTERESTS**

AUSTRALIA IS LEADING AN INITIATIVE IN THE WTO TO DEVELOP INTERNATIONAL RULES ON DIGITAL TRADE. THIS INITIATIVE AIMS TO REINFORCE THE MULTILATERAL TRADING SYSTEM AND ENSURES IT STAYS RELEVANT TO CHANGING PATTERNS OF TRADE, RESISTS PROTECTIONISM AND HELPS MAKE GLOBALISATION WORK BETTER FOR AUSTRALIANS.

Our aim is to negotiate rules that deliver commercially meaningful outcomes and trust in the online environment for the increasing number of people and businesses (both big and small) engaging in e-commerce. This initiative reflects Australia's proactive approach to creating an enabling environment for digital trade, as set out in our International Cyber Engagement Strategy and the White Paper.

We are working closely with like-minded partners including Singapore and Japan on e-commerce. Australia is chairing the discussions aimed at launching negotiations on e-commerce in the WTO. These discussions will set the foundations for WTO e-commerce negotiations.

Australian stakeholders—both businesses and consumers—need digital trade rules that balance the flow of data, facilitate online purchasing, build trust in the online environment, protect consumers and ensure governments continue to regulate in the public interest. Around half of Australian businesses are already engaged in the digital economy and this number will grow.

Together with our leadership on digital trade in FTAs in other multilateral forums, the WTO e-commerce initiative should help promote and protect Australia's economic and commercial interests as global trade architecture continues to evolve.

SATISFACTION OF AUSTRALIAN BUSINESS WITH OUR SUPPORT

CASE STUDY

HELPING BUSINESS TO TAKE ADVANTAGE OF AUSTRALIA'S FTAS

THE FTA PORTAL PROVIDES DETAILED INFORMATION ON AUSTRALIA'S FTAS AND HELPS PROSPECTIVE AND EXISTING EXPORTERS AND IMPORTERS EXPLORE THE BENEFITS OF THESE AGREEMENTS.

Developed in collaboration with business, the portal (FTAportal@dfat.gov.au) features a sophisticated tariff finder that shows the reduction in tariffs over time, a step-by-step guide to determining whether exports or imports meet a given FTA's rules of origin, and provides data on individual markets. The portal also helps business navigate overlapping FTAs with a tool that allows them to compare and choose the one that offers the greatest benefits.

Business feedback has been positive. Heath Baker, Head of Trade Policy with the Export Council of Australia, said the portal made it far easier for businesses to use Australia's FTAs. 'I always encourage exporters to make sure they check the portal. It's extremely easy to use—you just put in your product description and the market you're exporting to, and it tells you everything you need to know.'

The portal was expanded in 2018 to include most services commitments made by Australia's FTA partners. Full coverage of these commitments is expected in the coming year. New and more detailed information will help businesses export their services across borders or establish a presence overseas to supply services. The interface was designed to be easy to use for small and medium-sized enterprises.

In 2017–18 the portal attracted an average of 2,600 users a week—almost three times more than in 2015–16 when it was first launched.

Alexander Lederer works with Real Dairy, which has facilities in New South Wales, Victoria and Queensland, and is looking to expand exports of dairy products to new markets. He says the portal is very useful for sourcing up-to-date details on tariffs and safeguards.

The portal's programming interface is available online and allows third parties to display data in innovative ways. In May the Australian Industry Group became the first organisation to develop tailored services for its members based on the interface.

New FTAs, such as the Peru–Australia Free Trade Agreement and TPP-11, will be added to the portal as they enter into force.

REVIEW

EFFECTIVE IMPLEMENTATION OF AUSTRALIA'S FTAS, INCLUDING MEANINGFUL OUTCOMES FROM THE GENERAL REVIEW OF THE ASEAN-AUSTRALIA-NEW ZEALAND FTA AND REVIEWS OF OUR NORTH ASIAN FTAS

Results over the year have highlighted the effective implementation of our FTAs and the value Australian businesses place on them.

An independent study by PricewaterhouseCoopers found that awareness of Australia's FTAs is strong and they are widely used. The three North Asia FTAs were a particular focus. See pwc.com.au/trade.

The study, which was launched by the Minister for Trade, Tourism and Investment in March, found more than 80 per cent (by value) of eligible merchandise exports were taking advantage of tariff preferences under these agreements. In the case of Japan, this figure was as high as 95 per cent. The study noted that awareness and use of the FTA by small and medium-sized enterprises was low, underlining the importance of ongoing advocacy and outreach efforts, including the FTA roadshow seminars and portal.

The number of export shipments from Australia issued with ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) certificates of origin increased by seven per cent from 2016 to 2017, following a 38 per cent increase the year before. This underlines the continued relevance to business of Australia's largest multi-country FTA in force. By 2020 over 96 per cent of imports from Australia could enter ASEAN tariff free (based on average composition of imports in 2012-13), up from 67 per cent prior to AANZFTA's entry into force.

AANZFTA officials presented a report on the first stage of a general review of the AANZFTA to ministers in September. The report recommended further action on trade facilitation, non-tariff measures, services, investment, e-commerce and engagement with business. Officials will provide recommendations to ministers in September 2018 on how to upgrade the agreement.

Tariff eliminations or reductions under the China-Australia Free Trade Agreement (ChAFTA) helped deliver significant increases in exports for a range of goods with our largest trading partner.

For example, wine exports to China grew 119 per cent to \$746 million in 2017, compared to 2015 when ChAFTA entered into force. 'Wine exports to China had grown as wine tariffs had dropped again in January 2018, in line with the China-Australia Free Trade Agreement,' according to Wine Australia Chief Executive Officer Andreas Clark. The tariff will be removed completely in January 2019, providing Australian wine exporters with a competitive advantage over key producers such as France, Italy and Spain. Andreas Clark also said, 'Mainland China has now overtaken the United States to become Australia's second-largest export market by volume. Pleasingly there was very strong growth at all price points as imported wine becomes more approachable and is increasingly consumed by middle-class drinkers and seen as suitable for consumption at informal gatherings and while relaxing at home.'

A review of ChAFTA's services and investment provisions commenced in October with the aim of further negotiations to expand opportunities for Australian businesses.

REVIEW

EFFECTIVENESS OF POSTS, AND STATE AND TERRITORY OFFICES IN SUPPORTING AUSTRALIAN BUSINESSES TO TAKE ADVANTAGE OF GLOBAL TRADE AND INVESTMENT OPPORTUNITIES

Our overseas posts and our state and territory offices play a major role in supporting Australian business to take advantage of global trade and investment opportunities.

Under the economic and commercial diplomacy banner, we have leveraged the access, insights and creativity of our diplomatic network to promote prosperity at home and seize opportunities overseas. We put the pursuit of economic outcomes at the centre of our work.

Our officers have built networks in host countries with ministers, government officials, business, media, think tanks, universities and community groups. These networks give us valuable and practical insights to share with other Australian Government agencies and businesses on key political, economic, commercial, regulatory and strategic developments.

Feedback from White Paper consultations pointed to the need to strengthen our economic diplomacy agenda and sharpen our focus on business engagement. Consequently we have revamped our economic and commercial diplomacy agenda across the overseas network and are creating stronger links with business on Australia's economic and commercial interests.

In 2017–18 we worked closely with all portfolio agencies to prepare market insights and economic diplomacy strategies, to identify specific goals and report on whole-of-government activities. These actions complemented our broader public advocacy on the benefits of trade and investment.

The following examples demonstrate the value of our economic diplomacy agenda, at post in Beijing and in Western Australia at our state office.

BEIJING: CHINA–AUSTRALIA YEAR OF TOURISM

In 2017 the department led the inaugural China–Australia Year of Tourism in partnership with Austrade, Tourism Australia and the Chinese National Tourism Administration. The initiative showcased Australia as a destination for tourism and investment opportunities. Key events included a visit by the Chairman of the China National Tourism Administration, an AFL match in Shanghai and trade missions to China.

The initiative's broad range of activities helped support steady growth in two-way visitor flows throughout the year. China is Australia's most valuable tourism market—1.4 million Chinese visitors travelled to Australia in 2017–18, up 12.9 per cent. In February China overtook New Zealand to become our largest source of overseas visitors. Chinese visitors to Australia spent \$10.49 billion in the year ending March 2018, up 12.9 per cent, with visitor spend forecast to reach \$26.2 billion in 2026–27.

The China–Australia Year of Tourism also laid the groundwork for strengthened business links between tourism providers in both countries and created opportunities for further investment and collaboration. For example, the Greater China Travel Mission held in Guangzhou from 11 to 14 December 2017 enabled Australian tourism businesses to engage and establish business links with about 70 key Chinese buyers.

The initiative also leveraged the December 2016 bilateral open skies-style air services agreement and helped expand the flight network between Australia and China—from about 130 direct flights a week in 2016 to about 200 a week in 2018.



Australia's Ambassador to the People's Republic of China, Jan Adams, and Tourism Australia's China–Australia Year of Tourism (CAYOT) Ambassador, Wu Xiubo, at the Beijing CAYOT launch event, February [DFAT]

WESTERN AUSTRALIA: HELPING THE PERTH MINT REALISE THE BENEFITS OF KAFTA

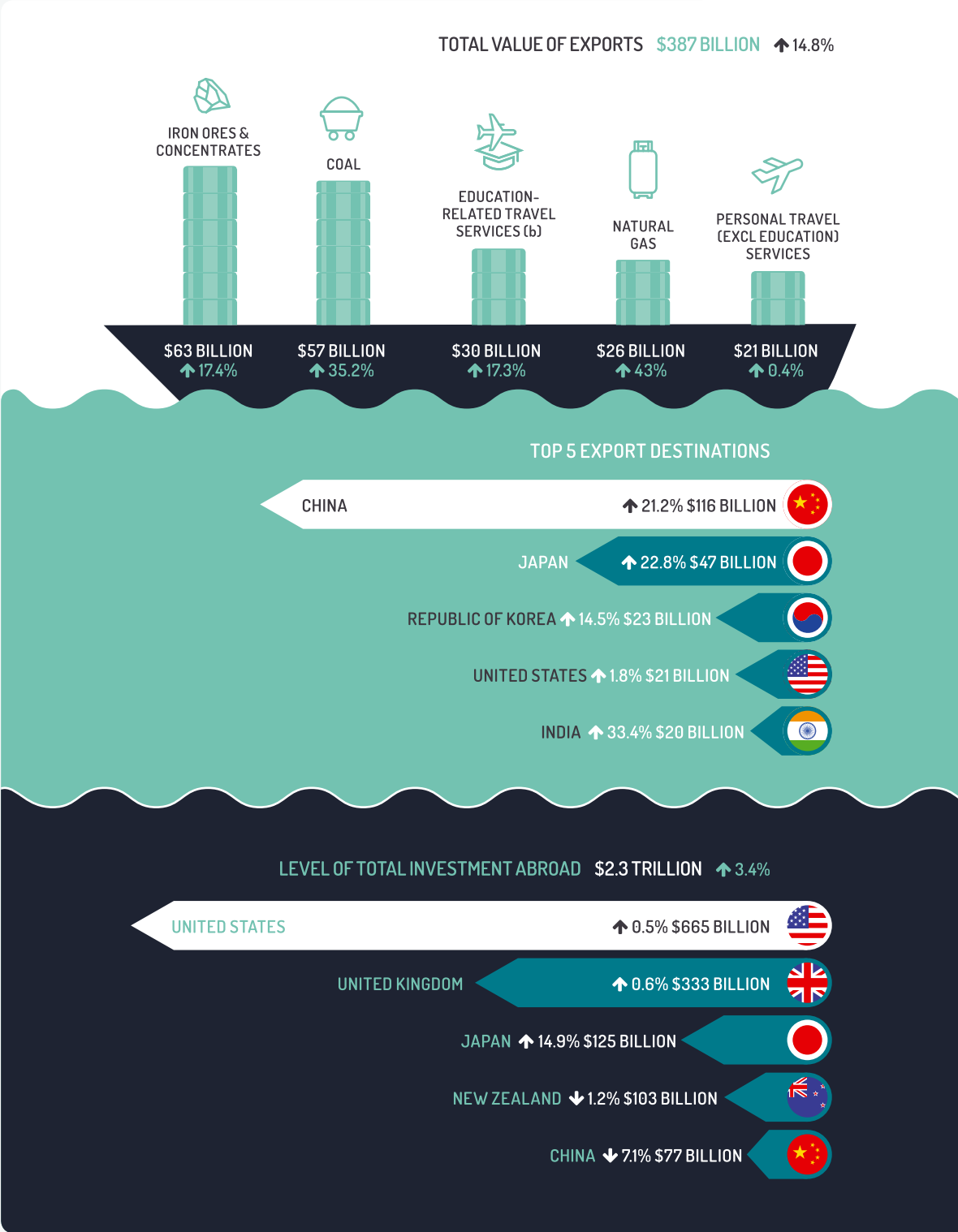
The department works with Australian business to maximise the value of export opportunities created by our FTAs. In 2017 our Western Australia office helped Perth Mint make the most of tariff reductions under the Korea–Australia Free Trade Agreement (KAFTA) by increasing its exports to the Republic of Korea.

Perth Mint is one of the world's largest gold refineries. Each year it exports around

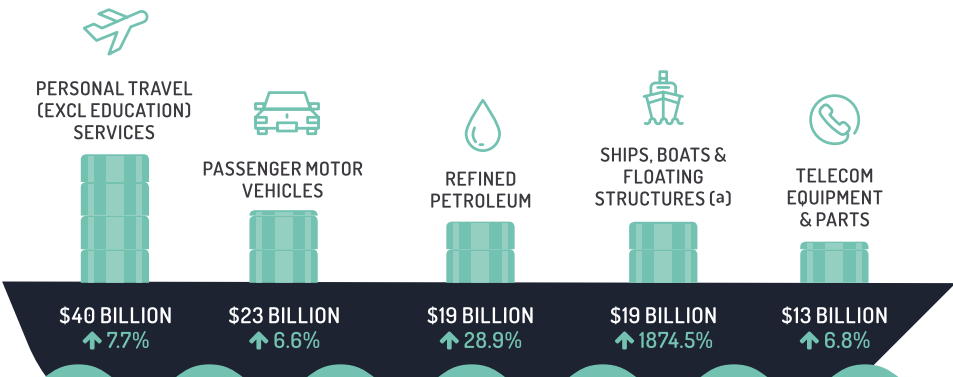
\$18 billion worth of pure gold, silver and platinum bullion bars and coins to investors in more than 100 countries, including the Republic of Korea.

To access significant KAFTA tariff reductions, Perth Mint needed to prove its gold exports met the KAFTA rules. We worked with trade negotiators, our embassy in the Republic of Korea and the Australian Border Force to support the mint's efforts. Thanks to our proactive and consultative approach, Perth Mint's Korean customers now benefit from tariff reductions and the mint's exports to the Republic of Korea have increased.

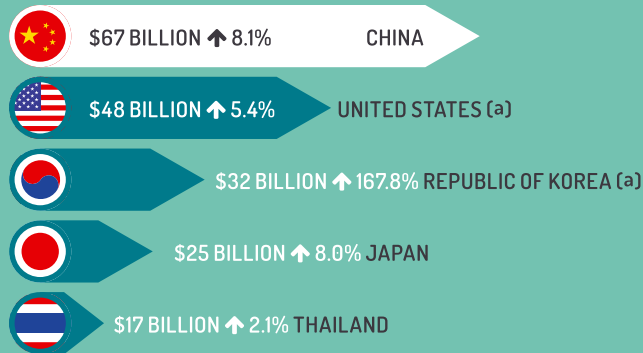
FIGURE 7 AUSTRALIA'S TRADE AND INVESTMENT WITH THE WORLD, 2017



TOTAL VALUE OF IMPORTS **\$377 BILLION** ↑ 7.5%



TOP 5 IMPORT ORIGINS

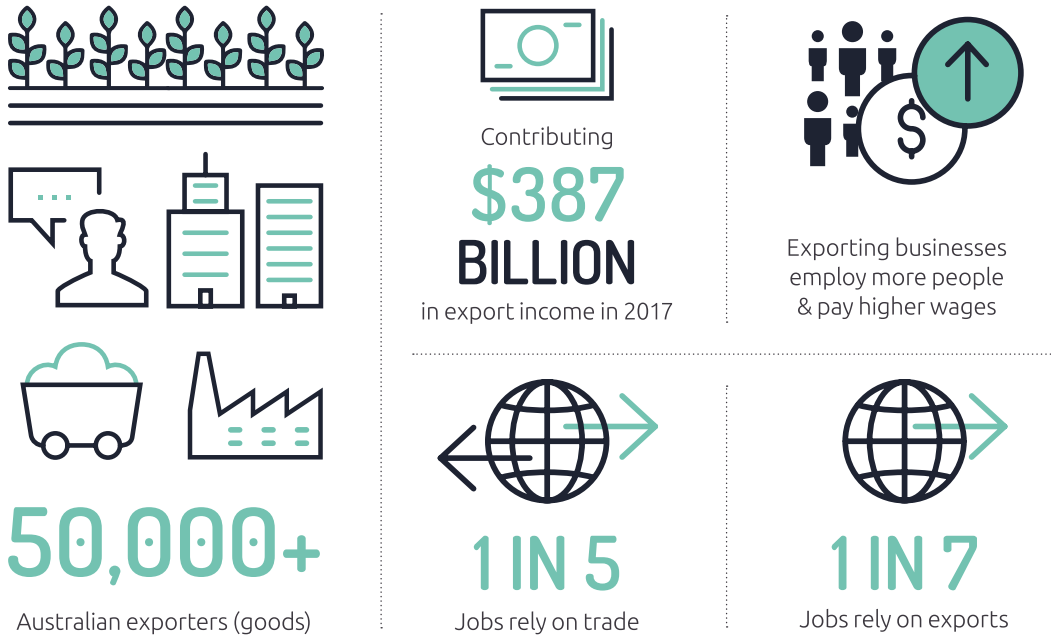


↑ 2.7% **\$3.3 TRILLION** LEVEL OF TOTAL FOREIGN INVESTMENT IN AUSTRALIA



(a) Includes DFAT estimates
(b) Excludes education

FIGURE 8 BENEFITS OF TRADE FOR AUSTRALIANS 2017



DELIVERING AN INNOVATIVE AID PROGRAM

OVERVIEW AND ANALYSIS

THE WHITE PAPER IDENTIFIES PEACEFUL EVOLUTION OF THE INDO-PACIFIC AS OUR MOST IMPORTANT OBJECTIVE. AUSTRALIA'S AID PROGRAM PROMOTES OUR NATIONAL INTERESTS AND ADVANCES THIS OBJECTIVE BY SUPPORTING OUR REGION TO REDUCE POVERTY AND BECOME MORE STABLE, PROSPEROUS AND RESILIENT.

WHY OUR AID PROGRAM MATTERS

The Indo-Pacific is home to a diverse set of countries facing a range of challenges. While fast-growing economies in Asia show great promise, many struggle to deliver the complex reforms required to maintain growth while also addressing inequality, pockets of deep poverty and widespread economic vulnerability. Other countries—particularly in the Pacific—are remote, have few options for diversifying their economies and face extreme environmental vulnerabilities. Our region is home to 40 per cent of the world's natural disasters and 84 per cent of the world's people who are affected by natural disasters.

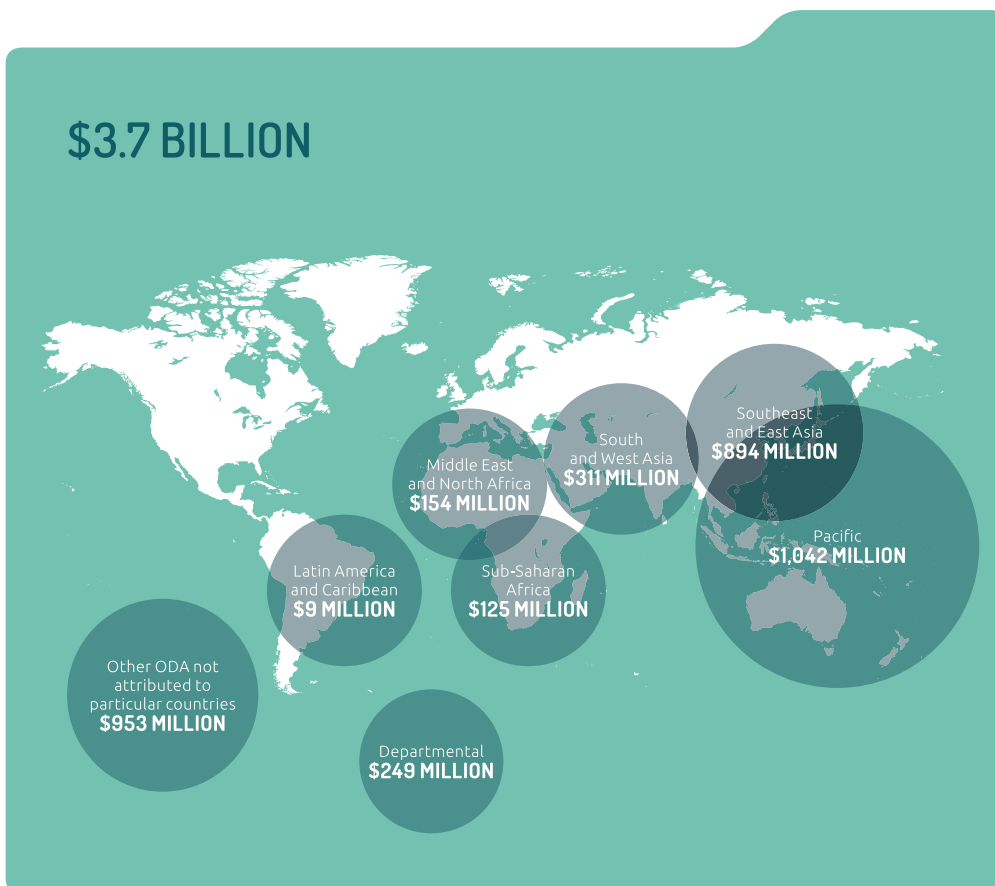
Our aid investments are responsive and targeted to the country context. Our governance assistance supports partner governments address policy and implementation challenges. We invest in rules-based governance frameworks and infrastructure for health and education that contribute to inclusive growth. We also invest in local disaster preparedness and climate change mitigation capabilities.

The aid program magnifies the influence Australia brings to bear on regional and global problems, including efforts to meet the 2030 Agenda and Sustainable Development Goals (SDGs). These include goals to reduce poverty and hunger, improve health and education, advance gender equality and strengthen economic growth. Leveraging all sources of finance for development, including private, is an essential part of delivering the 2030 Agenda.

Environmental and Social Safeguard Policy

In January the department released its Environmental and Social Safeguard Policy for the Aid Program. It outlines our approach to managing the environmental and social impacts of the aid investments, including that indigenous issues and relevant protections are considered in design, implementation and monitoring. The policy also enhances our ability to manage aid program risks; comply with Australian and partner government policies and laws for social and environmental protection; as well as improve the consistency, transparency and accountability of decisions (dfat.gov.au/about-us/publications/Pages/environmental-social-safeguard-policy-for-the-aid-program.aspx).

FIGURE 9 OVERSEAS DEVELOPMENT ASSISTANCE



OUR PERFORMANCE IN 2017–18

In 2017–18 we delivered an estimated \$3.7 billion of official development assistance (ODA) and achieved strong results across all priority areas. We implemented aid investment plans for 25 country and regional programs in line with partner government priorities.

The Performance of Australian Aid report for 2017–18 will be published in early 2019 and will provide comprehensive information on results across the program.

In March the OECD Development Assistance Committee released its peer review of Australia's aid program. It recognised Australia's advocacy for the interests of small island developing states in the Pacific region and provided a positive assessment of the aid program. It also highlighted our strong approach to gender and performance measurement.

The report made a number of recommendations, including on aid volume, the environment and climate change, the SDGs and our aid capability. These recommendations are being considered.

Our priority sectors

Our aid program has six policy priorities. We are working with partner governments to improve governance, education and health, and to enhance productivity in agriculture, fisheries and water. We have a strong focus on infrastructure and aid for trade, as trade drives growth and job creation. We promote gender equality, social and economic participation for the most disadvantaged, including women and girls, indigenous people and people with disability. We are building resilience through investments in humanitarian assistance, disaster

risk reduction and social protection (see p. 105). Recognising that climate change poses a threat to development, we are increasingly tackling climate change across our aid program priorities (see p. 81).

The department provided an estimated \$456.1 million during the year to help partner countries respond to **health** needs and strengthen regional health security (SDG 3: good health and well-being). We supported 30 medical teams to visit 11 Pacific countries where they conducted 2,543 medical consultations and 594 operations.

Our assistance helped improve and embed in government the functioning of the Health Equity Fund system in Cambodia. This system subsidises health care for the poorest Cambodians, with health care provided for 2.64 million cases in 2017, an increase of 340,000 from 2015. We also improved the skills and knowledge of 200 health workers, scientists and researchers across 18 provinces in Papua New Guinea, and strengthened laboratory systems, diagnosis and treatment in the fight against malaria.

In October the Minister for Foreign Affairs launched the \$300 million Regional Health Security Initiative. This included establishing the Indo-Pacific Centre for Health Security. It will support research, strengthen partnerships and improve the capacity of regional health systems to help prevent

epidemics, strengthen early detection and support rapid, effective responses to disease outbreaks.

Building human capital is essential for countries to realise their economic potential. We invested an estimated \$654.2 million during the year to improve access to equitable, quality **education** (SDG 4: quality education), including scholarships. For example, in Kiribati we helped build a more capable and qualified workforce by investing in the Kiribati Institute of Technology and equipping students to take advantage of opportunities under Australia's new Pacific Labour Scheme. Through Australia's role on the Board of the Global Partnership for Education, we helped establish the Multiplier Fund to leverage additional investment for education in 65 developing countries. Within six months of its rollout, the fund had unlocked an additional USD325 million for education.

We also invested an estimated \$682.9 million during the year to improve the region's **governance**. Better public policy, improved financial management and more accountable and transparent government helps create rules-based and stable investment environments. We supported Indonesia to improve business regulation and practices, making it easier for the private sector to grow.



Deputy Head of Mission, Pohnpei, Eliza Woolcock, and Senior Program Designer, Suzanne Gallen, at the Micronesian Women's Conference in Majuro—funded by Australia's Pacific Women Shaping Pacific Development Project [DFAT]

Improvements in the business environment helped Indonesia advance 19 places in the World Bank's 2017 Ease of Doing Business rankings.

During the year we invested an estimated \$593.1 million in **infrastructure** to improve the investment environment and leverage private sector funding (SDG 9: industry, innovation and infrastructure). For example, our membership of the Private Infrastructure Development Group harnessed Australian expertise to help deliver hydropower in Northern India.

We contributed an estimated \$248.3 million for **agriculture, fisheries and water** by strengthening markets, improving productivity and promoting the sustainable use of resources (SDG 2: zero hunger and SDG 6: clean, water and sanitation). In Fiji we invested in storage depots for agricultural goods, as well as flood- and cyclone-proof shelters for seedlings. These initiatives help farmers replant damaged crops and get back to production faster.

Across the aid program, we spent \$1.3 billion* on investments that helped promote **gender equality and women's empowerment** (SDG 5: gender equality). Gender equality remains a priority issue across the Indo-Pacific. For example, through the Australia–Indonesia Partnership for Gender Equality and Women's Empowerment—better known as MAMPU—we have helped over 50,000 women to gain a voice through established community networks since 2014. These networks are pivotal in influencing government decisions that benefit women on a large scale. MAMPU local partners advocate for women's issues at national and sub-national levels in almost 1,000 villages across Indonesia where three million women and girls live. Through Australia's support, these women have not only gained access to essential government services, but are being empowered to act as agents of change themselves.

Our Gender Equality Fund (\$55 million in 2017–18) continues to achieve results in the Indo-Pacific in:

- enhancing women's voices in decision-making, leadership and peace-building
- promoting women's economic empowerment
- ending violence against women and girls.

The fund contributed to a Pacific Women Shaping Pacific Development investment of \$40.9 million in 2017–18 (\$16.5 million from the Gender Equality Fund) to support Pacific women into leadership roles at the community, provincial and national levels. This includes support, through the United Nations Women Markets for Change project, for over 400 women to join market vendor associations in Fiji, Solomon Islands and Vanuatu, helping them increase their bargaining power and influence how markets are managed and made safe.

Leveraging multilateral and private sector engagement

We worked closely with Treasury to secure in-principle agreement for Australia's contribution to a USD13 billion capital increase at the World Bank, our largest multilateral development partner. This will significantly expand the bank's lending power over the next decade. The World Bank President said the agreement amongst the 189 shareholders demonstrated confidence in global cooperation and the rules-based order.

Efforts are continuing to ensure the World Bank and Asian Development Bank (ADB) meet their commitment to increase financing to Pacific island countries. For example, we helped develop and implement World Bank and ADB projects to build new and better roads in Papua New Guinea, and to deliver new energy projects in Samoa, Solomon Islands and Tonga.

Our support for UNICEF, United Nations Women and the Office of the High Commissioner for Human Rights helped these organisations to continue work protecting and improving gender equality, children's education and freedom of expression. We supported reform efforts that encourage United Nations agencies to work more collaboratively on sustainable development, humanitarian and economic programs.

The private sector is an essential partner. With the majority of the world's capital under private control, engaging the private sector is key to promoting economic development. We collaborated with business in The Business Partnerships Platform to address challenges in the region. We initiated 10 new partnerships

* This figure has been adjusted due to introduction of the 2016 OECD-DAC Minimum Requirements for the gender policy marker and is not comparable with figures reported in earlier years. This figure excludes core payments to multilateral organisations, departmental costs of running the aid program and the Australian ODA delivered by other government agencies.

during the year, supported by \$4.3 million and matched with \$5.9 million from partners. These included projects in Sri Lanka where we partnered with Dialog Axiata and Ernst and Young to provide mobile savings and payment technology to rural villages in the north of the country.

The Australian NGO Cooperation Program provided an estimated \$128.8 million to 57 NGOs to support more than 450 projects in over 50 countries during the year. These projects were across a range of sectors including education, health, water and sanitation, food security, civil society and economic development.

Australian Aid: Friendship Grants

We are leveraging civil society’s skills, expertise and experience to increase the impact of our aid program and project a positive image of Australia in our region. For example, we collaborated with accredited Australian NGOs, Australian volunteers, and more than 100 community organisations across Australia to develop the \$10 million Australian Aid: Friendship Grants program. These grants will support community organisations to expand and enhance international development activities in our region.

FIGURE 10 AUSTRALIAN VOLUNTEERS PROGRAM



FIGURE 11 AID PROGRAM HIGHLIGHTS

**INDONESIA**

Improved access to water and sanitation for over **320,000** people

**PAKISTAN**

Facilitated **USD10 million** in additional market transactions directly benefiting **22,800** poor people and their families and providing **USD17 million** in additional income

**TIMOR-LESTE**

Supported teacher mentoring for **327** school leaders across **228** schools

**AFGHANISTAN**

Supported training for **3,766** police officers, **294** judges and **554** prosecutors on gender-based violence responses

**MYANMAR**

Provided **192,586** students (**54 per cent** girls) with stipends to enable them to continue their education

**PAPUA NEW GUINEA**

Supported better management of drug-resistant TB cases; the percentage of people completing treatment rose from **65 per cent** in 2014 to **99 per cent** in 2017

**COOK ISLANDS**

Supported educational programs that helped increase primary English literacy rates by **11 per cent**

**REPUBLIC OF MARSHALL ISLANDS**

Funded a new salt water reverse osmosis plant, providing a reliable supply of fresh water to the Marshall Islands' second-largest urban area



SOLOMON ISLANDS

Supported improved access to primary healthcare services across **10** provinces with over **15,000** children immunised in 2017



SOMALIA

Provided life-saving food, water, shelter, sanitation and health services to over **395,000** Somalis, many of whom were facing the risk of famine



YEMEN

Provided food and nutrition support for over **16,000** children under five



LEBANON

Assisted **2,000** women survivors of sexual and gender-based violence, by strengthening medical services and providing case management, shelter and protection



PHILIPPINES

Provided life-saving humanitarian food assistance for **50,000** children and hygiene items and reproductive health support for **26,000** women and girls affected by the Marawi siege



CAMBODIA

Cleared **22km²** of landmines, making land available for housing, agriculture and other social and economic development



SAMOA

Improved electricity price predictability in **35,000** households by installing meters to help monitor usage



VANUATU

Supported over **6,000** women and children survivors of violence to receive counselling and legal services

RESULTS

Performance criteria	Result	Source
<p>Detailed reporting against the performance framework, including individual program and investment performance, and multilateral replenishments, will be published annually in the Performance of Australian Aid report.</p> <p>Report—Performance of Australian Aid</p>	 Met	<p>PBS 2017–18 Program 1.2, p. 32</p> <p>PBS 2017–18 Program 1.3, p. 33</p> <p>Corporate Plan 2017–18</p>
<p>Achieving significant development results and demonstrated organisational effectiveness, including progress towards the strategic targets.</p> <p>Case studies:</p> <p>1. TOMAK—Farming for Prosperity</p> <p>2. Tupaia</p> <p>3. Aid for Trade</p>	 Met (achieving significant development results)	<p>PBS 2017–18 Program 1.2, p. 32</p> <p>PBS 2017–18 Program 1.3, p. 33</p> <p>Corporate Plan 2017–18 p. 16</p>
<p>Aid program performance reports against country and regional program objectives.</p> <p>Report</p>	 Met	<p>Corporate Plan 2017–18 p. 15</p>
<p>Identify and report on Annual Aid Evaluation Plan.</p> <p>Report</p>	 Met	<p>Corporate Plan 2017–18 p. 16</p>
<p>Ongoing review of progress on implementation measures for more effective and efficient aid program delivery.</p> <p>Review</p>	 Met	

DETAILED REPORTING AGAINST THE AID PERFORMANCE FRAMEWORK WILL BE PUBLISHED ANNUALLY IN THE PERFORMANCE OF AUSTRALIAN AID REPORT

Each year the department publishes a Performance of Australian Aid report as part of the aid program's performance framework. This report:

- assesses performance and results
- reviews implementation progress for the government's policy and performance framework
- updates 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 fourth of these reports—Performance of Australian Aid 2016–17 (dfat.gov.au/about-us/publications/Pages/performance-of-australian-aid-2016-17.aspx)—was published in May 2018. The 2017–18 report will be published in early 2019.

These reports are quality assured by the department's Office of Development Effectiveness and overseen by the Independent Evaluation Committee.

ACHIEVING SIGNIFICANT DEVELOPMENT RESULTS AND DEMONSTRATED ORGANISATIONAL EFFECTIVENESS, INCLUDING PROGRESS TOWARDS THE STRATEGIC TARGETS

Progress on meeting the strategic targets

Making Performance Count identified 10 strategic targets to ensure the aid program is well managed, achieving value for money and delivering on the key priorities outlined in the government's aid policy: *Australian aid: promoting prosperity, reducing poverty, enhancing stability*.

To date nine of the 10 targets have been achieved. The target on increasing aid for trade investments to 20 per cent of the aid budget by 2020 was achieved ahead of its target date (see case study). With the release of the White Paper and achievement of nine targets to date, a review of the targets is being undertaken.

Strategic target 4: More than 80 per cent of investments, regardless of their objectives, will effectively address gender issues in their implementation

This strategic target tracks the integration of gender equality throughout the aid program. It measures the percentage of Australian aid investments that are effectively addressing gender equality issues each year during their implementation. This is assessed through satisfactory or above ratings in an annual aid quality check process.

Meeting the target is challenging. With 2017–18 performance at 75 per cent, we fell short of the target because of persistent difficulties, including assessing external technical support for early and ongoing implementation and monitoring of commitments. This is particularly acute in complex macro policy and reform partnerships.

Our desire to use local partners, or work in fragile and conflict-affected settings can limit the choice of partners with adequate gender equality capability.

We have initiated actions to improve performance on gender equality for new and existing investments. This action is endorsed and monitored by the department's senior management.

CASE STUDY

TOMAK—FARMING FOR PROSPERITY



Farmers in Bobonaro are improving their production of onions so more local onions are produced and sold in Timor-Leste [TOMAK/Lewti Hunghanfoo]

TIMOR-LESTE HAS ACHIEVED SIGNIFICANT PROGRESS SINCE INDEPENDENCE IN 2002. THE NUMBER OF PEOPLE LIVING IN POVERTY HAS FALLEN FROM 50 PER CENT IN 2007 TO 42 PER CENT IN 2014.

There are still major challenges, particularly in rural areas where most people live (75 per cent of the population or 137,000 households). Malnutrition is a serious problem, with stunting rates amongst the highest in the world. Seventy-five per cent of rural households grow only enough to eat and have limited opportunity to earn an income from their farm.

We are improving nutrition, food security and commercial farming outcomes through our agriculture program To'os ba Moris Diak or Farming for Prosperity (TOMAK). TOMAK works with communities to stimulate demand for more diverse diets

by improving nutrition-related knowledge. To improve commercial farming, TOMAK helps farmers increase production and sell their products. This work improves health outcomes and helps support more resilient households which can earn an income from the food they grow. There is a strong focus on gender and ensuring women benefit from the program.

TOMAK works closely with communities and households to help them understand nutrition and how to source a better diet. The program works through local partners to help people understand why a diverse and nutritious diet is important, and to encourage them to eat more healthily. TOMAK promotes household production of chicken, pigs and fish, and teaches people to establish home gardens. This helps households produce more nutritious food like leafy green vegetables, carrots, pumpkin, sweet potato and others. Improved food and seed storage techniques help reduce food losses and prevent disease.

TOMAK uses demonstration plots to trial and show better ways to grow crops that can make money and improve nutrition outcomes. Since TOMAK started in 2016, 64 demonstration plots have been set up, mainly showing how to grow shallots, red rice, mung beans and peanuts. Early results show that there have been higher yields, better quality and a more uniform harvest. This means less labour and fewer harvests, saving time. Over 1,000 farmers have been trained in better ways to grow food.

CASE STUDY TUPAIA

THE INNOVATIONXCHANGE (IXC) ENABLES US TO HARNESS NEW IDEAS, PARTNERS AND RESOURCES SO WE CAN DELIVER OUR AID PROGRAM MORE EFFECTIVELY. BETTER HEALTHCARE SERVICES, IMPROVED PROSPERITY AND GREATER REGIONAL SECURITY ARE SOME OF THE BIG OUTCOMES FROM AN IXC INITIATIVE CALLED TUPAIA.

Given the geographic complexities of the Pacific, ensuring that each remote island has adequate medical supplies is a major challenge. But imagine if you could bring the Pacific islands closer together and track the availability of life-saving medication across the region with the click of a button. Tupaia—a mobile-enabled web platform—gives access to information on medical services and supplies available at health facilities in the Pacific, and helps

health care decision makers to direct resources appropriately.

Tupaia has already achieved great success and with Australia's support it will soon track the availability of medical supplies across the entire region, expanding its coverage to six countries.

Tonga recently used Tupaia's real-time mobile data to assess damage to medical facilities from Cyclone Gita. In Timor-Leste, Tupaia is helping track availability of essential medicines at the national level, improving previous efforts by more than 20 per cent. These results will get better as the platform becomes more widespread.

Tupaia is supported by the Australian Development Accelerator, managed by the iXc. It won the 2018 Public Sector Innovation Award in the Digital Data category.

CASE STUDY AID FOR TRADE

IN 2014 THE AUSTRALIAN GOVERNMENT COMMITTED TO 10 STRATEGIC TARGETS IN THE AUSTRALIAN AID PROGRAM, INCLUDING INCREASING AID FOR TRADE INVESTMENTS FROM 12.9 PER CENT TO 20 PER CENT OF THE TOTAL AID BUDGET BY 2020.

In 2016–17 the 20 per cent target was surpassed and reached 23.3 per cent¹. It is expected to remain at around 22.4 per cent of the aid budget in 2017–18.

Aid for trade is about helping developing countries address their internal constraints to trade, such as burdensome regulations, poor infrastructure and lack of workforce skills. Through access to larger markets

and by fostering competition, innovation and entrepreneurship, trade is crucial to creating jobs and boosting household incomes and government revenue. No country has achieved high and lasting growth without participating in international trade. Evidence also shows that trade positively affects incomes—an increase in the volume of trade of 10 per cent can raise per capita income by over five per cent.

The White Paper and the 2030 Agenda for Sustainable Development also support aid for trade. The initiative captures Australia's determination to reduce poverty and promote sustainable development in the

1 On 20 June 2017 the OECD DAC made the determination that 85 per cent of the work undertaken by the Asian Infrastructure Investment Bank (AIIB) would be classified as ODA eligible. The increase in the aid for trade expenditure reflects the inclusion of a proportional allocation of Australia's contribution to AIIB.

Indo-Pacific. Helping developing country partners to become prosperous serves Australia's interests, as it fosters peace and security in the region and contributes to increased two-way trade.

Investments in aid for trade have resulted in real and significant impacts on the lives of the poor. In 2017 our partnership with the ADB's Trade Finance Program enabled USD4.5 billion in transactions, benefiting nearly 3,000 small and medium-sized enterprises in developing countries throughout the region. Without Australia's contribution, the Trade Finance Program would not have expanded into the Pacific and implemented gender-inclusive initiatives in several countries.

The department worked with the World Bank to assist more than 60 developing countries cut red tape when moving goods across the border. In Timor-Leste for example, processing times at Dili port were reduced from 16 to nine days, lowering that country's costs of trading and strengthening links to global markets. Australia also partnered with the World Intellectual Property Organization to help Bangladesh, Nepal and Sri Lanka to navigate global copyright rules. This included providing tools such as e-books, which allowed 35,000 visually impaired students to access educational materials.

The 2018 OECD review of Australia's aid program recognised Australia's strong policy coherence in implementing its trade and development agendas (oecd.org/dac/peer-reviews/peer-review-australia.htm).

REPORT

AID PROGRAM PERFORMANCE REPORTS AGAINST COUNTRY AND REGIONAL PROGRAM OBJECTIVES

For country and regional aid programs, our performance is assessed each year and published in an aid program performance report (APPR). All APPRs are peer reviewed and approved by senior management. The department's Office of Development Effectiveness (ODE) also conducts an annual independent quality review. Judgements about performance are made against program objectives contained in Aid Investment Plans, which capture national interest goals for each country or regional program. In September we published 26 APPRs covering performance in 2016–17 (dfat.gov.au/about-us/publications/Pages/aid-program-performance-reports.aspx).

These reports confirmed the majority of program objectives were on track. Progress was not as high in the Pacific as in other regions, reflecting the challenging development context with populations spread across remote areas making delivering services difficult. Economic shocks and natural disasters add to these challenges. 2017–18 APPRs will be published in September 2018. Publication of these reports forms part of our commitment to transparency and accountability in the management of the aid program.

REPORT

IDENTIFY AND REPORT ON ANNUAL AID EVALUATION PLAN

Robust evaluations are an important part of our performance management system, ensuring we deliver a high-quality aid program. Evaluations provide evidence and lessons to:

- underpin aid expenditure
- support an organisational culture focused on innovation and continuous learning
- credibly demonstrate the achievements of the aid program
- strengthen program management
- contribute to addressing accountability obligations.

Under our Aid Evaluation Policy, country, regional and thematic aid programs are required to identify and complete an agreed

number of independent evaluations each year. Evaluations focus on the highest priority issues facing each program. Strong governance arrangements ensure the quality of evaluations and their management responses.

In March we established an annual aid evaluation plan (dfat.gov.au/aid/how-we-measure-performance/ode/Pages/annual-aid-evaluation-plan.aspx) which committed to 46 development assistance evaluations over the year. Due to changing priorities, the availability of evaluators, and partner delays on joint evaluations, a revised plan of 43 evaluations was finalised for 2017; 95 per cent were published by 31 December 2017.



First Secretary Simon Buckley using a mine detector at the mine detection training zone in Battambang Province, Cambodia, during a donor field visit [DFAT/Tep Ly]

REVIEW

ONGOING REVIEW OF PROGRESS ON IMPLEMENTATION MEASURES FOR MORE EFFECTIVE AND EFFICIENT AID PROGRAM DELIVERY

Our ongoing internal review process helps us improve the effectiveness and efficiency of aid delivery. Our focus in 2017–18 was across six areas:

- Further strengthening strategic clarity by issuing revised guidance for the next generation of bilateral aid investment plans
- Enhanced governance arrangements to strengthen oversight and accountability by establishing a new aid governance board
- Better and more efficient ways to design investments by piloting an internal assurance unit to appraise projects that are considered high risk or are over \$100 million
- Improving performance culture by strengthening systems for annual project review and investment in quality check moderators. A process for refreshing the government's 10 strategic targets is underway
- Augmenting and protecting aid management skills and experience by developing a workforce plan for building and maintaining aid management and international development capability
- Learning lessons from across the public sector by trialling dedicated 'senior responsible officers' for major investments. We established an agreement management unit to support geographic programs developing tools for suppliers and staff.

ENHANCING AUSTRALIA'S INFLUENCE

OVERVIEW AND ANALYSIS

OUR OBJECTIVE IS TO LEVERAGE AUSTRALIA'S SOFT POWER ASSETS TO ADVANCE OUR NATIONAL INTERESTS, INFLUENCE AND REPUTATION.

SOFT POWER AND PUBLIC DIPLOMACY

Soft power is the ability to influence the behaviour or thinking of others through the power of attraction and ideas. It is a vital element of Australia's foreign policy. Australia's soft power assets include our land and people, our values and institutions, our economy, multicultural character, culture and sporting prowess. We can use these assets to persuade and influence the behaviour of other countries, foreign institutions, companies and individuals. Our interests are global but we focus our soft power on the strategically and economically vital Indo-Pacific region.

Many of Australia's soft power assets are outside the control of government. The strength and diversity of Australia's connections to the world mean that partnerships between all levels of government, and between the Australian Government and business and civil society, are essential to effective foreign policy.

The White Paper makes clear that in a globalised and contested world, a systematic approach to soft power is essential. To deliver this, the department is leading a whole-of-government review of Australia's soft power and influence, which will consider four broad themes:

- the nature of influence in the 21st century
- Australia's soft power assets and weaknesses
- the value of domestic and foreign partnerships
- what the Australian Government can do differently to maximise its soft power assets.

The review is expected to be finalised in early 2019.



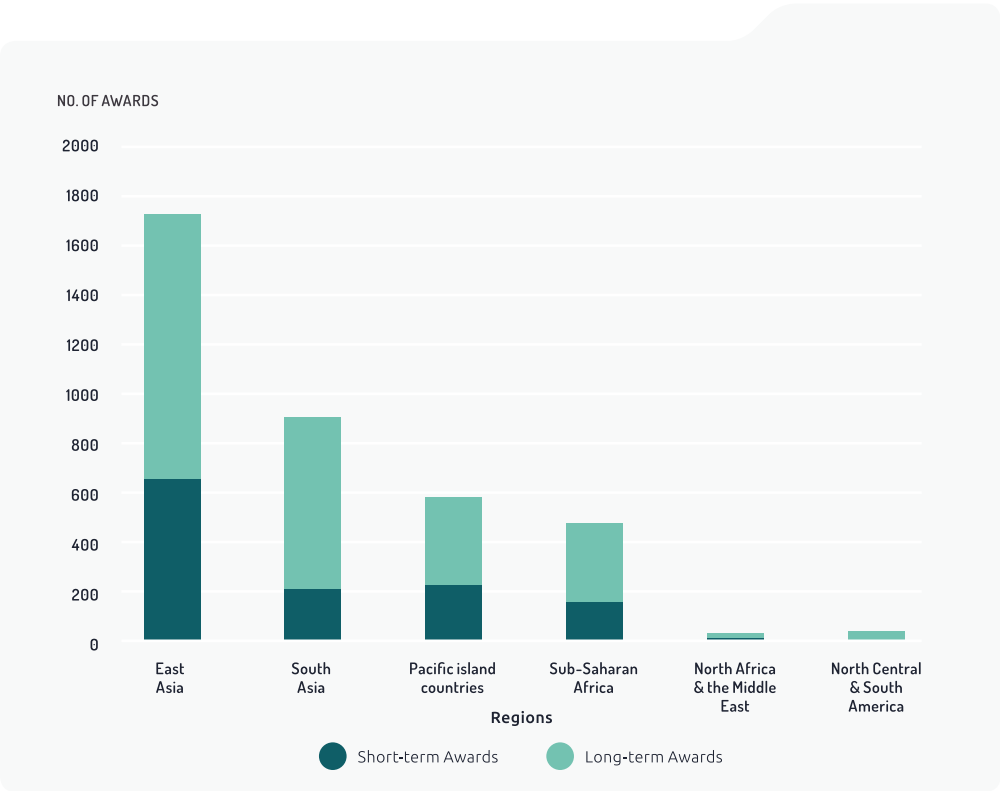
Indonesian composer Ananda Sukarlan and Australian Indigenous musicians Djakapurra Munyarryun and Kevin Yunupingu celebrate the rich history of both countries in an orchestral collaboration on 31 August at Teater Jakarta, Taman Ismail Marzuki [DFAT]

OUR ACHIEVEMENTS IN 2017-18

Over 2017-18 the department invested \$171.6 million in public diplomacy and soft power activities. These included global public diplomacy programs, inbound and outbound scholarship programs, and our rapidly expanding digital diplomacy presence.

Our Australia Awards scholarships continued to strengthen people-to-people links between Australia and the Indo-Pacific, and support development of future leaders. The department supported 5,100 continuing students and offered 4,031 new scholarships, fellowships and short courses to over 60 developing countries.

FIGURE 12 AUSTRALIA AWARDS



The Minister for Foreign Affairs launched the Australia Awards Women’s Leadership Initiative in September. This will build the capacity of Pacific scholars and alumni and help them fulfil their leadership potential, drive big ideas and reforms, and forge lasting connections with Australian leaders. In 2017-18, 37 scholars completed leadership and mentoring training in Canberra. Events in Sydney and Melbourne brought together established and emerging leaders from across the Pacific to discuss governance and ethical leadership, while 10 scholars attended the Global Summit of Women in Sydney in April.

Collaboration on cultural projects helps build Australia’s influence and strengthen our reputation as a culturally rich and diverse society. This year we delivered successful *Australia now* showcases in Germany and Japan. An external evaluation indicated the increase in resources and brand exposure *Australia now* brings is a significant strength and a good platform to promote Australia as a contemporary, innovative and diverse nation, opening markets and business opportunities for Australian companies.

G'Day USA and First 100 years of Mateship

The department delivered the 15th annual G'Day USA to promote the best of Australia in the world's most dynamic market. In 2018 G'Day USA hosted events in Los Angeles, San Francisco, New York, Washington DC and Austin Texas, spanning foreign policy, defence, trade, tourism, investment, performance and large public promotions. The Ministers for Foreign Affairs and Trade, Tourism and Investment anchored G'Day USA events in Los Angeles. The initiative is supported by a diverse and growing number of Australian and United States businesses, academic institutions and not-for-profit organisations.

In parallel to G'Day USA, the Australian embassy in Washington led the First 100 years of Mateship program honouring Australia and the United States' rich history of partnership in war and peace. Anchored by the commemoration of the 75th anniversary of the Battle of the Coral Sea and the centenary of the Battle of Hamel (in which Australian and United States forces first fought side by side), the program promoted to influential United States audiences the depth of Australia–United States collaboration. Through our embassy's partnership with the National Governors Association, the program also helped catalyse new relationships and opportunities for both countries.

Australia is recognised globally as a high-performing and passionate sporting nation. The department's \$6 million Sport for Development Program promoted the value of sport in improving health, social participation and women's empowerment across the Indo-Pacific. The department also highlighted Australia's expertise in sports and event management through a series of events in the margins of the Gold Coast Commonwealth Games.

Smart Volunteering Campaign

The Smart Volunteering Campaign (dfat.gov.au/smartvolunteering) discourages Australians from engaging in short-term, unskilled volunteering in overseas orphanages, and provides guidance on how to be a child-safe volunteer.

Launched on 1 March by the Minister for Foreign Affairs and the Minister for Education and Training, the campaign is raising awareness of how holiday tours and short-term unskilled volunteering at orphanages can encourage harmful practices and put vulnerable children at risk.

The department leveraged its relationships with business, civil society and non-government organisations to promote the campaign, including through the Smartraveller network, at travel expos and other travel industry networks.



Dancers from the Thai Ministry of Culture perform a Thai mask dance at the Sydney Opera House on 28 August [DFAT]

PROTOCOL SERVICES













We value our links with over 7,000 members of the diplomatic corps, the consular corps, the United Nations and international organisations based in Australia.

The Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations set out principles and rules for the standard, minimum treatment of diplomatic representatives. We take our responsibilities under these conventions seriously and our compliance ensures Australian diplomatic representatives receive appropriate treatment overseas.

Showcasing Victoria's creative economy

Australia's creative excellence is a national strength, a driver of economic growth and an asset that builds understanding, deepens trust and amplifies Australia's international reputation and influence. Creative industries contribute \$23 billion to Victoria's economy each year and support around 250,000 jobs. They generate \$1.4 billion in exports and \$1 billion in cultural tourism. In 2017–18 the department's Victoria state office showcased the state's creative economy to consular representatives from 39 countries through five programs highlighting design, architecture, visual arts, livability, performing arts, screen and digital games. The tours reinforced Australia's reputation as a culturally rich and diverse society and helped boost collaboration between the institutions visited and countries represented.

RESULTS

Performance criteria	Result	Source
More Australian undergraduates supported to study and intern in the Indo-Pacific region. Review	 Met	
New Colombo Plan participants build relationships in the region and promote the value of the New Colombo Plan experience. Review	 Met	PBS 2017–18 Program 1.6 p. 36
Universities, the private sector and partner governments support the implementation of the New Colombo Plan. Review	 Met	
Alumni are engaged through networks that foster professional development and ongoing connections with the region. Review	 Met	
The overall effectiveness of our public diplomacy efforts to further Australia's interests and build Australia's international influence, through global surveys and indices such as the Portland Soft Power 30. Review	 Met	
Inform and influence media reporting on Australia. The effectiveness of the International Media Visits program to inform and influence reporting on Australia, as measured by the number and quality of media reports generated by each visit. Review	 Partially Met	PBS 2017–18 Program 1.7 p. 37
The management of domestic and international media enquiries, by volume and timeliness. Review	 Met	Corporate Plan 2017–18 p. 17
Ongoing implementation of our <i>Digital Strategy</i> to ensure high-quality stakeholder engagement, using quantitative measures including the number of accounts and followers; plus qualitative measures including international and community perceptions of Australia's digital diplomacy (e.g. the annual State of Digital Diplomacy report). Review	 Met	
Implementation and effectiveness of our <i>Public Diplomacy Strategy 2014–2016</i> . Evaluation	 Partially Met	Corporate Plan 2017–18 p. 17
Responsiveness to requests for diplomatic visas and accreditations for corps members and their dependants. Review	 Met	Corporate Plan 2017–18 p. 22
The diplomatic and consular corps' satisfaction with the delivery of protocol services, including privileges and immunities. Review	 Met	PBS 2017–18, Program 1.1, p. 31 Corporate Plan 2017–18 p. 22
The engagement of the diplomatic corps in departmental and ministerial advocacy opportunities. Review	 Met	Corporate Plan 2017–18 p. 22

REVIEW

MORE AUSTRALIAN UNDERGRADUATES SUPPORTED TO STUDY AND INTERN IN THE INDO-PACIFIC

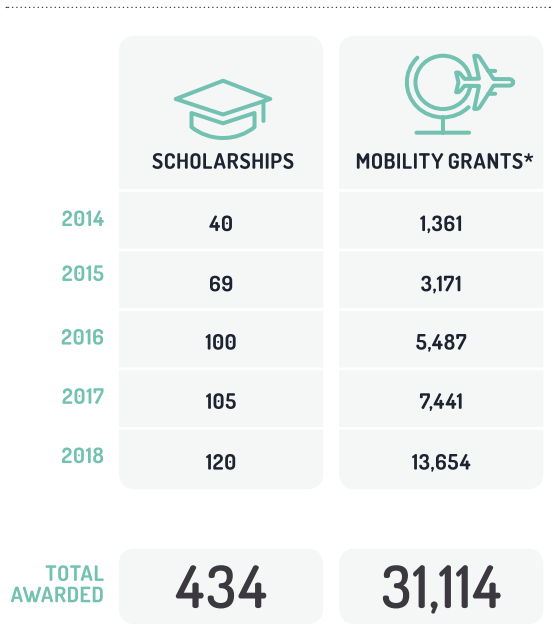
The New Colombo Plan (NCP) is a scholarship program providing internships, mentorships and study for up to one year. As well as educating the world’s future leaders, the program deepens Australia’s relationships in the region and expands university, business and other links.

The NCP enhanced understanding of the Indo-Pacific region in Australia by supporting our students to study and intern across the region. In 2018 the NCP reached its full scale

after four years of rapid growth. A total of 13,654 mobility grants were awarded—up from 7,441 in 2017—and 120 scholarships—up from 105 in 2017.

In November NCP recipient Miles Archibald was named the inaugural NCP–QBE Indigenous Fellow for the top-ranked Indigenous scholar. Miles is the fifth Indigenous scholar under the NCP to date and will receive enhanced mentoring and professional development.

FIGURE 13 NEW COLOMBO PLAN STUDENTS



*Mobility student numbers are subject to amendment by Australian universities.

FIGURE 14 NEW COLOMBO PLAN DESTINATIONS

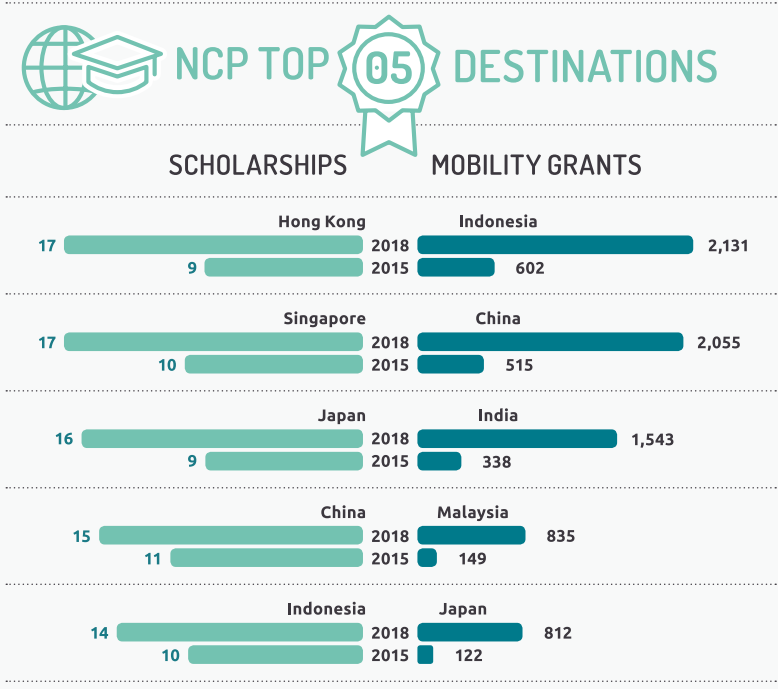


FIGURE 15 NEW COLOMBO PLAN DIVERSITY

IN 2017 THE NCP LAUNCHED TWO INITIATIVES TO ENCOURAGE GREATER PARTICIPATION BY INDIGENOUS STUDENTS:

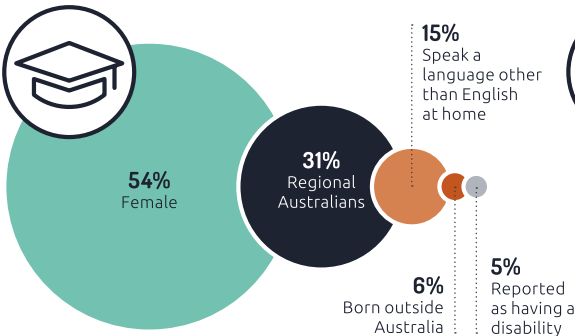


The introduction of the Indigenous Fellow for the top-ranked Indigenous scholar.

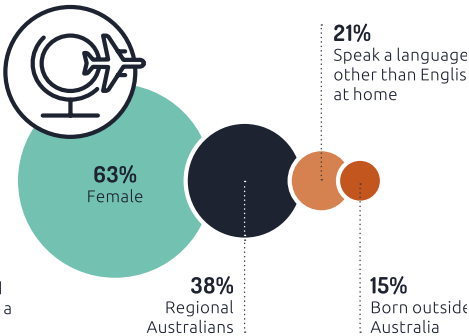


The appointment of an Indigenous New Colombo Plan Alumni Ambassador.

NCP Scholarship diversity:



NCP Mobility Grant diversity:



REVIEW

NEW COLOMBO PLAN PARTICIPANTS BUILD RELATIONSHIPS IN THE REGION AND PROMOTE THE VALUE OF THE NCP EXPERIENCE

The NCP created new people-to-people links during the year by supporting Australian undergraduates to study and intern in 37 countries.

NCP internships and mentorships enhance students' skills in real life situations, build cross-cultural competencies and improve their employability. Surveys conducted by the Australian Survey Research Group show that by June 2018, all NCP scholars and 99 per cent of NCP mobility students had improved their knowledge and understanding of the country in which they had studied.

Ninety-four per cent of scholars and mobility students surveyed indicated they were better prepared to engage with the Indo-Pacific region following their in-country work-based NCP experience. Seventy-six per cent of scholars said a professional opportunity had arisen from their work-based experience.

Gina Zheng was the first NCP fellow in Papua New Guinea. She co-founded a leadership training program that supported gender equality during her studies at Divine Word University in Madang. 'The New Colombo Plan solidified my professional interest in sustainable development, youth and women's empowerment in the Melanesian region', she says.

Alumni promoted their NCP experiences at 96 events during the year, targeting business, academia and community leaders. They also used social media channels and student and professional networks. Their advocacy increased engagement by undergraduates in the program and expanded private sector support. Business, think-tanks and foundations have delivered or engaged in professional development activities with NCP alumni.

REVIEW

UNIVERSITIES, THE PRIVATE SECTOR AND PARTNER GOVERNMENTS SUPPORT IMPLEMENTATION OF THE NEW COLOMBO PLAN

Forty Australian universities participated in the NCP during the year, building new networks and broadening partnerships with institutions across the region. In February Universities Australia chair Margaret Gardner described the NCP as 'one of the big boons' in 'the massive increase in the number of Australians who go overseas for a study or work experience as part of their degree', including 'students who would not have the capacity to fund themselves'.

The Australian business community is an essential NCP partner. More Australian businesses participated in the program in 2017–18, reflecting growing recognition of the value of a workforce with practical experience of the Indo-Pacific. We appointed an additional 14 business champions in December—bringing the total to 32—to promote the NCP across their networks. NCP Business Champions play an important role in promoting the value of regional study to students' career prospects and in fostering business engagement with the NCP.

In March in Beijing, NCP Business Champion and Australia Post CEO Christine Holgate told an audience of Chinese and Australian business leaders that 'each NCP scholar's share price is really high—they're so valuable to employers in Australia or China (and)... to our countries, building people-to-people linkages that form our strongest bonds.'

The NCP continues to draw positive feedback from Indo-Pacific leaders. This includes ASEAN leaders and foreign ministers who attended a special NCP reception at the ASEAN–Australia Special Summit in Sydney in March. At the reception His Excellency Saleumxay Kommasith, Minister of Foreign Affairs of the Lao Peoples Democratic Republic (and Australia Awards alumnus from Monash University) said the NCP 'demonstrates the strong education and people-to-people ties between ASEAN and Australia, which will only further strengthen the ASEAN–Australia strategic partnership towards shared prosperity'.

REVIEW

ALUMNI ARE ENGAGED THROUGH NETWORKS THAT FOSTER PROFESSIONAL DEVELOPMENT AND ONGOING CONNECTIONS WITH THE REGION

Australia’s global alumni (over 2.5 million) are highly talented, internationally mobile and empowered by their world-class Australian education. Since the 1950s more than 90,000 international students have received an Australian Government scholarship to study in Australia. Outbound education for Australians through the NCP is equally valuable, with a rapidly growing alumni cohort (more than 14,000) with Indo-Pacific experience, language skills and understanding.

We advanced implementation of the Australia Global Alumni Engagement Strategy (2016–2020) to grow a global alumni community that engages with the region, promotes Australia and advances our national interests, especially in the Indo-Pacific.

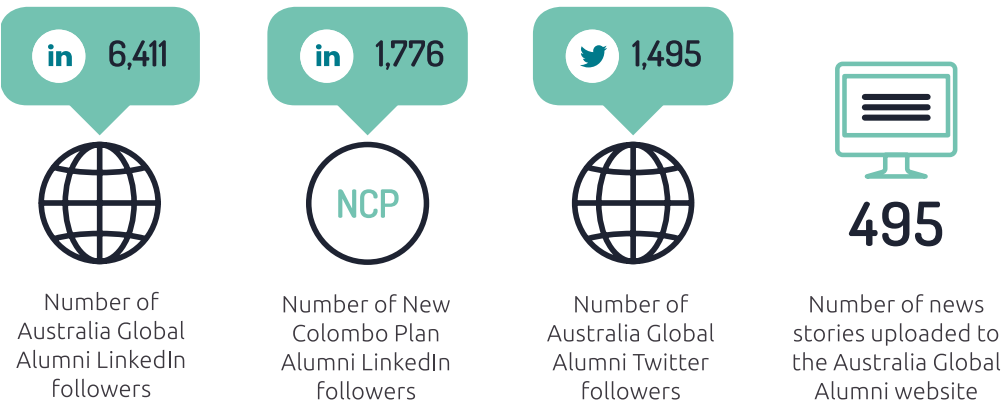
During the year we built on the strong foundation of alumni engagement established by our posts and state offices through three strategic actions—connect, mobilise,

celebrate—to engage with alumni who are current and emerging leaders. This included connecting through social media networks and mobilising participation in activities such as policy and trade dialogues, women’s leadership initiatives and business forums to maintain ongoing links between Australia and the region. We also celebrated alumni achievements through profiles, publications and alumni excellence awards.

This engagement contributes to deeper and broader people-to-people links which:

- strengthened our diplomatic access and influence
- grew our trade, investment and business linkages
- promoted our capabilities and credentials in education, science, research and innovation
- showcased Australia as a contemporary, innovative and open society.

FIGURE 16 AUSTRALIA'S GLOBAL ALUMNI



Source: Australia Global Alumni Overview, May 2018.

REVIEW

THE OVERALL EFFECTIVENESS OF OUR PUBLIC DIPLOMACY TO BUILD AUSTRALIA'S INTERNATIONAL INFLUENCE

The department's **public diplomacy** seeks to inform, engage and influence local and overseas audiences with an emphasis on shared exchange and partnership. Our objective is to build positive attitudes towards Australia and meaningful connections between cultures and people in ways that advance Australia's foreign policy agenda.

Our success in achieving this objective can be measured by a range of globally recognised surveys and indices. Australia is close to the top of most of those that measure soft power and is ranked:

- 10th and eighth respectively in the 2018 and 2017 Portland and USC Center on Public Diplomacy Soft Power 30 Index
- ninth in Monocle Magazines 2017–18 Soft Power Survey
- ninth in the 2017 Anholt–GfK Nation Brands Index
- sixth out of 25 surveyed countries for our diplomatic influence in the Lowy Institute's inaugural Asia Power Index (2018).



Second Secretary, Antony Lynch, spoke at the unveiling of Australian artist Guido van Helten's artwork in Hämeenlinna, Finland on 27 September [DFAT/Stockholm Post]

REVIEW

THE EFFECTIVENESS OF THE INTERNATIONAL MEDIA VISITS PROGRAM TO INFORM AND INFLUENCE MEDIA REPORTING ON AUSTRALIA

The department's International Media Visits program exposes influential overseas journalists to policies of strategic importance to Australia. It encourages accurate and informed overseas media reporting. In 2017–18 the department arranged 11 media visits for 66 journalists from 20 Indo-Pacific countries. Visits covered multicultural Australia, Australia's engagement with ASEAN countries, Australia's humanitarian response capabilities in the Pacific, creative industries, education, investment and trade. Our expenditure on the program was around \$530,000.

The August 2017 Multicultural Australia Visit highlighted the benefits derived from the program. Eight Indo-Pacific journalists travelled to Australia as part of the program and heard a broad range of perspectives, including from NSW Multicultural Minister Ray Williams; the Australian Human Rights Commission; Inner West Council; Amnesty International; the Sydney Institute; and a

diaspora of communities and refugees. Journalists were able to form views about migration policies and modern multicultural Australia, which were reflected in the 28 articles and 95 social media posts published during and after the visit.

One participant, Ms Aulia, published eight articles in Kompas, Indonesia's highest-selling daily newspaper which has an online readership of 3.4 million. Her reporting has informed the Indonesian community about modern multicultural Australia. Our overseas posts have observed that journalists who participate in the program have more interest in Australian issues, are better informed and are more responsive to subsequent engagement with the local Australian embassy or high commission.

REVIEW

MANAGEMENT OF DOMESTIC AND INTERNATIONAL MEDIA ENQUIRIES, INCLUDING BY VOLUME, TIMELINESS AND QUALITY

We managed 2,411 media queries from Australian and international outlets during the year and helped publish 503 media releases and statements for portfolio ministers and the department. The number of media queries and media releases were down in comparison to the previous year (2,994 and 510 respectively in 2016–17).

This decline reflects the increasing reach of, and information provided on, the department's online presence. Higher figures in previous years also reflect intense media interest in major events, including terror attacks and natural disasters.

Forty per cent of media queries concerned consular matters. High-profile cases generated significant media interest, as did the department's support for Australians affected by incidents overseas.

We implemented a new system to record our clearance and response times for media enquiries. In a sample dataset, 73.5 per cent of responses were cleared within departmental deadlines. The quality of media output was consistently accurate and appropriate, and feedback from stakeholders continued to be positive.

REVIEW

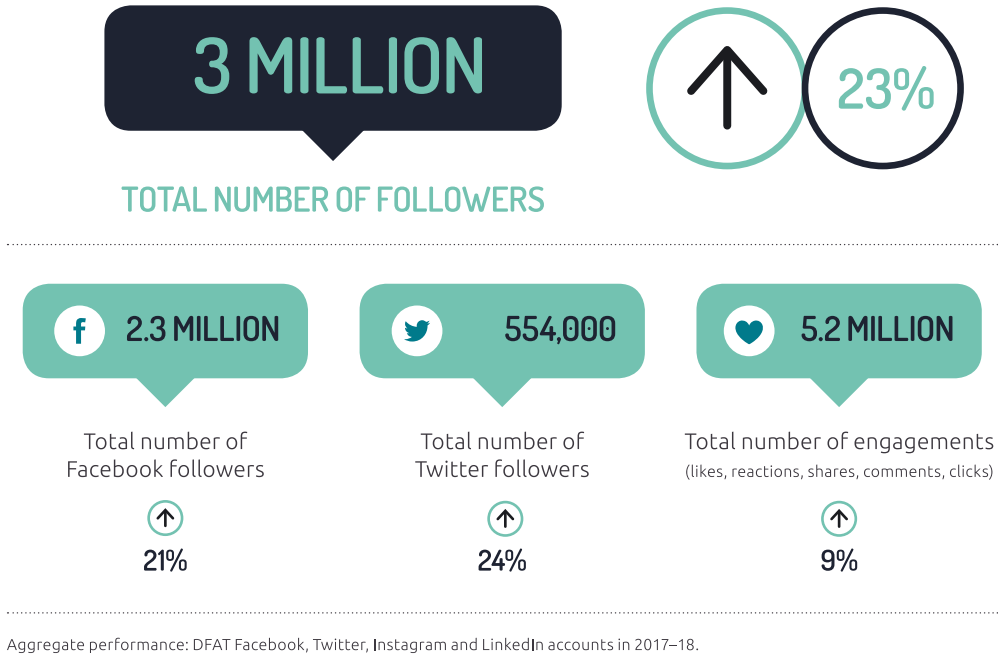
ONGOING IMPLEMENTATION OF OUR DIGITAL MEDIA STRATEGY TO ENSURE HIGH-QUALITY STAKEHOLDER ENGAGEMENT

We continued implementing the department's digital media strategy during the year, with every Australian embassy and high commission operating at least one account. Most heads of mission now have a Twitter presence, allowing them to engage directly with local audiences. Our total follower base across Twitter, Facebook, Instagram and LinkedIn increased 23 per cent during the year to three million people.

These channels helped promote discussion on Australia's engagement with the world, particularly the White Paper. The official hashtag #FPWhitePaper reached one million users on Twitter and more than 300,000 on Facebook, helping generate more than 9,200 written submissions during the consultation phase. A dedicated website using personal video storytelling conveyed the themes and ideas of the White Paper to a general audience, showing Australian foreign policy in action. The White Paper website has had over 289,000 page views since it launched in November 2017.

The Minister for Foreign Affairs used Skype to open the Australian embassy in Estonia in April 2018. This 'pop-up post' is staffed two months a year and uses social media to maintain a year-round virtual presence. Elsewhere we hosted Facebook Live sessions to support the NCP scholarships program and developed a suite of 'Did You Know' Smartraveller images to educate travelling Australians on local laws around the world.

FIGURE 17 SOCIAL MEDIA PRESENCE



EVALUATION

EVALUATE THE IMPLEMENTATION AND EFFECTIVENESS OF OUR PUBLIC DIPLOMACY STRATEGY 2014-16

Our Public Diplomacy Strategy 2014-16 was evaluated by a Deakin University research team at the end of 2017.

The strategy aimed to strengthen Australia's influence, reputation and relationships internationally and to establish a clear, creative and confident vision for Australia's international policy agenda. It was designed to ensure our national interests were reflected

and that the domestic understanding of the department's role improved.

The team evaluated implementation and effectiveness of key public diplomacy programs delivered under the strategy. Implementation of the recommendations and development of a new multi-year public diplomacy strategy have been postponed pending the completion of the review of Australia's soft power.



Deputy Head of Mission Phnom Penh, Ruth Stewart, promotes Australia's commitment to disability rights and services in Cambodia in a National TV talk show [DFAT/Tokyo Bak]

REVIEW

RESPONSIVENESS TO REQUESTS FOR DIPLOMATIC VISAS AND ACCREDITATIONS FOR CORPS MEMBERS AND THEIR DEPENDANTS

We take our responsibilities under the Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations seriously. We are committed to providing high-quality and efficient support services.

The department processed accreditation requests and visa applications within tight timeframes during the year to facilitate entry for foreign officials posted to missions and consulates in Australia. We also worked to ensure reciprocal treatment for Australian officials posted overseas. The department

arranged for 26 resident and non-resident heads of mission to present credentials to the Governor-General.

We helped open the embassy of Sudan (bringing the total number of resident diplomatic missions to 109), new consulates headed by career consuls for Hungary, Pakistan and Saudi Arabia (bringing the total of these to 102) and 14 consulates headed by honorary consuls (bringing the total number of these to 283).

TABLE 1 VISAS AND ACCREDITATIONS

	2015–16	2016–17	2017–18
Visas issued for the corps	3,009	3,061	3,081
Arrivals and departures processed	2,785	3,062	3,018
Identity cards issued	1,761	1,900	1,866
Exequaturs issued to new honorary consuls	25	18	33

REVIEW

THE DIPLOMATIC AND CONSULAR CORPS' SATISFACTION WITH THE DELIVERY OF PROTOCOL SERVICES, INCLUDING PRIVILEGES AND IMMUNITIES

Protocol services were consistently praised for their efficiency and effectiveness. This included services such as:

- protecting diplomatic premises and personnel in accordance with Australia's obligations under the Vienna Conventions on Diplomatic and Consular Relations
- facilitating airport clearances for visiting foreign dignitaries

- helping to arrange motor vehicle purchases, registrations and disposals.

Positive feedback was also received on the department's responsiveness to resolving issues linked to diplomatic privileges and immunities. The department negotiated additional bilateral dependant employment arrangements, which enhanced their access to employment in Australia while providing reciprocal benefits for dependants of Australian officials posted overseas.

TABLE 2 KEY PROTOCOL SERVICES

	2015–16	2016–17	2017–18
Airport facilitations	N/A	393	341
Motor vehicle purchases, registrations and disposals under privilege	1,015	1,063	1,131
Bilateral dependant employment arrangements	46	48	51

REVIEW

ENGAGEMENT OF THE DIPLOMATIC CORPS IN DEPARTMENTAL AND MINISTERIAL ADVOCACY OPPORTUNITIES

We enhanced engagement with the diplomatic corps through:

- briefings on important areas of policy, including the White Paper and Indigenous issues
- two targeted information sessions on key initiatives including the Square Kilometre Array project
- direct outreach undertaken through the annual Christmas and Ramadan functions.

These events have high attendance rates and are a valuable opportunity to gain insight into important policy areas.

Our advocacy also aimed to ensure compliance with Australian laws including driving, employing local staff and treatment of private domestic workers.

TABLE 3 DIPLOMATIC CORPS STATISTICS

	2015–16	2016–17	2017–18
Number of Canberra-based diplomatic missions	106	108	109
Number of consular posts outside Canberra	364	369	385
Number of Canberra-based representatives*	2,025	1,984	2,080
Number of Canberra-based dependants*	N/A	1,996	2,019
Number of representatives outside Canberra**	1,889	1,859	1,903
Number of dependants outside Canberra**	N/A	1,256	1,312
TOTAL	3,914	7,095^	7,314

* 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.

STRENGTHENING INTERNATIONAL FRAMEWORKS AND NORMS

OVERVIEW AND ANALYSIS

OUR OBJECTIVE IS TO STRENGTHEN AND SHAPE THE INTERNATIONAL RULES AND NORMS, AND THE INSTITUTIONS THAT UPHOLD THEM, TO PROMOTE GLOBAL STABILITY, PEACE AND PROSPERITY FOR ALL NATIONS. IN DOING SO, WE PROMOTE THE NATIONAL INTEREST BY ENSURING THAT THE INTERNATIONAL RULES-BASED ORDER REFLECTS AUSTRALIA'S INTERESTS AND VALUES, INCLUDING OPEN MARKETS, INTERNATIONAL LAW AND NORMS TO GUIDE INTERNATIONAL COOPERATION, THE ARTICULATION OF UNIVERSAL RIGHTS AND FREEDOMS AND A COMMITMENT BY ALL STATES TO WORK COOPERATIVELY ON GLOBAL PROBLEMS.



MaryEllen Miller, Australian Ambassador to Denmark, and the Minister for International Development and the Pacific, Senator Concetta Fierravanti-Wells met with Her Royal Highness The Crown Princess Mary of Denmark and Under-Secretary-General of the UN and Executive Director of UNOPS, Grete Faremo in Copenhagen, Denmark on 29 January [UN City Copenhagen]

WHY DOES THE INTERNATIONAL RULES-BASED ORDER MATTER

Australia's security and prosperity in the post-Second World War era have been supported by a multilateral system of global institutions and rules designed to promote economic growth, global security and human development.

As the White Paper makes clear, this is a system now under significant challenge. Shifts in power between states, geopolitical competition and rising protectionism and nationalism are testing the effectiveness and cohesion of the multilateral system and the global order more broadly.

One of the five core objectives of the White Paper is to enhance Australia's efforts to promote and protect the international rules and institutions that support stability and prosperity and enable cooperation to tackle global challenges.

This remains a foreign policy priority for Australia for three reasons. First, even in a period of uncertainty and change, the world's interconnectedness makes global cooperation even more important. Many problems that directly affect our interests can only be tackled through cooperation with other states—they cannot be solved by unilateralism.

Second, we must help shape responses to global challenges because if we do not then others will, potentially in ways that diverge from our interests and our values.

Third, in many circumstances multilateral engagement magnifies our influence. By working with partners in coalitions and leveraging the resources and expertise of international organisations we can get more done.

The government's global agenda concentrates on issues where Australia has vital security, economic and other interests, and where we are most likely to achieve results.

Below we highlight the department's work across the multilateral system to:

- shape and protect global rules and norms
- guard against threats to international peace and security
- protect the international environment in ways that also allow for sustainable growth of the Australian economy
- strengthen human rights and gender equality.

OUR PERFORMANCE IN 2017–18

Engaging with the United Nations

The multilateral system continues to be challenged by an increasing reluctance by some states to respond collectively to global challenges. We engaged across the **United Nations** system to advance our multilateral goals and protect Australia's interests.

We supported the Minister for Foreign Affairs at the 72nd session of the United Nations General Assembly's High-Level Week, as she pursued our interests in counter-terrorism and disarmament, water management, combating malaria and addressing modern slavery.

We continued to advocate for reform of the United Nations to make it better coordinated, more efficient and more effective. Our sustained efforts resulted in the General Assembly resolving to improve its development operations. Once implemented, the associated measures will require United Nations agencies to work more collaboratively on sustainable development, humanitarian and economic programs.

Security and the rules-based order

The **international security** environment is complex and contested, with significant polarisation evident in international forums. Ever closer interdependencies between our external and domestic security were evident. We continued to strengthen our policy coordination and integration with defence and national security departments and agencies including through secondments and exchanges. This provided further context for

domestic security endeavours and put us in a stronger position to prosecute Australia's interests internationally. Our engagement with overseas partners on key international security challenges has in turn enhanced Australia's security at home.

Strengthening the global norms around **non-proliferation and disarmament** required robust and practical action in 2017–18. We advanced these efforts through our ongoing leadership of the Australia Group strategic export control regime to combat chemical and biological weapons proliferation. We also maintained strong engagement in the Nuclear Suppliers Group, the Wassenaar Arrangement and the Missile Technology Control Regime.

We worked to bring users of chemical weapons to account. We supported the Organisation for the Prohibition of Chemical Weapons to attribute responsibility for chemical weapons attacks and hold perpetrators to account. We advanced the foundations for negotiating a fissile material cut-off treaty and continued our advocacy of the Arms Trade Treaty to regulate trade in conventional weapons (see reviews). We engaged with the International Partnership for Nuclear Disarmament Verification, consistent with our pursuit of practical and effective verification and transparency measures to promote global nuclear disarmament.



On 7 July, Assistant Secretary, Strategic Issues and Intelligence Branch, Robert McKinnon, discussed "The Indo-Pacific Security Dynamic" at a meeting of the Organization for Security and Co-operation in Europe [DFAT/Vienna UN Post]

Australia and its partners stand up for rules against chemical weapons attacks

At the end of last century it seemed chemical weapons would forever be relegated to history. International rules and safeguards ensured chemical industry and scientific developments contributed to human wellbeing, but not to the spread of toxic chemicals that could cause human suffering or be used as weapons.

However, the recent use of chemical weapons in Syria, Iraq, Malaysia and the United Kingdom threatens global security and non-proliferation arrangements. It is in Australia's national security interests to ensure the international rules-based order and the prohibition of any use of such weapons is upheld.

In June we worked with our international partners to rally a record 153 States Parties to the Chemical Weapons Convention and to recommit politically to the long-standing prohibition on the use of chemical weapons.

States Parties adopted a landmark decision to empower the Organisation for the Prohibition of Chemical Weapons to name those found responsible for using chemical weapons in Syria, and to

consider expanding this authority to any use of chemical weapons anywhere. As a member of the United Kingdom-led core group behind this unprecedented outcome, Australia again demonstrated its strong stance against chemical weapons, which remains undiminished since our integral role in establishing the Chemical Weapons Convention over 20 years ago.

This result follows other efforts by Australia and coalition partners to hold to account users of chemical weapons and those who shield them. In January Australia became a founding member of the International Partnership Against Impunity for the Use of Chemical Weapons to maintain public pressure on users and the importance of bringing them to justice.

As chair of the Australia Group—a 43-member group dedicated to working against the spread of chemical and biological weapons—we led a consensus statement at the June plenary expressing grave concern about the use of chemical weapons, and urging support for efforts to strengthen global non-proliferation arrangements.

Countering terrorism and violent extremism

remains a high priority for Australia. It is a global threat no country can tackle alone. In 2017–18 we maintained our comprehensive approach in bilateral, regional and multilateral forums to respond to the threat to global security posed by terrorism and violent extremism.

We co-chaired with Indonesia the Global Counter-Terrorism Forum's Countering Violent Extremism Working Group. This enables both countries to embed lessons from Australian and Southeast Asian approaches into global best practice. The signing of the ASEAN–Australia Memorandum of Understanding on Cooperation to Counter International Terrorism by the Minister for Foreign Affairs in March, illustrated our resolve to address terrorism through regional leadership (see case study). We remained closely engaged with the Coalition to Defeat ISIS, particularly the

Communications and Foreign Terrorist Fighter Working Groups. This complemented Australia's military efforts within that coalition, and demonstrated our commitment to countering terrorism. Our capacity-building efforts in the Indo-Pacific, the Middle East, South Asia, East and West Africa and Europe raised Australia's profile as a security partner including in strengthening international counter-terrorism capacity.

Australia implemented United Nations and autonomous sanctions to address situations of international concern and seeks to influence and penalise those responsible. In 2017–18 we implemented new United Nations Security Council sanctions and autonomous sanctions against North Korea; sanctioned additional individuals and entities responsible for threats to the territorial integrity of Ukraine; and expanded sanctions targeting those linked to Syria's chemical weapons program.

MH17 update

We continued to co-lead efforts to seek accountability for the downing of Malaysia Airlines flight MH17. On 24 May, the Joint Investigation Team announced that the BUK missile system used to down MH17 belonged to the 53rd Anti-Aircraft Missile Brigade of the Russian Federation. In light of these and earlier findings by the investigation team, on 25 May Australia and the Netherlands asserted Russia's responsibility for its role in the incident and requested that it enter into negotiations to open dialogue around the circumstances leading to this tragic event. Australia is also continuing to pursue accountability for the individual perpetrators of the downing by providing practical and political support to the Netherlands in the separate, but complementary, criminal prosecutions.

The launch of the department's comprehensive **International Cyber Engagement Strategy** and its subsequent implementation fulfilled a core commitment of the Australian Government's Cyber Security Strategy. We deepened Australia's bilateral, regional and multilateral engagement to reinforce the rules-based international order in cyberspace and to promote an open, free and secure internet that drives economic growth, protects national security and fosters international stability (see review).

As an integral element of our commitment to the rules-based international order, we led Australia's delegation to the 16th Session of the Assembly of States Parties of the **International Criminal Court (ICC)**, held in New York in December. Following robust negotiations, the Assembly of States Parties to the ICC 'activated' the court's jurisdiction over the crime of aggression. This was a historic moment, completing the Rome Statute project as originally envisaged.

The department worked closely with other agencies to support global rules and norms to combat **transnational crime, money laundering and terrorist financing**. This includes in the United Nations Commission on Crime Prevention and Criminal Justice, the Commission on Narcotic Drugs and in the

Financial Action Task Force. We supported the Australian Federal Police's international efforts to disrupt the trafficking of methamphetamine and its precursors to Australia. We also worked with the Department of Home Affairs and the Attorney-General's Department to deliver the Indo-Pacific Justice and Security Program—an aid program that contributes to partner country efforts to disrupt, investigate and deter transnational crime and violent extremism in the Indo-Pacific.

Foreign interference is a threat to the sovereignty and security of Australia and Australians. We worked closely with other agencies to support reforms to protect Australia's institutions and democratic processes against foreign interference that undermines our sovereignty, institutions and values. The department also worked with international partners to mitigate foreign interference risks in our region.

Gender equality

The department worked across the multilateral system to pursue better outcomes on **gender equality**. We continue to see pressure on women's human rights at all levels, which is often an early warning of increasing extremism, inequality and conflict. Women continue to be under-represented in peace-building processes and decision-making, and more disadvantaged economically.

We supported the Minister for Foreign Affairs in her address to the United Nations on International Women's Day on 8 March, the only country representative invited to do so. The Minister for Foreign Affairs and the Minister for International Development and the Pacific also addressed gender equality at the Commonwealth Heads of Government Meeting.

Our Ambassador for Women and Girls supported Australia's advocacy for gender equality across a range of regional and global multilateral forums, including APEC, ASEAN, Pacific Islands Forum, the International Labour Organization (Asia/Pacific regional), the Commission on the Status of Women and the Human Rights Council of the United Nations.

We collaborated with other agencies to support the first **ASEAN–Australia dialogue on Women, Peace and Security** and in the

margins of the Nuclear Non-Proliferation Treaty meeting we initiated an event at which the United Nations High Representative for Disarmament spoke on the need for gender equality in disarmament.

Australia invested USD5 million in the World Bank-led **Women's Entrepreneurship Fund (We-Fi)** with a further USD5 million investment planned in 2018–19. We-Fi aims to leverage significant new capital for women-led businesses from government and private sector financial contributions. \$3 million

helped the NGO **Women's World Banking** to trial innovative banking and insurance solutions, including digital and online financial services, to low income women in Vietnam, Cambodia and Indonesia.

Our investment of approximately \$1.4 million in the **Investing in Women** program leveraged over \$1.7 million in additional private sector resources from impact investors to move more capital to women entrepreneurs in Southeast Asia.



Malcolm Turnbull
Prime Minister of Australia

"Getting more women engaged in work is an economic and social priority. The We-Fi will address many of the technological and financial barriers that hold back women entrepreneurs' creative and innovative contributions to growth, resilience and stability. My government is proud to partner with the World Bank and others to help unlock this potential."

Climate change and the environment

The department led Australia's negotiations on the implementing rules for the **Paris Agreement on climate change**, including as Chair of the Umbrella Group. Robust rules will set the terms for global climate action for years to come, and guide trillions of dollars of investments in the transition to a low-emissions, climate-resilient global economy.

We supported the **Green Climate Fund**, the largest multilateral organisation supporting developing countries to address climate change. The fund has now approved USD3.7 billion to support 76 climate change adaptation and mitigation projects and programs in 79 developing countries. We maintained Australia's long-standing support for the **Global Environment Facility**, concluding negotiations on a new four-year investment cycle to help safeguard the environment. This will also deliver better value for money through stronger collaboration with the private sector. With Australia's support, the **Global Green Growth Institute** helped mobilise USD524.6 million in green investments, of which USD412 million came from the private sector.

We achieved important climate change and trade objectives through Australia's participation in the **International Maritime Organization's** April agreement to reduce greenhouse gas emissions from ships. Its strategy balances the maritime sector's role in reducing global emissions while supporting global trade.

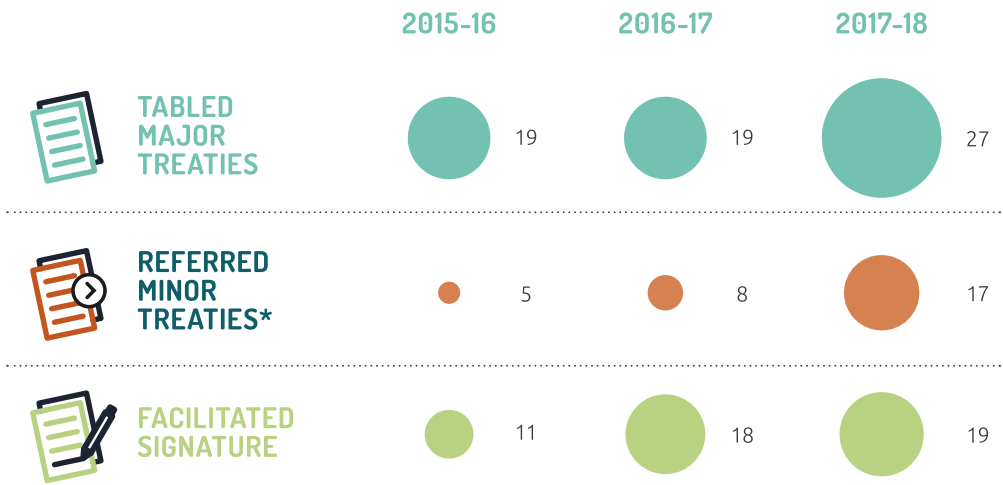
The world's oceans are facing numerous threats. In December Australia joined other United Nations members in agreeing to expand the UNCLOS framework and start negotiations on a new treaty to conserve and sustainably use **marine biodiversity beyond national jurisdiction**.

We led Australia's international engagement in the **Antarctic Treaty system** and worked with the Department of the Environment and Energy to implement the Australian Antarctic Strategy and 20 Year Action Plan. The government announced its intention to construct a paved runway near Davis Research Station in East Antarctica. The runway will support our international partnerships and provide better access to important areas of Antarctica.

Australia’s treaty-making process







We managed the domestic aspects of Australia’s treaty-making process, tabled 27 major treaty actions in Parliament and referred 17 minor treaty actions for consideration by the Joint Standing Committee on Treaties. We facilitated Australia’s signing of 19 treaties.

FIGURE 18 TREATIES



* referred to Joint Standing Committee on Treaties

RESULTS

Performance criteria	Result	Source
Australia's election to the Human Rights Council for the 2018–2020 term and our performance over the first six months of our term. Deliver outcome	 Met	
Implementation of a comprehensive International Cyber Engagement Strategy. Review	 Met	
Finalise an ASEAN–Australia Counter-Terrorism Memorandum of Understanding. Deliver outcome	 Met	Corporate Plan 2017–18 p. 19
Promote and achieve a consensus outcome for the High Level Panel on a Fissile Material Cut-Off Treaty. Deliver outcome	 Met	
Advance India's applications for membership of export control regimes, including the Nuclear Suppliers Group. Evaluation	 Met	
Promote and achieve increased ratification of the Arms Trade Treaty across the Asia–Pacific region. Deliver outcome	 Partially Met	
Assess the success of our performance at the 2018 Commonwealth Summit in: <ul style="list-style-type: none"> shaping multilateral outcomes, institutions and norms to advance the interests of Australia and our Commonwealth partners providing whole-of-government leadership and coordination on multilateral issues and in multilateral forums. Case study	 Met	PBS 2017–18 Program 1.5 p. 35 Corporate Plan 2017–18 p. 19

DELIVER OUTCOME

AUSTRALIA'S ELECTION TO THE HUMAN RIGHTS COUNCIL FOR THE 2018-2020 TERM AND OUR PERFORMANCE OVER THE FIRST SIX MONTHS OF OUR TERM

Australia was elected to the **United Nations Human Rights Council (HRC)** in 2017 for an inaugural three-year term following a four-year campaign led by the department. We campaigned on gender equality, freedom of expression, good governance and robust democratic institutions, human rights for indigenous peoples and strong national human rights institutions. See dfat.gov.au/international-relations/international-organisations/un/unhrc-2018-2020/statements/Pages/38th-session-of-the-human-rights-council.aspx

Australia is also advocating for abolition of the death penalty worldwide, freedom of religion and belief, the rights of people with a disability, the rights of lesbian, gay, bisexual, trans and intersex (LGBTI) communities and for civil society participation in human rights issues.

In delivering Australia's first statement as an HRC member on 26 February, the Governor-General outlined our long-standing and principled engagement across the multilateral human rights system and our commitment to advancing human rights globally.

Australia demonstrated in the first two sessions as a member (HRC37 and HRC38) our credentials as a principled, pragmatic

and consultative member, advancing issues of particular importance in the Indo-Pacific and amplifying the voices of our Pacific neighbours. Australia's Ambassador for Women and Girls delivered a statement on women's empowerment through ICT issues, joined by 14 Pacific countries including many not represented in Geneva.

Working closely with other government departments we negotiated 63 resolutions, delivered 52 national statements on country-specific and thematic issues, and joined 39 joint statements.

Outside the HRC, Australia continued to advocate for the abolition of the death penalty and released its first whole-of-government Strategy for the Abolition of the Death Penalty in June. In line with our commitment to increase our engagement with civil society on human rights issues, we supported civil society representatives to attend international meetings to promote issues such as gender equality and LGBTI rights.



Professor Narelle Bedford, Professor Tom Calma, Robyn Forester, Deputy Secretary Richard Maude, Dr Stephen Hagen and Assistant Secretary Damien Miller celebrating National Reconciliation Week [DFAT/Patrick Taylor]

REVIEW

IMPLEMENTATION OF A COMPREHENSIVE CYBER ENGAGEMENT STRATEGY

The Minister for Foreign Affairs launched the International Cyber Engagement Strategy in October. International cyber issues present challenges and opportunities for all Australians, every day.

Developed by the department, with whole-of-government input, the strategy's overarching objective is to promote peace and stability in cyberspace, while maximising economic growth and opportunities for Australia and Australians. Action is underway across all 61 activities in the strategy's action plan, as highlighted below.

Now more than ever we must engage with the international community as exciting possibilities emerge, critical debates unfold and global rules develop. Some countries are increasingly testing the boundaries of what is and is not acceptable in cyberspace. We worked with international partners to reinforce the rules-based order. We promoted an international cyber stability framework based on the application of existing international law, and agreed voluntary standards for responsible state behaviour and confidence-building measures, supported by capacity building.

Australia is committed to developing a new international cooperative architecture to deter and respond to cyber incidents. The department led Australia's participation in coordinated diplomatic action to call out unacceptable behaviour in cyberspace, including:

- DPRK (WannaCry, December)
- Russia (NotPetya, February)
- Russia (router scanning, April).

We are reviewing the options available to deter and respond to cyber incidents.

We secured high-level commitments to promote a peaceful and stable online

environment with counterparts from ASEAN, the Commonwealth Heads of Government Meeting, France, India, Indonesia, Japan, the Republic of Korea, the United Kingdom and the United States. In April Australia announced it would join NATO's Cooperative Cyber Defence Centre of Excellence, a world-leading hub.

We supported a standalone meeting on strategic cyber issues at the ASEAN Regional Forum, endorsed by ministers in August. Australia and Malaysia co-sponsored a proposal in this new forum to establish a cyber point of contact database to facilitate communication in times of crisis.

We led whole-of-government cyber policy dialogues with Japan, China, the Republic of Korea, India and Indonesia, and announced a new Australia-ASEAN cyber dialogue. Australian delegations were led by the Ambassador for Cyber Affairs and included representatives from cyber teams across government.

Australia committed \$30 million over four years to 2020 to support implementation of the strategy, with a focus on the Indo-Pacific. This includes an enhanced cyber security partnership with Papua New Guinea, in the lead-up to the APEC Leaders Week in November and beyond. It also includes 29 projects under the department's Cyber Cooperation Program, focused to enhance regional incident response and combating cyber crime capacity, and preserve a peaceful and stable online environment.

Australia's international cyber engagement is comprehensive and coordinated. It fulfils our core commitment to promote an open, free and secure internet, that drives economic growth, enhances our national security and promotes international stability.

DELIVER OUTCOME

FINALISE AN ASEAN-AUSTRALIA COUNTER-TERRORISM MEMORANDUM OF UNDERSTANDING

Australia and ASEAN signed the ASEAN-Australia Memorandum of Understanding on Cooperation to Counter International

Terrorism on 17 March at the ASEAN-Australia Special Summit (see case study on p. 35).

DELIVER OUTCOME

PROMOTE AND ACHIEVE A CONSENSUS OUTCOME FOR THE HIGH LEVEL PANEL ON A FISSILE MATERIAL CUT-OFF TREATY

The department contributed to a successful outcome of the Expert Preparatory Group for a Fissile Material Cut-Off Treaty with the Director General of the Australian Safeguards and Non-Proliferation Office as one of 25 technical expert representatives. The consensus outcome provides possible treaty

elements as a basis for when negotiations might start. While there remain significant challenges before such negotiations can commence, a treaty remains a next logical step in progressing global nuclear disarmament, and continues to be one of Australia's priority nuclear disarmament objectives.

EVALUATION

ADVANCE INDIA'S APPLICATIONS FOR MEMBERSHIP OF EXPORT CONTROL REGIMES, INCLUDING THE NUCLEAR SUPPLIERS GROUP

Progress has been made in advancing India's membership of the various export control regimes. To date, India has been admitted to the Missile Technology Control Regime (June 2016), Wassenaar Arrangement (December 2017) and the Australia Group (January 2018).

Australia worked closely with other delegations at the June Nuclear Suppliers Group plenary to ensure India's membership

for 2018-19 was considered. Given India's emergence as a potentially significant nuclear supplier, its membership will benefit global non-proliferation.

Some governments in the Nuclear Suppliers Group are resisting membership of non-Nuclear Non-Proliferation Treaty states, including India. Australia is continuing discussions to address these concerns and to meet global non-proliferation objectives.

DELIVER OUTCOME

PROMOTE AND ACHIEVE INCREASED RATIFICATION OF THE ARMS TRADE TREATY ACROSS THE ASIA-PACIFIC REGION

We continued to promote ratification of the Arms Trade Treaty (ATT) focusing on the Indo-Pacific region. The ATT establishes international standards to regulate the trade in conventional arms and to prevent their diversion. It aims to reduce human suffering and to advance peace, security and stability. This includes preventing the illicit use of conventional arms in transnational crime, terrorist acts, and serious violations of international humanitarian law and international human rights law.

The broader the support for and participation in the ATT, the more likely a universal standard of export risk assessment will become normal state practice. This will inhibit exporters from exploiting gaps to circumvent the system. Strengthened export controls advance peace and security and in turn strengthen global security and stability.

We worked closely with the Centre for Armed Violence Reduction to promote the benefits

of joining the ATT in our region and provided technical assistance to countries. Our joint publication, *Reinvigorating the Narrative: The Broader Benefits of the Arms Trade Treaty*, detailed the broader benefits of joining the ATT.

In February Australia and New Zealand co-sponsored a Pacific Conference on Conventional Weapons Treaties to encourage countries to accede to the ATT. Fourteen countries participated. While few Pacific island countries export arms, the region is vulnerable to diversion of arms and illicit trade in small arms. The conference declaration noted that the ATT's requirements would make an important contribution to leaders' vision of the Pacific as a region of peace, harmony, security and economic prosperity. Several Pacific countries are now undertaking cabinet or parliamentary processes to seek approval for ratification. A follow-up conference is planned in late 2018 to maintain momentum.

CASE STUDY

ASSESS THE SUCCESS OF OUR PERFORMANCE
AT THE 2018 COMMONWEALTH SUMMIT

THE COMMONWEALTH HEADS OF GOVERNMENT MEETING (CHOGM) TOOK PLACE IN LONDON FROM 16 TO 20 APRIL. IT BROUGHT TOGETHER A RECORD 47 LEADERS FROM 53 MEMBER NATIONS. THE PRIME MINISTER, MINISTER FOR FOREIGN AFFAIRS AND THE MINISTER FOR INTERNATIONAL DEVELOPMENT AND THE PACIFIC REPRESENTED AUSTRALIA AT THE MEETING.

Australia drove the discussion on the international rules-based order on issues of sovereignty and trade. Against the backdrop of the Salisbury nerve agent attacks, we secured commitments to adhere to the Chemical Weapons Convention in the Leaders' Statement and Communiqué.

We advocated for a free and open multilateral trading system, and the need to resist protectionism. Working with others we protected the independence of election observation missions from attempts to weaken this important mechanism of Commonwealth democratic activity.

Working across government, we promoted outcomes on gender equality, disability, health and modern slavery, and proposals on climate change, financing and migration.

Australia also used CHOGM to engage with Pacific island countries and advocate for their interests, including for a Pacific island country to host CHOGM. We welcomed the United Kingdom's announcement of new missions in the Pacific and announced one million dollars in further support for the Climate Finance Access Hub.

The department supported leader-level consensus on CHOGM 2018 outcomes, including the Commonwealth Blue Charter, Commonwealth Cyber Declaration, the Declaration on the Commonwealth Connectivity Agenda for Trade and Investment, and the revised guidelines for Commonwealth election observation.

PROVIDING PASSPORT AND CONSULAR SERVICES

OVERVIEW AND ANALYSIS

OUR OBJECTIVE IS TO PROVIDE A MODERN, EFFICIENT AND COST-EFFECTIVE PASSPORT AND CONSULAR SERVICE. THIS IS AN IMPORTANT AND COMPLEX TASK AT A TIME WHEN AUSTRALIANS ARE TRAVELLING OVERSEAS IN UNPRECEDENTED NUMBERS.

PASSPORTS

The department's passport services, delivered in Australia and overseas, meet the standards outlined in the Australian Passport Office client service charter (passports.gov.au/client-service-charter).

Enhancing the integrity and efficiency of the passport system

In the face of increased public demand, our challenge is to improve the efficiency of our passport services, while still maintaining the integrity and security of the Australian passport.

To streamline the passport application process, we are moving towards online application

forms. We began rolling out the first interactive online passport application, which provides a more efficient and targeted service. Take-up rates have exceeded expectations, with the proportion of clients using any kind of online application rising from 57.1 per cent in 2016–17 to 74.3 per cent in 2017–18, peaking at 82.4 per cent in June. We also introduced a new software platform (developed in-house) for processing applications. As we phase out the two-decade-old legacy system, staff will be able to process applications more efficiently. These initiatives simplify the application process and minimise turnaround.

To improve the integrity and security of the passport system the department is:

- developing a new biometric system (to be implemented in 2018–19) to make better use of our database of more than 27 million passport photographs
- connecting passport records to the government's Face Verification Service
- prohibiting spectacles in passport photographs from 1 July 2018.

This will improve the biometric integrity of passport images and help travellers crossing borders that use automated facial recognition.

The department also upgraded its forms to comply with government guidelines on the recognition of sex and gender.

TABLE 4 TRAVEL DOCUMENTS ISSUED

	2014–15	2015–16	2016–17	2017–18
Total number of travel documents issued	1,835,201	1,961,666	2,070,038	2,082,127
% produced in Australia	99	99.2	99.2	99.6
% of applications using online forms	37.6	44.1	57.1	74.3
Emergency passports issued by Australian diplomatic missions	8,171	8,140	8,075	8,431
Priority passports issued	214,238	234,525	215,980	187,080
% issued in 48 hours	98.7	99.1	98.3	98.4
Documents reissued due to natural disaster	58	85	106	127



Australian Passport Office facial recognition team hard at work [DFAT]

Supporting national security and law enforcement goals

To combat child sex tourism the department coordinated national implementation of the *Passports Legislation Amendment (Overseas Travel by Child Sex Offenders) Act 2017*. Under the new arrangements, which took effect on 13 December, the Minister for Foreign Affairs must deny passports to reportable offenders when requested to do so by a competent authority (usually state or territory police). The act also makes it a Commonwealth offence for reportable offenders to leave Australia without permission.

The department led work to develop new procedures, modify IT systems and set up new data links with authorities. At 30 June the Minister for Foreign Affairs had cancelled 12 passports to 11 individuals, and 31 offenders had been stopped at the border for attempting to travel without permission.

Acting for other national security and law enforcement reasons, the Minister for Foreign Affairs cancelled 55 passports, refused three passports and suspended two passports.

CONSULAR

Over the past five years the number of Australian residents taking trips overseas has grown by about five per cent a year. In addition to short-term travellers, there are an estimated one million Australian citizens residing overseas at any given time.

Only one in 1,000 Australians travelling or living overseas gets into trouble and requires government assistance. When Australians do require our help, we are committed to providing a modern, efficient and cost-effective consular service. The second Consular Strategy (2017–2019) ensures our resources are directed to those most in need and focuses our information and advice on empowering Australians to help themselves while travelling and living overseas.

Our performance in 2017–18

We provided consular services through our global network, managing on any given day around 1,500 cases involving Australians in difficulty overseas—and a total of 11,880 such cases. Our Consular Emergency Centre is an important point of contact for Australians at home and overseas, and managed more than 62,000 calls (down from 66,000 in 2016–17). We also delivered 199,448 notarial acts to the public.

TABLE 5 CONSULAR SERVICES PROVIDED TO AUSTRALIANS

	2013–14	2014–15	2015–16	2016–17	2017–18
Australian resident departures ⁽¹⁾	9,472,470	9,747,050	10,228,000	10,756,890	10,759,300
Cases of Australians hospitalised given general welfare and guidance	1,330	1,453	1,667	1,701	1,585
Cases of Australians evacuated to another location for medical purposes	27	11	25	14	7
Cases of next of kin of Australians who died overseas given guidance or assistance	1,215	1,282	1,516	1,653	1,671
Cases of Australians having difficulty arranging their own return to Australia given guidance and assistance	47	50	51	52	44
Inquiries made about Australians overseas who could not be contacted by their next of kin	4,794	5,697	5,582	2,546	2,510 ⁽²⁾
Cases of Australians arrested overseas	1,185	1,256	1,551	1,641	1,540
Cases of Australians in prison	339	371	391	370	386 ⁽³⁾
Cases of Australians given general welfare and guidance	5,621	5,704	4,957	4,477*	4,137 ⁽⁴⁾
Total number of cases involving Australians in difficulty who received consular assistance	14,558	15,824	15,740	12,454	11,880
Notarial acts	222,042	243,103	232,600	219,463	199,448 ⁽⁵⁾
Total assistance – total number of cases of Australians provided with consular services	236,600	258,927	248,340	231,917	211,328
Australians in financial difficulty who were lent public funds to cover immediate needs (travellers' emergency loans)	239	211	197	211	180

1. Statistics for years 2013–14 to 2016–17 draw on ABS data. Statistics for 2017–18 draw on Home Affairs data. All figures include permanent long-term and short-term departures of Australian citizens and permanent residents.
2. Figure includes crisis-related whereabouts cases, including for the Barcelona terror attack in August, Mexico earthquake in September and Las Vegas shooting in October.
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 2018 was 237.
4. Welfare and guidance figure includes the following sub-categories: general (10), welfare and other serious matters (3,062), theft (533), assaults (269) and welfare of children (263).
5. Figures include notarial acts performed by overseas posts, in Canberra and at state and territory offices in Australia.

* Correction from 2016–17 Annual Report.

We know things can go wrong overseas, and major events that bring together large numbers of Australians can increase the risks and the consequences. For these reasons we conduct crisis contingency planning. This year our program included planning for major events such as the Pyeongchang Winter Olympics and Paralympics in the Republic of Korea, the FIFA World Cup in Russia and Anzac Day commemorations in France and Turkey.

We continued to review and refine the format of our Crisis Action Plans for overseas posts and worked with commercial partners and other government agencies on contingency planning. We delivered two contingency planning workshops in Europe and Latin America, 12 overseas contingency planning and crisis management courses in Canberra, and participated in joint exercises with the Department of Defence. We also delivered comprehensive training programs to support best consular practice across our global network.







After 12 months of operation, the Global Watch Office is now regarded as an important whole-of-government resource. It has enhanced the efficiency and effectiveness of the government's response to consular emergencies, humanitarian disasters and major political developments overseas that affect Australian interests.

Engaging with our international and domestic partners

We work closely with our consular colloque partners—Canada, New Zealand, the United Kingdom and the United States—to develop best practice and benchmark our services. We collaborated to develop a joint training package to help build resilience among our consular officers. We also cooperated with non-traditional partners, including through bilateral consultations with Indonesia, Vietnam, the United Arab Emirates and the European Union, enabling improved engagement on issues of mutual consular interest.

We continued work with the outbound tourism sector through regular meetings of the Consular Consultative Group, which the department co-chairs with the Australian Federation of Travel Agents. This provides important industry input into our Smartraveller messaging by identifying changing travel trends and improving consular services delivery.

RESULTS

Performance criteria	Result	Source
<p>The high-quality delivery of passport services to clients, including by providing efficient processing of regular and urgent passport applications:</p> <ul style="list-style-type: none"> percentage of passports processed within 10 business days¹ percentage of priority passports processed within two business days number of reports of faulty passports client satisfaction survey average speed of answering calls to the Australian Passport Information Service. <p>Review</p>	 <p>Partially Met</p>	<p>PBS 2017–18 Program 2.2 p. 44</p> <p>Corporate Plan 2017–18 p. 20</p>
<p>The provision of high standards of interoperability of Australian passports and services, measured by compliance with the International Civil Aviation Organization's Doc 9303.</p> <p>Review</p>	 <p>Met</p>	
<p>Assess our performance in continuing work with the Department of Home Affairs to develop the concept of a digital passport (for both inbound and outbound Australians).</p> <p>Case study: Digital Passport</p>	 <p>Met</p>	<p>Corporate Plan 2017–18 p. 20</p>
<p>Prevention, detection and prosecution of passport fraud.</p> <p>Review</p>	 <p>Met</p>	<p>PBS 2017–18 Program 2.2 p. 44</p>
<p>Assess performance in providing timely and effective delivery of consular services to Australians overseas, including during crises.</p> <p>Case study: Consular strategy 2017–2019</p>	 <p>Partially Met</p>	<p>PBS 2017–18 Program 2.1 p. 43</p> <p>Corporate Plan 2017–18 p. 21</p>
<p>The timeliness and accuracy of information provided to the public, including on responding to incidents and updates to travel advice.</p> <p>Review</p>	 <p>Met</p>	

¹ Processing time does not include delivery time

REVIEW

THE HIGH-QUALITY DELIVERY OF PASSPORT SERVICES TO CLIENTS, INCLUDING BY PROVIDING EFFICIENT PROCESSING OF REGULAR AND URGENT PASSPORT APPLICATIONS

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

With passport demand increasing the department issued a record 2,082,127 passports in 2017-18, including 8,431 emergency travel documents. Of these passports, 39 per cent were adult renewals. We also helped 43,790 Australians who reported lost or stolen passports.

We processed 97.6 per cent of routine passport applications within the 10 business day client service charter standard and 98.4 per cent of priority applications within the two-business-day service standard.

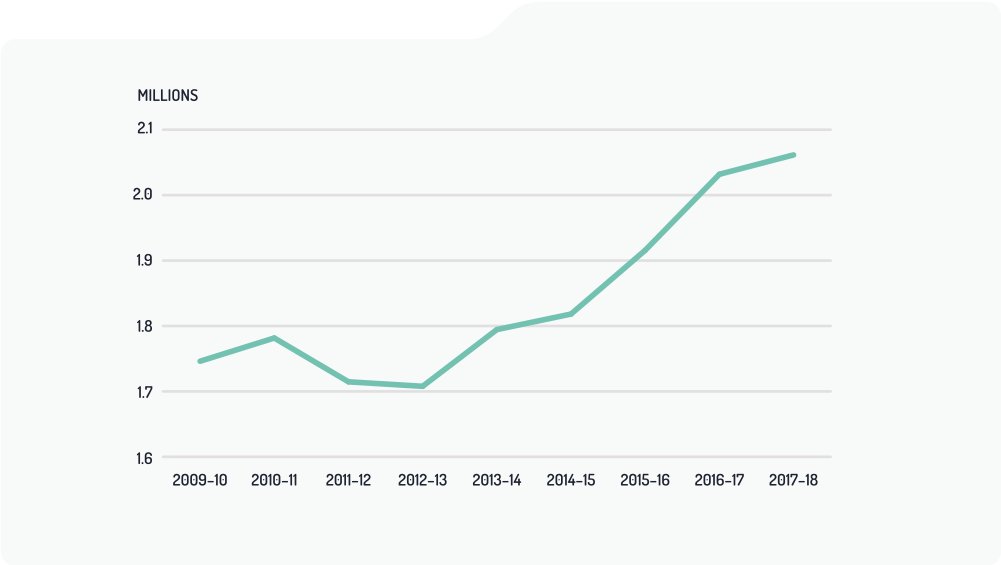
Although we consistently met service standard processing times, increasing demand for passports means we must improve the application process. In 2017-18 the rollout of our online forms is improving efficiency and helping to mitigate risk, but it has increased the number of phone calls managed by the Australian Passport Information Service (APIS).

APIS handled 1,238,501 telephone and 151,640 email enquiries. While this represented a 20 per cent decrease year-on-year, complex enquires about the new interactive online form contributed to an increase in the average waiting time to answer calls, an increase in average call handling times and higher abandonment rates. The average waiting time to answer calls for 2017-18 was 784 seconds. We expect these outcomes to improve as we refine the interactive form.

We monitor client satisfaction through qualitative monthly feedback collected by APIS but did not conduct a formal client satisfaction survey in 2017-18. We are updating our surveys to reflect the new interactive online service.

In line with previous years, a small number of passports issued (0.17 per cent) were faulty. Of these, 16 per cent involved physical problems with the booklet, while inaccurate data or photos accounted for 84 per cent.

FIGURE 19 PASSPORT APPLICATIONS



REVIEW

THE PROVISION OF HIGH STANDARDS OF INTEROPERABILITY OF AUSTRALIAN PASSPORTS AND SERVICES

All Australian passports in circulation met specifications set by the:

- International Organization for Standardization (ISO) in ISO/IEC 7501
- International Civil Aviation Organization (ICAO) in ICAO Document 9303.

These standards prescribe the layout, format and dimensions of travel documents, including the parameters for each element on the data page and the interoperability and cryptography requirements for storing and securely accessing data in the ePassport electronic chips.

To help shape future directions in passport development, and ensure these take Australian policy and technical interests into account, we participated in specialist ISO and ICAO forums, including the:

- ISO working groups on biometrics and machine-readable travel documents
- ICAO Public Key Directory Board
- ICAO New Technologies Working Group
- ICAO Implementation Capacity Building Working Group.

Our input covered issues ranging from minimum mandatory distances for accurately capturing face biometrics in passport photographs to private sector use of the Public Key Directory to authenticate ePassports and future standards for virtual travel credentials.

ASSESS OUR PERFORMANCE IN CONTINUING WORK WITH THE DEPARTMENT OF HOME AFFAIRS TO DEVELOP THE CONCEPT OF A DIGITAL PASSPORT

CASE STUDY

DIGITAL PASSPORT

IN 2005 WE BECAME ONE OF THE FIRST COUNTRIES TO ISSUE AN E-PASSPORT, AND PLAYED AN IMPORTANT ROLE IN DEVELOPING THE INTERNATIONAL STANDARDS.

Several hundred million are now in issue worldwide. In 2016 the department launched the digital passport concept as a way to promote the untapped potential of these documents.

An ePassport chip reproduces the holder's printed passport details, biometric data and photograph in a digital file protected by public key cryptography that makes fraud easy to detect. The file can be stored and transmitted separately from the passport booklet and functions as securely as a booklet.

The potential of this technology has guided government and industry thinking internationally about the future of contactless movement through airports and across borders. In domestic and international forums we encouraged this interest, advocated deployment scenarios that fully use ePassport security features, and discouraged less secure vectors such as scans of the physical data page. The department also participated in an ICAO sub-group that explored possible standards for virtual travel credentials compatible with mobile devices.

We also provided practical support and technical advice to the Department of Home Affairs, and supplied digital passports to facilitate a successful trial of contactless SmartGate technology at Canberra Airport in May and June.

REVIEW

PREVENTION, DETECTION AND PROSECUTION OF PASSPORT FRAUD

The objective of the department's passport issuing process is to ensure fraud prevention and detection, including through electronic document validation, face comparison technology and risk-based fraud profiles. We train all passport processing staff in fraud awareness and refer cases of concern to specialist investigators, forensic examiners and compliance officers.

In 2017–18 the department assessed 429 allegations of passport fraud and commenced criminal investigations in 119 of these, resulting in nine referrals for prosecution. In a further 179 cases, the department refused to process an active passport application. Of these refusals, 149 (83 per cent) involved forged parental consent for a child passport.

ASSESS PERFORMANCE IN PROVIDING TIMELY AND EFFECTIVE DELIVERY OF CONSULAR SERVICES TO AUSTRALIANS OVERSEAS, INCLUDING DURING CRISES

CASE STUDY

CONSULAR STRATEGY 2017–2019

A CONSULAR MEETING IN SYDNEY IN MAY WITH COLLEAGUES FROM CANADA, NEW ZEALAND, THE UNITED KINGDOM AND THE UNITED STATES HIGHLIGHTED THE CHALLENGE OF HOW BEST TO ASSESS AND BENCHMARK PERFORMANCE IN A DYNAMIC ENVIRONMENT WITH MANY EXTERNAL FACTORS.

Australia continues to deliver a world-class consular service. To further improve this, the Minister for Foreign Affairs launched the second Consular Strategy 2017–2019 in July. It sets out a modernised framework to develop greater self-reliance among the increasing number of Australians travelling overseas. The strategy identifies a series of measures to mitigate the risks Australians face, including by ensuring travellers are better informed and prepared. Its implementation will allow the department to focus resources on helping those most in need.

The strategy prioritises cases involving particularly vulnerable Australians, such as children, victims of assault or people who are less able to help themselves because of mental health issues. It explores ways to expand support services and seeks new opportunities to reach out to Australian

travellers, from schoolies to cruise passengers and retirees.

It also identifies new tools to help travellers help themselves. It encourages continued cooperation with private sector partners, NGOs and other governments to identify new and better ways to deliver our services.

Our key tools remain the department's network of overseas posts, our 24/7 Global Watch Office and Consular Emergency Centre in Australia, and the Smartraveller service. Smartraveller (see review) provides up-to-date advice and information on safety and security overseas, including in a crisis.

In the first year of the strategy we:

- worked with the Insurance Council of Australia and the consumer organisation Choice to advocate greater travel insurance take-up and better understanding of policy exclusions
- partnered with the Cruise Line Industry Association of Australia to ensure travel agents are providing customers with travel advice and encouraging the right insurance

- ceased consular services to permanent residents
- teamed with Telstra to send smart travel messages to its customers in Australian international airports. This resulted in an additional 200,000 visits to the Smartraveller website
- began exploring alternative ways to contact and assist Australians affected by a crisis overseas. This includes potential IT-based solutions, better public messaging and tools to encourage self-reliance
- focused staff training on dealing with mental health issues and worked with key consular partners to develop a comprehensive mental wellbeing support program
- targeted and increased outreach to improve understanding of global kidnap risk among selected high-risk groups.

All of these initiatives aim to increase self-reliance among Australians, reduce the consular workload and allow us to focus on those most in need.

The impact of these measures in many cases will only become evident over the long term. In the meantime, we are exploring ways to:

- better obtain and measure feedback and expectations from those we assist (such as through client satisfaction surveys)
- assess the results of our preventative measures
- set targets where our work is measurable, particularly for communications.

These steps will position the department, Parliament and Australians travelling overseas to assess how effectively we deliver consular services.

REVIEW

THE TIMELINESS AND ACCURACY OF INFORMATION PROVIDED TO THE PUBLIC, INCLUDING ON RESPONDING TO INCIDENTS AND UPDATES TO TRAVEL ADVICE

As we seek to increase self-reliance among Australians, the timeliness and accuracy of our communications to the public are crucial.

Our Smartraveller service is often the first source of information and advice for Australians affected by a major incident overseas. As Australians travel in greater numbers to more destinations—and seek their news from more sources—we have to work harder and smarter to ensure we reach our audience.

The department maintained a 24/7 capacity to review and update our travel advisories on Smartraveller. In 2017–18 we issued 742 updates to our 176 destination travel advisories and 18 travel bulletins for events and commemorations such as the FIFA World Cup and Anzac Day. During the Bali volcano eruption in November and December we updated the Indonesia travel advice and Mt Agung bulletin 13 times. We also published 16 Facebook and 21 Twitter posts to inform Australians of likely disruptions to their travel plans.

The Smartraveller website was viewed over 20 million times in 2017–18, averaging almost 16,000 unique visitors a day. Over one million travellers had a Smartraveller account to register their travel plans and 389,000 subscribers received regular email alerts. Smartraveller had 168,800 Facebook fans (up from 142,000 in 2016–17) and 23,720 Twitter followers (up from 19,500).

The department is improving the Smartraveller service, editing all 176 travel advisories to improve readability and accessibility.

We published the 2016–17 Consular State of Play report (dfat.gov.au/about-us/our-services/consular-services/Pages/consular-state-of-play-2016-17.aspx) in October to provide data on the number and types of consular situations managed by the department. The report is a valuable resource for media and the public on our work and its limits. We also engaged with parliamentarians and the media to explain our consular role. Around 40 per cent or just under 1,000 of the media enquiries we received related to consular matters.

We enhanced our industry partnerships, including to better target the growing cruise sector through work with the Cruise Line Industry Association and the Australian Federation of Travel Agents. Smartraveller had a presence at 10 travel expos in all capital cities and attended community festivals to promote smart travel messages directly to the public. Through the Smartraveller grants program, we funded four community partners to engage different traveller types—including school leavers and senior Australians—and to encourage smarter and safer travel.

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

OVERVIEW AND ANALYSIS

AUSTRALIA IS COMMITTED TO RESPONDING TO INTERNATIONAL CRISES THAT AFFECT OUR INTERESTS, WHETHER CONSULAR, HUMANITARIAN OR POLITICAL.

LEADING THE GOVERNMENT'S RESPONSE TO INTERNATIONAL CRISES

Australian residents took 10,759,300 trips overseas in 2017–18. While the vast majority of these were safe and without incident, occasionally Australians found themselves in challenging situations resulting from terrorist attacks, civil unrest or instability. In these circumstances, we stand ready to provide consular assistance.

The **government's crisis centre** was activated twice this year in response to natural disasters in Vanuatu and Tonga. We led the government's response to terror-related incidents in Barcelona and Las Vegas, Hurricane Irma in the Caribbean and a major earthquake in the Papua New Guinea highlands. We also provided extensive information on the significant travel disruption from the Mt Agung volcano in Bali.

The department helped resolve two short but potentially serious criminal kidnapping cases, prevented one potential terrorist-related case and continued to manage two long and complicated cases. To further enhance our leadership role in whole-of-government **responses to kidnapping**, we also established an ongoing kidnap response and special references section.

Humanitarian crises undermine growth, reverse hard-won development gains, increase poverty, and can result in long-term instability. Such crises can have profoundly negative consequences for regional trade and health security. They have a particular impact in our region. The United Nations Office for the Coordination of Humanitarian Affairs says the Asia–Pacific is the world's most disaster-prone region. In 2017, 66 million people were affected by natural disasters in the region.

Globally, **humanitarian needs continue to grow**. By the end of 2017 a record 141 million people were assessed as needing humanitarian assistance—an increase of 13 million over the course of the year. The White Paper commits Australia to respond to this global challenge, including through a 20 per cent increase in global humanitarian funding, to more than \$500 million a year from 2019–20.

The department led Australia's **whole of government response** to humanitarian emergencies in 2017–18. We rapidly deployed:

- emergency relief supplies and logistics support
- personnel including government officials, civilian experts and specialised technical teams
- funding via key Australian and international humanitarian partners.

We coordinate closely with our whole-of-government partners, including Emergency Management Australia and the Department of Defence, to ensure a comprehensive Australian Government approach to crises.

In 2017–18 Australia provided an estimated \$399.7 million in life-saving humanitarian assistance. In our region, this **helped communities hit by natural disasters**, including:

- cyclones in Tonga, Samoa and Fiji
- volcanic eruptions in Vanuatu, the Philippines and Indonesia
- earthquakes in Papua New Guinea.

For example, we helped communities affected by volcanic activity on Ambae Island, Vanuatu, to evacuate. This included a focus on the needs of women, children and people with disability. We provided emergency supplies including shelter tool kits, hygiene kits and tents. We also provided essential reproductive health care, including birthing kits and emergency obstetric and newborn care.

Australia is investing more heavily in **disaster preparedness and resilience**. In the Pacific, we are working to build the capacity of national governments, regional organisations, and civil society to manage crises themselves. In 2017–18 we established a new Australian Humanitarian Partnership (AHP) with six Australian non-government organisations, as well as local partners across the Pacific. The AHP includes a new \$50 million program—Disaster Ready—which is building the disaster response and preparedness capacity of countries and local communities in the Pacific and Timor-Leste.

The **Australia Assists** program was launched in 2017 to provide highly skilled civilian humanitarian experts to support the world's most vulnerable people before, during and after disaster or conflict. In 2017–18 the initiative enabled rapid mobilisation and deployment of more than 100 Australian specialists to deliver our humanitarian responsibilities.

In late 2017 Australia took over as chair of the France, Australia and New Zealand (FRANZ) humanitarian partnership. This initiative has helped support and coordinate humanitarian assistance from and between these partners and Pacific governments for 25 years. As chair, Australia is helping FRANZ partners to support nationally led response efforts and localised humanitarian assistance. For example, through a cash-for-work program we supported the Tongan community to lead the debris clearance response in the aftermath of Tropical Cyclone Gita.

We also helped people caught in the **ongoing crises and conflicts** in Syria, Iraq, Yemen, Myanmar, South Sudan, Somalia and other parts of Africa. Australia announced a three-year \$60 million humanitarian assistance package for Afghanistan and Pakistan to meet critical food security, protection and health needs in these countries.

With a record 68.5 million people forcibly displaced across the globe in 2017–18, more than \$200 million of Australia's humanitarian assistance went to **support refugees and internally displaced people**. This primarily supported refugees and internally displaced people stemming from conflict in Myanmar, Syria, Iraq, Afghanistan, Yemen, South Sudan and Somalia. Australia works to support displaced people as close to their homes as possible, so they can return when conditions allow. In Jordan, for example, our funding to UNICEF and the Jordanian Ministry of Education is providing access to education services for Syrian children and the most marginalised children in Jordanian host communities. The support is essential because permanent resettlement is available to only a fraction of the world's displaced.



Young refugees welcome Australia's Ambassador to Iran, Ian Biggs, Dr Christine Biggs and Second Secretary, William Lodder, at the Society for the Protection of Working and Street Children, Karaj, Tehran [DFAT/Helen Mojarra]d

Since September Australia has provided \$70 million to support the humanitarian response to the **Rohingya crisis**, primarily in Bangladesh. The United Nations estimates that more than 900,000 Rohingya are now living in Cox's Bazar, including more than 700,000 who have fled Myanmar since August 2017. Australia's funding has provided services to more than 83,000 women and girls recovering from sexual and gender-based violence, and child-friendly spaces for more than 3,500 vulnerable children. In the lead-up to the monsoon season, our aid helped reinforce shelters, pre-position food and health supplies, and relocate up to 200,000 people at highest risk of landslides. It is also helping provide food assistance to more than 850,000 people and nutritious supplements to more than 250,000 children every school day.

Australia continues to provide core **support to high-performing United Nations agencies** including the United Nations High Commissioner for Refugees, the World Food Programme, the United Nations Children's Fund and Office for the Coordination of Humanitarian Affairs. This support allows humanitarian agencies to help the most vulnerable. We also work closely with the International Committee of the Red Cross to help those affected by armed conflict and to promote international humanitarian law.

A key focus is on **protecting women and girls**, and people with disability. These people are particularly vulnerable during conflicts and natural disasters. We have commenced a new partnership with Humanity and Inclusion (formerly Handicap International) to better support refugees and internally displaced people with disability in Jordan, Lebanon and Syria. We are also expanding our partnerships with the United Nations Population Fund and the International Planned Parenthood Federation to provide essential, life-saving sexual and reproductive health support to women and girls in emergencies.

RESULTS

Performance criteria	Result	Source
Timely and effective leadership and coordination of the government's response to international crises. Case study: Tropical Cyclone Gita	 Met	PBS 2017–18 Program 2.1 p. 43 Corporate Plan 2017–18 p. 23
Our humanitarian leadership within the Indo-Pacific region and international humanitarian system. Case study: The Rohingya Crisis	 Met	
The effectiveness of disaster risk reduction and recovery programs. Case study: Australia's support for the construction of resilient infrastructure in the Pacific	 Met	Corporate Plan 2017–18 p. 23
Our crisis management mechanisms in delivering a coordinated whole-of-government response to international crises, after each major crisis. Review	 Met	
Our life-saving assistance to vulnerable people in crises situations. Review	 Met	

TIMELY AND EFFECTIVE LEADERSHIP AND COORDINATION OF THE GOVERNMENT'S RESPONSE TO INTERNATIONAL CRISES

CASE STUDY

TROPICAL CYCLONE GITA



Crisis Response Team officer, Dave Kelly, surveys the damage following Cyclone Gita, which devastated Tonga in February [DFAT/James Deane]

TROPICAL CYCLONE GITA HIT TONGA AS A CATEGORY 4 STORM ON THE NIGHT OF 12 FEBRUARY, CAUSING SEVERE DAMAGE TO THE MAIN ISLAND OF TONGATAPU, DESTROYING 800 HOMES AND CUTTING POWER TO 80 PER CENT OF THE POPULATION.

Earlier that day, the department hosted an inter-departmental emergency taskforce with key government agencies to prepare the government's approach to three simultaneous challenges:

- providing an effective consular response
- ensuring business continuity for the Australian high commission
- providing urgent humanitarian assistance.

Early advice was sent to Australians in, or heading to, Tonga through Smartraveller.

The high commission was flooded and needed emergency repairs. From alternative premises, staff confirmed the welfare of Australians and started planning the humanitarian response to Tongan government requests.

Within 24 hours of the cyclone, an Australian Defence Force C17 had delivered technical and specialist humanitarian staff to support the high commission, as well as the first of seven deliveries of humanitarian supplies.

The high commission was operational within one week. We coordinated humanitarian supplies to over 10,000 people. Joint Australian and New Zealand technical teams assessed damage to government buildings and health facilities. Twenty electrical line workers were deployed as part of an innovative new partnership with Australian electricity utilities, halving the time in which the majority of the population was without power. Overall Australia provided \$14 million in humanitarian assistance.

We are now implementing improvements identified following a review of our response, including developing protocols on resource allocation, tracking response and recovery phases, and procedures for early assessment of consular, humanitarian and business continuity impacts.

OUR HUMANITARIAN LEADERSHIP WITHIN THE INDO-PACIFIC REGION AND INTERNATIONAL HUMANITARIAN SYSTEM

CASE STUDY

THE ROHINGYA CRISIS

GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN AND GIRLS IS A GOVERNMENT PRIORITY IN CRISIS RESPONSES. WHEN THE ROHINGYA COMMUNITY BEGAN TO FLEE INSTABILITY IN MYANMAR IN AUGUST 2017, AROUND 60 PER CENT OF THOSE DISPLACED WERE WOMEN AND GIRLS.

Australia was quick to act, joining international efforts to help the government of Bangladesh respond to the crisis. Working closely with trusted humanitarian partners, we helped establish programs to uphold the safety and dignity of those who had survived violence, or who were at risk.

Australia supported the United Nations Population Fund (UNFPA) to establish women-only spaces in Cox's Bazar, providing more than 53,000 Rohingya women and girls with access to a safe place, counselling and health services. Our funding also enabled UNFPA to help more than 83,000

women and girls recover from sexual and gender-based violence.

The annual monsoon season posed additional risks to the safety and wellbeing of nearly 919,000 displaced Rohingya. Australia supported UNFPA to preposition supplies to ensure they could continue to provide vital health services.

Australia also partnered with BRAC, the Bangladesh-based NGO, to deliver psychosocial and health support to Rohingya victims of sexual and gender-based violence. Our engagement with BRAC supports local leadership in crisis responses and helps build the capacity of Bangladesh civil society to address future crises.

Australia has provided \$70 million in humanitarian assistance to Bangladesh and Myanmar for this crisis, making us the fourth-largest bilateral donor (at June 2018).

THE EFFECTIVENESS OF DISASTER RISK REDUCTION AND RECOVERY PROGRAMS

CASE STUDY

AUSTRALIA'S SUPPORT FOR RESILIENT INFRASTRUCTURE IN THE PACIFIC – TONGA

MINIMISING DISRUPTION TO POWER SUPPLY IS A KEY COMPONENT OF EFFECTIVE DISASTER RISK REDUCTION AND RECOVERY IN THE PACIFIC.

With this in mind, Australia is helping to:

- reduce Tonga's dependence on imported fuel
- increase the reliability, efficiency and affordability of power
- improve the resilience of power grids through the Outer Islands Renewable Energy Project.

The project is co-financed by Australia, the Asian Development Bank and the European Union, and is being implemented across nine outer islands, including 'Eua island.

Tropical Cyclone Gita hit both the main island of Tongatapu and nearby 'Eua at category 4 strength. On Tongatapu, 80 per cent of buildings lost power. In contrast, 'Eua was struck by the same intense winds but less than 20 per cent

of its buildings lost power, and this was restored within a week using pre-positioned solar panels. The power system on Tongatapu took six weeks to repair, and would have taken substantially longer without Australian support.

Australia's investment in resilience in 'Eua paid off. The benefits post disaster for households, businesses, schools and health clinics were enormous, enabling people to return to work and studies much faster, and reducing losses such as spoiled food in freezers. Given the water supply to most houses in Tonga requires electricity, a more resilient power system also meant better access to clean water and sanitation.

Investing in resilience has enormous benefits, minimising disruption to people's lives and reducing economic losses. With this in mind, Australia remains committed to collaborative partnerships with governments in the Indo-Pacific to reduce the impacts of disasters.

REVIEW

OUR CRISIS MANAGEMENT MECHANISMS IN DELIVERING A COORDINATED WHOLE-OF GOVERNMENT RESPONSE TO INTERNATIONAL CRISES

The department continues to strive towards world-class crisis management mechanisms.

The Global Watch Office provides 24-hour triage in the event of an incident or crisis overseas, alerting key departmental and other government agency personnel to emerging incidents.

The Consular Emergency Centre responds to more than 62,000 calls a year to help Australians overseas.

Drawing on the lessons learned following Cyclone Gita, the department's crisis centre and humanitarian operations centre were merged this year into a single entity. The crisis centre is being refurbished to create more collaborative work spaces for internal and other agency personnel.

Training and deployment of the Crisis Response Team (CRT) continued, with CRT or crisis management personnel undertaking joint Australian Defence Force and department planning and training for over 30 exercises. The department led and

coordinated Australia's response to a number of incidents throughout 2017–18, including the deployment of:

- consular staff to Indonesia to mitigate the potential crisis management risks should significant numbers of Australians be affected by the eruption of Mt Agung
- humanitarian and technical staff to Tonga, drawn from within the department, other government agencies and the private sector, to ensure our whole-of-government response following Cyclone Gita improved the lives of vulnerable people
- humanitarian and medical staff drawn from our readily deployable Australian Medical Teams (AusMAT), to provide medical relief in the Papua New Guinea highlands.

Collaboration with other domestic agencies, such as Emergency Management Australia, continues to expand (dfat.gov.au/aid/topics/investment-priorities/building-resilience/humanitarian-policy-and-partnerships/Pages/humanitarian-evaluation-publications.aspx).

REVIEW

OUR LIFE-SAVING ASSISTANCE TO VULNERABLE PEOPLE IN CRISIS SITUATIONS

We continually learn from our actions to improve the quality of our humanitarian work. Two major evaluations completed in 2017–18 focused on Myanmar and Papua New Guinea. The evaluation of Australia's humanitarian assistance to people affected by conflict in Kachin, Shan and Rakhine States in Myanmar between July 2014 and June 2017 found Australia's humanitarian assistance was effective in reaching over 500,000 people. As recommended, we are continuing to strengthen linkages between humanitarian programming and broader political efforts to better advocate with other donors and the government for unimpeded humanitarian access.

The evaluation of Australia's response to El Nino drought in Papua New Guinea—which has affected more than 1.33 million people between 2015 and 2017—found Australia's humanitarian assistance was acceptable to the government of Papua New Guinea in a highly political and sensitive environment. The evaluation rated the majority of individual

response investments as satisfactory, although substantial delays resulted in an assessment that the overall response was adequate. The evaluation acknowledged challenges addressing equity, vulnerable people protection, gender equality and social inclusion, in part due to safety concerns.

During the response in Tonga to Cyclone Gita, the department piloted the draft Humanitarian Monitoring and Evaluation Framework in the Pacific. This will be further developed with New Zealand to improve responses to rapid onset disasters. The pilot highlighted an effective, timely response, close alignment with Tonga's crisis response, and good coordination between Australia, New Zealand, France and the United Nations Office for the Coordination of Humanitarian Affairs (dfat.gov.au/aid/topics/investment-priorities/building-resilience/humanitarian-policy-and-partnerships/Pages/humanitarian-evaluation-publications.aspx).

PROTECTING STAFF, INFORMATION AND PROPERTY

OVERVIEW AND ANALYSIS

THE SECURITY AND SAFETY OF OUR PEOPLE AND THEIR DEPENDANTS OVERSEAS IS A HIGH PRIORITY, TOGETHER WITH THE SECURITY OF OUR MISSIONS, INCLUDING GOVERNMENT COMMUNICATIONS.

SECURITY

The department undertook a range of reforms focused on developing a robust security culture, supporting risk-based security decision-making and delivering flexible security solutions.

We promoted the importance of a robust security culture in a range of communication campaigns, and through training and outreach activities for designated security officers in Australia and overseas.

We used the May security culture survey to tailor our communication campaigns, targeting contact reporting, personal security, mobile phones and cyber risks. The highlight of our campaign was 'Security Week', which we held across the network in March. We also introduced a mobile application 'Overseas Security Awareness' for staff to access up-to-date information on personal security related to travel.

We launched the department's security framework in March after an 18-month review of protective security policies and procedures. The framework integrates a risk management approach to security and introduces new reporting mechanisms for posts to address risks and vulnerabilities. It helps us to adhere to the revised Australian Government Protective Security Policy Framework.

During the year security fit-outs were completed at new and relocated posts in Yangon, Ulaanbaatar, Bangkok, Dublin and Surabaya. We also upgraded physical security in Harare, Pretoria, Dili, Vientiane and Dhaka to mitigate threats.

We responded to the Australian National Audit Office's (ANAO) Protecting Australia's Missions and Staff Overseas audit findings by improving strategic planning, managing security measures and training staff. The related parliamentary Joint Committee of Public Accounts and Audit report was critical of the department in light of the ANAO's findings and made a number of recommendations to which the department will respond by November 2018.

Our post inspection regime was reviewed following an audit, and in August we began producing up-to-date threat and security risk assessments for all posts. This has resulted in a greater understanding of our risk and how to mitigate this given resource challenges. We inspected 38 posts in 2017–18.

INFORMATION TECHNOLOGY

We continued to provide secure and reliable systems both nationally and internationally.

The department delivered the International Communications Network (ICN)—a five-year initiative to enhance, modernise, and replace the Secure Australian Telecommunications and Information Network at over 174 sites globally.

We conducted upgrades across the network, including to desktop computing, telephones, mobility, infrastructure, technology support and the wide area network upgrades at over 156 sites. Our improvements to the ICT system have benefited departmental and partner agency staff at home and abroad, enabling us to deliver core policy objectives more efficiently and effectively.

The upgrades reduced login times from eight minutes to 30 seconds in some locations. Staff are using the new capability to work remotely on mobile devices with access to emails and the cables system when travelling internationally, at post or out in the field. The rollout has also enabled visa e-lodgement, reducing processing times.

We also collaborated with the United Kingdom Foreign and Commonwealth Office Service to deliver ICT equipment into countries we have not previously been able to reach. This provided a cost-effective delivery solution.

While the ICN rollout has delivered benefits, ongoing investment and maintenance of assets and infrastructure—domestically and overseas—will be needed.

OVERSEAS PROPERTY

We protected Australia's domestic and overseas property assets by providing safe, secure and functional work environments for staff across our global owned and leased properties.

Collaboration between our property, security and ICT areas to secure suitable and fit-for-purpose accommodation has been integral to the expansion of our diplomatic footprint. We relocated embassies in Yangon and Dublin to satisfy security requirements and provide more efficient workspaces.

We implemented the government's 2017–18 budget decision to consolidate the Commonwealth's overseas property functions into the department and centrally manage expenditure. Twenty-three agencies transitioned to the new arrangements in March, ahead of schedule. The Commonwealth-owned estate was valued at \$3.28 billion at 30 June 2018.

Construction and relocations

We undertook a substantial overseas construction program during the year. The new Australian embassy in Nairobi will be completed later in 2018. Although construction is behind schedule, the project remains within budget. When completed, the new purpose-built embassy will meet the security, accommodation and operational requirements of all government agencies represented in Nairobi.

We commenced the procurement process for the new Washington chancery. The current building's structure and services have reached the end of their economic and useful life;

these are a significant business continuity risk. The department leased temporary embassy accommodation for the construction period, appointed a project director and commenced the procurement process for a construction contractor.

The department's divestment strategy resulted in the sale of the former chanceries in Jakarta and Bangkok, and the former head of mission residence in Bangkok. The proceeds will help fund construction of the new Washington embassy.

Under our multi-year strategy to modernise and improve the overall condition of the Pacific portfolio, we delivered an annex to the Port Moresby chancery and completed the chancery in Lae. We are currently refurbishing the chancery in Honiara and staff residences in Port Vila.

Safety risks are inherent in building and managing a global property portfolio. We have used former construction projects in Bangkok and Jakarta as a template for managing onsite safety. The new embassy in Bangkok, completed in July, accrued 6.6 million hours of labour during construction, with a lost time injury frequency rate (LTIFR¹) of 0.79 against an industry standard of 5.6. The Nairobi project accrued 1,053,000 hours of labour with an LTIFR of 2.8 by the end of June, utilising work health and safety provisions coupled with onsite security measures exceeding standard local practices.

Maintaining the estate

An effective property maintenance program is critical to assuring the safety of staff and the public. In 2017–18 global property manager Jones Lang LaSalle delivered a \$38.44 million annual repair and maintenance program, which included a \$553,146 work health and safety compliance program, and \$3.43 million to respond to more than 20,000 reactive maintenance work orders for services across the overseas and domestic estates.

¹ LTIFR refers to the number of lost-time injuries within a given accounting period, relative to the total number of hours worked in that period. Lost-time injury can be a fatality, permanent disability or time lost from work.

New approaches and efficiencies

Through our renewable energy strategy, we are reducing operating costs and improving power reliability by bringing solar and energy storage technologies to posts. We completed the first trial in Amman with the installation

of 532 solar panels on the chancery and car park roofs. The system—the first of its kind at a diplomatic mission in Jordan—will generate significant savings and potentially recoup the cost of the capital investment in two years. Work is underway to implement the strategy in other locations.



Australia's Ambassador to Estonia, Kerin Ayyalaraju, in Tallinn [Estonian Ministry of Foreign Affairs]

Risk management

After London's Grenfell Tower fire, the department assessed our Commonwealth properties for fire risk stemming from facade cladding used in construction or subsequent refurbishments. Posts worked with local property managers to identify the use and type of cladding in leased residential buildings. The review identified 21 buildings in the owned and leased estates that required attention. We are preparing detailed risk assessments for these to determine the best course of action.


To address indoor air quality issues at some overseas posts, we initiated reviews in Beijing, Cairo, Hanoi and New Delhi. Air pollution management plans for each location will reduce exposure by improving




indoor air quality. The aim is to maintain an air quality level in line with the World Health Organization standard.

Diplomatic mailroom services

The diplomatic mailroom delivered 525 tonnes of unclassified material via 26,000 global freight shipments. The Australian Diplomatic Courier (Safehand) Service also delivered 33 tonnes of classified material to Australian diplomatic posts. ORIMA Research's survey of the performance of DHL, which manages the unclassified mailroom and airfreight services, showed an overall customer satisfaction rating of 93 per cent.

RESULTS

Performance criteria	Results	Source
<p>Deliver a new Security Policy Framework, which embraces a risk management approach while adhering to mandatory Australian Government policy and provides clear and accessible security policy information to all staff.</p> <p>Deliver outcome</p>	 <p>Met</p>	<p>Corporate Plan 2017–18 p. 24</p>
<p>Organisational security culture, including through breaches, contact reports, security incidents and investigations and staff engagement on security materials.</p> <p>Review</p>	 <p>Met</p>	<p>PBS 2017–18 Program 3.1 p. 48 Corporate Plan 2017–18 p. 2</p>
<p>Implementation of recommendations of the 2015 <i>Ritchie Review</i> and ANAO Audit on Protecting Australia's Missions and Staff Overseas (ANAO Report No.5 2017–18) according to a program of work 2017–2021.</p> <p>Review</p>	 <p>Partially Met</p>	<p>Corporate Plan 2017–18 p. 24</p>
<p>High-quality advice, effective mitigation strategies and timely responses to international security incidents based on considered threat and risk assessments.</p> <p>Review</p>	 <p>Partially Met</p>	<p>PBS 2017–18 Program 1.1 p. 31 PBS 2017–18 Program 3.1 p. 48</p>
<p>Implementation of the Business Technology Strategy 2017–2019.</p> <p>Review</p>	 <p>Met</p>	<p>Corporate Plan 2017–18 p. 25</p>
<p>The results of the annual client services satisfaction surveys for the outsourced service provider and the Overseas Property Office to each show baseline approval ratings of 80 per cent or better.</p> <p>Review</p>	 <p>Partially Met</p>	<p>Corporate Plan 2017–18 p. 25</p>
<p>Asset management plans are in place for all owned properties in the estate.</p> <p>Review</p>	 <p>Met</p>	<p>PBS 2017–18 Program 3.2 p. 49</p>
<p>The construction and refurbishment of departmental overseas property completed within agreed timeframes and budgets. Complete the design phase of the new chancery in Washington by 2017–18 (on time and on budget).</p> <p>Deliver outcome</p>	 <p>Partially Met</p>	<p>Corporate Plan 2017–18 p. 25</p>

Performance criteria	Results	Source
Compliance of the global network and its business systems with the Australian Signals Directorate’s cyber mitigation strategies, and report to the Departmental Security Committee. Audit	 Met	Corporate Plan 2017–18 p. 24
An accessible and reliable secure cable network. Report	 Partially Met	PBS 2017–18 Program 3.1 p. 48
Government agencies at overseas missions are satisfied with service provided in accordance with the Prime Minister’s Directive on the Guidelines for the Management of the Australian Government Presence Overseas and service level agreements in place. Review	 Met	PBS 2017–18 Program 3.2 p. 49

DELIVER OUTCOME

DELIVER A NEW SECURITY POLICY FRAMEWORK

The Secretary launched the Security Policy Framework during the year as part of the department’s inaugural Security Week activities. It moves the department towards a more explicit risk management approach to security and provides flexibility to respond to the changing threat environment, particularly overseas. It ensures consistency with the revised Australian Government Protective Security Policy Framework.

The framework includes an assurance policy stream, which outlines reporting, investigations, inspections, breaches and management of security incidents. It strengthens planning with a revised annual security report, mandating overseas posts to report on key risks rather than compliance. The framework also requires posts to develop a security plan and submit an annual security risk assessment, and mandates annual checks of post security features.

We improved information management and transparency by designing an online portal for post security officers to house their security risk assessments and reports. The framework is prominent on the departmental intranet and easily accessible for all staff.

We revised security training to ensure outgoing post security officers were familiar with the framework and able to apply security risk management tools.

The department will measure the framework’s effectiveness through a formal survey in March 2019 and conduct an audit in 2018–19.

REVIEW

ORGANISATIONAL SECURITY CULTURE

Improving our security culture was a key focus for the department in 2017–18.

We launched a major new initiative—Security Week—to help staff understand the risks facing the department, and used a range of interactive exhibitions, events and activities to promote security awareness. Fifty-five posts held their own security-themed activities. There were over 75 nominations for the department’s inaugural Security Awards, recognising excellence in security practices at work.

In Canberra, more than 130 staff participated in an ‘escape room’ exercise to build security awareness, particularly around information. Staff demonstrated their security engagement through online feedback walls, which facilitated comments and input.

The department developed a number of security awareness campaigns during 2017–18, based on information gathered through the

May Security Culture Survey. These campaigns are helping to reduce breaches and security incidents, and increase contact reports.

Topics ranged from mobile phone policy, information security and personal security tips for officers and families posted overseas. We developed staff surveys in 2018 to test engagement and evaluate the effectiveness of these campaigns. The first of these surveys on mobile phones showed encouraging levels of engagement with our security materials. All survey respondents showed they were aware of the department’s restriction on the use of mobile phones in certain work areas. They also welcomed the department’s instant messaging web application—available on desktops—which facilitates more effective and efficient communication between staff at post, particularly during ministerial visits.

Over the year, there was a significant increase of 108 per cent in views of the department’s security intranet pages.

REVIEW

IMPLEMENTATION OF RECOMMENDATIONS OF THE 2015 RITCHIE REVIEW AND AUSTRALIAN NATIONAL AUDIT OFFICE AUDIT ON PROTECTING AUSTRALIA’S MISSIONS AND STAFF OVERSEAS (ANAO REPORT NO.5 2017–18)

In response to the ANAO report into Protecting Australia’s Missions and Staff Overseas (ANAO Report No.5 2017–18) and the earlier internal Ritchie Review from 2015, we made significant progress in implementing the report’s recommendations. We also incorporated further recommendations from a follow-up inquiry by the Parliamentary Joint Committee of Public Accounts and Audit (JCPAA) into the project.

The department implemented all 27 recommendations from the 2015 Ritchie Review by 30 June along with a number of governance and capability requirements.

The recommendations focused on improving strategic planning, coordinating security measures overseas—including through better record keeping and consistency of risk assessments, staff training and inspection arrangements.

We completed six of the nine ANAO audit recommendations by 30 June. The remaining three require longer-term remediation, especially around ICT systems.

We accepted the JCPAA inquiry report recommendations. The department will provide a formal response by the November 2018 deadline.

The department continued to monitor progress in implementing these recommendations through the Departmental Security Committee, Audit and Risk Committee and the executive.

REVIEW

HIGH-QUALITY ADVICE, EFFECTIVE MITIGATION STRATEGIES AND TIMELY RESPONSES TO INTERNATIONAL SECURITY INCIDENTS

During the year, we improved the quality of our advice and mitigation strategies. We responded to the Australian National Audit Office report into Protecting Australia's Missions and Staff Overseas (ANAO Report No.5 2017–18), by undertaking a comprehensive review of threat and risk assessments for all overseas missions. Work is underway to review and submit risk assessments in line with updated guidelines. The expected completion date is the end of 2018. A new online collaboration site, built in June 2018, will house key threat and risk reports on overseas missions, and facilitate communication and oversight between posts and Canberra. The portal allows greater access to security information across the network and supports good record management.

The team provided support to posts where there were rapid changes in security

requirements, such as Bangladesh and Nigeria. Security staff visited the sites to review requirements and implement mitigation strategies to reduce risks to staff. We also conducted threat and risk assessments for planned new posts, including Funafuti and Kolkata, as part of the whole-of-department planning process. These assessments informed the risk mitigations required.

The department's network of overseas regional security advisers provides immediate advice and assistance in the overseas context. During 2018 we expanded the network's coverage so more overseas missions could access in-region support. We also began developing a learning pathway to enhance the skills and experience of Canberra-based security advisers before they travel overseas.

REVIEW

IMPLEMENTATION OF THE BUSINESS TECHNOLOGY STRATEGY 2017–2019

Through the Business Technology Strategy, we seek to align ICT capabilities with our current and emerging business requirements. Consultation with divisions, posts and partner agencies identified those that offer the highest strategic value to the department.

The strategy focuses on three essential goals:

- protect and enhance business continuity
- improve the quality of ICT service delivery
- develop a greater level of flexibility and agility when responding to requests for ICT services.

The department progressed implementation in 2017–18, including:

- commissioning two new data centres to mitigate key business continuity risks
- completing integrated communications networks to ensure greater resilience and security of the network, and to refresh ICT assets
- establishing a multi-year cyber security exercise program with Australian Government agencies and the New Zealand Ministry of Foreign Affairs and Trade to test the rigour of our cyber security.

We also made progress on the Australian Signals Directorate's Essential Eight mitigation strategies, which has enhanced our capacity to detect and prevent attempts to compromise our information systems.

REVIEW**RESULTS OF THE ANNUAL CLIENT SERVICES SATISFACTION SURVEYS FOR THE OUTSOURCED SERVICE PROVIDER (JONES LANG LASALLE) AND THE OVERSEAS PROPERTY OFFICE**

ORIMA Research undertook an annual client services satisfaction survey of the Overseas Property Office and service provider Jones Lang LaSalle during the year. The 2018 survey indicated an overall increase in the level of satisfaction with the Overseas Property Office's performance (92%), however overall satisfaction declined slightly on property services (77%).

The Overseas Property Office is working with Jones Lang LaSalle to improve the client service experience across the domestic and overseas estates. This includes new governance and project management structures and greater communication with tenants.

REVIEW**ASSET MANAGEMENT PLANS ARE IN PLACE FOR ALL OWNED PROPERTIES IN THE ESTATE**

Asset management plans are in place for all properties across the overseas estate. The department reviewed these plans according to a schedule of property inspections, as part of our strategic approach to managing the property portfolio.

DELIVER OUTCOME**THE CONSTRUCTION AND REFURBISHMENT OF DEPARTMENTAL OVERSEAS PROPERTY IS COMPLETED WITHIN AGREED TIMEFRAMES AND BUDGETS. COMPLETE THE DESIGN PHASE OF THE NEW CHANCERY IN WASHINGTON BY 2017-18**

Architects completed the interim chancery design in March with construction scheduled to commence in October. The final sketch design for the permanent chancery was completed in May but completion of construction documentation was revised outward from June 2018 to December 2018.

Involving contractors and industry early in the process necessitated extending the design program, but their early engagement was crucial to identifying any construction or

coordination issues. It also improves design quality and creates opportunities for innovation in delivering aspects of the construction. The revised completion date for construction documentation has no impact on the overall program and supports design within budget.

AUDIT

COMPLIANCE OF THE GLOBAL NETWORK AND ITS BUSINESS SYSTEMS WITH THE AUSTRALIAN SIGNALS DIRECTORATE'S CYBER MITIGATION STRATEGIES

Under the oversight of the Departmental Security Committee, a dedicated branch managed all ICT risk and cyber security operations and completed significant work to comply with the Australian Signals Directorate's mandatory Top Four strategies.

To test our cyber security resilience we led a multi-agency exercise to ensure business continuity, governance and reporting processes were sound. We enhanced our cyber capability with ongoing investment including through the rollout of the ICN.

REPORT

AN ACCESSIBLE AND RELIABLE SECURE CABLE NETWORK

The department worked to continually improve the 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.

The department provided access to the cable network to all partner agencies under the ICT MoU.

REVIEW

GOVERNMENT AGENCIES AT OVERSEAS MISSIONS ARE SATISFIED WITH SERVICE PROVIDED

We improved support services to government agencies at overseas missions through various initiatives including implementing:

- the revised service level arrangements
- a security services MoU
- an ICT MoU.

The new arrangements have improved financial, office, human resources, property and fleet management services to 27 government departments and agencies. They improve ease of use and understanding, transparency of processes, and provide clarity on agency obligations and our performance indicators. Mandated quarterly governance meetings in each overseas location enable issues to be resolved and ensure high-level satisfaction.

Over the year we increased security outreach and support to overseas missions. In June we implemented a revised security services MoU. The new arrangement reflects current security policy and procedures outlined in our security framework and codifies the responsibilities of the department and other government agencies in meeting security requirements overseas. This ensures our security services are clearly articulated and allows other government agencies to manage

risk for their deployed staff. For the first time ever, all participating agencies endorsed the MoU, confirming they are satisfied with our service delivery.

The revised ICT MoU ensures efficient delivery of ICT services to more than 30 partner agencies. Central to this service was completing the project, which delivers better ICT infrastructure and telecommunication services to 174 sites in Australia and overseas. The project has also strengthened our ability to secure government information from potential cyber threats. The November satisfaction survey by Australia Online Research demonstrated a high satisfaction rate from all users.

Agencies provided positive feedback at the quarterly Global Service Delivery Board and working group meetings with no significant issues reported or escalated.

REPORT ON FINANCIAL PERFORMANCE

DEPARTMENTAL OPERATING RESULT

As reported in the financial statements at Section 04, the department recorded an operating deficit of \$53.9 million. After adjusting for depreciation and amortisation expenses, the department's year end result is a surplus of \$133.3 million, due to the gain from sale of the chanceries in Bangkok and Jakarta.

The department's 2017–18 operating budget was supplemented to continue Australia's diplomatic engagement and security arrangements in Afghanistan and Iraq. In addition to maintaining our diplomatic presence, this funding also supported Australia's efforts to combat ISIL in Iraq and Syria. The department was approved to centralise management of non-departmental property overseas to capture economies of scale in service provision, the costs of which were met within the existing resourcing of the Foreign Affairs and Trade portfolio.

See also Management of Financial Resources, p. 144, and the financial statements, p. 155.

REVENUE

The department reported \$1,642.7 million of revenue in the Statement of Comprehensive Income, comprised of:

- \$1,355.2 million of appropriation revenue from government
- \$ 145.5 million of own source income
- \$ 142.0 million in gains including sale of assets.

This represents an increase of \$107.8 million over 2016–17, mainly due to the gain from sale of the chanceries in Bangkok and Jakarta.

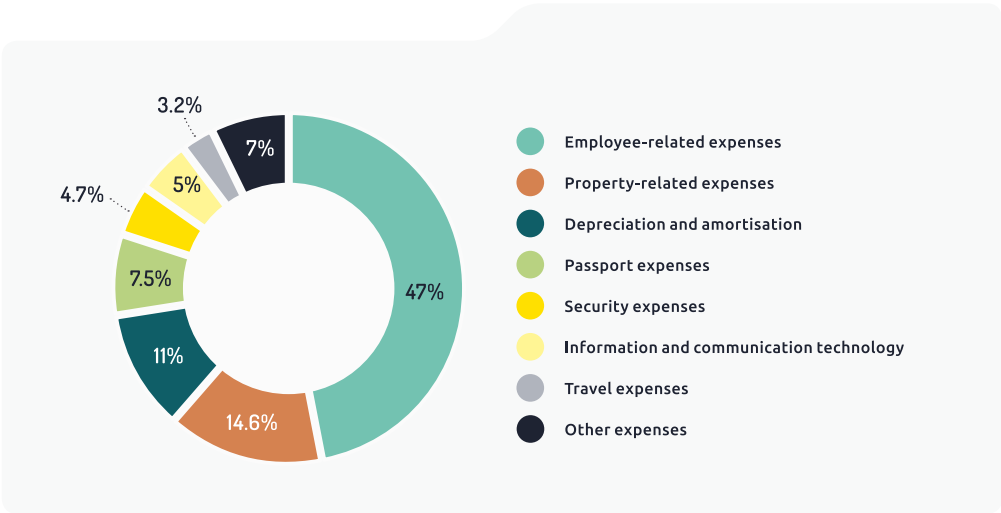
The department also reported \$220.4 million of other comprehensive income arising from asset revaluation movements in the Statement of Financial Position. This is recorded directly as equity on the Statement of Financial Position and is not incorporated into the departmental operating result.

EXPENSES

The department reported \$1,696.5 million of expenses in the Statement of Comprehensive Income. This represents an increase of \$24.9 million over 2016–17, mainly due to the following factors:

- increased depreciation and amortisation expenses of \$15.9 million due to the increased value of the department's asset holdings, offset slightly by a \$4.3 million decrease in write-down and impairment costs from the detailed review of assets and assets under construction
- increased employee expenses of \$19.0 million due to delays in reducing staff numbers and the increase in value of leave based on movements in the bond rate, offset by
- a reduction in overall supplier expenses of \$4.0 million due to cost savings on specific suppliers.

FIGURE 20 SUMMARY OF EXPENSES

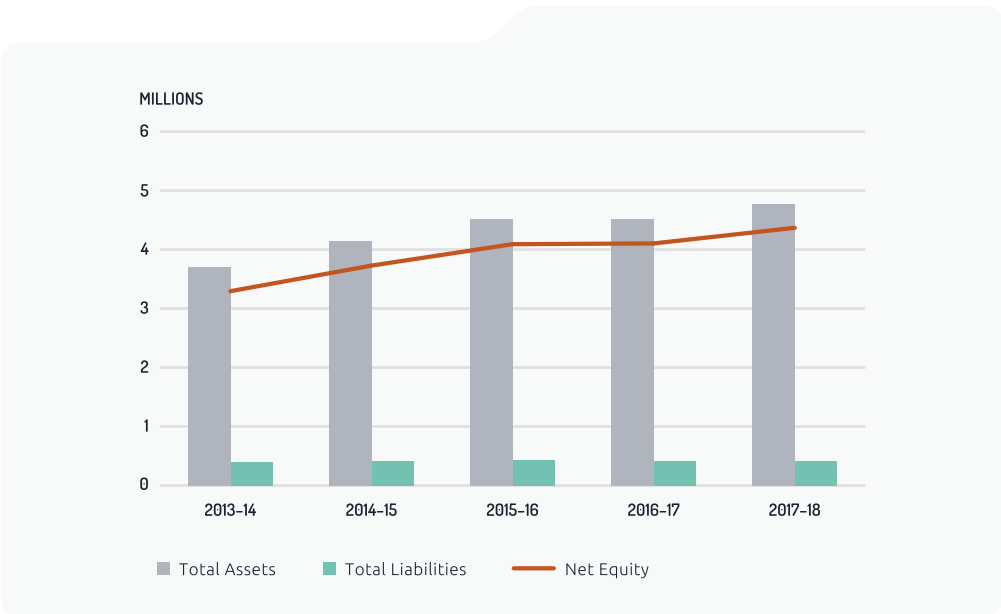


ASSETS AND LIABILITIES

The department reported a net asset position of \$4,368.6 million in the Statement of Financial Position, with liabilities equating to less than 10 per cent of the total asset base.

Net assets are \$264.8 million higher over 2016-17. The main factors contributing to the movement in 2017-18 were the increase in the value of tangible non-financial assets due to new purchases and developments, and revaluation movements.

FIGURE 21 ASSETS AND LIABILITIES



ADMINISTERED PROGRAM PERFORMANCE

The administered program comprises activities undertaken by the department on behalf of the government. Administered expenses for 2017–18 were \$3,728.2 million, a decrease of \$974.8 million over 2016–17. The majority of the decrease was due to the lower contributions and lower valuation of investments, this year, into multilateral aid organisations such as the Asian Development Fund and the International Development Association.

As reported in the PBS Program 1.2, the aid program of \$3,067.7 million¹, an increase of \$148.0 million from 2016–17, reflects the different development and economic trajectories across the region and continues the government’s commitment to development in the Indo-Pacific.

The department also managed a range of other administered programs. The majority

of these expenses support the work of global United Nations Peace Keeping Operations (\$200.2 million, a decrease of \$26.6 million from 2016–17 due to a number of United Nations missions winding up this year), Australian membership of key international organisations (\$139.5 million, an increase of \$3.7 million from 2016–17) and support of international forums to continue to advance Australia’s foreign, trade and investment, development and security interests.

Income administered by the department on behalf of government in 2017–18 was \$1,048.8 million, which is \$436.6 million more than 2016–17. The increase is due predominantly to an upward revaluation in investments of \$388.7 million. Passport, consular and other fee revenue also increased by \$33.7 million due to the legislative fee increase from 1 January 2018 and an increase in the number of passport applications.



Chief Financial Officer Paul Wood signs the 2017–18 Financial Statements with Secretary Adamson [DFAT/Patrick Lawson]

1. This figure excludes cash payments to multilateral organisations and departmental expenditure.

03

MANAGEMENT AND ACCOUNTABILITY



AUSTRALIA'S HIGH COMMISSIONER TO BRUNEI,
NICOLA ROSENBLUM, AND SECOND SECRETARY, JO MCINTOSH,
WITH AUSTRALIAN ALUMNI AT A HARI RAYA AIDILFITRI
CELEBRATION [DFAT/BRUNEI POST]



OVERVIEW

IN 2017-18 THE DEPARTMENT'S MANAGEMENT AGENDA CONCENTRATED ON RECONCILING THE AMBITION OF OUR POLICY AGENDA WITH THE REALITY OF TIGHT FISCAL AND HUMAN RESOURCE CONSTRAINTS.

Ensuring the quality and reach of our diplomacy is crucial to maximising Australia's influence. To balance these challenges we have examined our culture, operating model and capability to ensure the department is fit for purpose into the future.

The department continued to implement the largest expansion of Australia's diplomatic network in 40 years. In 2017-18 we opened

new posts in Surabaya, Rabat and Tallinn—our first pop-up post. Tallinn is a good example of the way in which we are testing new operating models to strengthen our diplomatic network and at the same time streamline service delivery and reduce overhead costs.

We also completed the rollout of the International Communications Network to 174 sites globally—a significant modernisation investment that has enhanced services for Australian Government agencies with an international focus. Our rollout of reDESIGN in North America, Europe and North Asia is further streamlining administrative processes, reducing duplication and freeing up posts to focus on policy, advocacy and service delivery.



The Passports and Consular team at the Australian High Commission Singapore [DFAT]

CULTURE

ORGANISATIONAL PERFORMANCE

We are working to make our organisational performance processes clearer and sharper to help drive improved results and increased productivity.

In 2017–18 we strengthened planning and performance reporting by:

- aligning the performance framework with our White Paper objectives
- improving consistency between performance measures in the corporate plan and those in the PBS
- strengthening our cascading performance framework approach (from the corporate plan through to business unit plans to individual performance agreements)
- instituting a quarterly performance review process
- restructuring the department to encourage greater focus and cooperation in distinct groups.

Our corporate plan and PBS analysis (p. 15), outlines the broad scope of the department's work, our purpose, outcomes and priority functions. It is underpinned by working-level performance and planning processes, which

encompass specific performance measures and delivery strategies. Over the reporting period, the executive considered and reviewed the performance of business units across our global network, providing strategic feedback and guidance to 58 posts, seven state and territory offices and for 41 divisional reviews. This process was supported by feedback from over 100 Australian Government agencies and key stakeholders.

At the individual level, the department's performance framework provided managers and staff training and, where appropriate, individual guidance and support for managing complex performance and management issues. Under the framework, all staff at the EL 2 level and above, and EL 1 officers with significant supervisory responsibility, are provided upwards feedback on their performance. Support for managers included mentoring for first-time posted staff filling key leadership positions in overseas posts. All staff are able to initiate their own mentoring relationships through a register in which over 200 staff have volunteered to mentor their colleagues in a variety of areas.

Performance pay is available to non-SES APS employees who have reached the top pay point in their classification, receive a 'Performing Well' or 'Performing Exceptionally' rating under the performance framework, and meet eligibility criteria related to time at level (see table 6). Performance pay arrangements for locally engaged staff differ depending on local conditions of service.

TABLE 6 PERFORMANCE PAYMENTS BY LEVEL, 2017–18

	Number in 2016–17	Number in 2017–18	Aggregated (Total amount \$)	Average amount (\$)	Minimum amount*	Maximum amount
APS Level 3	41	37	45,402	1,227	526	1,316
APS Level 5	503	567	868,033	1,531	638	1,594
APS Level 6	443	461	819,691	1,778	574	1,850
Executive Level 1	972	919	2,024,507	2,203	519	2,710
Executive Level 2**	414	372	1,023,082	2,750	1,130	3,389
Total	2,373	2,356	4,780,716			

* Low minimum payments are pro rata to staff who worked part time during the performance management cycle.

** Includes medical officers.

RISK AND RED TAPE REDUCTION

Given the rapid and unprecedented pace of change that characterises the international environment, it is critical that as a department we strengthen our risk culture so we can more efficiently and effectively deliver the government's objectives.

In 2017–18 the department encouraged staff to **engage intelligently with risk**. This approach has enabled us to be more innovative and to avoid red tape. We have updated the risk management guide, prosecuted the importance of positive risk culture behaviours, and undertaken extensive capacity building across the department.

We defined and embedded a set of eight 'positive risk culture behaviours', which is enabling and rewarding staff for making decisions informed by risk and pursuing upside risk where the benefits allow us to better meet our objectives. In June we held the second departmental 'Open Up' seminar, in which the Secretary and other senior staff discussed their personal experiences of learning from failure. The Secretary outlined her commitment to driving a culture where staff feel comfortable acknowledging mistakes and sharing lessons learned—essential behaviours for innovation and a strong risk culture. Risk training and capacity development was a strong focus as we worked to ensure staff prioritise risk management as an essential professional tool.

Our staff are now better equipped to understand and apply risk management.

Risk and innovation go hand-in-hand. Strengthening our risk and innovation culture is allowing the department to achieve important **red tape reductions**.

In 2017–18 the department's three regulators—the Australian Passport Office, the Sanctions Section and the Australian Safeguards and Non-Proliferation Office—led these efforts, resulting in over \$11.6 million of savings.

The largest savings were realised from the rollout of the department's online, digital capture passport application form. This form has significantly expedited the passport application process by reducing the number of visits to Australia Post needed to complete an application and providing better guidance on exactly what identification documentation is required.

The three regulators also conducted their third performance self-assessment under the Commonwealth's Regulator Performance Framework (RPF). All three regulators demonstrated strong results. More information on the department's work to cut red tape and links to the RPF are available at dfat.gov.au/about-us/corporate/Pages/deregulation.aspx

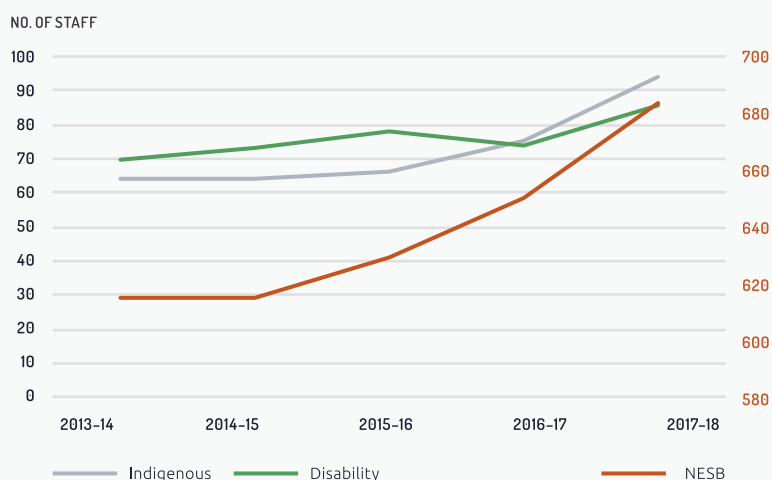
INCLUSIVE LEADERSHIP AND DIVERSITY

The principles of inclusive leadership are at the heart of the department's cultural change agenda. In 2017–18 our inclusion agenda has enhanced the productivity, diversity and capability of our workforce.

As the department that represents Australia to the world, we recognise that our staff should represent the wide and talented diversity of the Australian people. We are committed to strengthening the **diversity of our workforce** and providing our staff with a safe and inclusive workplace.

Working with staff, the department's senior leadership has put in place strategies to achieve this goal. These strategies are specific, ambitious and innovative. Establishing measures, reviewing progress regularly and the appointment of senior champions for each stream of work has been an integral element of this agenda.

FIGURE 22 STAFF DIVERSITY



WOMEN IN LEADERSHIP

Our **Women in Leadership Strategy** is driving deep cultural change and opening up new ways of working to improve gender equality, helping all staff reach their full potential and enhancing productivity.

The changes introduced in the strategy are wide-ranging, from the commitment to flexible working arrangements, SES gender targets, the introduction of unconscious bias training and embedding inclusive leadership practices in everyday work.

The 'if not, why not?' approach to flexible work has been rolled out across the department. This approach emphasises the right for staff to request a flexible work arrangement and establishes a default assumption that every request is considered. Our ultimate goal is to normalise flexible work as a way of doing business, for men and women, with and without caring responsibilities.

The following table provides information on full-time and part-time employment in 2016-17 and 2017-18.

TABLE 7 EMPLOYMENT TYPE BY FULL-TIME AND PART-TIME STATUS

	2016–17					2017–18				
	Ongoing		Non-Ongoing		Total	Ongoing		Non-Ongoing		Total
	FT	PT	FT	PT		FT	PT	FT	PT	
Secretary	1				1	1				1
Dir Safeguards	1				1	1				1
SES Band 3	11		4		15	13		4		17
SES Band 2	60	1	4		65	51	1	5		57
SES Band 1	156	2	4		162	183	2	3	1	189
Medical Officer Cl 5	1				1	1				1
SES unattached	11	2			13	18	3			21
Medical Officer Cl 4			4		4	1		5		6
Medical Officer Cl 3	1		5		6	2		2		4
EL 2	479	41	6	1	527	487	31	4	3	525
EL 1	960	155	15	9	1,139	896	155	7	5	1,063
APS 6	565	57	16	4	642	588	69	5	3	665
APS 5	695	95	24	8	822	713	113	25	4	855
APS 4	113	5	9		127	66	1	5		72
APS 3	36	9	3	1	49	40	10			50
APS 2	3				3	1				1
APS 1					0					0
Graduates	74				74	96	2			98
Cadets					0					0
Non-SES unattached	176	29		1	206	139	20			159
TOTAL	3,343	396	94	24	3,857	3,297	407	65	16	3,785

Our Women in Leadership objective is to have at least 43 per cent and 40 per cent women at SES Band 1 and Band 2 levels by 2020 respectively. In 2017–18 women made up 38 per cent of the SES band 1 cohort (up from 35 per cent, year-on-year (y-o-y)), 32 per cent of the SES band 2 cohort

(up from 28 per cent, y-o-y) and 60 per cent of our SES band 3 cohort¹. Women also make up 40 per cent of our heads of mission (HOM) positions overseas². Reflecting this progress, the department won the APS Commission Gender Equality Award in November.

1 Consistent with the agreed methodology used to calculate the original WIL data (and unless otherwise marked), the data represents all department APS staff as at 30 June 2018 excluding political appointees and department statutory appointees and including staff on leave without pay, those covered by the *Members of Parliament (Staff) Act 1984* (MOPs), and on secondments. SES figures also include staff on transition to retirement and non-ongoing contracts.

2 Data relating to HOMs/HOPs excludes Political Appointees and Chargés unless otherwise indicated.



The department's Women in Leadership team accept the APS Commission Gender Equality Award in November [DFAT]

INDIGENOUS RECRUITMENT AND CAREER DEVELOPMENT STRATEGY

In 2017–18 we achieved our target of 2.5 per cent of APS employees who identify as Aboriginal or Torres Strait Islander, with 94 ongoing Indigenous APS employees (see Table 8: Indigenous staff by classification 2016–17 and 2017–18). We achieved this through a number of affirmative measures for Indigenous Australians at the APS6/EL1, EL2 and senior executive levels, as well as other measures,

consistent with our Reconciliation Action Plan 2016–19 and Indigenous Recruitment and Career Development Strategy 2016–2020. The awarding of the inaugural Secretary's Award for Reconciliation in May and launch of the Reconciliation Space by the Secretary in November were clear demonstrations of the department's continued commitment to reconciliation.

TABLE 8 INDIGENOUS STAFF BY CLASSIFICATION 2016-17 AND 2017-18 AS AT 30 JUNE

Reporting Period	2016-17	2017-18
All APS Classifications	75	94
APS 1		
APS 2	1	
APS 3	7	8
APS 4	12	11
APS 5	16	24
APS 6	13	14
Exec 1	12	15
Exec 2	8	9
Graduate	5	10
SES Band 1	1	3
SES Band 2		
SES Band 3		



Aboriginal dancers from Wiradjuri Echoes performing at the launch of the department's Reconciliation Space in the R.G. Casey Building in November [DFAT/Linda Roche]

A DISABILITY INCLUSIVE WORKPLACE

In 2017–18, 86 APS employees reported a disability, representing 2.2 per cent of APS employees in the department. To promote a more inclusive workplace we provided disability confidence training and held a dialogue between the senior executive and the department's Disability Network. We are also developing practical that staff can participate fully in the broad range of the department's work. Disability reporting details under the National Disability Strategy are available at dss.gov.au.

CULTURAL AND LINGUISTIC DIVERSITY

As of 30 June 2018, 684 APS employees reported as being from a non-English speaking background, representing 18 per cent of APS

employees in the department. To support culturally and linguistically diverse (CALD) colleagues, the Secretary launched a new CALD Staff Network on Harmony Day, reflecting the important role staff from diverse backgrounds play in the department. We are developing our inaugural CALD Strategy in close consultation with the CALD network, the recently appointed CALD champion and other key stakeholders.

SUPPORT FOR OUR LGBTI COLLEAGUES

We continued to support colleagues who identify as lesbian, gay, bisexual, transgender and intersex (LGBTI) through participation in Mardi Gras Fair Day in Sydney and events to mark International Day Against Homophobia, Biphobia and Transphobia. Our inaugural LGBTI Strategy is being developed in close consultation with the LGBTI network, our LGBTI champion and other key stakeholders.



The LGBTI Network Committee members at the department's Mardi Gras Fair Day stall, with Wing Commander Vince Chong of Defence's DEFGLIS [DFAT]

STAFF WELFARE

As an organisation operating in high-risk locations, staff welfare is a high priority. Our Staff and Family Support Office (SFO) has been instrumental in leading development of a new Mental Health Policy and Strategy, while also providing a range of services to staff in Australia and overseas.

During the year the SFO provided 2,225 consultations to 1,000 staff and family members, and conducted 162 training sessions, reaching over 2,421 participants. The SFO also continued to offer Mental Health First Aid courses, training over 318 staff. The department has now achieved silver accreditation as a Mental Health First Aid Skilled Workplace from Mental Health First Aid Australia.

Staff surveys focus on assessing staff attitudes toward the impact of flexible work policies, the effectiveness of the HOM/HOP mentoring program and LGBTI workplace inclusion. Our APS Employee Census results compare favourably with other agencies. We use the census results to measure and improve our performance and to inform our corporate policies.

VALUES, CONDUCT AND ETHICS

In 2017–18 the department promoted 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.

Our Employee Ethics Section provides an ethical advisory service and investigates allegations of fraud and misconduct involving staff, including locally engaged staff overseas. During the period, 39 new allegations were investigated and 33 code of conduct (CoC) investigations were undertaken. Of the 33 finalised CoC investigations, 27 matters were substantiated. Ten officers were dismissed and penalties were applied to the remaining 17 officers. These penalties included fines, reduction in classification, reprimand and reduction in salary.

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 our intranet and external website, and we also provide e-learning for staff.

ANTI-BULLYING, HARASSMENT AND DISCRIMINATION

The department has zero tolerance for bullying, harassment (including sexual harassment) and discrimination, and is committed to providing a workplace that is fair, flexible, safe and rewarding.

We are reviewing sexual harassment policies to strengthen behaviour of our staff and contracted partners and reporting when these expectations are not met. A single telephone number will be established for reporting or seeking assistance on any inappropriate behaviour, sexual harassment, and sexual exploitation and abuse of children and vulnerable adults. The department's external website will incorporate a portal to enable easy and quick access to information and support.

In 2017–18 we also provided mandatory e-learning to all staff in Australia and overseas, and access to support options, including a global network of over 200 workplace diversity contact officers.

DOMESTIC AND FAMILY VIOLENCE

A continued focus for the department in 2017–18 was combating domestic and family violence. Building on the 2015 *Guidance on Workplace Responses to Domestic and Family Violence*, we released a toolkit on how to recognise the signs of violence. The toolkit also highlighted in-house and external support services. It supplements advice provided to overseas posts on the formulation of location-specific policies.

Reporting on the department's work health and safety performance is available at appendix 4, p. 238.

ORGANISATIONAL STRUCTURE

Our ability to deliver the outcomes set out in the White Paper is closely linked to the capability of our most valuable asset—our people. Our focus is on ensuring the department is the most productive and high-performing organisation we can be, where all staff feel valued, supported and able to contribute their best.

We revised our organisational structure and allocated our people and efforts to align with White Paper priorities (see Departmental Overview, p. 14).

WORKFORCE STRATEGY

We are rolling out our new workforce strategy. It sets out a contemporary human resources business model and forward-looking workforce management settings for developing our workforce from 2018–2022. We need strong capabilities to help us maximise opportunities, guard our interests, respond quickly to crises and emerging issues, and bring the world back home to inform domestic policy. Delivering the full benefits of the strategy will take time.

In the early days of its rollout, the strategy has strengthened our capacity to quickly mobilise the right staff to address key priorities and emerging challenges and opportunities. For example, over the reporting period staffing resources were redirected to taskforces delivering priorities such as the White Paper and the high-speed undersea cables initiative.

DIPLOMATIC ACADEMY

The work of our Diplomatic Academy underpins the workforce strategy. The academy is a leading-edge learning and development hub. Its curriculum gives staff across government the skills and capabilities they need to support an ambitious international engagement agenda.

After a two-year establishment process, the Foreign Minister launched the Diplomatic Academy on 11 May. Our purpose-built premises comprise nine training rooms, collaboration spaces, a multi-purpose

auditorium and a language training facility. The academy's curriculum includes the department's pre-posting training, e-learning and the International Graduate Program. The program, which ran twice in 2017–18, provides an academic and practical training program for our graduates and junior diplomats from international foreign ministries. From the commencement of delivery of its annual curriculum in the new premises on 5 February 2018 up to 30 June 2018, the academy hosted 316 learning and development programs and events. In 2017–18, 123 staff from other APS agencies participated in the academy's diplomatic tradecraft programs.

The Diplomatic Academy's Language Faculty oversees training and maintenance of language skills, which are a core capability for the department. As at 30 June 2018, there were 761 serving officers with proficiency across 31 languages. In 2017–18, 168 officers studied 23 languages in preparation for their postings to language designated positions overseas. The academy also commenced a comprehensive review of curricula across all languages, and refined services to support language skills across APS agencies.

OUR GLOBAL WORKFORCE

The department has offices in every Australian state and territory capital, with 2,916 APS staff working in Australia and 869 APS employees serving at our overseas posts (see appendix 1, p. 224).

The department also employs 2,298 locally engaged staff in our overseas missions. Local staff provide invaluable expertise for consular and passport matters, policy development and support, and corporate support.

The department's Enterprise Agreement sets out the terms and conditions for non-SES APS employees. The current agreement is due to expire on 17 December 2018. During the reporting period, the department undertook extensive consultations with staff in preparation for bargaining on a replacement agreement, which is expected to be voted on later this year.

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 SES personnel remuneration is set out in Note 6.2 of the financial statements (p. 198).

TABLE 9 EMPLOYMENT ARRANGEMENTS OF SES AND NON-SES EMPLOYEES

	SES	Non-SES	Total
Enterprise agreement		3,455	3,455
Individual flexibility arrangements			0
Australian workplace agreements			0
Common law contracts			0
Determinations under subsection 24(1) of the <i>Public Service Act 1999</i>	285	43	328
Total*	285	3,498	3,783

* The Secretary and the Director General of the Australian Safeguards and Non-Proliferation Office have not been included in the above figures as they are Statutory Appointments.

The department also provided a range of non-salary benefits including influenza vaccinations, on-site gym facilities in Canberra and some overseas missions, and prioritised access to childcare in Canberra.

Our locally engaged staff are employed under section 74 of the *Public Service Act 1999*. Where

possible, they are employed under individual employment contracts, operating under common terms and conditions in each country. These terms and conditions are developed in accordance with a common template across all our posts, with scope for changes where required under local labour law.

CORPORATE GOVERNANCE

In 2017–18 the department's corporate governance agenda ensured a more agile, responsive and accountable organisation better able to deliver the Australian Government's international policy priorities.

PORTFOLIO AND WHOLE-OF-GOVERNMENT COORDINATION

Whole-of-government engagement is vital to the successful implementation of the White Paper. The department's executive has ensured the White Paper is the main frame of reference for the government's international engagement. Immediately after the White Paper launch, the Secretary led a forum attended by more than 500 people from across the APS to discuss the White Paper policy framework. The Secretary and members of the executive meet regularly with their portfolio and other government agency counterparts to support cohesive responses to current and emerging policy matters. The department chairs the high-level inter-agency White Paper Board, responsible for overseeing White Paper implementation and reporting regularly to ministers on progress.

SENIOR MANAGEMENT COMMITTEES AND THEIR ROLES

The department's key corporate governance committees are:

The **Departmental Executive**—comprising the Secretary, Deputy Secretaries and other senior officers—is the department's primary governance body. It meets regularly to make decisions about strategic policy and resource allocation in the department, sets priorities, promotes an ethical leadership and organisational culture and monitors the performance of overseas posts, departmental divisions and state/territory offices.

The **Audit and Risk Committee** provides independent assurance and advice to the Secretary on risk management and fraud control, internal control and compliance

frameworks and external accountability responsibilities. It has three departmental members and four independent external members. Other designated departmental officers and representatives from the Australian National Audit Office attend as observers. In 2018 the department appointed its first independent chair.

The **Ethics Committee** oversees and makes recommendations on the department's conduct and ethics policies and promotes high standards of probity, professionalism, accountability and conduct.

The **Workplace Relations Committee**, with its elected staff, union and management representatives, is our principal forum for consulting staff about conditions and exchanging views on the workforce.

The **Indigenous Taskforce** shapes our strategic policy on Indigenous matters and provides a forum for the Indigenous Employees Network to influence policy priorities. It monitors the implementation of the Indigenous Recruitment and Career Development Strategy and the Indigenous Peoples Strategy.

The **Aid Governance Board** was established in December, replacing the Aid Investment Committee and the Development Policy Committee. It provides policy advice and risk and performance oversight, supporting the Secretary, the Departmental Executive and PGPA delegates on country, regional or multilateral aid program decisions. The board also assesses high-risk and high-value investments for alignment with bilateral, regional and multilateral priorities, development impact and value for money.

The **ICT Steering Committee**, in consultation with business areas, sets the strategic direction for ICT services across the department and evaluates progress against the strategy.

The **Departmental Security Committee** considers key security risks and mitigations and makes decisions regarding residual risks across the network.

INTERNAL AUDIT

The department's Internal Audit Branch, under the direction of the Chief Auditor, focused 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.

OFFICE OF DEVELOPMENT EFFECTIVENESS

The department's Office of Development Effectiveness (ODE) monitors the quality and assesses the impact of the Australian aid program and is overseen by the Independent Evaluation Committee (see p. 143). An assessment of the ODE's activities and performance is provided in the section on delivering an innovative aid program (p. 55).

RISK GOVERNANCE

The Departmental Executive agreed a new critical risk list that captures key risks with a direct impact on our core strategic and corporate goals. This includes staff capability, cybersecurity, aid governance and the safety and security of staff, as well as strategic risks in the trade, aid and foreign policy areas. It identifies specific, appropriate controls and proposed treatments and is updated every six months.

COUNTERING FRAUD

Consistent with previous years, the department has maintained appropriate fraud prevention, detection, investigation, reporting and data collection procedures. We have a policy of zero tolerance towards fraudulent and corrupt activity or behaviour by 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 the Commonwealth Fraud Control Framework 2014. It provides policies, tools and guidance on how to prevent, detect and respond to fraud and corruption risks faced by the department. The department enhances fraud awareness among staff and its funding recipients through various mechanisms, including a fraud e-learning module.

The department periodically reviews its fraud control arrangements to take into account changes in its operating environment. We undertook a new Fraud Risk Assessment in 2017–18 and will release a new Fraud Control Plan in 2018–19.

BUSINESS CONTINUITY PLANNING

The department continued to refine its business continuity planning, to ensure the availability of essential business services during and after a major disruption to key organisational capabilities. All posts and state and territory offices have up-to-date individual business continuity plans (BCP), which are reviewed regularly to ensure their effectiveness.

We held two desktop exercises to test and validate the Canberra BCP, in November and May. The November exercise tested our response to a cyber-intrusion while the May exercise tested the continuity response to a large-scale security incident, with both cyber and physical security aspects.

These exercises confirmed that the BCP would ensure effective management of a major disruption to operations across our global network. We will continue to refine and test our planning and communication approaches to ensure our BCP capability continues to be robust into the future.

EXTERNAL SCRUTINY AND ACCOUNTABILITY

COURTS AND TRIBUNALS

The department managed a range of legal matters before courts and tribunals during the year.

The department was a defendant in a number of employment actions in **foreign courts/tribunals**. We successfully defended one matter and settled four others. Two matters 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. We facilitated the successful assertion of the Commonwealth's foreign state immunity in three matters involving overseas legal proceedings.

The department facilitated the service of documents through diplomatic channels relating to private litigation brought overseas and in Australia. We also facilitated the service of documents on foreign states under the *Foreign States Immunities Act 1985*.

The department continued to defend applications before the **Administrative Appeals Tribunal** (AAT) concerning passport decisions. In 2017–18, 12 matters before the AAT involving the department were finalised. At the end of the financial year there were eight active applications in the AAT, with a further three matters awaiting the AAT's final decision.

Two unfair dismissal claims before the **Fair Work Commission** were commenced and resolved in 2017–18 (one was discontinued by the claimant and the other was resolved in the department's favour).

OFFICE OF THE AUSTRALIAN INFORMATION COMMISSIONER, FREEDOM OF INFORMATION AND PRIVACY

The department finalised 235 freedom of information (FOI) applications in 2017–18. On external review the Information Commissioner set aside two administrative decisions and declined to investigate two other applications 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/. Consistent with 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: dfat.gov.au/foi/ips.html.

REPORTS BY THE AUDITOR-GENERAL

In 2017–18 the Auditor-General tabled in Parliament the following reports by the ANAO related to the department's operations:

- Report No. 5: Protecting Australia's Missions and Staff Overseas: Follow-on
- Report No. 41: Efficiency through Contestability Programme
- Report No. 47: Interim Report on Key Financial Controls of Major Entities
- Report No. 49: Senate Order for Departmental and Entity Contracts (Financial Year 2016–17 Compliance).

Details of these reports are available on the ANAO website.

PARLIAMENTARY COMMITTEES OF INQUIRY

On 18 July 2017 the Parliamentary Joint Committee on Law Enforcement released its report *Inquiry into human trafficking, slavery and slavery-like practices*. The report can be found at:

aph.gov.au/Parliamentary_Business/Committees/Joint/Law_Enforcement/Humantrafficking45/Report

On 7 December 2017 the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT) released the report of its inquiry into establishing a Modern Slavery Act in Australia, *Hidden in Plain Sight*. The report can be found at:

aph.gov.au/Parliamentary_Business/Committees/Joint/Foreign_Affairs_Defence_and_Trade/ModernSlavery/Final_report

The department is contributing to the government response to these reports, to be led by the Department of Home Affairs.

On 9 May 2018 the JSCOT released its report on the Pacific Agreement on Closer Economic Relations Plus (PACER Plus) and associated side letters. The report can be found at:

aph.gov.au/Parliamentary_Business/Committees/Joint/Treaties/PACERPlus-Agreement/Report_179

The department is coordinating the government response to the report.

On 17 May 2018 the JSCFADT released the report of its inquiry *Implications of climate change for Australia's national security*. The report can be found at:

aph.gov.au/Parliamentary_Business/Committees/Senate/Foreign_Affairs_Defence_and_Trade/Nationalsecurity/Final_Report

The department is working with other government departments, coordinated by the Department of Home Affairs, to provide a management response to the report recommendations.

On 8 August 2017 the Joint Standing Committee on Treaties (JSCOT) released its report on the Agreement to Amend the Singapore-Australia Free Trade Agreement. The report can be found at:

aph.gov.au/Parliamentary_Business/Committees/Joint/Treaties/SingaporeFTA-Amendment/Report_172

On 18 June 2018 the Joint Standing Committee on the National Capital and External Territories released its report on *Maintaining Australia's national interests in Antarctica: Inquiry into Australia's Antarctic Territory*. The report can be found at:

aph.gov.au/Parliamentary_Business/Committees/Joint/National_Capital_and_External_Territories/AntarcticTerritory/Report

The department, with other agencies, is considering the recommendations of the report.

On 8 May 2018 the Joint Committee on Public Accounts and Audit tabled in Parliament its report into the department's provision of security to diplomatic missions, *Security of Overseas Missions: Inquiry based on Auditor-General's Report No. 5*. The report can be found at:

aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/Protectoverseasmissions/Report_471

The department will respond to the report's recommendations by 8 November 2018.

On 21 June 2018 the Senate Foreign Affairs, Defence and Trade References Committee tabled its report *Australia's trade and investment relationships with the countries of Africa*. The report can be found at:

aph.gov.au/Parliamentary_Business/Committees/Senate/Foreign_Affairs_Defence_and_Trade/TradeinvestmentAfrica/Report

The department is coordinating the government response to the report, which is due on 21 September 2018.

During the reporting period departmental officers gave evidence as witnesses before the JSCOT in relation to ten proposed treaty actions. This figure does not include occasions on which the department's International Law: Advising and Treaties Section staff attended JSCOT hearings in an observer or advisory capacity.

COMMONWEALTH OMBUDSMAN

The Commonwealth Ombudsman commenced nine investigations in 2017–18 with respect to the department's activities. There was one notice provided to the department under subsection 12(4) of the *Ombudsman Act 1976*, but no formal reports were issued.

AUSTRALIAN HUMAN RIGHTS COMMISSION

The Australian Human Rights Commission (AHRC) advised us of two new claims made about the department's activities in 2017–18. One of these was closed by the AHRC without further investigation and the other remains active. The AHRC made findings and recommendations in relation to a complaint initiated in a previous year. The department informed the AHRC that it disagreed with those findings and recommendations.

INDEPENDENT EVALUATION COMMITTEE

The Independent Evaluation Committee (IEC) oversees the work of the ODE (see p. 140). It provides independent strategic and technical advice on all aspects of ODE's work. The IEC has three external members (former World Bank Vice President, Jim Adams, is the chair) and one departmental representative (at deputy secretary level). The Department of Finance attends as an observer. It met three times in 2017–18.

COMPENSATION FOR DETRIMENT CAUSED BY DEFECTIVE ADMINISTRATION, ACT OF GRACE, EX-GRATIA PAYMENTS

Eighteen new claims were made under the Scheme for Compensation for Detriment caused by defective administration. The department resolved 19 cases, including applications made in previous financial years. Of these, 11 applications for compensation were accepted and seven 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 made in a previous financial year remained in progress with the Department of Finance at the end of the financial year.

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 2018, the ANAO found that the department had effective internal controls to ensure good financial management and a sound financial reporting framework.

We continued strong management of financial resources to ensure effective implementation and alignment of government priorities in foreign affairs, trade and investment, development assistance and high-quality passport and consular services. This was essential in an increasingly tighter fiscal environment.

We are committed to supporting the smaller government agenda by implementing efficiencies identified in the department's Functional and Efficiency Review and contributions to the Whole-of-Government – Shared and Common Services Program. We finalised a number of internal reforms aimed at improving efficiency and finding better, smarter ways of working, and continued to implement further innovations. These included modernising and enhancing financial systems and processes, reviewing and improving internal red tape processes, and continued rationalisation of overseas operations to deliver contemporary work practices and new models of operation in support of the government's agenda.

FINANCIAL MANAGEMENT INFORMATION SYSTEM

The department delivered an enhanced financial management information system to support innovation and the reduction of red tape in 2017–18. We will continue to work towards using 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 by implementing 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

The department's purchasing was undertaken in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the Commonwealth Procurement Rules.

We rolled out an innovative online module to make procurement decisions easy and accessible to all staff. The module supported a high degree of confidence in consistent and accurate procurement decisions and associated processes.

CONSULTANTS

During 2017–18, 35 new consultancy contracts were entered into involving total actual expenditure of \$2,415,926 (GST inclusive). In addition, 23 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$2,963,470 (GST inclusive).

The department engaged consultants when required for specialist expertise or independent research, review, assessment or creative solutions to assist decision-making. The decision to engage consultants was 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. The value of consultancy expenditure reported in Note 1.1B Suppliers in the financial statements differs as it includes contracts below the AusTender reporting threshold, includes accrual accounting adjustments, foreign currencies converted on a different basis and is GST exclusive.

AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

The department's standard contract templates include provisions allowing the ANAO to access a contractor's premises.

EXEMPT CONTRACTS

There was one contract in excess of \$10,000 (inclusive of GST), with a value of \$910,121 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.

We are committed to ensuring that SMEs were able to engage in fair competition and demonstrated this through procurement practices, including use of the Commonwealth Contracting Suite templates.

In 2018 the department held its second Aid Supplier Conference. The conference fosters shared understanding of working with the department to deliver an aid program that contributes to Australia's national interest. It attracted widespread interest from a diverse aid supplier community.

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.

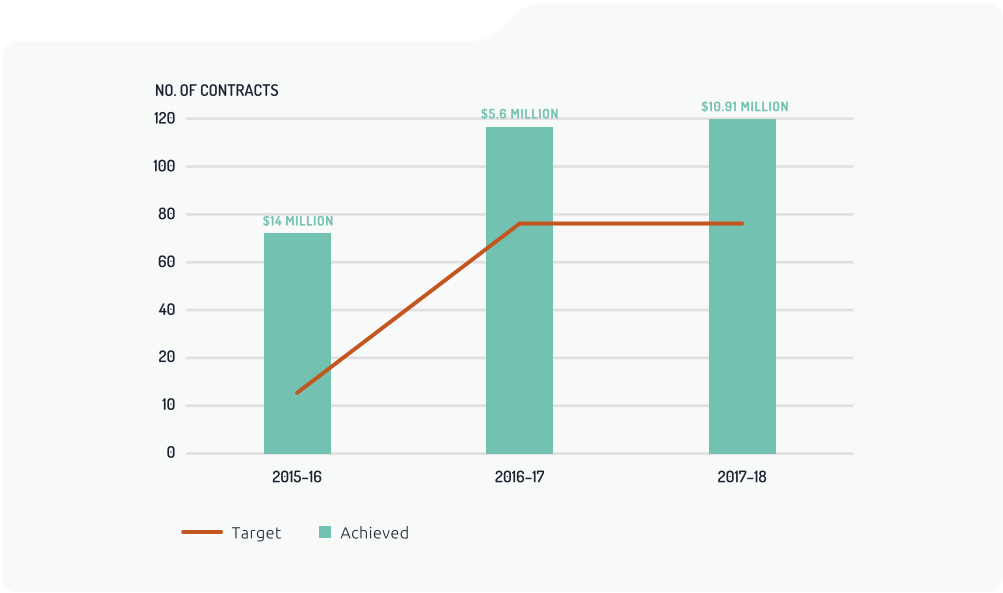
INDIGENOUS BUSINESS ENGAGEMENT

In 2017–18 we took a holistic and strategic approach to promoting Indigenous Australians' participation in international markets and access to departmental procurement.

The department is working to improve Indigenous Australians' economic prosperity by creating opportunities for greater access to, and participation in, the global economy. We released *Promoting the economic interests of Indigenous Australian businesses overseas: a charter* in December, providing information on how Indigenous businesses can engage with international markets. The charter is available on the department's website (dfat.gov.au/about-us/publications/Pages/promoting-the-economic-interests-of-indigenous-australian-businesses-overseas-a-charter.aspx). We also created opportunities for Indigenous businesses to contribute to our aid program.

Our Indigenous supplier diversity strategy has consistently exceeded its contract quota since the inception of the Commonwealth's Indigenous Procurement Policy. We expanded the application of the Indigenous Procurement Policy (website: pmc.gov.au/resource-centre/government/commonwealth-indigenous-procurement-policy) to a broader range of procurements than is mandated and encouraged our delivery partners to engage with Indigenous businesses. Since the implementation of the policy, the department has worked with 70 Indigenous suppliers in over 300 contracts, worth over \$30 million. Our efforts were recognised by Supply Nation (website: supplynation.org.au) as a finalist for the 'Government Supplier of the Year' awards in 2017 and 2018.

FIGURE 23 INDIGENOUS PROCUREMENT



GRANTS

Information on grants awarded by the department during 2017-18 is available at dfat.gov.au/about-us/business-opportunities/grant-opportunities/Pages/grants-programs.aspx.



(L. to R.) Mr Murray McLean, Chair, Australia–Japan Foundation, Mr Robert (Noriyuki) Tsubonuma, CEO, Mitsubishi Australia, Ms Sophie Galaise, Managing Director, Melbourne Symphony Orchestra, Ms Jenny Bloomfield, DFAT Victoria State Director, Mr Andrew Mackenzie, CEO BHP, Mr Kazuyoshi Matsunaga, Consul-General of Japan in Melbourne and Mr Noboru Katsu, Chairman and CEO, Mitsui Australia, celebrate MSO's performance of music from the Studio Ghibli films of Hayao Miyazaki, Australia now Japan, April [DFAT]

04

FINANCIAL
STATEMENTS

LOCAL CHILDREN PLAYING AT THE RECENTLY CONSTRUCTED AN GIANG WATER SYSTEM, FUNDED BY THE AUSTRALIAN GOVERNMENT AS PART OF HO CHI MINH POST'S DIRECT AID PROGRAM (DFAT)

Section 01
Overviews

Section 02
Report on performance

Section 03
Management and accountability

Section 04
Financial statements

Section 05
Appendixes

Section 06
Reference material



Auditor-General for Australia



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 2018:

- (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 2018 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 2018 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 me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. 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 international development assistance of \$3,067.7 million for the year ended 30 June 2018.

The international development assistance programs are focused on providing assistance to developing countries to reduce poverty and improve living standards.

I considered this to be 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 key controls supporting international development assistance including processes for: recording and monitoring; and approval for funding agreements and expenditure;
- assessed whether the Department's
 - aid management system's information technology general controls;
 - interface between the aid management system and financial management information systems; and
 - workflow approval process
 were operating effectively to ensure that data is transferred completely and accurately; 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 2018, the reported fair value of total land and buildings was \$3,334.3 million. The overseas property represents a significant proportion of this balance. The Department has engaged an independent expert to undertake the valuation.

I focused on this area due to the:

- significant value of the properties;
- variety of valuation methodologies applied; and
- inherent subjectivity, judgements and assumptions applied in the determination of the fair value of the properties.

How the audit addressed the matter

To address this key audit matter I:

- evaluated the competence, capability and objectivity of the Department's valuations expert;
- assessed the methodologies used including critically evaluating the appropriateness of key assumptions applied in the property valuations and the assessment of movements in market conditions;
- evaluated the relevance, completeness and accuracy of the reports and underlying data used by the Department's expert; and
- tested a sample of property valuations to assess the reasonableness of the significant data inputs underpinning the valuation including restrictions on title.

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 – fair
value*

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:

- significant judgements, which involve timing of future cash flows, currency and interest rate risks and selection of appropriate discount rates; and
- complexity of the membership arrangements.

The Department engaged an independent expert to undertake the valuation. As at 30 June 2018 the reported fair value of multilateral subscriptions was \$2,291.0 million.

How the audit addressed the matter

To address this key audit matter I:

- evaluated the competence, capability and objectivity of the Department's valuations expert;
- assessed the methodology and valuation model used including assessment of appropriateness of key assumptions applied in the model; and
- evaluated the relevance, completeness and accuracy of the reports and underlying data used by the Department's expert.

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.

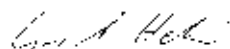
As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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



Grant Hehir
Auditor-General

Canberra
3 September 2018

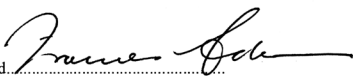
Department of Foreign Affairs and Trade STATEMENT BY THE SECRETARY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2018 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

3 September 2018

Signed.....

Paul Wood
Chief Financial Officer

3 September 2018

Department of Foreign Affairs and Trade
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2018

		2018	2017	Original
	Notes	\$'000	\$'000	Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	797,532	778,564	746,014
Suppliers	1.1B	694,351	698,362	691,089
Depreciation and amortisation	3.2A	187,155	171,287	156,012
Write-down and impairment of assets	1.1C	8,120	12,408	-
Grants and other contributions		9,052	10,313	-
Finance costs		314	659	-
Total expenses		1,696,524	1,671,593	1,593,115
Own-Source Income				
Own-source revenue				
Sale of goods and rendering of services	1.2A	138,918	135,116	125,436
Other revenue	1.2B	6,548	14,513	11,258
Total own-source revenue		145,466	149,629	136,694
Gains				
Gains on sale of assets	1.2C	132,863	367	-
Other gains	1.2D	3,627	1,860	121,271
Foreign exchange gains - non-speculative		5,546	11	-
Total gains		142,036	2,238	121,271
Total own-source income		287,502	151,867	257,965
Net (cost of) services		(1,409,022)	(1,519,726)	(1,335,150)
Revenue from Government - departmental appropriations		1,355,169	1,382,971	1,359,553
(Deficit) / Surplus from continuing operations		(53,853)	(136,755)	24,403
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		220,427	31,965	-
Total other comprehensive income		220,427	31,965	-
Total comprehensive income / (loss)		166,574	(104,790)	24,403

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

		2018	2017	Original
	Notes	\$'000	\$'000	Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	405,943	178,403	57,295
Trade and other receivables	3.1B	525,662	573,022	837,731
Total financial assets		931,605	751,425	895,026
Non-financial assets				
Land	3.2A	1,821,170	1,662,056	1,593,397
Buildings	3.2A	1,513,100	1,470,764	1,618,257
Plant and equipment	3.2A	280,895	306,290	318,530
Intangibles	3.2A	120,134	118,895	109,613
Inventories	3.2B	46,383	47,118	47,586
Assets held for sale	3.2C	-	106,323	83,453
Other non-financial assets	3.2D	66,258	59,915	96,169
Total non-financial assets		3,847,940	3,771,361	3,867,005
Total assets		4,779,545	4,522,786	4,762,031
LIABILITIES				
Payables				
Suppliers	3.3A	108,013	154,107	81,552
Other payables	3.3B	56,305	26,055	92,570
Total payables		164,318	180,162	174,122
Provisions				
Employee provisions	6.1A	228,829	219,273	238,481
Other provisions	3.4A	17,810	19,567	18,989
Total provisions		246,639	238,840	257,470
Total liabilities		410,957	419,002	431,592
Net assets		4,368,588	4,103,784	4,330,439
EQUITY				
Contributed equity / capital		2,618,447	2,520,217	2,628,644
Asset revaluation surplus		1,735,829	1,515,402	1,483,437
Retained surplus		14,312	68,165	218,358
Total equity		4,368,588	4,103,784	4,330,439

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 2018

	Retained surplus		Asset revaluation surplus		Contributed equity / capital		Total equity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Opening balance								
Balance carried forward from previous period	68,165	204,920	1,515,402	1,483,437	2,520,217	2,402,445	4,103,784	4,090,802
Adjusted opening balance	68,165	204,920	1,515,402	1,483,437	2,520,217	2,402,445	4,103,784	4,090,802
Comprehensive income								
Revaluation adjustment	-	-	221,457	32,079	-	-	221,457	32,079
Makegood revaluation adjustment (Deficit) / Surplus for the period	-	-	(1,030)	(114)	-	-	(1,030)	(114)
	(53,853)	(136,755)	-	-	-	-	(53,853)	(136,755)
Total comprehensive income	(53,853)	(136,755)	220,427	31,965	-	-	166,574	(104,790)
Transactions with owners								
Distribution to owners								
Returns of capital:								
Departmental equity returns	-	-	-	-	(13,851)	-	(13,851)	-
Contributions by owners								
Equity injection - Appropriations	-	-	-	-	65,580	66,017	65,580	66,017
Departmental capital budget	-	-	-	-	46,501	51,755	46,501	51,755
Other	-	-	83,454	-	-	-	-	-
	-	-	83,454	-	98,230	117,772	98,230	117,772
Total transactions with owners	-	-	-	-	98,230	117,772	98,230	117,772
Closing balance as at 30 June	14,312	68,165	1,735,829	1,515,402	2,618,447	2,520,217	4,368,588	4,103,784

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.

2017-18 includes a quarantined amount of \$5.829m under Appropriation Act (No.2) 2017-18 relating to no-win / no-loss for Security Funding Agreements.

Departmental Equity Returns

Lapsed appropriations are recognised as departmental equity returns. This amount represents prior year appropriations, which have been repeated in the Appropriation Act (No. 4) 2017-18.

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 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		1,586,806	1,602,175	1,359,553
Sale of goods and rendering of services		135,453	152,454	136,694
Special account cash transferred from Official Public Account (OPA)		380,000	89,000	-
GST received		40,598	41,067	-
Other		6,407	13,952	135,203
Total cash received		2,149,264	1,898,648	1,631,450
Cash used				
Employees		794,026	781,995	743,847
Suppliers		778,804	678,633	691,089
Section 74 receipts transferred to OPA		157,224	224,531	-
Special account cash transferred to OPA		380,000	87,340	-
Other		9,052	11,973	276,469
Total cash used		2,119,106	1,784,472	1,711,405
Net cash from / (used by) operating activities		30,158	114,176	(79,955)
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of property, plant and equipment		243,292	1,222	215,158
Total cash received		243,292	1,222	215,158
Cash used				
Purchase of land and buildings		74,579	155,788	129,512
Purchase of plant and equipment		58,076	114,943	100,853
Purchase and development of intangibles		20,521	27,743	35,636
Total cash used		153,176	298,474	266,001
Net cash from / (used by) investing activities		90,116	(297,252)	(50,843)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		101,720	200,284	130,798
Total cash received		101,720	200,284	130,798
Net cash from financing activities		101,720	200,284	130,798
Net increase in cash held		221,994	17,208	-
Cash and cash equivalents at the beginning of the reporting period		178,403	161,184	57,295
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period		5,546	11	-
Cash and cash equivalents at the end of the reporting period	3.1A	405,943	178,403	57,295

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 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
International development assistance	2.1A	3,067,706	2,919,738	3,088,994
Multilateral replenishments and other loans	2.1B	99,664	1,205,760	12,622
Other grants and contributions	2.1C	418,422	415,157	546,947
Export Finance and Insurance Corporation (Efic)	2.1D	1,349	9,115	1,300
Other expenses	2.1E	10,776	8,289	3,889
Payments to corporate Commonwealth entities - Tourism Australia		129,308	143,610	129,308
Depreciation and amortisation	4.2A	985	1,350	500
Total expenses		3,728,210	4,703,019	3,783,560
Income				
Fees and charges	2.2A	538,985	505,290	546,158
Multilateral replenishments and other loans	2.2B	401,181	12,050	-
Efic National Interest Account (NIA)	2.2C	33,653	34,708	46,497
Efic dividend and competitive neutrality	2.2D	13,122	12,824	-
Return of prior year administered expenses	2.2E	56,925	38,454	30,982
Other revenue and gains	2.2F	4,925	8,820	254
Total income		1,048,791	612,146	623,891
Net cost of services		(2,679,419)	(4,090,873)	(3,159,669)
OTHER COMPREHENSIVE INCOME				
Re-measurements of defined benefit plans		6,414	2,991	-
Changes in asset revaluation surplus		-	532	-
Movement in the carrying amount of investments		(6,191)	6,513	-
Total other comprehensive (loss) / income		223	10,036	-
Total comprehensive (loss)		(2,679,196)	(4,080,837)	(3,159,669)

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash on hand or on deposit	4.1A	10,458	12,162	257
Trade and other receivables	4.1B	192,342	185,305	2,273,378
Investments	4.1C	2,756,164	2,367,368	2,511,526
Total financial assets		2,958,964	2,564,835	4,785,161
Non-financial assets				
Leasehold improvements	4.2A	-	81	62
Plant and equipment	4.2A	19	27	6
Computer software internally developed	4.2A	3,046	3,565	4,220
Prepayments		64	128	572
Total non-financial assets		3,129	3,801	4,860
Total assets administered on behalf of Government		2,962,093	2,568,636	4,790,021
LIABILITIES				
Payables				
Grants	4.3A	980,661	1,071,059	976,307
Other payables	4.3B	889,595	1,127,086	1,322,705
Total payables		1,870,256	2,198,145	2,299,012
Provisions				
Employee provisions	6.1B	79,611	82,252	89,711
Total provisions		79,611	82,252	89,711
Total liabilities administered on behalf of Government		1,949,867	2,280,397	2,388,723
Net assets		1,012,226	288,239	2,401,298

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 2018

	2018 \$'000	2017 \$'000
Opening assets less liabilities as at 1 July	288,239	1,122,824
Net (cost of) / contribution by services		
Income	1,048,791	612,146
Expenses		
Payments to entities other than corporate Commonwealth entities	(3,598,902)	(4,559,409)
Payments to corporate Commonwealth entities - Tourism Australia	(129,308)	(143,610)
Other comprehensive income		
Movement in the carrying amount of investments	(6,191)	6,513
Administered asset revaluations taken to / from reserves	-	532
Actuarial gains / (losses) on defined benefit plans	6,414	2,991
Transfers (to) / from the Australian Government		
Appropriation transfers from OPA		
Administered assets and liabilities appropriations	135,933	410,718
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	3,918,176	3,421,926
Payments to corporate Commonwealth entities - Tourism Australia	129,308	143,610
Special accounts		
Payments to entities other than corporate Commonwealth entities	16,347	8,920
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	715	656
Appropriation transfers to OPA		
Transfers to OPA	(797,296)	(739,578)
Closing assets less liabilities as at 30 June	1,012,226	288,239
Accounting Policy		
<i>Administered cash transfers to and from the Official Public Account</i>		
Revenue collected by DFAT on behalf of the Government 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.		
<i>Payments to corporate Commonwealth entities</i>		
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 2018

	Notes	2018 \$'000	2017 \$'000
OPERATING ACTIVITIES			
Cash received			
Fees and charges		532,713	510,047
GST received		103,769	92,454
Return of prior year administered expenses		56,925	38,454
Efic dividend		5,791	5,770
Efic competitive neutrality		7,331	7,054
Efic - NIA		30,927	34,421
Other		3,743	8,182
Total cash received		741,199	696,382
Cash used			
International development assistance		3,356,812	3,112,963
Other contributions		418,422	415,157
Payments to corporate Commonwealth entities - Tourism Australia		129,308	143,610
Efic - NIA		-	9,210
Other		3,350	3,488
Total cash used		3,907,892	3,684,428
Net cash (used by) operating activities		(3,166,693)	(2,988,046)
INVESTING ACTIVITIES			
Cash received			
Proceeds from concessional financial instruments		9,752	3,950
Total cash received		9,752	3,950
Cash used			
Purchase of intangibles		382	329
Purchase of concessional financial instruments		247,564	275,348
Total cash used		247,946	275,677
Net cash (used by) investing activities		(238,194)	(271,727)
Net (decrease) in cash held		(3,404,887)	(3,259,773)
Cash and cash equivalents at the beginning of the reporting period		12,162	25,683
Cash from Official Public Account			
Appropriations		4,184,132	3,976,910
Special accounts		16,347	8,920
Total cash from official public account		4,200,479	3,985,830
Cash to Official Public Account			
Appropriations		(797,296)	(739,578)
Total cash to official public account		(797,296)	(739,578)
Cash and cash equivalents at the end of the reporting period	4.1A	10,458	12,162

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. The DFAT Portfolio Budget Statements are 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. 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. The aid program promotes Australia's national interest by contributing to sustainable economic growth and poverty reduction, particularly in the Indo-Pacific.

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 2017, 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 (administered only),
- AASB 12 Disclosure of Interests in Other Entities (administered only),
- AASB 13 Fair Value Measurement (administered and departmental), and
- AASB 116 Property, Plant and Equipment (administered and departmental).

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.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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.

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.

Taxation

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.

Events After the Reporting Period

There have been no events after 30 June 2018 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. Where 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.

Future Accounting Standards

New accounting standards which will have a future impact on DFAT financial statements are detailed below.

Accounting Standard	Effective Date	Nature of Change
AASB 9 Financial Instruments	1 January 2018, therefore applied from the 2018-19 financial year.	<p>New principles for the requirements for recognition, classification, impairment and measurement of financial assets and liabilities and their de-recognition. The application of AASB 9 will impact the measurement of multilateral International Development Association (IDA) and Asian Development Fund (ADF) subscription financial assets. A comparison between the treatment of these financial assets under the current and new standard is provided below:</p> <ul style="list-style-type: none"> • Recognition will change from fair value available-for-sale to "Fair Value" through Other Comprehensive Income (FVOCI). • Assets currently considered a debt instrument with valuation changes resulting from foreign exchange variations and impairment including reversals recognised in profit or loss will be recognised as equity instruments and all valuation changes for the asset at FVOCI will be recognised in other comprehensive income.

Department of Foreign Affairs and Trade**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Accounting Standard	Effective Date	Nature of Change
AASB 16 Leases	1 January 2019, therefore applied from the 2019-20 financial year.	Requires lessees to recognise a right-of-use asset and a lease liability for all leases with a term of more than 12 months, unless the underlying assets are of low value. Lessor accounting remains substantially unchanged.
AASB 1058 Income of Not-for-Profit Entities AASB 15 Revenue from Contracts with Customers	1 January 2019, therefore applied from the 2019-20 financial year.	More closely recognises not-for-profit income transactions that are not contracts with customers in accordance with their economic reality. The timing of income recognition will depend on whether there is any performance obligation or other liability, which will result in better matching of income and related expenses.

Significant Accounting Judgements and EstimatesDepartmental

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 2017-18 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.

Changes in Accounting Policy

Certain comparative amounts have been reclassified or adjusted to conform with current financial reporting guidelines. These are reflected as minor changes in the comparative figures in the statement of financial position and notes 3.3A: Suppliers, 3.3B: Other payables, 7.3A: Categories of financial instruments, 7.5A: Categories of financial instruments and 7.5D: Fair value of financial instruments.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Departmental Financial Performance**1.1 Expenses**

	2018 \$'000	2017 \$'000
Note 1.1A: Employee Benefits		
Wages and salaries	547,741	540,945
Superannuation		
Defined contribution plans	38,681	36,212
Defined benefit plans	40,634	40,544
Leave and other entitlements	57,788	48,078
Fringe benefits expense	101,049	98,637
Separation and redundancies	8,128	11,373
Other employee expenses	3,511	2,775
Total employee benefits	797,532	778,564

Accounting policy

Accounting policies for employee benefits are included in Section 6 People and Relationships.

Note 1.1B: Suppliers

Goods and services supplied or rendered		
Passport expenses	127,966	118,280
Property related expenses (excluding rent)	100,201	94,336
Security expenses	79,642	78,195
Information and communication technology	84,737	89,415
Travel expenses	53,572	59,281
Staff related expenses	37,992	42,209
Office expenses	24,284	22,994
Legal and other professional services	11,362	12,747
Contractors	4,278	6,203
Consultants	5,140	5,180
Remuneration of auditors	665	665
Other expenses	15,915	18,234
Total goods and services supplied or rendered	545,754	547,739
Goods supplied	71,262	64,092
Services rendered	474,492	483,647
Total goods and services supplied or rendered	545,754	547,739
Other suppliers		
Operating lease rentals	146,746	147,308
Workers compensation expenses	1,851	3,315
Total other suppliers	148,597	150,623
Total suppliers	694,351	698,362

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	138,743	127,296
Between 1 to 5 years	346,732	314,034
More than 5 years	336,566	359,437
Total operating lease commitments	822,041	800,767

DFAT currently has 782 (2017: 757) property related commitments.

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 \$49.525m (2017: \$45.660m).

DFAT has in place 351 (2017: 358) property related sub-lease rental income arrangements for the above operating lease commitments. Sub-lease revenue expected to be received is \$136.730m (2017: \$104.630m).

Department of Foreign Affairs and Trade**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2018 \$'000	2017 \$'000
<u>Note 1.1C: Write-down and Impairment of Assets</u>		
Write-down of leasehold improvements	1,541	924
Write-down of plant and equipment	5,795	3,754
Write-down of intangibles	99	212
Write-down of assets under construction	422	7,462
Write-down of financial assets	86	89
Write-off of inventories	66	-
Movement in impairment allowance	111	(33)
Total write-down and impairment of assets	8,120	12,408

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**Note 1.2A: Sale of Goods and Rendering of Services**

Sale of goods	733	665
Rendering of services	138,185	134,451
Total sale of goods and rendering of services	138,918	135,116

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.

Note 1.2B: Other Revenue

Foreign tax refunds	4,577	5,219
Sponsorship revenue	1,149	1,710
Resources received free of charge	683	665
Other revenue	139	6,919
Total other revenue	6,548	14,513

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**

	2018 \$'000	2017 \$'000
<u>Note 1.2C: Gains on Sale of Assets</u>		
Land and buildings:		
Proceeds from sale	1,976	-
Carrying value of assets sold	(2,422)	-
Selling expenses	(11)	-
Plant and equipment:		
Proceeds from sale	645	1,222
Carrying value of assets sold	(433)	(761)
Non-financial assets held for sale		
Proceeds for sale	240,671	-
Carrying value of assets sold	(106,323)	-
Selling expenses	(1,240)	(94)
Net gain from sale of assets	<u>132,863</u>	<u>367</u>

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	3,627	1,014
Assets previously expensed	-	846
Total other gains	<u>3,627</u>	<u>1,860</u>

Accounting policy

Accounting policies for gain on restoration obligation are included at Note 3.4A: 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**

	2018 \$'000	2017 \$'000
Note 2.1A: International Development Assistance		
International development assistance	3,067,706	2,919,738
Total international development assistance	3,067,706	2,919,738
Note 2.1B: Multilateral Replenishments and Other Loans		
New multilateral replenishments	22,905	684,963
Unwinding costs - multilateral grants and contributions	50,254	23,988
Loss from measuring multilateral financial liabilities - at fair value through profit & loss	26,505	400,792
Impairment on financial instrument - available for sale financial asset	-	96,017
Total multilateral replenishments and other loans	99,664	1,205,760

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 Grants and Contributions

Payments to international organisations	339,658	362,571
New Colombo Plan	49,826	27,804
Tourism Australia - Asia marketing fund	14,000	14,000
Tourism Australia - working holiday makers	5,000	2,500
Other	9,938	8,282
Total other grants and contributions	418,422	415,157

Accounting Policy

DFAT administers a number of agreements on behalf of the Australian Government with international organisations. Liabilities are recognised to the extent that:

- the services required to be performed by the recipient have been performed, or
- the eligibility criteria has been satisfied, but payments due have not been made.

Note 2.1D: Efic

Indonesia Debt 2 Health Swap	-	7,683
NIA administration and other expenses	1,349	1,432
Total Efic	1,349	9,115

Accounting Policy

Accounting policies for Efic are included in Note 4.1: Administered - Financial Assets.

Note 2.1E: Other Expenses

Defined benefit pension schemes	6,453	6,386
Passport fee refunds	690	656
Consular services refunds	9	5
Write-down and impairment of financial assets	728	1,242
Write-down of non-financial assets	5	-
Other foreign exchange losses (non-speculative)	2,891	-
Total other expenses	10,776	8,289

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.

	2018	2017
	\$'000	\$'000
Note 2.2A: Fees and charges		
Passport fees	522,204	492,039
Consular fees	15,964	12,325
Nuclear safeguard charges	817	926
Total fees and charges	538,985	505,290

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 notarial 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

Australia-Indonesia Partnership for Reconstruction and Development (AIPRD) loan interest	12,456	12,050
Reversals of impairment on financial instrument - available-for-sale financial asset	388,725	-
Total multilateral replenishments and other loans	401,181	12,050

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 premiums	12,687	13,904
NIA repayments of interest subsidies and recoveries	20,966	20,804
Total Efic - NIA	33,653	34,708

Accounting Policy

Accounting policies for Efic are included in Note 4.1B: Administered - Financial Assets.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2018 \$'000	2017 \$'000
Note 2.2D: Efic dividend and competitive neutrality		
Efic dividend	5,791	5,770
Competitive neutrality	7,331	7,054
Total Efic dividend and competitive neutrality	13,122	12,824
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: Return of prior year administered expenses		
Return of prior year administered expenses	56,925	38,454
Total return of prior year administered expenses	56,925	38,454
Accounting Policy		
<i>Return of prior year administered expenses</i>		
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.		
Note 2.2F: Other Revenue and Gains		
Defined benefit pension schemes - contributions	4,250	4,087
Other interest	664	1,374
Other revenue	11	97
Other foreign exchange gains (non-speculative)	-	3,262
Total other revenue and gains	4,925	8,820
Accounting Policy		
<i>Defined benefit schemes</i>		
Accounting policies for the defined benefit schemes - contributions are included in Note 7.6: Administered - Defined Benefit Pension Schemes.		

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Departmental Financial Position**3.1 Financial Assets**

	2018 \$'000	2017 \$'000
Note 3.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	48,618	75,198
Overseas property special account cash held by the entity	3,096	976
Overseas property special account cash held in the OPA	354,229	102,229
Total cash and cash equivalents	405,943	178,403
Note 3.1B: Trade and Other Receivables		
Goods and services receivables		
Goods and services	72,510	40,543
Total goods and services receivables	72,510	40,543
Appropriations receivables		
Departmental - operating	315,215	403,479
Departmental - capital	118,154	107,793
Total appropriations receivable	433,369	511,272
Other receivables		
Advances	14,694	14,026
Statutory receivables	3,964	5,384
Cash held by outsiders	221	203
Other	1,015	1,594
Total other receivables	19,894	21,207
Total trade and other receivables (gross)	525,773	573,022
Less impairment allowance		
Goods and services	(111)	-
Total impairment allowance	(111)	-
Total trade and other receivables (net)	525,662	573,022

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 2018

	Goods and services \$'000	Other receivables \$'000	Total \$'000
Opening balance	-	-	-
Increase recognised in net cost of services	111	-	111
Closing balance	111	-	111

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	-	-	-

Accounting policy

Aside from cash, financial assets are all classified as receivables. Terms for receivables for goods and services are 30 days (2017: 30 days).

Receivables

Receivables have fixed or determinable payments and are not quoted in an active market. 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 2018

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Computer software ¹ \$'000	Total \$'000
As at 1 July 2017					
Gross book value	1,662,056	1,545,056	393,871	197,424	3,798,407
Accumulated depreciation and amortisation	-	(74,292)	(87,581)	(78,529)	(240,402)
Total as at 1 July 2017	1,662,056	1,470,764	306,290	118,895	3,558,005
Additions:					
Purchase	2,327	72,780	58,076	2,791	135,974
Internally developed	-	-	-	17,730	17,730
Revaluations and impairments recognised in other comprehensive income	158,737	70,025	(7,305)	-	221,457
Depreciation and amortisation expense	-	(95,583)	(64,806)	(26,766)	(187,155)
Other movements	-	-	-	-	-
Asset reclassification	-	(2,873)	(4,710)	7,583	-
Disposals	(1,950)	(2,013)	(6,650)	(99)	(10,712)
Total as at 30 June 2018	1,821,170	1,513,100	280,895	120,134	3,735,299
Net book value as of 30 June 2018 represented by:					
Gross book value	1,821,170	1,638,843	334,015	218,703	4,012,731
Accumulated depreciation and amortisation	-	(125,743)	(53,120)	(98,569)	(277,432)
Total	1,821,170	1,513,100	280,895	120,134	3,735,299

1. The carrying amount of computer software included \$20,539m purchased software and \$99,595m internally generated software. No indicators of impairment were identified for property, plant and equipment, and intangibles.

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 2018. In accordance with DFAT's 3-year revaluation plan, ICT assets were independently re-valued as at 30 June 2018 by Jones Lang Lasalle (JLL).

There is a revaluation increment of \$158.737m for land (2017: increment of \$62.970m), an increment of \$70.025m for buildings (2017: decrement of \$25.412m) and a decrement of \$7.305m for plant and equipment (ICT assets) (2017: increment of \$0.849m for plant and equipment – works of art) which were recorded in the asset revaluation surplus.

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 and intangible assets, aged as follows:

	2018 (\$'000)	2017 (\$'000)
Within 1 year	44,887	42,276
Between 1 to 5 years	4,559	7,513
More than 5 years	-	-
Total commitments	49,446	49,789

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 / VAT inclusive where relevant. Total GST / VAT included in the total contractual commitments for the purchase and / or development of buildings, leasehold improvements and intangible assets in 2018: \$0.182m (2017: \$0.186m).

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 2017

	Land \$'000	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	321,421	183,027	3,597,748
Accumulated depreciation and amortisation	-	(53,996)	(58,008)	(76,399)	(188,403)
Net book value 1 July 2016	1,561,229	1,478,075	263,413	106,628	3,409,345
Additions:					
Purchase	37,857	119,592	114,943	12,570	284,962
Internally developed	-	-	-	15,173	15,173
Revaluations and impairments recognised in other comprehensive income	62,970	(28,265)	(2,626)	-	32,079
Write-offs and impairments recognised in net cost of services	-	-	-	-	-
Reversal of impairments recognised in net cost of services	-	-	846	-	846
Assets held for sale	-	-	-	-	-
Depreciation and amortisation expense	-	(97,638)	(59,839)	(13,810)	(171,287)
Other movements	-	-	-	-	-
Asset transfers	-	-	-	-	-
Disposals	-	(1,000)	(10,447)	(1,666)	(13,113)
Net book value 30 June 2017	1,662,056	1,470,764	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	393,871	197,424	3,798,407
Accumulated depreciation and amortisation	-	(74,292)	(87,581)	(78,529)	(240,402)
Total	1,662,056	1,470,764	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.

No indicators of impairment were identified for property, plant and equipment and intangibles.

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 (2017: \$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	2018	2017
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 surplus 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 revaluation 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 2018. 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 life of DFAT's software is 5 to 10 years (2017: 5 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2018.

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 that 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 tangible AUC older than 12 months prior to the reporting date are externally revalued to fair value. Intangible AUC is reviewed through an internal monthly process. 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**

	2018 \$'000	2017 \$'000
Note 3.2B: Inventories		
Inventories held for sale		
Finished goods	46,383	47,118
Total inventories	46,383	47,118

During 2018, \$46.104m of inventory held for sale was recognised as an expense (2017: \$42.991m).

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
Buildings	-	7,864
Total assets held for sale	-	106,323

The land and buildings held for sale in the previous financial year, above, relate to properties held in Jakarta and Bangkok, which have been sold and new properties have been constructed in replacement.

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	28,381	29,106
Other prepayments	37,877	30,809
Total other non-financial assets	66,258	59,915

No indicators of impairment were identified for other non-financial assets (2017: nil).

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.3 Payables

	2018 \$'000	2017 \$'000
Note 3.3A: Suppliers		
Trade creditors and accruals	84,767	137,439
Operating lease rentals	23,246	16,668
Total suppliers	108,013	154,107

Settlement terms for trade creditors were within 30 days (2017: 30 days).

Note 3.3B: Other Payables		
Wages and salaries	7,889	8,148
Superannuation	516	518
Separations and redundancies	164	1,255
Prepayments received / unearned income	39,386	8,545
Lease incentive	8,081	7,177
Other	269	412
Total other payables	56,305	26,055

Accounting policy

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 2018 represents outstanding amounts and contributions for the final payroll fortnight of the financial year.

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

	2018 \$'000	2017 \$'000
Note 3.4A: Other Provisions		
Provision for restoration obligations	17,810	19,567
Total other provisions	17,810	19,567
Provision for restoration		
As at 1 July	19,567	18,763
Additional provisions made	528	1,661
Amounts used	(345)	(160)
Amounts reversed	(3,627)	(1,014)
Revaluation of Provision	1,030	114
Changes in Foreign Exchange Rates	344	(455)
Unwinding of discount	313	658
As at 30 June	17,810	19,567

DFAT currently has 65 agreements (2017: 77) 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 surplus for the associated leasehold improvement assets, the adjustment is recorded against the asset revaluation surplus. 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**

	2018	2017
	\$'000	\$'000
Note 4.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	1,005	1,003
Cash in special accounts held in the OPA	9,453	11,159
Total cash and cash equivalents	10,458	12,162

Accounting policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits on hand in bank accounts and special account cash held in the OPA.

Note 4.1B: Trade and Other Receivables

Goods and services receivable	1,584	1,987
Total goods and services receivable	1,584	1,987

Advances and loans

Concessional loan receivable - AIPRD	156,142	153,438
Other - travellers emergency loans	1,293	1,290
Total advances and loans	157,435	154,728

Other receivables

Statutory receivables	15,117	14,811
Net position of Efic - NIA	13,394	12,015
Passport fees, passport act fines and consular fees	2,852	2,090
Other	4,281	1,488
Total other receivables	35,644	30,404

Total trade and other receivables (gross)

194,663	187,119
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Less impairment allowance

Advances and loans - travellers emergency loans	(729)	(691)
Other receivables - passport act fines	(32)	(35)
Other receivables - external parties	(1,560)	(1,088)

Total impairment allowance account

(2,321)	(1,814)
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Total trade and other receivables (net)

192,342	185,305
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Trade and other receivables (gross) aged as follows

Not overdue	192,321	184,947
Overdue by		
0 to 30 days	1	274
31 to 60 days	33	10
61 to 90 days	4	11
More than 90 days	2,304	1,877
Total trade and other receivables (gross)	194,663	187,119

The impairment allowance account is based on an assessment of debts outstanding and is predominantly 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 2018				
	Advances and loans \$'000	Receivables - passports \$'000	Receivables – external parties \$'000	Total \$'000
Opening balance	691	35	1,088	1,814
Amounts impaired	38	-	472	510
Amounts recovered and reversed	-	(3)	-	(3)
(Decrease) recognised in net surplus	-	-	-	-
Closing balance	729	32	1,560	2,321
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
Accounting Policy				
<i>Loans and receivables</i>				
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.				
<i>Efic – NIA</i>				
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 income 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:				
a) Assets in the form of loans to and rescheduled credit insurance debts owing by foreign governments, commitment fees on loans received by Efic but not yet paid to the Commonwealth and bond premiums receivable from exports; and,				
b) 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.				
<i>Indonesia Debt-2-Health swap</i>				
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 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 approved Tuberculosis programs as part of the Global Fund to fight AIDS, Tuberculosis and Malaria. The expense recognised in last year's 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

	2018 \$'000	2017 \$'000
Note 4.1C: Other Investments		
Non-monetary available-for-sale IDA and ADF Subscriptions - fair value	2,291,000	1,896,013
Efic - Commercial Account	444,964	451,185
Tourism Australia	20,200	20,170
Total other investments	2,756,164	2,367,368

Accounting Policy

Administered investments are classified as available-for-sale and are measured at their fair value as at 30 June 2018. 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 IDA and the ADF. 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. Changes in fair value are recognised directly in the administered reconciliation schedule. Foreign currency movements and impairment losses and reversals are recorded in the administered schedule of comprehensive income.

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 2017				
Gross book value	570	29	11,836	12,435
Accumulated depreciation, amortisation & impairment	(489)	(2)	(8,271)	(8,762)
Net book value 1 July 2017	81	27	3,565	3,673
Additions				
By purchase	-	-	99	99
Internally developed	-	-	283	283
Disposals recognised in net cost of services	-	(5)	-	(5)
Depreciation & amortisation expenses	(81)	(3)	(901)	(985)
Net book value 30 June 2018	-	19	3,046	3,065
Net book value as of 30 June 2018 represented by				
Gross book value	-	21	12,218	12,239
Accumulated depreciation, amortisation & impairment	-	(2)	(9,172)	(9,174)
Net book value 30 June 2018	-	19	3,046	3,065

Leasehold improvements

There were no revaluation increments or decrements for leasehold improvements in 2018.

Plant and equipment

There were no revaluation increments or decrements for plant and equipment in 2018.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 4.2A: Reconciliation of the Opening and Closing Balances for Leasehold Improvements, Plant and Equipment and Intangibles (continued)

	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.

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.

	2018	2017
	\$'000	\$'000
<u>Note 4.3A: Grants</u>		
Multilateral grants payable - fair value through profit and loss	980,661	1,071,059
Total grants	980,661	1,071,059
<u>Note 4.3B: Other Payables</u>		
Multilateral contributions - fair value through profit and loss	702,157	893,229
International development assistance	187,438	233,857
Total other payables	889,595	1,127,086

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 2018

	Annual Appropriation \$'000	Section 74 PGPA Act \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance ¹ \$'000
Departmental²					
Ordinary annual services	1,359,553	157,224	1,516,777	(1,594,103)	(77,326)
Capital budget ³	46,501	-	46,501	(47,598)	(1,097)
Equity	71,408	-	71,408	(54,121)	17,287
Total departmental	1,477,462	157,224	1,634,686	(1,695,822)	(61,136)
Administered					
Ordinary annual services	443	-	443	(348)	95
Capital budget ³	3,651,992	-	3,651,992	(3,792,701)	(140,709)
Administered items ^{4,5}					
Payments to corporate					
Commonwealth entities	129,308	-	129,308	(129,308)	-
Other services					
Administered assets and liabilities	150	-	150	(135,933)	(135,783)
Total administered	3,781,893	-	3,781,893	(4,058,290)	(276,397)

1. 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.

2. In 2017-18, 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: an increase to revenue of \$6.715m relating to no-win / no-loss funding for foreign exchange; an increase to revenue of \$2.441m relating to no-win / no-loss funding for Passport Funding Agreement; a reduction to revenue of \$2.406m relating to no-win / no-loss funding for FBT payable on living away from home allowance; a reduction to revenue of \$7.675m relating to no-win / no-loss for Security Funding Agreements; a net reduction to revenue of \$3.460m relating to savings measures as per 2018-19 PBS and a reduction in equity of \$5.829m relating to no-win / no-loss for Security Funding Agreements.

The net decrease in appropriations of \$4.385m and \$5.829m will be applied against 2017-18 Appropriation Act 1 and 2017-18 Appropriation Act 2 respectively.

3. Departmental and Administered Capital Budgets are appropriated through Appropriations Acts (No. 1, 3 and 5). They form part of the ordinary annual services, and are not separately identified in the Appropriation Acts.

4. In 2017-18 a section 51 reduction of \$10.772m was applied against Appropriation Act (No. 1) 2017-18 as published in the 2018-19 Portfolio Budget Statements for the following measures: \$6.025m relating to Government decisions for the Pacific Labour Scheme and Seasonal Workers Program and \$4.747m relating to savings against the International Development Assistance program due to reallocation of funds to a new multilateral replenishment agreement.

5. Commonwealth Superannuation Corporation (CSC) spends money from the Consolidated Revenue Fund (CRF) on behalf of DFAT in accordance with the Papua New Guinea (Staffing Assistance) Act 1973. In 2017-18 CSC drew down \$6.084m from DFAT's administered appropriation. The Department of Education (DoE) also expends funds from the CRF on behalf of DFAT under the New Colombo Plan Agreement. In 2017-18 the DoE drew down \$48.225m from DFAT's administered appropriation. These amounts are 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 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	(1,567,399)	99,135
Capital budget ³	51,755	-	51,755	(56,675)	(4,920)
Other services					
Equity	66,017	-	66,017	(143,609)	(77,592)
Total departmental	1,559,775	224,531	1,784,306	(1,767,683)	16,623
Administered					
Ordinary annual services					
Capital budget ³	383	-	383	(371)	12
Administered items ⁴	4,196,772	-	4,196,772	(3,313,375)	883,397
Payments to corporate					
Commonwealth entities	143,610	-	143,610	(143,610)	-
Other services					
Administered assets and liabilities	1,012,362	-	1,012,362	(410,718)	601,644
Total administered	5,353,127	-	5,353,127	(3,868,074)	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 \$1.101m relating to the Passport Funding Agreement;
- a reduction to revenue of \$3.101m relating to no-win / no-loss funding for FBT payable on living away from home allowance, and
- a reduction to revenue of \$23.968m relating to no-win / no-loss funding for foreign exchange.

The net decrease in appropriations of \$28.170m will be applied to Appropriation Act (No. 1) 2016-17.

2. Variance 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. Departmental and Administered Capital Budgets are appropriated through Appropriations Acts (No. 1, 3 and 5). They form part of the ordinary annual services, and are not separately identified in the Appropriations Acts.

4. 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 \$6.411m 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 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2018	2017
	\$'000	\$'000
Departmental		
Appropriation Act (No. 1) 2012-13 ¹	-	2,518
Appropriation Act (No. 1) 2013-14 ¹	-	31,180
Appropriation Act (No. 1) 2014-15 ²	-	88
Appropriation Act (No. 2) 2014-15 ³	-	7,809
Appropriation Act (No. 2) 2015-16 ⁴	62,885	91,465
Appropriation Act (No. 1) 2016-17 ⁵	28,170	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
Appropriation Act (No. 1) 2017-18 ⁶	319,599	-
Appropriation Act (No. 2) 2017-18 ⁷	64,828	-
Appropriation Act (No. 1) 2017-18 - Cash at bank and on hand	48,618	-
Total departmental⁵	524,100	646,113

1. The following amounts were not reflected in prior year financial statements:

- Appropriation Act (No.1) 2012-13 includes \$2.518m withheld under section 51 and was repealed on 16 March 2018.
- Appropriation Act (No.1) 2013-14 includes \$31.180m withheld under section 51 and was repealed on 16 March 2018.
- 2. Appropriation Act (No.1) 2014-15 includes \$0.088m withheld under section 51 that lapsed on 1 July 2017.
- 3. Appropriation Act (No.2) 2014-15 includes \$7.809m withheld under section 51 that lapsed on 1 July 2017.
- 4. Appropriation Act (No.2) 2015-16 includes \$3.730m withheld under section 51.
- 5. Appropriation Act (No.1) 2016-17 includes \$28.170m withheld under section 51.
- 6. Appropriation Act (No.1) 2017-18 includes \$4.385m which is quarantined.
- 7. Appropriation Act (No.2) 2017-18 includes \$5.828m which is quarantined.

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.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive') (continued)

	2018 \$'000	2017 \$'000
Administered		
Appropriation Act (No. 1) 2013-14 ¹ - Administered Capital Budget	-	1,029
Appropriation Act (No. 3) 2013-14 ¹	-	265,089
Appropriation Act (No. 4) 2013-14 ¹	-	1,822,447
Appropriation Act (No. 1) 2014-15 ²	-	1,878
Appropriation Act (No. 1) 2014-15 - Administered Capital Budget	-	2,287
Appropriation Act (No. 3) 2014-15	-	617
Appropriation Act (No. 1) 2015-16	64,983	64,983
Appropriation Act (No. 1) 2015-16 - Administered Capital Budget	1,817	1,817
Supply Act (No. 1) 2016-17	230,597	299,983
Supply Act (No. 2) 2016-17	-	15,206
Appropriation Act (No. 1) 2016-17	513,508	713,893
Appropriation Act (No. 1) 2016-17 - Administered Capital Budget	89	89
Appropriation Act (No. 2) 2016-17	581,531	590,286
Appropriation Act (No. 3) 2016-17	33,440	33,440
Appropriation Act (No. 1) 2017-18 ³	292,215	-
Appropriation Act (No. 1) 2017-18 - Administered Capital Budget	95	-
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
Appropriation Act (No. 1) 2017-18 - Cash at bank and on hand	1,005	-
Total administered	1,719,280	3,814,047

1. Appropriation Acts (No.1, 3 and 4) 2013-14 were repealed on 16 March 2018.

2. Appropriation Act (No.1) 2014-15 includes \$1.878m withheld under section 51 that lapsed on 1 July 2017.

3. Appropriation Act (No.1) 2017-18 includes \$10.772m withheld under a section 51 quarantine.

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	
			2018 \$'000	2017 \$'000
Export Finance and Insurance Corporation (Efic) Act 1991 s.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 s77, 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	715	656
Total special appropriation applied			715	656

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.

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)	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Balance brought forward from previous period	103,205	-	-	105,917	11,119	20,425
Increases	390,360	158,130	-	127,073	21,134	11,119
Total increases	390,360	158,130	-	127,073	21,134	11,119
Available for payments	493,565	158,130	-	232,990	32,253	31,544
Decreases	-	-	-	-	(22,850)	(20,425)
Administered Departmental	(136,240)	(54,925)	-	(232,990)	-	-
Total decreases	(136,240)	(54,925)	-	(232,990)	(22,850)	(20,425)
Total balance carried to the next period	357,325	103,205	-	-	9,403	11,119
Balance represented by:						
Cash held in entity bank accounts	3,096	976	-	-	-	-
Cash held in the Official Public Account	354,229	102,229	-	-	9,403	11,119
Total balance carried to the next period	357,325	103,205	-	-	9,403	11,119
	Consular Services Special Account ⁴ (Administered)		Administered Payments and Receipts for Other Entities Special Account ⁵ (Administered)			
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000		
Balance brought forward from previous period	40	32	-	4,969		
Increases	88	125	-	185,998		
Total increases	88	125	-	185,998		
Available for payments	128	157	-	190,967		
Decreases	(78)	(117)	-	(190,967)		
Administered	(78)	(117)	-	(190,967)		
Total decreases	(78)	(117)	-	(190,967)		
Total balance carried to the next period	50	40	-	-		
Balance represented by:						
Cash held in entity bank accounts	-	-	-	-		
Cash held in the Official Public Account	50	40	-	-		
Total balance carried to the next period	50	40	-	-		

Department of Foreign Affairs and Trade**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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: Public Governance, Performance and Accountability Act 2013 section 78
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: Public Governance, Performance and Accountability Act 2013 section 78
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 corporate Commonwealth entities under the PGPA Act
 - 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.

Department of Foreign Affairs and Trade**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

5. Appropriation: Public Governance, Performance and Accountability Act 2013 section 78
 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.

Expositions Special Account

Appropriation: Public Governance, Performance and Accountability Act 2013 section 78
 Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2007/14 – Expositions Special Account.

- 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 revoked on 13 October 2016, therefore this account has not been included in the above table.

2018: nil (2017: nil).

Australia – Indonesia Partnership for Reconstruction and Development Special Account

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.

2018: nil (2017: nil).

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6. People and Relationships

6.1 Employee Provisions

	2018	2017
	\$'000	\$'000
Note 6.1A: Employee Provisions		
Leave	163,939	160,834
Separations and redundancies	21,432	20,086
Superannuation	14,713	14,563
Other employee provisions	28,745	23,790
Total employee provisions	228,829	219,273

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

	2018 \$'000	2017 \$'000
<u>Note 6.1B: Administered Employee Provisions</u>		
Leave	9,600	8,461
Superannuation	402	388
Defined benefit pension schemes	69,609	73,403
Total administered employee provisions	79,611	82,252
Accounting Policy		
<p>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 and London Pension Schemes and the New Delhi Gratuity Scheme.</p> <p>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 the 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.</p>		

Department of Foreign Affairs and Trade

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:

	2018 \$'000	2017 \$'000
Short-term employee benefits	2,966	2,616
Post-employment benefits	460	402
Other long-term employee benefits	287	267
Termination benefits	-	138
Total key management personnel remuneration expenses¹	3,713	3,423

The total number of key management personnel, including movements within positions, that are included in the above table are 15 (2017: 11).

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Ministers. The Portfolio 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 (2017: nil) 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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Contingent liabilities						
Balance from previous period	700	101	602	572	1,302	673
New contingent liabilities recognised	-	600	-	-	-	600
Re-measurement	6	(1)	16	34	22	33
Obligations expired	-	-	(195)	(4)	(195)	(4)
Total contingent liabilities	706	700	423	602	1,129	1,302
Net contingent (liabilities) / assets	(706)	(700)	(423)	(602)	(1,129)	(1,302)

Quantifiable Contingencies

The above table reports contingent liabilities in respect of claims for damages / costs of \$0.423m (2017: \$0.602m). 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 financial guarantees made by the department of \$0.706m (2017: \$0.700m)

Unquantifiable Contingencies

At 30 June 2018, DFAT was involved in a number of litigation matters for alleged losses 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.

Department of Foreign Affairs and Trade**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 (2017: 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 2018, 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.

	2018	2017
	\$'000	\$'000
Contracts of insurance and guarantees	715,100	663,100
Statement of financial position liabilities	2,212,100	2,084,800
NIA contracts of insurance, guarantees and statement of position liabilities	415,800	530,500
Total	3,343,000	3,278,400

Department of Foreign Affairs and Trade**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 2018. ICT assets were independently valued by JLL as at 30 June 2018.

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 also 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 are not transacted 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 also 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 Efic 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).

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.2A: Fair Value Measurements, Valuation Techniques and Inputs Used

Fair value measurements at the end of the reporting period		Valuation Technique(s) and Inputs Used		
2018	2017	Category (Level 1, 2 or 3)		
\$'000	\$'000			
Non-financial assets:				
Land	1,412,493	1,293,352	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.
Land	408,677	368,704	3	Inputs: Prices and other relevant information generated by market transactions involving land assets were considered. Market Approach Inputs: Prices and other relevant information generated by market transactions involving land assets were considered. Fair value has been determined based on the valuers professional judgement(s) taking into account market conditions and transactions in comparison to the characteristics, such as the location, planning, ownership and / or restrictions, of the asset under consideration.
Buildings	175,554	507,439	2	Market Approach Inputs: Prices and other relevant information generated by market transactions involving building assets were considered.
Buildings	1,764	32,910	3	Market Approach Inputs: Prices and other relevant information generated by market transactions involving building assets were considered. Fair value has been determined based on the valuers professional judgement(s) taking into account market conditions and transactions in comparison to the characteristics, such as the location, planning, ownership and / or restrictions, of the asset under consideration.
Buildings	568,481	306,407	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.
Buildings	-	5,503	3	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. 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	520,481	339,189	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.
Buildings	246,820	279,316	3	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. 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.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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)	Valuation Technique(s) and Inputs Used	
	2018	2017			
	\$'000	\$'000			
Plant and Equipment	226,996	250,768	2	Market Approach Inputs: Prices and other relevant information generated by market transactions involving plant and equipment assets were considered.	
Plant and Equipment	895	1,746	3	Market Approach Inputs: Prices and other relevant information generated by market transactions involving plant and equipment assets were considered. Significant professional judgement has been utilised.	
Plant and Equipment	53,004	53,776	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	3,615,165	3,439,110			
Total fair value measurement of assets in the statement of financial position	3,615,165	3,439,110			
Assets not measured at fair value in the statement of financial position:					
	2018	2017			
	\$'000	\$'000			
Land ¹	-	98,459		Market Approach Inputs: Prices and other relevant information generated by market transactions involving land assets were considered.	
Buildings ¹	-	7,864		Market Approach. Inputs: Prices and other relevant information generated by market transactions involving build assets were considered.	
Total non-financial assets	-	106,323			
Total assets not measured at fair value in the statement of financial position	-	106,323			

1. There are no assets classified as held for sale. The land and buildings held for sale in the previous financial year relate to properties held in Jakarta and Bangkok, which have been sold and new properties have been constructed in replacement.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.2B: Reconciliation for Recurring Level 3 Fair Value Measurements

	Non-Financial assets - 2018				
	Land \$'000	Buildings \$'000	Leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Opening balance - 1 July 2017	368,704	377,602	279,316	55,522	1,081,144
Total gains / (losses) recognised in other comprehensive income ¹	23,537	21,718	(53,935)	(25,900)	(34,580)
Reclassifications	-	(14)	-	14	-
Purchases	-	-	24,298	104	24,402
Disposals	-	-	(2,859)	(4,297)	(7,156)
Transfers into Level 3 ²	18,318	123,497	-	33,204	175,019
Transfers out of Level 3 ³	(1,882)	(558)	-	(4,748)	(7,188)
Closing balance - 30 June 2018	408,677	522,245	246,820	53,899	1,231,641

	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	(29,554)	(24,927)	-	-	(54,481)
Closing balance - 30 June 2017	368,704	377,602	279,316	55,522	1,081,144

1. These gains / (losses) are presented in the Statement of Comprehensive Income under Depreciation and Amortisation, Write-down and Impairment of Assets, and change resulting from asset revaluation.

2. There have been transfers of land and 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 been transfers of land and 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.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.3 Financial Instruments

		2018	2017
	Notes	\$'000	\$'000
Note 7.3A: Categories of Financial Instruments			
Financial assets			
Loans and receivables			
Cash on hand or on deposit	3.1A	48,618	75,198
Overseas property special account cash held by the entity	3.1A	3,096	976
Goods and services receivable (gross)	3.1B	72,510	40,543
Advances receivable	3.1B	14,694	14,026
Cash held by outsiders	3.1B	221	203
Other receivables	3.1B	1,015	1,594
Total loans and receivables		140,154	132,540
Total financial assets		140,154	132,540
Financial liabilities			
Financial liabilities measured at amortised cost			
Trade creditors and accruals	3.3A	84,767	137,439
Other payables	3.3B	269	412
Total financial liabilities measured at amortised cost		85,036	137,851
Total financial liabilities		85,036	137,851

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)		(3,760)	(5,266)
Write-down of financial assets	1.1C	(86)	(89)
Movement in impairment allowance	1.1C	(111)	33
Net (loss) on loans and receivables		(3,957)	(5,322)
Net (loss) on financial assets		(3,957)	(5,322)

Note 7.3C: Net Gains or Losses on Financial Liabilities

Financial liabilities measured at amortised cost			
Foreign exchange gains		9,306	5,277
Net gains on financial liabilities measured at amortised cost		9,306	5,277
Net gains on financial liabilities		9,306	5,277

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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
	2018 \$'000	2017 \$'000	Level (1, 2 or 3)		
Financial assets:					
Other investments:					
Non-monetary available-for-sale IDA and ADF subscriptions	2,291,000	1,896,013	3	Discounted cash flow method	A discounted rate range is used to discount the expected loan principal repayments of the loan portfolio of IDA and ADF
Investment in the Export Finance and Insurance Corporation's Commercial Account	444,964	451,185	3	Net asset position	Balance sheet of the Export Finance and Insurance Corporation's Commercial Account
Tourism Australia	20,200	20,170	3	Net asset position	Balance sheet of Tourism Australia
Total financial assets	2,756,164	2,367,368			
Non-financial assets:					
Leasehold Improvements	-	81	3	Depreciated replacement cost	Replacement cost
Plant and Equipment	19	27	2	Market approach	Consumed economic benefits and obsolescence Adjusted market transactions
Total non-financial assets	19	108			
Total fair value measurements of assets in the administered schedule of assets and liabilities	2,756,183	2,367,476			

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.4A: Fair Value Measurements, Valuation Techniques and Inputs Used (continued)

	Fair value measurements at the end of the reporting period using		Level (1, 2 or 3)	Valuation technique(s) ¹	For Levels 2 and 3 fair value measurements	
	2018 \$'000	2017 \$'000			Inputs used ²	
Financial liabilities:						
Multilateral grants	980,661	1,071,059	3	Discounted cash flow method	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	702,157	893,229	3	Discounted cash flow method	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	1,682,818	1,964,288				
Total fair value measurements of liabilities in the administered schedule of assets and liabilities	1,682,818	1,964,288				

There have been no transfers between levels during the year (2017: 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.

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.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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 2018 \$'000	Leasehold improvements	Total 2018 \$'000
Opening balance - 1 July 2017		2,367,368		81
Total gains / (losses) recognised in net cost of services ¹		394,987		(81)
Total (losses) recognised in other comprehensive income ²		(6,191)		-
Closing balance - 30 June 2018		2,756,164		-
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 2017 \$'000	Leasehold improvements	Total 2017 \$'000
Opening balance - 1 July 2016		2,451,526		62
Total (losses) recognised in net cost of services ¹		(90,671)		(489)
Total gains recognised in other comprehensive income ²		6,513		508
Closing balance - 30 June 2017		2,367,368		81
Changes in unrealised gains / (losses) recognised in net cost of services for assets held at the end of the reporting period ³		-		-

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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 2018 \$'000	Multilateral contributions payable 2018 \$'000	Total 2018 \$'000
Opening balance - 1 July 2017	1,071,059	893,229	1,964,288
Total gains recognised in net cost of services ⁴	49,435	56,492	105,927
Settlements	(139,833)	(247,564)	(387,397)
Closing balance - 30 June 2018	980,661	702,157	1,682,818
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 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	-	-	-

1. These gains / (losses) are represented in the Administered Schedule of Comprehensive Income and in Note 2.1B: Multilateral Replenishments and Other Loans, Note 2.2B: 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 2018 and 30 June 2017.

4. These gains / (losses) are represented in the Administered Schedule of Comprehensive Income and in Note 2.1B: Multilateral Replenishments and Other Loans.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.5 Administered - Financial Instruments

	2018 \$'000	2017 \$'000
Note 7.5A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	1,005	1,003
Goods and services receivables	4,305	2,387
Concessional loan receivable	156,142	153,438
Net position of Efic - NIA	13,394	12,015
Traveller Emergency Loans	564	599
Total loans and receivables	175,410	169,442
Available-for-sale financial assets		
Non-monetary available for sale debt instrument - fair value	2,291,000	1,896,013
Efic - Commercial Account	444,964	451,185
Tourism Australia	20,200	20,170
Total available-for-sale	2,756,164	2,367,368
Total financial assets	2,931,574	2,536,810
Financial Liabilities		
Financial liabilities measured at amortised cost		
International development assistance and other payables	187,438	233,857
Total financial liabilities measured at amortised cost	187,438	233,857
Financial liabilities at fair value through profit or loss		
Multilateral grants payable	980,661	1,071,059
Multilateral contributions payable	702,157	893,229
Total financial liabilities at fair value through profit or loss	1,682,818	1,964,288
Total financial liabilities	1,870,256	2,198,145

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2018 \$'000	2017 \$'000
<u>Note 7.5B: Net Gains or Losses on Financial Assets</u>		
Loans and receivables		
Interest revenue	13,120	13,424
Impairment	(510)	(814)
Write-off	(218)	(1,242)
Net gain / (loss) on loans and receivables	12,392	11,368
Available-for-sale financial assets		
Dividend revenue	5,791	5,770
Competitive neutrality revenue	7,331	7,054
Gains recognised in profit or loss for reversal of impairment	388,725	-
Revaluation gain / (loss) recognised in equity	(6,191)	6,513
Net gain on available for sale financial assets	395,656	19,337
Net gain on financial assets	408,048	30,705
<u>Note 7.5C: Net Gains or Losses on Financial Liabilities</u>		
Financial liabilities measured at amortised cost		
Exchange (loss) / gains	(2,891)	3,262
Net gain on financial liabilities measured at amortised cost	(2,891)	3,262
Financial liabilities at fair value through profit or loss (held for trading)		
Unwinding of discount	(50,254)	(23,988)
Loss on remeasuring at fair value through profit or loss	(26,505)	(400,792)
Net (loss) on financial liabilities at fair value through profit or loss (held for trading)	(76,759)	(424,780)
Net (loss) on financial liabilities	(79,650)	(421,518)

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.5D: Fair Value of Financial Instruments				
	Carrying amount 2018 \$'000	Fair value 2018 \$'000	Carrying amount 2017 \$'000	Fair value 2017 \$'000
Financial Assets				
Cash and cash equivalents	1,005	1,005	1,003	1,003
Receivables for goods and services	4,305	4,305	2,387	2,387
Concessional loans receivable	156,142	156,142	153,438	153,438
Net position of Efic - NIA	13,394	13,394	12,015	12,015
Traveller emergency loans	564	564	599	599
Investments - available for sale	2,291,000	2,291,000	1,896,013	1,896,013
Investments - Efic	444,964	444,964	451,185	451,185
Investments - Tourism Australia	20,200	20,200	20,170	20,170
Total financial assets	2,931,574	2,931,574	2,536,810	2,536,810
Financial liabilities				
Trade creditors	187,438	187,438	233,857	233,857
Grants payable - at fair value through profit or loss	980,661	980,661	1,071,059	1,071,059
Multilateral contributions payable IDA / ADF at fair value through profit or loss	702,157	702,157	893,229	893,229
Total financial liabilities	1,870,256	1,870,256	2,198,145	2,198,145

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.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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 \$2,321 (2017: \$1,814) 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)

	2018 \$'000	2017 \$'000
Credit quality of financial instruments not past due or individually determined as impaired		
Loans and receivables		
Available for sale	177,225	170,494
Total credit quality of financial instruments not past due or individually determined as impaired	2,756,164	2,367,368
Credit quality of financial liabilities not past due or individually determined as impaired	2,933,389	2,537,862
At amortised cost		
Through profit or loss	187,438	233,857
Total credit quality of financial liabilities not past due or individually determined as impaired	1,682,818	1,964,288
	1,870,256	2,198,145

Credit quality of financial assets not past due or individually determined as impaired

	Not past due or impaired 2018 \$'000	Not past due or impaired 2017 \$'000	Past due or impaired 2018 \$'000	Past due or impaired 2017 \$'000
Loans and receivables	174,883	168,322	-	-
Available for sale	2,756,164	2,367,368	2,342	2,172
Total	2,931,047	2,535,690	2,342	2,172

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.5E: Credit Risk (continued)						
Ageing of financial assets that were past due but not impaired for 2018						
	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	1	33	4	16	54	
Total	1	33	4	16	54	
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	

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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 2018

	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	-	187,438	-	-	-	187,438
Financial liabilities at fair value through profit or loss	-	291,253	336,104	716,332	339,129	1,682,818
Total	-	478,691	336,104	716,332	339,129	1,870,256

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

DFAT had no derivative financial liabilities in both the current and prior financial year.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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 2018 from 9.2% (2017: 10.2%) 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 2018

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$'000	Equity \$'000
Currency risk	S/USD	+ 9.2%	(192,844)	(192,844)
Currency risk	S/USD	- 9.2%	232,168	232,168
Interest rate risk	Discount rates	+ 0.2%	(24,964)	(24,964)
Interest rate risk	Discount rates	- 0.2%	18,195	18,195

Sensitivity analysis of the risk that the entity is exposed to for 2017

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$'000	Equity \$'000
Currency risk	S/USD	+ 10.2%	(175,493)	(175,493)
Currency risk	S/USD	- 10.2%	215,360	215,360
Interest rate risk	Discount rates	+ 0.3%	(20,902)	(20,902)
Interest rate risk	Discount rates	- 0.3%	14,263	14,263

All other items are denominated in AUD and are not subject to market risk due to exchange fluctuations.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.6 Administered - Defined Benefit Pension Schemes

	2018 \$'000	2017 \$'000
<i>The amounts recognised in the Administered Schedule of Assets and Liabilities are as follows:</i>		
Present value of funded obligations	57,712	56,836
Fair value of plan assets	(37,767)	(37,221)
	19,945	19,615
Present value of unfunded obligations	49,664	53,788
Net liability in schedule of administered assets and liabilities	69,609	73,403
<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	73,403	80,028
Exchange differences on foreign plans	2,966	(3,213)
Net expense recognised in the Administered Schedule of Comprehensive Income	3,802	3,559
Net actuarial (gains)	(6,414)	(2,991)
Contributions by employers	(4,148)	(3,980)
Net liability at the end of the year	69,609	73,403
<i>Reconciliation of opening and closing balance of the defined benefit obligation:</i>		
Opening liability	110,624	116,122
Exchange differences on foreign plans	4,714	(5,351)
Service cost	1,302	1,106
Interest cost	3,557	3,647
Contributions by plan participants (funded schemes)	55	59
Actuarial (gains) due to experience	(1,223)	(514)
Actuarial (gains) due to changes in financial assumptions	(2,186)	(1,676)
Actuarial (gains) / losses due to changes in demographic assumptions	(3,823)	1,783
Benefits paid	(5,645)	(4,552)
Closing liability	107,375	110,624
<i>Reconciliation of opening and closing balance of the fair value of plan assets:</i>		
Opening assets	37,221	36,095
Exchange differences on foreign plans	1,748	(2,138)
Expected return on plan assets	1,057	1,194
Contributions by plan participants (funded schemes)	55	59
Contributions by employer	1,008	973
Actuarial (gains) / losses	(817)	2,584
Benefits paid	(2,505)	(1,546)
Closing liability	37,767	37,221

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	2018 \$'000	2017 \$'000
<i>The amounts recognised in the Administered Schedule of Comprehensive Income are as follows:</i>		
Current service cost	1,301	1,106
Net interest on net defined benefit (asset) / liability	2,500	2,453
Total included 'employee benefit expense account'	3,801	3,559
<i>Amounts recognised directly in administered equity</i>		
Financial year ended	2018	2017
	\$'000	\$'000
Actuarial gains / (losses)	6,414	2,991
<i>Cumulative amounts of gains and losses recognised in administered equity</i>		
Financial year ended	2018	2017
	\$'000	\$'000
Actuarial gains / (losses)	(37,649)	(44,064)
<i>Pension Scheme Assets</i>		
<i>The fair value of scheme assets is represented by:</i>		
Financial year ended	2018	2017
Long dated UK corporate bonds	0.0%	12.0%
Long dated UK Gilts	0.0%	9.9%
Cash	0.2%	0.2%
Insured Pensioner	1.3%	1.4%
Investment in LIC India	4.0%	3.8%
Diversified Growth Fund	76.8%	72.7%
Liability Driven Investments	17.7%	0.0%
<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>		
Financial year ended	2018	2017
Discount rate at 30 June	3.09%	3.11%
Expected return on assets at 30 June		
Salary growth	2.85%	2.95%
Price inflation	2.98%	3.12%
Pension growth	2.72%	2.94%

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Historical Information

Financial year ended	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
Present value of defined benefit obligations	(107,375)	(110,624)	(116,122)	(113,794)	(88,666)
Fair value of scheme assets	37,767	37,221	36,095	41,886	30,669
(Deficit) in the scheme	(69,608)	(73,403)	(80,028)	(71,908)	(57,997)
Actuarial gains / (losses) - net liabilities	6,414	2,991	(8,618)	(7,108)	(7,069)
Effect of exchange rate gains / (losses)	(2,966)	3,213	254	(10,877)	(453)

Expected Employer Contributions

Financial year ended	2019 \$'000	2018 \$'000
Expected employer contributions	4,054	4,094

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	2018	2017
Weighted average duration of defined benefit obligation (years)	13.67	13.95

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

Financial year ended	2018 \$'000	2017 \$'000
Discount rate		
Increase of 0.5%	(7,326)	(7,745)
Decrease of 0.5%	7,612	8,091
Future salary increases		
Increase of 0.5%	392	237
Decrease of 0.5%	(377)	(220)
Future inflation increases		
Increase of 0.5%	7,132	7,544
Decrease of 0.5%	(6,930)	(7,282)

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 2017-18 Portfolio Budget Statements (PBS) and the final outcome 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 actual amounts and budget.

There are a number of items not incorporated into PBS estimates due to their unpredictable, uncontrollable and/or unplanned nature. This includes:

- the write-down, impairment and sale 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 make-good 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, buildings and plant and equipment assets as these movements are beyond DFAT's control and are difficult to predict. This item 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.

Employee benefits in the Statement of Comprehensive Income are higher (6.9%) compared to the budget due to delays in reducing staff numbers and implementing previous budget saving measures. In addition, the impact of the discount bond rate used to value employee provisions resulted in an increase compared to last financial year on which the budget is based.

There is a flow on impact of the above movements, in revenue and expenses, to the result for the current financial year reported in the Statement of Comprehensive Income and Statement of Changes in Equity and Cash Flow Statement.

Major variances between actual figures reported in the Statement of Financial Position and the PBS estimates include:

- Cash and cash equivalents increased (608.5%) and Trade and other receivables decreased (37.3%) due to the reclassification of the Overseas Property Office (OPO) Special Account as cash rather than trade and other receivables. This change in accounting policy contained in section 48 of the FRR was implemented after the budget was prepared.

The Cash Flow Statement variance to budget analysis also includes variances due to items excluded from PBS estimates. Excluded items are 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 OPO Special Account, and GST payments to suppliers and subsequent refunds received from the Australian Taxation Office.

Proceeds from the sale of property, plant and equipment increased (13.1%) due to the higher than expected market value of properties sold in Jakarta and Bangkok. Cash used on capital purchases was lower (42.4%) due to changed timing of capital projects that occurred after the budget was prepared.

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 and unplanned revenue included 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 (83.7%), 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. Overall expenses are 1.5% lower due to a reduction in other grant and contributions of \$128.5 million (23.5%). Driving this reduction is a range of decisions made by international organisations such as the United Nations that passed resolutions relating to discontinuing or reducing certain peacekeeping missions during the year. Efic dividend and competitive neutrality revenue is lower (22.8%) and is based on profits generated by Efic which are difficult to estimate.

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 Portfolio Budget Statement (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 June actual cash on hand or on deposit balance reported in the Administered Schedule of Assets and Liabilities is significantly higher than estimated due to the inclusion of special account balances of approximately \$9.5 million, following an accounting policy change implemented after the 2017-18 budget was published.

The balance for trade and other receivables reported in the Administered Schedule of Assets and Liabilities (91.5% below estimates) relates to the inclusion in the budget 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. PBS 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 the 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 (9.7% and 32.7% lower respectively) due to revaluation and discounting factors applied at 30 June including the government bond rate and exchange rate fluctuations.

05

APPENDIXES



AUSTRALIA'S AID TRANSPORTED BY RAAF C-17A GLOBEMASTER TO TONGA IN THE AFTERMATH OF TROPICAL CYCLONE GITA (DEPARTMENT OF DEFENCE)

Section 01
Overviews

Section 02
Report on performance

Section 03
Management and accountability

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Section 06
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APPENDIX 1: STAFFING OVERVIEW

TABLE 10 APS EMPLOYEES BY CLASSIFICATION AND GENDER 2016-17 AND 2017-18

	2016-17							2017-18						
	Ongoing			Non-Ongoing			Casual	Ongoing			Non-Ongoing			Total
	F	M	Total	F	M	Total		F	M	Total	F	M	Total	
Secretary	1		1					1		1				1
Dir Safeguards		1							1					1
SES Band 3	5	6	11					7	6	13				19
SES Band 2	18	43	61					15	37	52				67
SES Band 1	53	105	158					72	113	185				238
Medical Officer Cl 5	1		1					1		1				1
SES unattached	6	7	13					7	14	21				28
Medical Officer Cl 4								1		1				1
Medical Officer Cl 3	1		1					2		2				2
EL 2	255	265	520					265	253	518				1,038
EL 1	602	513	1,115					577	474	1,051				2,166
APS 6	384	238	622					404	253	657				1,279
APS 5	551	239	790					569	257	826				1,352
APS 4	67	51	118					43	24	67				118
APS 3	34	11	45					36	14	50				64
APS 2		3	3						1	1				1
APS 1														

	2016–17										2017–18									
	Ongoing					Non-Ongoing					Casual					Ongoing				
	F	M	F	M	Total	F	M	F	M	Total	F	M	F	M	Total	F	M	F	M	Total
Graduates	44	30			74	44	30			74	54	44			98	54	44			98
Cadets						0	0			0					0					0
Non-SES unattached	147	58		1		148	58			206	93	66			159	93	66			159
Gender X						0	0			0					0					0
TOTAL	2,169	1,570	71	46	0	1	2,240	1,617	3,857		2,147	1,557	47	33	0	1	2,194	1,591	3,785	

TABLE 11 EMPLOYMENT TYPE BY LOCATION 2016-17 AND 2017-18

Location	2016-17			2017-18		
	Ongoing	Non-ongoing	Casual	Ongoing	Non-ongoing	Casual
Australia	2,859	100	1	2,851	64	1
Canberra	2,550	92	1	2,555	61	1
New South Wales	69	1		73		
Northern Territory	10	1		8	1	
Queensland	52	1		47		
South Australia	20			20		
Tasmania	19			20		
Victoria	101	4		95	2	
Western Australia	38	1		33		
Overseas Posts	880	17	0	853	16	0
Americas	76	2		75	3	
Asia	389	7	0	368	6	
North Asia	95	1		88	1	
South Asia	79			71		
Southeast Asia	215	6		209	5	
Europe	99	2		104	2	
Middle East and Africa	120			117		
Multilateral	42	1		41	1	
New Zealand and the South Pacific	154	5		148	4	
TOTAL	3,739	117	1	3,704	80	1
						3,785

TABLE 12 EMPLOYEES BY LOCATION AND GENDER AS AT 30 JUNE 2018

Location	Female	%	Male	%	Total
Australia	1,752	60	1,164	40	2,916
Canberra	1,528	58	1,089	42	2,617
State and territory offices-including Australian Passport Office	224	75	75	25	299
New South Wales	56	77	17	23	73
Northern Territory	6	67	3	33	9
Queensland	37	79	10	21	47
South Australia	16	80	4	20	20
Tasmania	11	55	9	45	20
Victoria	73	75	24	25	97
Western Australia	25	76	8	24	33
Overseas Posts	442	51	427	49	869
Americas	37	47	41	53	78
Asia	195	52	179	48	374
<i>North Asia</i>	38	43	51	57	89
<i>South Asia</i>	37	52	34	48	71
<i>Southeast Asia</i>	120	56	94	44	214
Europe	50	47	56	53	106
Middle East and Africa	56	48	61	52	117
Multilateral	26	62	16	38	42
New Zealand and the South Pacific	78	51	74	49	152
Total	2,194	58	1,591	42	3,785

TABLE 13 APS EMPLOYEES BY LOCATION, CLASSIFICATION AND GENDER AS AT 30 JUNE 2018

Classification	Canberra		State offices		Overseas		Total	
	F	M	F	M	F	M	2018	2017
Secretary	1						1	1
Dir Safeguards		1					1	1
SES Band 3	4	2					6	5
SES Band 2	9	27			1	2	39	46
SES Band 1	38	66	2		17	21	144	123
HOM – SES Band 3					3	8	11	10
HOM – SES Band 2					6	12	18	19
HOM – SES Band 1					16	29	45	39
Medical Officer CL 5	1						1	1
SES unattached	7	14					21	13
Medical Officer CL 4		1			1	4	6	4
Medical Officer CL 3					4		4	6
EL 2	185	175	4	4	79	78	525	527
EL 1	451	340	9	8	123	132	1,063	1,139
APS 6	309	192	18	6	81	59	665	642
APS 5	327	135	160	47	107	79	855	822
APS 4	37	18	9	5	2	1	72	127
APS 3	14	9	22	5			50	49
APS 2		1					1	3
APS 1							0	0
Graduates	52	42			2	2	98	74
Cadets							0	0
Non-SES unattached	93	66					159	206
Gender X							0	0
TOTAL	1,528	1,089	224	75	442	427	3,785	3,857

TABLE 14 LOCALLY ENGAGED STAFF BY LOCATION AND GENDER AS AT 30 JUNE 2018

Location	Female		Male		Total	
	2018	2017	2018	2017	2018	2017
Americas	113	106	80	80	193	186
Asia	586	651	489	552	1,075	1,203
<i>South Asia</i>	87	88	148	152	235	240
<i>Southeast Asia</i>	382	391	295	328	677	719
<i>North Asia</i>	117	172	46	72	163	244
Europe	162	153	133	122	295	275
Middle East and Africa	138	142	123	144	261	286
Multilateral	38	40	21	21	59	61
New Zealand and the South Pacific	238	238	177	170	415	408
Total	1,275	1,330	1,023	1,089	2,298	2,419

TABLE 15 SALARY RANGES BY CLASSIFICATION LEVEL 2017-18

	Minimum	Maximum
SES 3	242,426	389,839
SES 2	232,378	254,625
SES 1	170,956	237,786
Medical Officer CI 5	170,956	188,319
Medical Officer CI 4	194,673	239,895
Medical Officer CI 3	184,973	199,973
EL 2 **	123,749	188,319
EL 1*	102,432	159,540
APS 6*	82,255	128,782
APS 5	74,605	113,186
APS 4	67,657	82,255
APS 3	60,377	74,605
APS 2	53,279	57,537
APS 1		
Graduates	65,808	67,657
Cadets		

* Salary ranges include base salary and a combination of allowances as listed in the Enterprise Agreement.

** 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

APPENDIX 2: AGENCY RESOURCE STATEMENT

TABLE 16 DEPARTMENT OF FOREIGN AFFAIRS AND TRADE RESOURCE STATEMENT 2017-18

		Actual Available Appropriation for 2017-18 \$'000	Payments made 2017-18 \$'000	Balance remaining 2017-18 \$'000
Ordinary annual services¹				
Departmental appropriation		2,015,958	1,641,701	(374,257)
Total		2,015,958	1,641,701	(374,257)
Administered expenses				
Outcome 1		3,651,242	3,792,576	
Outcome 2		750	125	
Administered capital budget		443	348	
Payments to corporate entities ²		129,308	129,308	
Total		3,781,743	3,922,357	
Total ordinary annual services	[A]	5,797,701	5,564,058	
Other services				
Departmental non-operating³				
Equity injections		189,643	54,121	135,522
Total		189,643	54,121	135,522
Administered non-operating⁴				
Administered assets and liabilities		2,429,089	135,933	
Total		2,429,089	135,933	
Total other services	[B]	2,618,732	190,054	
Total available annual appropriations [A+B]		8,416,434	5,754,112	
Special appropriations				
Special appropriations limited by criteria/ entitlement				
<i>Public Governance, Performance and Accountability Act 2013 - s77 Administered</i>			715	
Total special appropriations	[C]		715	

	Actual Available Appropriation for 2017–18 \$'000	Payments made 2017–18 \$'000	Balance remaining 2017–18 \$'000
Special accounts⁵			
Opening balance	103,205		
Appropriation receipts	82,859		
Appropriation receipts from other entities	40,398		
Non-appropriation receipts to Special Accounts	267,101		
Payment made		136,240	
Total special accounts	[D] 493,563	136,240	
Total resourcing [A+B+C+D]	8,909,997	5,891,067	
Less appropriations drawn from annual or special appropriations above and credited to special accounts	(123,257)	-	
and/or payments to corporate entities through annual appropriations	(129,308)	(129,308)	
Total net resourcing and payments for DFAT	8,657,432	5,761,759	

1. *Appropriation Act (No.1) 2017-18* and *Appropriation Act (No. 3) 2017-18*. This also includes prior year departmental appropriation and section 74 Retained Revenue Receipts.
2. "Corporate entities" are corporate Commonwealth entities and Commonwealth companies as defined under the *PGPA Act 2013*.
3. *Appropriation Act (No.2) 2017-18* and *Appropriation Act (No.4) 2017-18*. This also includes prior year equity injections available for use.
4. Includes appropriations carried forward from previous years to extinguish multiyear agreements.
5. 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*	Actual Expenses	Variation
	2017–18 \$'000	2017–18 \$'000	2017–18 \$'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>)	6,573	5,966	607
Expenses not requiring appropriation in the Budget year	1,300	8,042	(6,742)
Special appropriations	100	16	84
Other services (<i>Appropriation Act No. 2 and 4</i>)	-	-	-
Departmental expenses			
Departmental appropriation ¹	669,821	650,211	19,610
Expenses not requiring appropriation in the Budget year ³	142,689	147,037	(4,348)
Total for program 1.1	820,483	811,272	9,211
Program 1.2: Official Development Assistance			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	3,067,342	3,066,150	1,192
Expenses not requiring appropriation in the Budget year ²	500	3,018	(2,518)
Departmental expenses			
Departmental appropriation ²	248,927	248,927	-
Total for program 1.2	3,316,769	3,318,095	(1,326)
Program 1.3: Official Development Assistance - Multilateral Replenishments			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	23,502	22,905	597
Other services (<i>Appropriation Act No. 2 and 4</i>)	-	-	-
Expenses not requiring appropriation in the Budget year ²		76,759	(76,759)
Total for Program 1.3	23,502	99,664	(76,162)
Program 1.4: Payments to International Organisations			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	466,368	339,658	126,710
Total for Program 1.4	466,368	339,658	126,710
Program 1.5: New Colombo Plan - Transforming Regional Relationships			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	50,933	49,826	1,107
Other services (<i>Appropriation Act No. 2 and 4</i>)	150	-	150
Total for Program 1.5	51,083	49,826	1,257

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*	Actual Expenses	Variation
	2017-18 \$'000	2017-18 \$'000	2017-18 \$'000
	(a)	(b)	(a - b)
Program 1.6: Public Information Services and Public Diplomacy			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	6,752	6,599	153
Total for Program 1.6	6,752	6,599	153
Programme 1.7: Programmes to Promote Australia's International Tourism Interests			
Administered expenses			
Tourism Australia - Corporate Commonwealth Entity	129,308	129,308	-
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	19,000	19,000	-
Total for Program 1.7	148,308	148,308	-
Outcome 1 Totals by appropriation type			
Administered Expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	3,640,470	3,510,104	130,366
Corporate Commonwealth Entity	129,308	129,308	-
Other services (<i>Appropriation Act No. 2 and 4</i>)	150	-	150
Expenses not requiring appropriation in the Budget year ²	1,800	87,819	(86,019)
Special appropriations	100	16	84
Departmental expenses			
Departmental appropriation ¹	918,748	899,138	19,610
Expenses not requiring appropriation in the Budget year ²	142,689	147,037	(4,348)
Total expenses for Outcome 1	4,833,265	4,773,422	59,843
		2016-17	2017-18
Average staffing level (number)		3,774	3,750

* Full year budget, including any subsequent adjustments made to the 2017-18 budget through additional estimates and estimated outcome as published in the 2018-19 Budget

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.
4. Since publishing the 2017-18 Foreign Affairs and Trade Portfolio Budget Statements, Program 1.4 - Official Development Assistance - East Asia AIPRD has been completed and removed from the above program structure. As a result, the former Programs 1.5 to 1.8 have been renumbered as above.

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*	Actual Expenses	Variation
	2017-18 \$'000	2017-18 \$'000	2017-18 \$'000
	(a)	(b)	(a - b)
Program 2.1: Consular Services			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	200	8	192
Expenses not requiring appropriation in the Budget year ¹	-	75	(75)
Special appropriations	100	9	91
Departmental expenses			
Departmental appropriation ²	95,722	95,722	-
Total for program 2.1	96,022	95,814	208
Program 2.2: Passport Services			
Administered expenses			
Special appropriations	810	690	120
Expenses not requiring appropriation in the Budget year ¹	-	181	(181)
Departmental expenses			
Departmental appropriation ¹	238,214	238,214	-
Total for program 2.2	239,024	239,085	(61)
Outcome 2: Totals by appropriation type			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 and 3</i>)	200	8	192
Special appropriations	910	699	211
Expenses not requiring appropriation in the Budget year ¹	-	256	(256)
Departmental expenses			
Departmental appropriation ²	333,936	333,936	-
Total expenses for Outcome 2	335,046	334,899	147
		2016-17	2017-18
Average staffing level (number)		1,081	1,074

* Full year budget, including any subsequent adjustments made to the 2017-18 budget through additional estimates and estimated outcome as published in the 2018-19 Budget.

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 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*	Actual Expenses	Variation
	2017-18 \$'000	2017-18 \$'000	2017-18 \$'000
	(a)	(b)	(a - b)
Program 3.1: Foreign Affairs and Trade Security and IT			
Departmental expenses			
Departmental appropriation ¹	215,637	215,637	-
Total for program 3.1	215,637	215,637	-
Program 3.2: Overseas Property			
Departmental expenses			
Special Accounts ¹	147,233	136,240	10,993
Expenses not requiring appropriation in the Budget year ²	18,333	100,776	(82,443)
Total for program 3.2	165,566	237,016	(71,450)
Outcome 3: Totals by appropriation type			
Departmental expenses			
Departmental appropriation ³	215,637	215,637	-
Special accounts ¹	147,233	136,240	10,993
Expenses not requiring appropriation in the Budget year ²	18,333	100,776	(82,443)
Total expenses for Outcome 3	381,203	452,653	(71,450)
		2016-17	2017-18
Average staffing level (number)		873	867

* Full year budget, including any subsequent adjustments made to the 2017-18 budget through additional estimates and estimated outcome as published in the 2018-19 Budget

1. This reflects the amount of funding disbursed on a cash basis, not an expense basis.
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. Departmental appropriation combines 'ordinary annual services (*Appropriation Act No. 1 & Act No. 3*)'.

APPENDIX 3: AID PROGRAM EXPENDITURE

TABLE 20 TOTAL DFAT ODA BY COUNTRY AND REGION OF BENEFIT, 2017-18 ESTIMATED OUTCOME

Country and Region ¹	Bilateral	Regional or Global	Total
	\$m	\$m	\$m
Papua New Guinea	471.8	30.2	502.1
Solomon Islands	92.7	20.9	113.6
Vanuatu	45.7	16.9	62.6
Fiji	40.2	18.9	59.1
Samoa	23.6	8.6	32.2
Nauru	21.2	3	24.3
Kiribati	20.2	7	27.2
Tonga	23.8	7.3	31.1
Tuvalu	6.6	1.7	8.3
Niue and Tokelau	1.8	0.9	2.7
Cook Islands	1.9	1.5	3.4
North Pacific ²	4.9	3.1	7.9
Pacific Regional	0	167.3	167.3
Total Pacific	754.6	287.3	1,041.80
Indonesia	296.2	56.6	352.8
Timor-Leste	68.9	16.1	84.9
Philippines	65	13.5	78.5
Cambodia	62.4	23.7	86.1
Vietnam	56.5	20	76.5
Myanmar	56.3	23.4	79.7
Laos	22.4	16.3	38.7
Mongolia	6	5.4	11.4
ASEAN and East Asia Regional	0	85.6	85.6
Total Southeast and East Asia	633.8	260.5	894.3
Afghanistan	79.7	0.2	79.9
Bangladesh	72.8	14.8	87.6
Pakistan	39.8	6.8	46.5
Sri Lanka	19.5	8.1	27.6

Country and Region ¹	Bilateral	Regional or Global	Total
	\$m	\$m	\$m
Nepal	17.7	15.4	33.1
Bhutan	2.3	6	8.3
Maldives	1.8	2	3.8
South and West Asia Regional	0	24.6	24.6
Total South and West Asia	233.5	77.9	311.4
Sub-Saharan Africa	45.3	79.9	125.2
The Middle East and North Africa (includes the Palestinian Territories) ³	126.2	27.3	153.5
Latin America and the Caribbean	2	7.1	9.1
Other ODA not attributed to particular countries or regions ⁴	0	952.8	952.8
Total Bilateral and Regional or Global	1,795.4	1,692.7	3,488.1
Departmental (ODA)			248.9
Adjustments ⁵			-67.5
Total DFAT ODA by country and region of benefit*	1,795.4	1,692.7	3,669.5

*Differences due to rounding

1. Regional totals include amounts attributable to the region but not a specific country.
2. Federated States of Micronesia, Palau and Republic of Marshall Islands
3. Includes Iraq, Syria and other flows to the region.
4. 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.

APPENDIX 4: WORKPLACE HEALTH AND SAFETY

The following information is provided in accordance with Schedule 2, Part 4 of the *Work Health and Safety Act 2011* (the WHS Act).

HEALTH AND SAFETY MANAGEMENT IN THE DEPARTMENT

The department attaches a high priority to the wellbeing of its staff and those who assist us to achieve our objectives. We are committed to building a culture of safety leadership across the organisation that seeks to actively manage risks, improve work practices and foster attitudes that sustain healthy and safe work environments across the global network.

WORK HEALTH AND SAFETY INITIATIVES AND OUTCOMES

Following its launch by the Secretary in May 2017, a number of *Work Health and Safety (WHS) Strategic Plan 2017–2019* initiatives were delivered during 2017–18.

A key focus was supporting officers to achieve their due diligence obligations under the WHS Act. We provided a series of due diligence training workshops to departmental staff to support implementation of responsibilities outlined in the Officer Due Diligence Manual.

During 2017–18, 304 WHS incidents were reported via the electronic WHS incident reporting system; 107 occurred in Australia and 197 occurred overseas. In response, corrective actions were implemented to eliminate or minimise risks and prevent further occurrences as appropriate.

The department delivered individual WHS briefings to more than 60 staff deploying to 34 overseas locations, including staff from other government agencies. We also provided group training sessions to staff working in Canberra or preparing for deployment overseas. We reviewed our mandatory WHS e-learning and updated it for re-launching in 2018–19. The department conducted visits to Australian

offices and missions in Darwin, Perth, Jakarta, Phnom Penh, Makassar and Phuket to support the development and strengthening of WHS arrangements.

REPORTING REQUIREMENTS UNDER THE WORK HEALTH AND SAFETY ACT 2011 (WHS ACT)

- Fourteen 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 was finalised under Part 9 of the Act.
- No notices were issued under Part 10, Section 191 of the Act.

REHABILITATION MANAGEMENT

In 2017–18 we reviewed the Rehabilitation Management System to identify areas for improvement in rehabilitation management. The department continued to implement proactive strategies, including an early intervention policy and strategies for both compensable and non-compensable injury and illness cases, and a toolkit to help managers and supervisors manage ill and injured employees. These strategies aim to improve rehabilitation outcomes for employees and control the cost of claims to the department. The department's premium rate remains lower than the Commonwealth average.

TABLE 21 WORKPLACE HEALTH AND SAFETY STATISTICS

Comcare claims accepted	2015–16	2016–17	2017–18**
Total departmental staff covered by Comcare under the <i>Safety, Rehabilitation and Compensation Act 1988</i> *	4,171	4,141	4,182
Number of claims accepted by Comcare***			
Falls, trips and slips	11	4	6
Hitting objects	3	8	
Sound and pressure		1	
Body stressing	11	4	5
Heat, radiation and electricity			
Chemicals and other	2		1
Biological factors	1	1	1
Mental stress	6	3	
Other and unspecified	1		2
Total	35	21	15
Departmental premium rate for Comcare coverage as a percentage of total departmental wages and salaries****	0.76	0.53	0.54

* 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 throughout the year in staff numbers.

*** The claims accepted in the financial year may be different to date of injury year due to delays in reporting injuries.

**** 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.

APPENDIX 5: 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). During the reporting period, 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 environment 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 2017–18, p. 23, Outcome 1

The department continued to contribute to the development of a new global treaty for the conservation and sustainable use of marine biological diversity in areas beyond national jurisdiction, co-sponsoring the UN General Assembly's resolution to commence formal negotiations in September.

With the Australian Antarctic Division of the Department of the Environment and Energy, 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. This year the department streamlined guidance on our safeguard responsibilities through the release of the *Environmental and Social Safeguard Policy for the Aid Program* (see p. 55).

The department is integrating climate change action and disaster risk reduction across our entire aid program to ensure our development and humanitarian assistance supports partners to reduce emissions and address the impacts of climate change. Integration will protect investments, build long-term resilience to climate and disaster impacts, and help our development partners to manage climate risks.

Australia is leading global efforts to conserve coastal ecosystems (mangroves, tidal marshes and seagrasses), which play a significant role in carbon sequestration. In 2017 the department committed \$6 million to a new initiative to protect and manage coastal ecosystems in the Pacific, and almost half a million dollars for blue carbon initiatives in the Indian Ocean region. This was complemented by 11 Australia Awards Fellowships for Indian Ocean Rim Association members (Madagascar, Seychelles and Mauritius) to build capacity on managing the Blue Economy.

In October the department also committed \$5 million to assist in developing innovative

mechanisms to support the management and restoration of global coral reefs. This investment, in conjunction with a \$2 million commitment through the International Coral Reef Initiative and the Global Coral Reef Monitoring Network, will support capacity building and data collection activities in the Indo-Pacific region.

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 environmental and social safeguards.

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 2017–18, p. 39, Outcome 2

All Australian passports issued during the reporting period were printed on paper produced from wood pulp certified as sustainable and ethically sourced.

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 2017–18, p. 45, Outcome 3

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. Under the contract it provides:

1. monitoring and reporting on the impact of DFAT business on the environment
2. identifying, costing and, where cost effective, implementing environmental initiatives
3. preparing information for DFAT mandatory reporting, including Energy Efficiency in Government Operations (EEGO), National Waste Policy, Australian Packaging Covenant and WaterMAPS
4. providing strategic advice on environmental management policy and government direction that will benefit DFAT 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 required whole-of-government reporting on the ICT Sustainability Plan and the Australian Packaging Covenant. The department collated energy usage according to the metrics outlined in EEGO Policy and used this information to target initiatives and energy efficiency works.

The department joined a number of other federal government agencies in becoming a signatory of the national CitySwitch Green Office program. Through active participation in this program, the department has further formalised the commitment to sustainable operation of its office tenancies.

Refurbishment of the base building services in the RG Casey Building in 2016 improved the building's environmental performance. This building constitutes a significant portion of the department's domestic stationary energy use. Current monthly consumption is approximately 25% lower than before the refurbishment. We expect consumption for 2018–19 to reduce further, with the relocation of server equipment into more efficient external data centres.

The department's leased premises at 255 London Circuit Canberra hold an accredited 4.5 star National Australian Built Environment Rating System (NABERS) energy rating for offices. The building features a number of sustainable design elements, including an environmentally sustainable cooling system and grey water recycling. In 2018 the NABERS Energy tenancy rating at 40 Allara St Canberra improved to 5 stars as a result of increased occupant density, equating to more productive use of the energy at this site.

In the overseas estate, environmental performance is a core part of all major new construction projects. Environmental management and monitoring through the construction phase has included air quality, noise levels and waste water management.

The department actively pursues 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 (BMS) to lower energy consumption.

The department is also working towards environmental certification of selected new construction projects to recognised international standards. This includes 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 the department's property portfolio, and to develop environmentally sustainable initiatives through the building lifecycle.

In 2017–18 the department installed an extensive 535 panel solar array at the embassy in Amman, Jordan. The system is expected to produce significant savings per year, with an expected payback period of just over two years.

JLL provided ongoing energy and BMS monitoring and engineering support at the new embassy in Jakarta. As a result of this program, opportunities for controls modifications were identified. To date the program has generated annual savings of at least \$70,000 a year.

APPENDIX 6: PURCHASER-PROVIDER ARRANGEMENTS

FINANCIAL, OFFICE, HUMAN RESOURCES, PROPERTY AND FLEET MANAGEMENT SERVICES

In support of the *Prime Minister's Directive on the Guidelines for the Management of the Australian Government Presence Overseas*, the department provides management services (on a partial cost-recovery basis) to other government departments and agencies with overseas representation under the Service Level Arrangement (SLA).

The current SLA was endorsed on 1 July 2017, with an anticipated cessation date of 30 June 2020.

Under the SLA, the department provides management services to the following agencies:

- Australian Centre for International Agricultural Research
- Australian Criminal Intelligence Commission
- Australian Federal Police
- Attorney-General's Department
- Australian Maritime Safety Authority
- Australian National University
- Australian Nuclear Science and Technology Organisation
- Australian Taxation Office
- Australian Trade and Investment Commission (Austrade)
- Australian Transaction Reports and Analysis Centre
- Commonwealth Scientific and Industrial Research Organisation
- Department of Agriculture and Water Resources
- Department of Defence
- Department of Education and Training
- Department of the Environment and Energy
- Department of Health
- Department of Home Affairs
- Department of Industry, Innovation and Science
- Department of Infrastructure, Regional Development and Cities
- Department of Jobs and Small Business
- Department of the Prime Minister and Cabinet
- Department of Veterans' Affairs
- Intellectual Property Australia
- National Library of Australia
- Office of National Assessments
- Reserve Bank of Australia
- The Treasury.

The department also provides corporate and property services to the Canadian, New Zealand and United Kingdom governments under collocation arrangements.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) SERVICES

The department provides ICT services to government agencies with staff at our overseas missions and at a number of partner agency locations within Australia.

In 2017–18 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 Federal Police
- Australian Fisheries Management Authority
- Australian Maritime Safety Authority
- Australian National University
- Australian Nuclear Science and Technology Organisation
- Australian Taxation Office
- Australian Trade and Investment Commission (Austrade)
- Australian Transaction Reports and Analysis Centre
- Bureau of Meteorology
- Department of Agriculture and Water Resources
- Department of Defence
- Department of Education and Training
- Department of the Environment and Energy
- Department of Health
- Department of Home Affairs
- Department of Industry, Innovation and Science
- Department of Infrastructure, Regional Development and Cities
- Department of Jobs and Small Business
- Department of the Prime Minister and Cabinet
- Department of Veterans' Affairs
- Export Finance and Insurance Corporation
- Intellectual Property Australia
- National Library of Australia
- Office of National Assessments
- Reserve Bank of Australia
- The Treasury.

APPENDIX 7: ADVERTISING AND MARKET RESEARCH

During 2017–18 the department conducted the Smartraveller advertising campaign. Further information on this campaign is available at dfat.gov.au and Smartraveller.gov.au and in the reports on Australian Government advertising prepared by the Department of Finance, which 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 \$13,500 (GST inclusive).

TABLE 22 ADVERTISING AND MARKET RESEARCH

Account name	Service Provided	Program	Amount \$
Market research organisations			
Insurance Council of Australia	Travel Insurance market research	2.1	21,450
IPSOS Public Affairs Pty Ltd	Smartraveller market research	2.1	167,379
Colmar Brunton Research	Aid Communication Strategy market research	2.1	75,389
Kantar Public	Smartraveller market research	2.1	198,660
Media advertising organisations			
Telstra Corporation	White Pages advertising	1.1, 2.1 & 2.2	77,359
Dentsu Mitchell Media Australia Pty Ltd	Smartraveller and various advertising services	2.1	0

APPENDIX 8: CONTRIBUTIONS

Table 23 lists payments made by the department totalling \$339.7 million, consisting of \$139.5 million to 26 international organisations and international treaty secretariats and \$200.2 million to 14 international peacekeeping operations.

TABLE 23 CONTRIBUTIONS TO INTERNATIONAL ORGANISATIONS AND PEACEKEEPING OPERATIONS*

	2017–18 \$
International organisations	
ABAC Secretariat	43,874
APEC Secretariat	479,847
Arms Trade Treaty	22,929
Asia–Europe Foundation	52,705
Biological Weapons Convention	45,278
Commission for the Conservation of Antarctic Marine Living Resources	142,294
Commonwealth Secretariat	3,434,292
Comprehensive Nuclear-Test-Ban Treaty	3,652,953
Convention on Certain Conventional Weapons	95,329
Energy Charter Conference	332,529
International Atomic Energy Agency	15,869,572
International Centre for the Study of the Preservation and Restoration of Cultural Property	138,165
International Criminal Court	8,761,774
International Humanitarian Fact Finding Commission	11,401
International Seabed Authority	262,984
International Tribunal for the Law of the Sea	503,814
International Tribunals for War Crimes	3,594,665
Organisation for Economic Co-operation and Development	13,917,790
Organisation for the Prohibition of Chemical Weapons	2,372,819
Ottawa Convention	28,020
Pacific Economic Cooperation	32,818
United Nations – assessed contribution	71,824,027
United Nations Educational, Scientific and Cultural Organization	10,205,878
Voluntary Principles on Security and Human Rights	35,579
Wassenaar Arrangement	86,871
World Trade Organization	3,549,133
Total international organisations	139,497,338

	2017–18 \$
International peacekeeping operations	
UN Disengagement Observer Force	1,699,584
UN Hybrid Operation in Darfur	24,672,587
UN Interim Force in Lebanon	13,751,665
UN Interim Mission in Kosovo	1,045,625
UN Interim Security Force for Abyei	7,552,290
UN Mission for the Referendum in Western Sahara	1,523,456
UN Mission in Liberia	1,894,066
UN Mission in South Sudan	31,396,505
UN Multidimensional Integrated Stabilization Mission in Mali	31,778,689
UN Multidimensional Integrated Stabilization Mission in the Central African Republic	27,260,424
UN Organization Stabilisation Mission in the Democratic Republic of the Congo	33,753,315
UN Peacekeeping Force in Cyprus	772,650
UN Stabilization Mission in Haiti	5,383,961
UN Support Office for African Union Military Observer Mission in Somalia	17,676,597
Total international peacekeeping operations	200,161,415
Total contributions to international organisations and peacekeeping operations	339,658,753

* 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 *DFAT Portfolio Budget Statements 2017–18*.

APPENDIX 9: 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 \$5,000 and above (GST inclusive).

TABLE 24 LIST OF SPONSORS

Sponsor	Project/Event	Program	Amount \$
Servcorp	Australia Day 2018 (Doha)	1.1	5,385
Qatar Airways	Australia Day 2018 (Doha)	1.1	7,180
HLG Contracting LLC	Corporate Sponsorship for Australia Day 2018 (Abu Dhabi)	1.1	5,339
GHD Global Pty Ltd	Corporate Sponsorship for Australia Day 2018 (Abu Dhabi)	1.1	5,339
Murdoch University	Corporate Sponsorship for Australia Day 2018 (Abu Dhabi)	1.1	5,339
ANZ Dubai	Corporate Sponsorship for Australia Day 2018 (Abu Dhabi)	1.1	5,339
University of Wollongong	Corporate Sponsorship for Australia Day 2018 (Abu Dhabi)	1.1	5,339
Servcorp	Corporate Sponsorship for Australia Day 2018 (Abu Dhabi)	1.1	5,339
Austal Middle East	Corporate Sponsorship for Australia Day 2018 (Abu Dhabi)	1.1	5,339
Macquarie Capital Middle East	Corporate Sponsorship for Australia Day 2018 (Abu Dhabi)	1.1	5,339
VFS Global	Corporate Sponsorship for Australia Day 2018 (Abu Dhabi)	1.1	5,339
Sonic Healthcare Germany	Australia now 2017 (Berlin)	1.1	16,743
Qantas	Beijing Design Week (Beijing)	1.1	16,500
Copyright Agency Ltd	Australian Writers Week (2018-2020) (Beijing)	1.1	44,000
Michelle Wade	Australia Day 2018 (Colombo)	1.1	5,500
Pharmacare Laboratories Pty Ltd	Australia Day 2018 (Guangzhou)	1.1	15,060
Blackmores	Australia Day 2018 (Guangzhou)	1.1	9,812
Biostime, Inc (Guangzhou)	Australia Day 2018 (Guangzhou)	1.1	14,299
Rosien Pty Ltd	Australia Day 2018 (Guangzhou)	1.1	7,606
Ousia (Guangzhou) Ind Co., Ltd	Australia Day 2018 (Guangzhou)	1.1	34,075
Guangzhou Chuntian Trading Co., Ltd	Australia Day 2018 (Guangzhou)	1.1	9,127
Vietnam Industrial Investment Ltd	Taste of Australia 2018 (Ho Chi Minh City)	1.1	6,540
Mesa Co., Ltd	Taste of Australia 2018 (Ho Chi Minh City)	1.1	6,581
Hiro Tejima	Taste of Australia 2018 (Ho Chi Minh City)	1.1	5,051
Victorian Government Trade & Investment - SEA	Taste of Australia 2018 (Ho Chi Minh City)	1.1	6,540

Sponsor	Project/Event	Program	Amount \$
MTR Corporation	2018 Australia Day Reception (Hong Kong)	1.1	8,424
Sino Administration Services Ltd	2018 Australia Day Reception (Hong Kong)	1.1	8,424
CPA Australia - Hong Kong Branch	2018 Australia Day Reception (Hong Kong)	1.1	8,424
Aristocrat (Macau) Pty Ltd	2018 Australia Day Reception (Hong Kong)	1.1	8,424
Telstra	2018 Australia Day Reception (Hong Kong)	1.1	8,424
Cheung Kong Group	2018 Australia Day Reception (Hong Kong)	1.1	8,424
Blackmores	2018 Australia Day Reception (Hong Kong)	1.1	8,424
Virgin Australia	2018 Australia Day Reception (Hong Kong)	1.1	8,424
Goodman Asia Ltd	2018 Australia Day Reception (Hong Kong)	1.1	8,424
CLP Holdings	2018 Australia Day Reception (Hong Kong)	1.1	8,424
Watson's Wine	2018 Australia Day Reception (Hong Kong)	1.1	8,424
Macquarie Bank	2018 Australia Day Reception (Hong Kong)	1.1	8,424
Tourism Australia	2018 Australia Day Reception (Hong Kong)	1.1	8,424
Foreign Correspondents' Club Venue	2017 Christmas Crad Competition (Hong Kong)	1.1	40,433
Lockheed Martin	Anzac Day 2018 (Houston)	1.1	26,161
Schlumberger	Anzac Day 2018 (Houston)	1.1	6,540
BHP Billiton Petroleum Deepwater	Anzac Day 2018 (Houston)	1.1	26,161
KBR	Anzac Day 2018 (Houston)	1.1	13,080
Monash University	Australia Day 2018 (Kuala Lumpur)	1.1	7,358
ANZ Bank Kuala Lumpur	Australia Day 2018 (Kuala Lumpur)	1.1	7,358
Lynas Malaysia	Australia Day 2018 (Kuala Lumpur)	1.1	7,358
Blackmores (Malaysia) Sdn Bhd	Australia Day 2018 (Kuala Lumpur)	1.1	7,358
SP Setia	Australia Day 2018 (Kuala Lumpur)	1.1	7,358
UEM Sunrise	Australia Day 2018 (Kuala Lumpur)	1.1	7,358
Yara Park	Australia Day 2018 (Kuala Lumpur)	1.1	7,358
Eco World	Australia Day 2018 (Kuala Lumpur)	1.1	7,358
CPA Australia	Australia Day 2018 (Kuala Lumpur)	1.1	7,358
NS Bluescope Malaysia	Australia Day 2018 (Kuala Lumpur)	1.1	7,358
ANZ	Australia Day Reception (London)	1.1	8,173
Defence Madrid	Australia Day 2018 (Madrid)	1.1	8,016
Macquarie Group	Australia Day 2018 (Madrid)	1.1	6,976

Sponsor	Project/Event	Program	Amount \$
Airbus Defence & Space	Australia Day 2018 (Madrid)	1.1	6,976
Navantia	Australia Day 2018 (Madrid)	1.1	6,976
Qantas	Philippines–Australia Friendship Week 2018 (Manila)	1.1	6,283
SM Prime Holdings, Inc.	Philippines–Australia Friendship Week 2018 (Manila)	1.1	11,739
Ashok & Mariam Jacob	Oz Fest India (New Delhi)	1.1	27,500
CQUniversity	Oz Fest India (New Delhi)	1.1	27,500
Deakin University	Oz Fest India (New Delhi)	1.1	55,000
Telstra India Pvt Ltd	Oz Fest India (New Delhi)	1.1	24,313
Austrade Trade Commission	Oz Fest India (New Delhi)	1.1	17,104
NSW Department of Industry	Oz Fest India (New Delhi)	1.1	110,000
IDP Education (Cambodia) Co., Ltd	Australian Day Function 2018 (Phnom Penh)	1.1	6,540
Ristorante - Il Bargello	Australia Focus 2017 (Rome)	1.1	5,581
Parmalat	Australia Focus 2017 (Rome)	1.1	6,976
Macquarie Bank	Australia Focus 2017 (Rome)	1.1	16,634
Westfield	Australia Focus 2017 (Rome)	1.1	11,162
Orica Chile S.A.	Australia Day 2018 (Santiago De Chile)	1.1	8,656
BHP Chile Incorporated	Australia Day 2018 (Santiago De Chile)	1.1	7,848
Fabrica de tolvas y equipos industriales SPA	Australia Day 2018 (Santiago De Chile)	1.1	5,232
National Australia Bank	Australia Day 2018&2019 (Singapore)	1.1	9,226
Icon SOC Pte Ltd	Australia Day 2018&2019 (Singapore)	1.1	9,226
Australian Int'l School (AIS)	Australia Day 2018&2019 (Singapore)	1.1	9,226
James Cook University	Australia Day 2018&2019 (Singapore)	1.1	9,226
BHP Billiton Marketing Asia Pte	Australia Day 2018&2019 (Singapore)	1.1	9,226
Lendlease Asia Holdings Pte Ltd	Australia Day 2018&2019 (Singapore)	1.1	9,226
NS Bluescope Pty Ltd	Australia Day 2018&2019 (Singapore)	1.1	9,226
Air Aroma Japan Co., Ltd	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
ANZ Banking Group Ltd	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Challenger Ltd	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Commonwealth Bank of Australia	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Goodman Japan Limited	Australia Day in Spring 2018 (Tokyo)	1.1	9,232

Sponsor	Project/Event	Program	Amount \$
IFM Investors	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
ITOCHU Corporation	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Marubeni Corporation	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Mitsubishi Corporation	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Mitsui & Co., Ltd.	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
National Australia Bank Limited	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
North West Shelf Liaison Company	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Servcorp Japan K.K.	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Sumitomo Corporation	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Telstra International Ltd	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Toll Express Japan Co., Ltd	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Wespac Banking Corporation	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Jetstar Group	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Macquarie Capital Securities Japan Ltd	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Ashurst	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
PwC	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Dai-ichi Life Holdings Inc	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Sojitz Corporation	Australia Day in Spring 2018 (Tokyo)	1.1	9,232
Sekol Farmed Tuna	Australia Day in Spring 2018 (Tokyo)	1.1	14,425
Meat & Livestock Australia	Australia Day in Spring 2018 (Tokyo)	1.1	17,270
JTB Corporation	Australia now 2018 (Tokyo)	1.1	46,160
Woodside Energy Australia Asia Holdings Pte Ltd	Australia now 2018 (Tokyo)	1.1	275,000
Sumitomo Mitsui Financial Group Inc	Australia now 2018 (Tokyo)	1.1	23,080
Sumitomo Mitsui Banking Corporation	Australia now 2018 (Tokyo)	1.1	11,540
SMBC Nikko Securities Inc	Australia now 2018 (Tokyo)	1.1	11,540
Inpex Corporation	Australia now 2018 (Tokyo)	1.1	46,160
The Government of Western Australia	Australia now 2018 (Tokyo)	1.1	55,000
Rio Tinto Services Limited	Australia now 2018 (Tokyo)	1.1	275,000
Department of Industry (NSW)	Australia now 2018 (Tokyo)	1.1	82,500

Sponsor	Project/Event	Program	Amount \$
DEDJTR Creative Victoria	Australia now 2018 (Tokyo)	1.1	99,000
Tourism Australia	Australia now 2018 (Tokyo)	1.1	46,160
Meat & Livestock Australia	Australia now 2018 (Tokyo)	1.1	27,500
BHP Billiton Marketing Asia Pty Ltd	Australia now 2018 (Tokyo)	1.1	110,000
All Nippon Airways Co., Ltd	Australia now 2018 (Tokyo)	1.1	19,489
Qantas Airways	Australia now 2018 (Tokyo)	1.1	14,750
WorleyParsons	Gold Sponsorship Package 2018 (Tehran)	1.1	5,581
Westfield	HOM Residence renovation (Washington)	1.1	111,183
Tourism Australia	Chancery Signage (Washington)	1.1	57,837
Qantas	Melbourne Cup 2017 (Wellington)	1.1	7,094
Trans-Tasman Business Circle	Trans-Tasman Dinner 2018 (Wellington)	1.1	11,351
Westpac	Trans-Tasman Dinner 2018 (Wellington)	1.1	23,648

APPENDIX 10: SUMMARY OF THE OVERSEAS NETWORK

Following is a summary of the overseas network as at 30 June 2018.

More information about our overseas network is available at the department's website at dfat.gov.au/about-us/our-locations/missions/Pages/our-embassies-and-consulates-overseas.aspx and at smartraveller.gov.au

TABLE 25 AUSTRALIAN GOVERNMENT EMBASSIES, HIGH COMMISSIONS, CONSULATES, MULTILATERAL MISSIONS AND REPRESENTATIVE OFFICES MANAGED BY DFAT AND AUSTRALIA (117 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	Brasilia	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

Location	City	Type
Federated States of Micronesia	Pohnpei	embassy
Fiji	Suva	High Commission
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
	Surabaya	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

Location	City	Type
Malaysia	Kuala Lumpur	High Commission
Malta	Malta	High Commission
Mauritius	Port Louis	High Commission
Mexico	Mexico City	embassy
Mongolia	Ulaanbaatar	embassy
Morocco	Rabat	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

Location	City	Type
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
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.

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.

The Australian Government maintained a temporary post in Tallinn, Estonia from 23 April to 1 June 2018.

TABLE 26 CONSULATES HEADED BY HONORARY CONSULS (75 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
	South Africa	Cape Town**	Pretoria
	Tanzania	Dar es Salaam**	Nairobi
	Uganda	Kampala	Nairobi
	Zambia	Lusaka	Harare
Asia	Indonesia	Balikpapan**	Jakarta
		Kupang**	Jakarta
		Medan**	Jakarta
	Kazakhstan	Almaty	Moscow
	Korea, Republic of	Busan	Seoul
	Malaysia	Kota Kinabalu	Kuala Lumpur
		Kuching	Kuala Lumpur
		Penang	Kuala Lumpur
	Pakistan	Karachi	Islamabad
		Lahore	Islamabad
	The Philippines	Cebu***	Manila
Pacific	French Polynesia (France)	Chiang Mai	Bangkok
		Koh Samui	Bangkok
		Papeete	Noumea

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
		Seville**	Madrid
	Switzerland	Zurich***	Berlin
	Ukraine	Kyiv	Warsaw
	United Kingdom	Edinburgh**	London
North America	Canada	Calgary***	Ottawa
		Vancouver *	Ottawa
	United States of America	Boston**	New York CG
		Denver	Los Angeles
		Miami	Washington DC
		Seattle**	San Francisco

Region	Country of location	City	Responsible post
Central/South America	Bolivia	La Paz	Lima
	Brazil	Rio de Janeiro	Brasilia
	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 2018.

*** 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
Senegal	Dakar	Accra
Tunisia	Tunis	Malta

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 11: LIST OF CORRECTIONS

The following errors appeared in *DFAT Annual Report 2016–17*:

- **Delivering an Innovative Aid Program – Overview and Analysis**

As printed on p. 61:

We provided an estimated \$512.8 million as part of global efforts to address the significant US\$26 trillion **infrastructure** deficit in our region.

Correct text:

We provided an estimated **\$456.7** million as part of global efforts to address the significant US\$26 trillion **infrastructure** deficit in our region.

- **Providing Passport, Consular and Protocol Services**

Table 2: Consular services provided to Australian travellers, 2016–17 column

As printed on p. 104:

Cases of Australians given general welfare and guidance 4,447

Total number of cases of Australians provided with consular services 231,898

Correct Text

Cases of Australians given general welfare and guidance **4,477**

Total number of cases of Australians provided with consular services **231,917**

- **Protecting staff information and property**

Table 5: Security and ICT Statistics

As printed on p. 124:

Number of security clearances and revalidations processed 2,250

Correct Text

Number of security clearances and revalidations processed **2,327**

- **Management and Accountability**

Audit and Risk Committee

As printed on p. 140:

The committee met six times during 2016–17.

Correct Text

The committee met **five** times during 2016–17.

- **Management and Accountability**

Parliamentary Committees of Inquiry

As printed on p. 145:

Departmental officers appeared as witnesses before the Joint Standing Committee on Treaties (JSCOT) in relation to 10 proposed treaty actions.

Correct text:

Departmental officers gave evidence to the Joint Standing Committee on Treaties (JSCOT) in relation to nine proposed treaty actions.

- **Appendix 1: Staffing Overview**

Table 6: Employees by classification, gender and location

Table 8: Employees by category of employment

Table 13: Employees by location and gender as at 30 June 2017

As printed on these pages:

Three (3) individuals reported against the gender X identifier.

Correction

A 2018 review of data identified that the three individuals reported with gender X identifier had not intentionally selected gender X. Of these three, one subsequently confirmed his identity as male and two confirmed their identity as female.

- **Appendix 4: Inquiries by Parliamentary Committees**

Joint Standing Committee on Treaties

As printed on p. 244, second dot point:

Paris Agreement, hearing 7 November 2016.

Correct text:

Paris Agreement, hearing **28**

September 2016.

As printed on p. 244, third dot point:

Doha Amendment to the Paris Agreement,
hearing 7 November 2016.

Correct text

**Doha Amendment to the Kyoto Protocol
to the United Nations Framework
Convention on Climate Change, hearing
28 September 2016.**

As printed p. 244, ninth dot point:

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.

Correction

Delete text.

As printed p. 244, tenth dot point:

Agreement to Amend the Singapore Free
Trade Agreement, hearing 19 June 2017.

Correct text

Agreement to Amend the
Singapore-**Australia** Free Trade
Agreement, hearing **19 June 2017.**

APPENDIX 12: LIST OF REQUIREMENTS

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(g) Letter of transmittal			
17AI	p. 5	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)	p. 6–7	Table of contents.	Mandatory
17AJ(b)	p. 278–288	Alphabetical index.	Mandatory
17AJ(c)	p. 272–273	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	p. 264–268	List of requirements.	Mandatory
17AJ(e)	p. 4	Details of contact officer.	Mandatory
17AJ(f)	p. 4	Entity's website address.	Mandatory
17AJ(g)	p. 4	Electronic address of report.	Mandatory
17AD(a) Review by accountable authority			
17AD(a)	p. 11–13	A review by the accountable authority of the entity.	Mandatory
17AD(b) Overview of the entity			
17AE(1)(a)(i)	p. 14–17	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	p. 16	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	p. 15	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	p. 15	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(b)	p. 17	An outline of the structure of the portfolio of the entity.	Portfolio departments – mandatory
17AE(2)	N/A	Where the outcomes and programs 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	p. 21–121	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(c)(ii) Report on Financial Performance			
17AF(1)(a)	p. 123–125	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	p. 230–235	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	N/A	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)	p. 5	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	p. 5	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	p. 5	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)	p. 5	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)	p. 139–140	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	N/A	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory
External Scrutiny			
17AG(3)	p. 141–143	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	p. 141	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)	p. 141–142	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)	N/A	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. 128–138	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(b)	p. 224 p. 132 p. 132 p. 224 p. 226-227 p. 134	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> Statistics on staffing classification level; Statistics on full-time employees; Statistics on part-time employees; Statistics on gender; Statistics on staff location; Statistics on employees who identify as Indigenous. 	Mandatory
17AG(4)(c)	p. 138	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. 138	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. 229	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	p. 138	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	p. 129	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	p. 129	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	p. 129	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. 129	Information on aggregate amount of performance payments.	If applicable, Mandatory
Assets Management			
17AG(5)	p. 144	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. 144	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
Consultants			
17AG(7)(a)	p. 144	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)	p. 144	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)	p. 144	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)	p. 145	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)	p. 145	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)	p. 145	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)	p. 145	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)	p. 145	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	p. 145	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that <i>"[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."</i>	If applicable, Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
Financial Statements			
17AD(e)	p. 155–221	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. 245	If the entity conducted advertising campaigns, a statement that <i>"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."</i>	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. 146	A statement that <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i>	If applicable, Mandatory
17AH(1)(c)	p. 135	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	p. 141	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. 262–263	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	p. 238–242, 245	Information required by other legislation	Mandatory

Section 01
Overviews

Section 02
Report on performance

Section 03
Management and accountability

Section 04
Financial statements

Section 05
Appendixes

Section 06
Reference material

06



REFERENCE
MATERIAL



AUSTRALIA'S AMBASSADOR TO NEPAL, PETER BUDD, NEW ZEALAND HONORARY CONSUL FOR NEPAL, LISA CHOGYEL, WITH LOCAL OFFICIALS WHO ARE WORKING TO INTERCEPT WOMEN BEING TRAFFICKED [DFAT]

GLOSSARY OF ACRONYMS, ABBREVIATIONS AND TERMS

Term	Definition
AANZFTA	ASEAN–Australia–New Zealand Free Trade Agreement
ADB	Asian Development Bank
AG	Australia Group
AHP	Australian Humanitarian Partnership
ANCP	Australian NGO Cooperation Program
APEC	Asia–Pacific Economic Cooperation
APRC	Asia–Pacific Regional Conference
APIS	Australian Passport Information Service
APPR	Aid Program Performance Report
ASEAN	Association of Southeast Asian Nations
ATT	Arms Trade Treaty
BBNJ	Marine biodiversity beyond national jurisdiction
BRAC	Development organisation dedicated to alleviating poverty by empowering the poor
CAVR	Centre for Armed Violence Reduction
ChAFTA	China–Australia Free Trade Agreement
CHOGM	Commonwealth Heads of Government Meeting
CWC	Chemical Weapons Convention
EAS	East Asia Summit
FATF	Financial Action Task Force
FDI	Foreign direct investment
FMCT	Fissile Material Cut-Off Treaty
FRANZ	France, Australia and New Zealand humanitarian partnership
FTA	Free trade agreement

Term	Definition
GDP	Gross domestic product
GPE	Global Partnership for Education
GWO	Global Watch Office
G20	Group of Twenty (19 member countries and the European Union)—forum for international economic cooperation
HRC	United Nations Human Rights Council
IA-CEPA	Indonesia–Australia Comprehensive Economic Partnership Agreement
ICAO	International Civil Aviation Organization
ICC	International Criminal Court
ICN	International Communications Network
ILO	International Labour Organization
IMO	International Maritime Organization
IMV	International Media Visits program
IPPF	International Planned Parenthood Federation
ISO	International Organization for Standardization
iXc	innovationXchange
JAEP	Japan Australia Economic Partnership Agreement
JCPAA	Joint Committee of Public Accounts and Audit
JIT	Joint Investigation Team
KAFTA	Korea–Australia Free Trade Agreement
LES	Locally engaged staff
LGBTI	Lesbian, gay, bisexual, transgender and intersex

Term	Definition
MIKTA	Mexico, Indonesia, Republic of Korea, Turkey, Australia
MRA	Mutual Recognition Agreements
MTCR	Missile Technology Control Regime
NATO	North Atlantic Treaty Organization
NGO	Non-government organisation
NSG	Nuclear Suppliers Group
ODA	Official development assistance
ODE	Office of Development Effectiveness
OECD	Organisation for Economic Co-operation and Development
OPCW	Organisation for the Prohibition of Chemical Weapons
PAFTA	Peru–Australia Free Trade Agreement
PIFS	Pacific Islands Forum Secretariat
Purchaser-provider arrangements	Arrangements under which the services of one agency are purchased by another agency to contribute to its outcomes
ROK	Republic of Korea
PSPF	Protective Security Policy Framework

Term	Definition
RCEP	Regional Comprehensive Economic Partnership
SDGs	Sustainable Development Goals
TGA	Therapeutic Goods Administration
TPP-11	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
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
WFP	World Food Programme
WTO	World Trade Organization
'2+2'	Meeting of foreign and defence ministers from two countries

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