



Australian Government


Department of Foreign Affairs and Trade

ANNUAL REPORT 2015–16



Australian Government

Department of Foreign Affairs and Trade

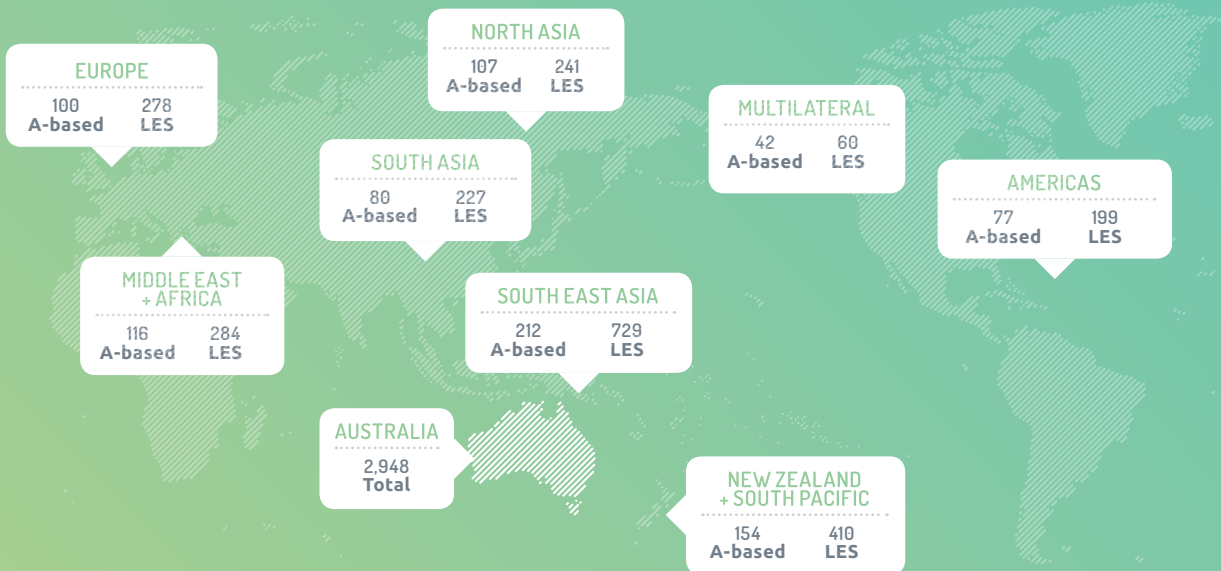
A stylized world map in the background, composed of various patterns of dots and lines. The map is centered on the Pacific Ocean, with Australia and the Americas clearly visible.

ANNUAL REPORT 2015–16

WHO WE ARE

6,264

TOTAL DFAT STAFF



2,948

TOTAL STAFF IN AUSTRALIA

2,615
Staff in
Canberra offices

333
Staff in state and
territory offices

3,316

TOTAL STAFF OVERSEAS

2,428
Locally engaged
staff overseas
(LES)

888
Australian staff
posted overseas
(A-based)

WHAT WE DO



ASSIST TRAVELLERS

1,961,666

Passports issued
in 2015–16

15,740

The department provided consular assistance to 15,740 Australians in difficulty overseas in 2015–16



CONNECT PEOPLE

10,000

New Colombo Plan students
funded to study in the Indo-Pacific
from 2014 to 2016

1,345

AVID volunteers in
29 countries in 2015–16



HELP IN CRISES

\$35 MILLION

Australian humanitarian assistance provided in response to Tropical Cyclone Winston in Fiji

\$258.2 MILLION

Australian humanitarian assistance to crises in Syria and Iraq since 2011



REDUCE POVERTY AND PROMOTE GROWTH

OVER US\$58 MILLION

Increasing agriculture and fisheries production in developing countries in our region by over US\$58 million

INCREASED GENDER EQUALITY

in the aid program, assisted by the new Gender Equality Fund (\$50 million)



PROMOTE TRADE AND INVESTMENT

68 PER CENT

Australia's total trade with countries covered by concluded free trade agreements

38 PER CENT
OF AUSTRALIA'S TOTAL TRADE

with China, Japan
and Korea



PROMOTE AUSTRALIA

49,800

Twitter followers
10.7% increase on last year

244

Grants to foundations, councils and institutes for people-to-people links and public diplomacy activities

ISSN 1032-2019 (print)
ISSN 1839-5147 (online)
ISBN 978-1-74322-341-3 (book)
ISBN 978-1-74322-342-0 (pdf)
ISBN 978-1-74322-343-7 (online)

Creative Commons



With the exception of the Commonwealth Coat of Arms and where otherwise noted (including photographs protected by copyright), this report is licensed under a Creative Commons Attribution 3.0 Australia licence <http://creativecommons.org/licences/by/3.0/au/>.

This report should be attributed as the Department of Foreign Affairs and Trade Annual Report 2015–16.

Use of the Coat of Arms

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

Acknowledgements

Executive Editor	Ian Gerard
Coordinating Editors	Dr Moreen Dee Robyn Stern
Additional support	Kylie Pinder/Ben Kybert/Simon Anderson
Editorial Consultant	Ann Harrap
Indexer	Michael Harrington

Website

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

Contact

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

Director Communications Section
Parliamentary and Media Branch
Department of Foreign Affairs and Trade
RG Casey Building, John McEwen Crescent
Barton ACT 0221
Phone 02 6261 3188
Fax 02 6261 1235
Email annualreport@dfat.gov.au

Design and typesetting by Swell Design Group Pty Ltd

Printing by Union Offset

LETTER OF TRANSMITTAL



Australian Government
Department of Foreign Affairs and Trade

Secretary

Telephone: 02 62611111

12 September 2016

The Hon. Julie Bishop MP
Minister for Foreign Affairs

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

Dear Ministers

It is my pleasure to present to you the Annual Report of the Department of Foreign Affairs and Trade for the financial year 2015–16.

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

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

I certify that I am satisfied that for 2015–16, the department:

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

In presenting the Annual Report, I wish to convey my deep appreciation for the leadership and commitment of my predecessor as Secretary, Peter Varghese AO, over the past three and a half years.

Yours sincerely

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

Frances Adamson



GUIDE TO THE REPORT

THIS IS THE SECRETARY'S REPORT TO THE MINISTER FOR FOREIGN AFFAIRS AND THE MINISTER FOR TRADE, TOURISM AND INVESTMENT ON THE PERFORMANCE OF THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE DURING THE FINANCIAL YEAR 2015–16.

This report is prepared in accordance with the Department of Finance's *Resource Management Guide No. 135 Annual reports for non-corporate Commonwealth entities*. The requirements for content to be included in entities' annual reports were approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit on 2 May 2016.

Section 1 contains the Secretary's review and the departmental overview, including the organisational structure, the department's purpose, role and functions, the *Portfolio Budget Statements 2015–16* (PBS) outcomes and programs structure, and the portfolio outcome structure.

Section 2 contains the Annual Performance Statement, including performance against the *Corporate Plan* and the PBS key performance indicators (KPIs), and the report on financial performance.

Section 3 reports on corporate governance, external scrutiny and accountability, and management of human and financial resources.

Section 4 contains appendices providing reports required under specific legislation, the list of requirements and useful additional information.

Section 5 contains the audited financial statements for 2015–16.

Section 6 contains reference material, including the index.

The Annual Performance Statement acquits our performance against our purpose through criteria set out in both the department's *Corporate Plan* and PBS. To clearly convey the full breadth and complexity of our operations and facilitate a 'clear read' between the statement and the *Corporate Plan* and KPIs, the statement includes:

- A departmental report on performance—an assessment of the department's overall performance and analyses of the factors that contributed to performance against our purpose, divided into the *Corporate Plan's* nine priority functions (see p. 14); and
- Separate performance reporting and analyses by geographic, thematic and functional areas that acquit and map performance against the *Corporate Plan* and PBS:
 - to show how we have fulfilled our purpose, case studies/reviews demonstrate results against the relevant *Corporate Plan* priority functions and performance is rated against applicable PBS criteria (KPIs).

Performance reporting in the Annual Performance Statement reflects new reporting requirements implemented for the first time this year and the fact that areas within the department are responsible for delivering on more than one PBS program. Where the same KPI applies to more than one reporting area, the relevant text of the KPI is reproduced at the beginning of each of these chapters with a rating.

In relation to the *Corporate Plan* function, *Delivering an innovative aid program, centred on the Indo-Pacific region, which contributes to sustainable economic growth, poverty reduction and regional stability*, the primary performance reporting mechanism for the aid program is the *Performance of Australia Aid Report*, which will be published in early 2017. The department has also reported on the aid program in the Annual Performance Statement to give a clear picture of our operations.

In relation to the *Corporate Plan* function, *Improving market access for Australian goods and services, attracting foreign investment to Australia and supporting Australian business abroad*, the department drew on a range of qualitative feedback and quantitative data collected from business over the course of the reporting period to demonstrate the level of business satisfaction with the department's performance. The department did not commission a survey because we considered that the cost, the risk of a low response rate and the imposition on business of a formal survey outweighed any likelihood of obtaining further insights into business satisfaction with the department.

PBS program 1.4: East Asia Australia–Indonesia Partnership for Reconstruction and Development is addressed in the KPI table of Section 2's Southeast Asia chapter. The final disbursement of the program was made in 2014–15 and the program has been completed.

The annual performance statement does not include performance reporting on PBS Program 1.8: Programs to Promote Australia's International Tourism Interests. As the PBS notes, the functions captured by this program are the responsibility of other portfolio agencies. Reporting on T-Qual Grants, the Tourism Industry Regional Development Fund and the Tasmanian Regional Tourism Package can be found in the Annual Report of the Australian Trade and Investment Commission (Austrade). Reporting on PBS Program 1.8 line items, Tourism Australia–Asia Marketing Fund and Tourism Australia–Corporate Commonwealth Entity, can be found in the Annual Report of Tourism Australia.

Information and statistics, unless otherwise indicated, cover the financial year 2015–16, or relate to the situation as at 30 June 2016. Trade, investment and country statistics, where provided, do not form part of the department's performance information. They relate to calendar year 2015. All dollars are Australian unless otherwise specified.



CONTENTS

Letter of transmittal	v
Guide to the report	vi
Section 1: Overviews	
Secretary's review	3
Departmental overview	5
Section 2: Annual performance statement	
Introductory statement	13
Department of Foreign Affairs and Trade purpose	14
Results	
Departmental report on performance	15
Geographic, functional and thematic report on performance	
Pacific	25
North Asia	33
Southeast Asia	39
South and West Asia	49
Middle East and Africa	56
Americas	64
Europe	70
Trade Negotiations	75
Trade and Investment, Tourism and Private Sector Engagement	85
Multilateral policy, development, legal and environment	95
International security, nuclear disarmament and non-proliferation	105
Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)	111
Services to diplomatic and consular representatives in Australia	117
Progress against Australia's development policy and performance framework	122
Multilateral replenishments and global development partnerships	134
Humanitarian	139
New Colombo Plan	145
Public diplomacy and communication	149
Consular services	159
Passport services	167
Security and ICT services	173
Property services	178
Report on financial performance	183

Section 3: Management and accountability

Overview	189
Corporate governance	190
External scrutiny and accountability	195
Management of human resources	197
Management of financial resources	200

Section 4: Appendices

1. PBS outcomes, objectives and deliverables	205
2. Staffing overview	210
3. Agency resource statement	216
4. Aid program expenditure	222
5. Inquiries by parliamentary committees	224
6. Matters before courts and administrative tribunals	226
7. Workplace health and safety	227
8. Ecologically sustainable development and environmental performance	229
9. Purchaser–provider arrangements	231
10. Advertising and market research	233
11. Grants and contributions	234
12. List of sponsors	236
13. Summary of the overseas network	242
14. List of corrections	250
15. List of requirements	252

Section 5: Financial statements

Independent auditor's report	259
Statement by the Secretary and Chief Finance Officer	261
Financial Statements	262
Notes to and forming part of the financial statements	270

Section 6: Reference material

Glossary of terms	341
Acronyms and abbreviations	342
List of figures	345
List of tables	346
List of images	347
Index	350



SECTION 01
OVERVIEWS







OVERVIEWS

Secretary’s review	3
Departmental overview	5

SECRETARY'S REVIEW

MANAGING AUSTRALIA'S INTERNATIONAL INTERESTS HAS RARELY BEEN MORE IMPORTANT.

THE INTERNATIONAL ENVIRONMENT IS NOW MORE COMPLEX AND VOLATILE THAN AT ANY TIME SINCE THE END OF THE COLD WAR. MOREOVER, AUSTRALIA'S ENGAGEMENT WITH THE REST OF THE WORLD HAS BECOME INCREASINGLY DIVERSE AND INTERTWINED WITH THE DOMESTIC POLICY AGENDA AND THE PROSPERITY AND SECURITY OF ALL AUSTRALIANS.

Amid these challenges, the Department of Foreign Affairs and Trade performed effectively in 2015–16 in pursuing Australia's interests in the Indo-Pacific region and globally. We deepened engagement with Papua New Guinea and worked with all Pacific countries to improve development and economic outcomes in our near neighbourhood. The department led one of Australia's largest international humanitarian missions in the aftermath of Tropical Cyclone Winston.

We further strengthened the US alliance and worked hard to shape and build Australia's other major relationships in the Indo-Pacific region.

We made a significant contribution to whole-of-government efforts to counter the growing global threat from terrorism. We helped support military efforts to counter Daesh and advocated for political progress in Syria and Iraq.

Our economic diplomacy continued to be energetic. We secured the entry into force of the China–Australia Free Trade Agreement and concluded the Trans-Pacific Partnership which, when ratified, will significantly improve trade and investment conditions across much of our region. We continued to build on our existing trade agreements and promote economic opportunities for business, at the same time as we sought new agreements with other partners. We helped breathe new life into global trade negotiations.

We continued to deliver an innovative and substantial aid program to promote economic growth and poverty reduction in our region. The department led Australia's efforts to secure the most substantial advance in the international development agenda since the turn of the century—the Sustainable Development Goals. We made a major contribution to negotiations to conclude the first universal, legally binding global climate change agreement and are helping to shape the forward agenda of the Green Climate Fund.

Australians continue to travel in record numbers. In 2015–16, the department provided high-quality passports and consular assistance to Australians travelling, living, working and studying overseas. We continued to promote a contemporary and positive image of Australia to the world to enhance our reputation and influence.



THE DEPARTMENT'S
CORPORATE AGENDA IS
EMBRACING INNOVATION,
INVESTING IN STAFF AND
STRENGTHENING OUR CORE
CAPABILITIES TO ACHIEVE
THE GOVERNMENT'S
INTERNATIONAL
PRIORITIES.

In 2015–16, the department launched a Women in Leadership Strategy that promotes inclusive leadership, flexible work arrangements and gender targets to enhance the productivity, diversity and capability of our workforce. We established a Diplomatic Academy to strengthen the professional skills, functional capability and knowledge of all our staff and launched the Workforce Planning Framework to further professionalise and streamline our management of human resources. The department demonstrated strong financial performance in 2015–16.

The global outlook for 2016–17 is likely to be no less challenging. In the year ahead, the department will develop a comprehensive strategy to guide Australia's future international engagement.

DEPARTMENTAL OVERVIEW

The department's purpose (as included in the *Corporate Plan 2015–2019*) states:

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

In fulfilling this purpose, the department supports ministers in the delivery of Australia's foreign, trade and investment and development policy priorities.

Australia has global interests, with a strong focus on the Indo–Pacific region. The department helps the Government shape the international environment through strong bilateral relationships, coalition-building with other nations with common interests, and an activist approach to using regional and global institutions and forums to create rules and norms that promote stability, peace and prosperity.

The department works to maintain and open up new access to markets and generate conditions for increased trade and investment to strengthen Australia's economy and create new higher-paying jobs. We negotiate priority bilateral and regional trade agreements and contribute to plurilateral and multilateral trade negotiations.

We help lift economic growth, build regional stability and reduce poverty through Australia's innovative aid program focused on the Indo–Pacific region.

The department projects a positive image of Australia as a preferred destination for business, investment, tourism and study. We provide high-quality consular services, responsive travel advice and a secure and efficient passport service to the ever increasing numbers of Australians travelling overseas. We also lead the Government's response to international crises, including humanitarian disasters.

The department recognises that gender equality and women's empowerment are important to Australia's national interest and this is a priority across all of our work.

We use Australia's network of embassies, high commissions, consulates-general and multilateral missions to deliver on our objectives overseas. Our network of honorary consuls provides consular assistance to Australians in locations where the Australian Government does not have other representation. (See *Appendix 13*, pp. 242–9.)



At home, we work through our state and territory offices, supporting Australian business and citizens working or travelling overseas. We also provide high-quality protocol services to diplomatic and consular missions and international organisations accredited to Australia.

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

The Secretary and five deputy secretaries constitute the department's executive. Supported by the senior executive service, the executive provides management and leadership across the department's work in Australia and overseas. The executive is also responsible for the department's governance and the promotion of its priorities and values, guided by our *Corporate Plan* and *Values Statement*. The department's organisational structure is outlined in *Figure 1* and our *Portfolio Budget Statements 2015–16* outcomes and programs structure is outlined in *Figure 2*.



The executive, Department of Foreign Affairs and Trade (as at 30 June 2016). (L. to R.): (front) Deputy Secretary Ewen McDonald, Secretary Peter Varghese AO, Deputy Secretary Jennifer Rawson PSM; (back) Deputy Secretaries Justin Brown PSM, Gary Quinlan AO and Ric Wells. [DFAT/Linda Roche]

Figure 1: Organisational structure (as at 30 June 2016)

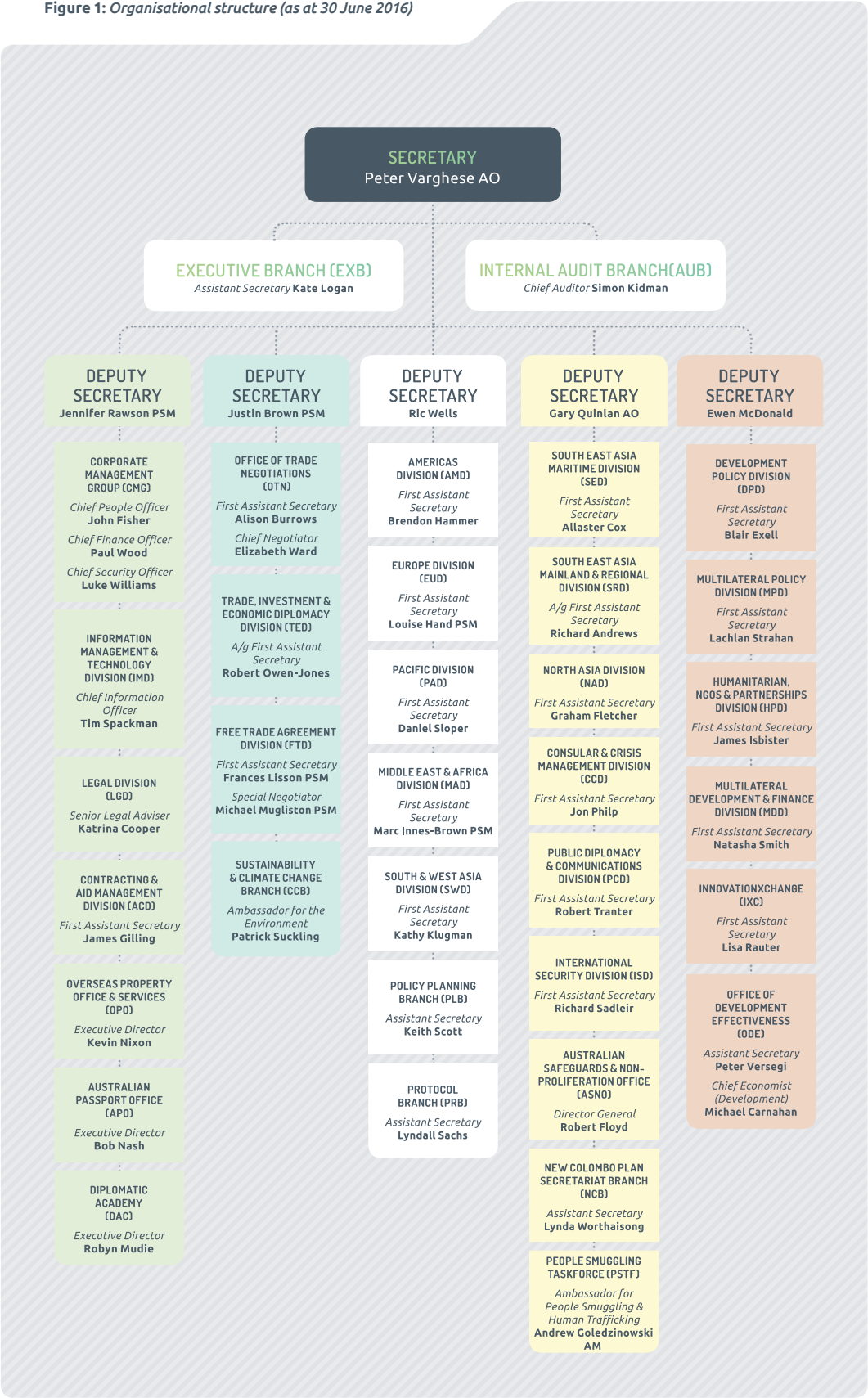


Figure 2: Outcomes and programs structure 2015-16*



STRUCTURE OF THE FOREIGN AFFAIRS AND TRADE PORTFOLIO

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

Six agencies make up the portfolio:

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

NB: Efic is not subject to outcome reporting under the Portfolio Budget Statements 2015–16.

Figure 3: Foreign affairs and trade portfolio structure and outcomes (as at 30 June 2016)



SECTION 02

ANNUAL PERFORMANCE STATEMENT





ANNUAL PERFORMANCE STATEMENT

Introductory statement	13
Department of Foreign Affairs and Trade purpose	14
Results	
Departmental report on performance	15
Geographic, functional and thematic report on performance	
Pacific	25
North Asia	33
Southeast Asia	39
South and West Asia	49
Middle East and Africa	56
Americas	64
Europe	70
Trade Negotiations	75
Trade and investment, tourism and private sector engagement	85
Multilateral policy, development, legal and environment	95
International security, nuclear disarmament and non-proliferation	105
Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)	111
Services to diplomatic and consular representatives in Australia	117
Progress against Australia’s development policy and performance framework	122
Multilateral replenishments and global development partnerships	134
Humanitarian	139
New Colombo Plan	145
Public diplomacy and communication	149
Consular services	159
Passport services	167
Security and ICT services	173
Property services	178
Report on financial performance	183

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 2015–16 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 that reads "Frances Adamson".

Frances Adamson
Secretary
Department of Foreign Affairs and Trade



DEPARTMENT OF FOREIGN AFFAIRS AND TRADE PURPOSE (DFAT CORPORATE PLAN 2015–19)

THE DEPARTMENT WORKS
TO MAKE AUSTRALIA
STRONGER, SAFER AND
MORE PROSPEROUS
BY PROMOTING
AND PROTECTING
OUR INTERESTS
INTERNATIONALLY AND
CONTRIBUTING TO GLOBAL
STABILITY AND ECONOMIC
GROWTH, SPECIFICALLY IN
THE INDO–PACIFIC REGION.

In partnership with government and non-government organisations, business and community groups in Australia and overseas, the department leads the Government's efforts to shape the regional and international environment, progress Australia's international security priorities and strengthen global cooperation in ways that advance Australia's interests.

The department works to open up new markets and generate conditions for increased trade and investment to strengthen Australia's economy and create jobs. It helps lift living standards and reduce poverty in the Indo–Pacific region and beyond. The department projects a positive and contemporary image of Australia as a destination for business, investment, tourism and study and provides high-quality passport and consular services to Australian citizens.

The department's purpose covers all three of our *Portfolio Budget Statements 2015–16* (PBS) Outcomes (see *Figure 2, p. 8*) and associated key performance indicators (KPIs).

The department achieves its purpose through nine priority functions:

- Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions;
- Improving market access for Australian goods and services, attracting foreign investment to Australia and supporting Australian business abroad;
- Delivering an innovative aid program, centred on the Indo–Pacific region, which contributes to sustainable economic growth, poverty reduction and regional stability;
- Providing a secure, efficient and responsive passport service, and prompt, effective and courteous consular services to Australian citizens travelling or living abroad;
- Building personal networks and institutional links to enhance Australia's influence, reputation and relationships internationally and promote Australia's economic, cultural, educational, scientific and other national assets;
- Leading the Government's response to international crises including humanitarian emergencies in the Indo–Pacific region;
- Strengthening international frameworks and norms that promote human rights, gender equality, democratic principles and the rule of law, international security, and open and transparent global markets;
- Broadening knowledge and understanding within the Australian community and globally of the Government's international policies and programs and the department's role; and
- Keeping government communications secure, Australia's global property assets in good order, and ensuring the security and health of our staff.

RESULTS

This Annual Performance Statement is divided into two parts. The first part—the departmental report on performance—demonstrates the department's performance in achieving our purpose by assessing overall performance against the *Corporate Plan's* nine priority functions.

The second part of the statement—the geographic, thematic and functional reporting—demonstrates the department's performance in achieving our purpose through case studies and reviews setting out results against relevant *Corporate Plan* priority functions and applicable PBS criteria (KPIs). Analysis and Outlook sections set out the factors that contributed to our performance in achieving our purpose. (*See pp. 25–182.*)

DEPARTMENTAL REPORT ON PERFORMANCE

Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions

RATING: PARTIALLY MET

A quarter century since Australia's last recession, the country is enjoying one of the longest continuous runs of economic growth of any country in recent history. For decades, prosperity has been underpinned by a close relationship with the United States, and the stability and growing prosperity of the Indo-Pacific region.

The international environment is now more dynamic, complex and unpredictable. The

world faces more simultaneous conflicts, with a greater impact on a larger number of people, than at any point since World War II. More than 60 million people are displaced by war and persecution and there has never been greater demand for humanitarian assistance across the globe. The pressure on states and multilateral institutions to address today's challenges is immense, exacerbated by persistent weak global economic growth. Relative economic power has shifted to the Indo-Pacific and, as economic weight has grown, some of Australia's neighbours have become more strategically competitive.

The department operates in an environment that is always subject to external developments. We need to react to events beyond our borders and often outside our control. Shaping developments and exerting influence in the international environment is even more challenging. Results are often hard-fought and nearly always achieved in partnership with others, sometimes following years of concerted effort. Progress is rarely linear. In the year ahead, the department will develop a comprehensive strategy to guide Australia's international engagement.

Despite these challenges, in 2015–16, the department performed well to build partnerships with other countries, and regional and multilateral institutions, to encourage change and growth that promotes security and prosperity.

The department led Australia's efforts to support the United States' strategic rebalance towards Asia, which plays a vital role in ensuring regional security. Together with the Department of Defence, we supported implementation of the US Force Posture Initiatives in Australia. With the United States a major trading partner, we continued to ensure the 2005 Australia – United States Free Trade Agreement (FTA) delivers economic benefits today.

We marked the 40th anniversary of the Australia–Japan Basic Treaty of Friendship and Cooperation with an agreement to enhance cooperation in the Pacific. We helped ministers map out future bilateral security cooperation. We worked closely with Japan to ensure smooth implementation of the Japan–Australia



Economic Partnership Agreement and welcomed rising export sales to Japan since its entry into force.

The department deepened Australia's dialogue with China. We supported engagement on key international issues through our Foreign and Strategic Dialogue. With Treasury, we supported efforts to expand the bilateral economic agenda through the Strategic Economic Dialogue. Leveraging visits by the Prime Minister and ministers, we worked with Austrade to encourage early take up of opportunities under the China–Australia FTA, which entered into force in December.

The department pursued substantially stepped-up strategic and closer economic links with India. We progressed negotiations for a comprehensive economic partnership agreement and supported implementation of the bilateral civil nuclear agreement. We rolled out inaugural cyber, counter-terrorism and transnational crime, policy planning and maritime dialogues, supported the first Australia–India Leadership Dialogue and facilitated ministerial contact across multiple portfolios. With the Department of Defence, we facilitated the first substantive bilateral naval exercises—a milestone in our burgeoning security cooperation.

The department strengthened Australia's strategic and economic partnership with the Republic of Korea. With the Department of Defence, we developed a Defence and Security Blueprint, signed by ministers in September 2015. We worked with our Korean counterparts to ensure the full and effective implementation of the Korea–Australia FTA.

The department led efforts to rebuild momentum in Australia's relationship with Indonesia. We revitalised our bilateral security architecture and resumed negotiations on a comprehensive economic partnership agreement. Recognising the value of Indonesian leadership in the region, we worked cooperatively with Indonesia in institutions like ASEAN and the Indian Ocean Rim Association (IORA). We opened our largest chancery in Jakarta and a new mission in Makassar, reflecting the importance of Indonesia and its regions.

The department supported deeper Australian engagement with Papua New Guinea through ministerial exchanges and new border and maritime security, defence, health, science and visa measures. The launch of the Pacific Leadership and Governance Precinct in Port Moresby was a key milestone for what is Australia's largest bilateral aid program.

We worked with other governments in the Pacific to build security, stability and prosperity, including through support for expanded trade and investment and assisting Fiji's response to Tropical Cyclone Winston. However, the political, economic and strategic environment remains complex and challenging, requiring a continued strong focus on working flexibly and innovatively with Pacific countries to achieve our objectives.

The department made a significant contribution to whole-of-government efforts to counter the growing global threat from terrorism and bolster the capability of key regional partners to respond to that threat. We played a leading role in Australia's contribution to international efforts to restore security and ameliorate humanitarian crises in Iraq and Syria through our support for Australian military operations as part of the counter-Daesh coalition and our significant humanitarian and stabilisation assistance packages for both countries. Daesh remains a potent threat and the humanitarian situation in Syria continues to worsen.

Through the East Asia Summit, we worked to find common ground in addressing terrorism, maritime security and dispute management in the South China Sea. At the same time, we worked to bolster the significance and focus of IORA, an increasingly important regional body.

The department is committed to addressing global issues through the United Nations. We worked hard on the post-2020 global climate agreement, critical for global action in the 21st Century. We also collaborated with new and innovative groupings like MIKTA (Mexico, Indonesia, Republic of Korea, Turkey and Australia) and the Global Innovation Fund.

Improving market access for Australian goods and services, attracting foreign investment to Australia and supporting Australian business abroad

RATING: MET

If Australia is to be more prosperous in future, the country must win access to international markets on the best possible terms, attract foreign investment and support Australian business abroad. With global economic uncertainty rising and growth in the emerging Indo-Pacific markets slowing, success overseas is by no means a given. That is why the department worked throughout 2015–16 to advance global trade liberalisation and reform and develop new export, investment and economic opportunities for Australian businesses internationally.

On the back of our major wins with the Japan and Republic of Korea FTAs, the department secured the entry into force of the China–Australia FTA. ChAFTA opens significant new access for Australian business into China, one of the world's critical economic engines and sources of growth.

Despite the challenge of negotiating with 11 other economies of varying size and development on a range of complex issues, the department concluded the comprehensive Trans-Pacific Partnership. When in force, the TPP will deliver a significant improvement in conditions for trade and investment across much of our region.

Following the decision by the World Trade Organization membership that effectively ended the Doha Round, the department worked to rejuvenate the WTO negotiating function. We helped deliver the historic agreement to eliminate agricultural export subsidies as well as to enhance disciplines

on the use of agricultural export credits and food aid. We also reached agreement to expand the product coverage of the Information Technology Agreement.

The department advanced trade negotiations with Indonesia and India and led Australia's involvement in region-wide negotiations for a Regional Comprehensive Economic Partnership. We made significant progress on PACER Plus negotiations. With a sub-set of WTO member countries, we pursued an agreement to eliminate tariffs on a range of environmental goods and improve conditions for global trade in services. We made progress in our efforts to join the WTO Government Procurement Agreement and supported the entry into force of the WTO Agreement on Trade Facilitation.

The department continued engagement in regional and multilateral economic forums to deliver outcomes in Australia's interests, including pursuing pro-growth reforms at the G20. In APEC, we particularly focused on trade liberalising measures in the services sector.

Communication to the public and stakeholders of trade outcomes and issues was a major priority. We held FTA workshops in many communities and released publications and materials on trade and investment issues. Our offices in the states and territories contributed to these efforts. We created an interactive FTA Portal website to enable companies engaged in trade to identify tariffs and rules of origin and make full use of the FTAs.

As Australia transitions from the largest mining boom in the country's history, the department advocated domestic policies that improve the competitiveness of the economy and expand trade and investment performance. We provided input to the Government's foreign investment review regime and supported efforts to strengthen Australia's reputation as a destination for foreign investment. Our work in trade finance negotiations yielded new opportunities, and included the successful resolution of sovereign debt arrears with Cuba.



Delivering an innovative aid program, centred on the Indo–Pacific region, which contributes to sustainable economic growth, poverty reduction and regional stability

RATING: MET

The department delivered an estimated \$3.723 billion of Official Development Assistance (ODA) in 2015–16 through country and regional programs, multilateral contributions and NGO and humanitarian assistance (other government departments delivered an estimated \$329 million, bringing total Australian ODA to an estimated \$4.052 billion). We consolidated the aid program in line with performance targets and the 20 per cent reduction in the aid budget.

The programs helped contribute to sustainable economic growth, poverty reduction and regional stability, in line with the Government's aid policy, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*. We delivered strong results in all six of the aid program's investment priority areas:

- **infrastructure, trade facilitation and international competitiveness** – our support for regulatory reform and reducing infrastructure bottlenecks contributed to favourable conditions for sustainable economic growth
- **agriculture, fisheries and water** – our support improved livelihoods, food security, nutrition and water management
- **effective governance: policies, institutions and functioning economies** – we implemented measures to strengthen effectiveness, transparency and accountability in public sectors such as taxation and law and justice
- **education and health** – our support helped improve the quality, access and equity of health and education systems
- **building resilience: humanitarian assistance, disaster risk reduction and social protection** – our support helped save lives, reduce risks from disasters and build community resilience
- **gender equality and empowering women and girls** – we supported a wide range of initiatives to improve women's economic empowerment, safety and political participation, particularly in the Pacific.

We implemented a number of innovative new approaches to development challenges, such as the Better Data for Health Partnership with Bloomberg Philanthropies, which is helping collect and use health data more efficiently in nine countries in Asia and the Indo–Pacific.

Detailed performance information for 2015–16 will be published in early 2017 in the *Performance of Australian Aid* report, an integral part of the Government's performance framework, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*. The 2014–15 report, published in February 2016, concluded that the department's country and regional programs had performed well but that differences in performance remained between and within regions, and that gender equality and disability-inclusive development were areas for further improvement.

In 2015–16 we took active steps to address these findings. To strengthen the effectiveness of aid programs in the Pacific, we finalised aid investment plans for countries and the region that specify performance benchmarks. In East Asia, strengthening monitoring and evaluation frameworks was a high priority. The department issued the Gender Equality and Women's Empowerment Strategy that sets priorities for gender equality across the breadth of our work. We launched specific initiatives such as the Gender Equality Fund to drive innovation and support gender equality investments and the Disability-Inclusive Development Fund to strengthen our disability-inclusive development programs.

Providing a secure, efficient and responsive passport service, and prompt, effective and courteous consular services to Australian citizens travelling or living abroad

RATING: MET

The numbers of Australians travelling, living, working and studying overseas grew in 2015–16. The department issued our largest ever number of travel documents—1,961,666—an increase of nearly 7 per cent from the previous year. Regular surveys indicated strong client satisfaction. We met the priority service processing standard of two days in 99.09 per cent of cases. The department's passport service was characterised by a high production tempo, with most ordinary passports delivered to applicants within three weeks. We used systems improvements and new technologies to enhance processing while at the same time implementing updated legislation and new policies.

Improved human performance of facial recognition, based on the findings of collaborative research with the University of New South Wales, boosted our capacity to identify inconsistencies and improve integrity.

As passport fraud is an enabler of other serious crime, the department's role in identity protection is critical to the Government's broad efforts in this area. We made greater use of biometric tools and data analytics and worked closely with intelligence and law enforcement partners to detect passport fraud and pursue offenders.

We cooperated with like-minded governments and the International Civil Aviation Organization to maintain world-class passport standards and practices. We were instrumental in testing and implementing plans for ICAO's

new Public Key Directory, the global platform for distributing the certificates that border authorities use to validate travel documents.

Working with the Department of Immigration and Border Protection on the concept of a digital passport, we developed a test model for a virtual travel identity.

The department provided consular assistance to 15,740 Australians in difficulty overseas in 2015–16. The 2014–16 Consular Strategy provided a framework to continue our high-quality consular services for Australians overseas, working with finite resources. We sharpened policies and training to support staff to assist particularly vulnerable Australians, including clients with mental health concerns.

We promoted safe international travel and launched a new phase of advertising under the Smartraveller campaign, emphasising the need for Australians to be informed and be prepared for their travel overseas. We refreshed the Smartraveller website and launched improvements to our traveller registration and subscription service, to make it easier for Australians to access authoritative information.

Building personal networks and institutional links to enhance Australia's influence, reputation and relationships internationally and promote Australia's economic, cultural, educational, scientific and other national assets

RATING: PARTIALLY MET

In an increasingly information-rich global environment, the power to influence opinion and shape perceptions has become an essential component of Australia's



foreign policy. Building influence and reach are long-term activities. The department has made good progress in building institutional and personal linkages but there is scope to improve our performance, including through stronger collaboration with the Australian public, private stakeholders and community organisations.

In 2015–16, the department continued to facilitate people-to-people and institutional links to promote a contemporary and positive image of Australia and build understanding, trust and reach.

The New Colombo Plan is an essential element of our effort to strengthen personal networks and institutional links in our region. Its success continued in 2015–16. Working with the Department of Education and Training, we supported over 5,500 students to undertake study and work experiences in the Indo-Pacific region. This took the total number of students supported under the program in its first three years to around 10,000. More than 200 private sector organisations assisted the NCP by offering internships, mentorships and sponsoring mobility programs for Australian undergraduates. High demand for scholarships and mobility grants demonstrated the impact of the NCP in raising interest in the Indo-Pacific region as a destination for study and work-based experience.

Our Australia Awards program promoted the quality of Australia's tertiary education to the world and helped build a network of leaders and advocates for Australia. In 2015–16 we supported over 7,000 scholars, fellows and short-course participants to study in Australia. In response to a reduction in the aid budget, we deferred the intake of the Australia Awards fellowships program to July 2016 and reduced the number of new scholarships to 2,031.

An annual survey of Australia Awards recipients found 97 per cent were satisfied with their scholarship and an online survey of Australia Awards fellows found 90 per cent rated their experience of the program as 'excellent' and having exceeded their expectations.

The department's Australian Volunteers for International Development program provided opportunities for 1,345 skilled Australians to undertake volunteer assignments in 29 countries in 2015–16. Numbers were down from previous years due to budget restrictions. Volunteers improved the capacity of host organisations and promoted positive links between individuals, organisations and communities, primarily in our region, that advanced Australia's reputation.

To strengthen ongoing links with alumni we launched the Australia Global Alumni Engagement Strategy. Tertiary institutions welcomed the strategy and the increased involvement of the Australian Government in alumni activities. Since the launch, over 3,000 alumni have created accounts on the Australia Global Alumni website. In the year ahead, the department's focus will be on implementation of the strategy and engaging alumni more effectively to enhance Australia's international reputation.

Our cultural activities promoted collaboration and exchange between Australian artists, arts organisations and their international partners. The *Australia now* program in Brazil attracted strong attendance and positive feedback from stakeholders. The program of events delivered through our Brasilia post is expected to result in future collaborations between Australian and Brazilian artists.

The department's foundations, councils and institutes delivered 244 projects led by Australians and Australian institutions working closely with their partners in key bilateral and regional countries. These joint activities strengthened Australia's solid foundation of people-to-people links and institutional networks and actively enhanced Australia's reputation.

To support personal networks between Australia and the international community, the department worked closely with partners across federal and state governments to facilitate the presence of 106 diplomatic missions, 364 consular posts and over 7,000 foreign officials and their families in Australia.

Leading the Government's response to international crises including humanitarian emergencies in the Indo-Pacific region

RATING: MET

The impact of Tropical Cyclone Winston on Fiji and Tonga posed significant and urgent humanitarian and consular challenges. The department led a whole-of-government response—one of Australia's largest humanitarian mobilisations—and closely coordinated with the governments of affected countries. We provided comprehensive and clear advice on developments, as well as swift and effective responses to the situation on the ground. The department led a process whereby more than 1,000 Australian defence and civilian personnel were deployed to the region, helping over 200,000 people.

The department continued to deliver a strong humanitarian response to the crises in Syria and Iraq and utilised a range of specialist capabilities to respond to over 20 other humanitarian crises. We deployed Australian personnel to provide humanitarian expertise and deliver lifesaving humanitarian relief supplies, in partnership with local and international humanitarian organisations. We worked with partners to build disaster resilience through investment in activities including hazard and risk mapping, flood protection mechanisms, resilient building and construction practices, considered land use management, early warning systems, evacuation plans and drills, livelihood diversification and access to insurance. We remain committed to supporting preparation and resilience—evidence shows that \$1 invested in disaster risk reduction activities can save up to \$15 on response and recovery in the aftermath of a disaster.

We activated crisis response mechanisms to lead whole-of-government action following terror attacks in Paris and Brussels. The

department will draw on the diplomatic, consular and humanitarian lessons learned from these incidents to refine our planning for operational responses to international events. We will consolidate this work further as we establish the Australian Government's Global Watch Office in the coming year.

Strengthening international frameworks and norms that promote human rights, gender equality, democratic principles and the rule of law, international security, and open and transparent global markets

RATING: MET

As the multilateral system and rules-based order grows more contested and complex, strengthening and defending international frameworks, norms and the rule of law remain essential to the national interest.

Australia joined the international community in adopting historic agreements that will shape climate action and inclusive sustainable development for decades to come—the 2030 Agenda for Sustainable Development and the UN Framework Convention on Climate Change Paris Agreement. The department's active role in these negotiations helped secure Australian objectives, including comprehensive stand-alone Sustainable Development Goals on gender equality and peace and governance. The department is shaping the forward agenda of the Green Climate Fund by co-chairing the fund in 2016 at deputy secretary level.

Following the effective end of the Doha Round in December 2015, Australia led calls to rejuvenate the WTO's negotiating agenda. We will continue this work in 2016–17 to ensure the WTO continues to lower trade barriers and promote open markets.



Following Australia's UN Security Council term, the department reprioritised Australia's engagement with the United Nations to focus on human rights, peace and security, and gender equality. The Foreign Minister officially launched Australia's candidacy to serve on the Human Rights Council for the 2018–2020 term. The department supported the Special Envoy for Human Rights, the Hon. Philip Ruddock, as he lobbied for Australia's candidacy in Africa and the Caribbean. The department released our first Indigenous Peoples Strategy, embedding indigenous issues as a priority in all our work.

The department upheld and strengthened international norms against the spread of weapons of mass destruction, including promoting the de facto global moratorium on nuclear testing generated by the Comprehensive Nuclear-Test-Ban Treaty, which only North Korea has breached. We joined international condemnation of North Korea's nuclear weapons program, ballistic missile launches and proliferation activities.

We supported the UN Group of Governmental Experts in developing norms for responsible state behaviour in cyberspace. We gained increased acceptance of the Australia Group control lists of chemical weapons precursors, pathogens and related equipment and goods as international best practice.

The department adopted the Gender Equality and Women's Empowerment Strategy. It recognises that integration of gender equality across all our operations is critical to achieving sustained and inclusive peace, security and prosperity. We also worked with multilateral organisations to strengthen their gender equality credentials.

The rules-based international order and international law continues to be tested. Maintaining our strong drive for accountability at international law, we co-led international efforts to secure justice for the victims of the downing of MH17.

We worked at both bilateral and multilateral levels to promote peaceful, rule of law-based resolution of disputes in the South China Sea and we supported the Timor Sea Treaty framework.

We worked with local communities to strengthen democratic principles and the rule of law in the Indo-Pacific region. Our investment in the World Bank's Justice for the Poor Trust Fund for East Asia and the Pacific strengthened links between formal and informal justice systems in Solomon Islands, Papua New Guinea and Indonesia.

Broadening knowledge and understanding within the Australian community and globally of the Government's international policies and programs and the department's role

RATING: PARTIALLY MET

In a crowded global media marketplace, the department's public diplomacy and communication activities helped cultivate positive attitudes towards Australia. The department performed well on this measure in 2015–16 but promoting understanding at home and overseas of the Government's international policies and the department's role will be an area of ongoing work.

Our active engagement with Australian and international media, and strategic communications advice, contributed to informed coverage of Australia's policies and programs. This included the Government's handling of major consular cases and regional and global crises, as well as the promotion of Australia's aid program, trade policies and approach to significant foreign policy developments, particularly in the Indo-Pacific region. Media staff assisted ministers promote Australian policy objectives during high-level overseas visits including the G20 Summit, the APEC Leaders' Meeting and the UN Climate Change Conference.

We delivered high-quality information to the public, including to promote greater transparency of our aid program, through our websites and digital media

channels. Together, the department's global network of nearly 100 websites reached nearly 10 million users (up from 9.1 million in 2014–15) and had over 35 million page views.

We used social media to engage stakeholders, communicate government policies and provide accurate and timely travel advice. We increased our social media presence by approximately 25 per cent over the past year.

We enhanced our efforts to reach and engage Australian audiences by increasing the number and type of platforms the department operates, including seven new state and territory office Twitter accounts. We also set up social media accounts highlighting our humanitarian and nuclear safeguards work, as well as our important scholarships programs under the Australia Awards and New Colombo Plan.

We improved the quality of our original content to make it more accessible and engaging, including through the creative use of infographics and other multimedia. We conducted an audit of our domestic social media presence to shape and inform our digital communications. From this analysis we developed a Digital Media Strategy to further our engagement and influence and foster a culture whereby the department routinely incorporates digital tools and media into all aspects of its work. In the year ahead, the department will implement the strategy and launch additional social media channels to help engage the public more effectively in line with modern communication practices.

Globally, our overseas posts delivered public diplomacy activities that contributed to our economic diplomacy, innovation and development agendas. We continued to implement our three-year Public Diplomacy Strategy for the period 2014–16 to provide a clear framework for public diplomacy activities and better strategic alignment between public diplomacy programs and policy outcomes. This remains a work in progress and we will take into account the lessons learned from the current strategy in developing and implementing our next three-year strategy.

Keeping government communications secure, Australia's global property assets in good order and ensuring the security and health of our staff

RATING: PARTIALLY MET

In an environment of increased security challenges, including new and emerging terrorist and cyber threats, combined with an expanding overseas diplomatic network, the department continued its strong focus on keeping Australia's communications secure, our global property assets in good order and our staff safe. Given the unpredictability of the global environment, the challenging locations in which our staff work and the constantly evolving nature of security threats, improving our performance in this area is an important focus for the department.

The department undertook a demanding program of construction and property maintenance works. This included managing a multi-million dollar capital works program to ensure the department's operational, security and representational requirements were met, and delivering the expanded diplomatic footprint in a timely manner across multiple and diverse locations. While there was slippage in the timing of some projects, the department successfully secured and fitted out leased properties for new posts in Phuket, Makassar and Ulaanbaatar and completed the new Jakarta embassy. We ensured physical and operational security requirements were incorporated in overseas and domestic properties, providing protection for people, information and assets.



We strengthened governance arrangements for diplomatic security with the establishment of a departmental security committee headed by a deputy secretary, and a new position of chief security officer. We continued to build our threat analysis and risk assessment capability in managing our threat exposure and security mitigations, work that will continue in coming years. We made improvements at 17 posts following security inspections and threat and risk assessments. In response to an internal training review, we improved security courses to better reflect the changing international environment, particularly for posts in high-threat locations, and this will further improve security awareness and capabilities in future. We deployed three additional staff to supplement our overseas regional security advisor network. We completed a new memorandum of understanding with 13 attached Commonwealth agencies for the provision of security services and cost recovery at DFAT-managed posts.

We progressed work to keep government communications secure by implementing effective controls and improving governance arrangements. These mechanisms were independently audited and verified, and found to be consistent with whole-of-government requirements. We increased procedural security measures and network performance within Australia and overseas to enhance the protection of the global network against cyber threats. We upgraded the SATIN network to handle material at the PROTECTED level to facilitate secure communication between the department and other agencies. Client satisfaction has improved to a moderate level, but there is room for further gains. We are continuing to invest in this area to make our systems more accessible.

The department prioritised the health, safety and wellbeing of its people, many of whom work in unique and sometimes high-risk overseas environments. We achieved significant reductions in notifiable incidents reported to Comcare through our use of the established work health and safety management system applied in Australia and overseas.

GEOGRAPHIC, FUNCTIONAL AND THEMATIC REPORT ON PERFORMANCE

PACIFIC

○ NOT MET

◐ PARTIALLY MET

● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.1 (PBS p. 37)

The department's advocacy, negotiation and liaison on Australia's foreign, trade and economic, development and international security interests contributes positively to bilateral, regional and multilateral outcomes that help ensure the security and prosperity of Australia and Australians.



Program 1.2 (PBS p. 39)

Achievement of significant development results and demonstrated organisational effectiveness, including progress towards the strategic targets contained in the Australian aid program's performance framework, *Making Performance Count*.¹



Detailed reporting against the performance framework, including individual program and investment performance, will be published annually in the *Performance of Australian Aid* report.²



¹ KPIs for 2013-14 and 2014-15 did not include reference to the framework 'Making Performance Count'.

² New KPI for 2015-16.



Fishermen using fish aggregation devices funded through DFAT's Australian NGO Cooperation Program to attract different types of fish and reduce environmental damage to fragile reef areas, Papua New Guinea. [WORLD WILDLIFE FOUNDATION AUSTRALIA/Andrew Smith].



OVERVIEW

AUSTRALIA HAS A SHARED INTEREST WITH OUR PACIFIC NEIGHBOURS IN SECURITY, STABILITY AND GROWTH IN OUR REGION, AND WE ARE THE LEAD PARTNER IN THESE AREAS.

The department supported several high-level meetings between the Australian and New Zealand governments. In February 2016, prime ministers agreed to promote seamless trans-Tasman business through the Single Economic Market and to enhance cooperation on security, defence and cyber issues. Our foreign affairs and trade ministers collaborated on PACER Plus and Trans-Pacific Partnership trade negotiations (*see TPP, p. 79*), bilateral trade arrangements and combatting terrorism.

A number of ministerial exchanges strengthened relations with Papua New Guinea. The Australia – Papua New Guinea Ministerial Forum, held in March 2016, agreed to new border and maritime security, defence, aid, health, science and visa measures. The department worked with Papua New Guinea on its preparations for hosting APEC in 2018. The Torres Strait Treaty's 30th anniversary highlighted Australia's successful border arrangement with Papua New Guinea, including its provisions for traditional inhabitants. Australian-funded rehabilitation works began at the Lae ANGAU Memorial Hospital.

We strengthened relations with Fiji, including through multiple ministerial and senior official exchanges. The Foreign Minister visited Fiji in March 2016 to review our joint work in response to Tropical Cyclone Winston. (*See also, pp. 141–2.*)

In Vanuatu, the department supported the restoration of infrastructure and services destroyed in March 2015 by Tropical Cyclone Pam. We also participated in the monitoring of Vanuatu's general election.

We continued to work with Solomon Islands to support stability and preparations for the conclusion of the Regional Assistance Mission to Solomon Islands (RAMSI) in June 2017.

The department supported trade and investment in the region. Then Minister for International Development and the Pacific Steven Ciobo participated in bilateral business forums with Fiji and Vanuatu and in December 2015 led a parliamentary delegation to Fiji, Samoa, Solomon Islands and Tonga to promote economic growth and labour mobility. In May 2016, Minister for International Development and the Pacific Senator Fierravanti-Wells participated in the Australia Papua New Guinea Business Forum.

PACER Plus negotiations advanced on the legal text and market access for goods, services and investment. We supported the Office of the Chief Trade Adviser to provide independent advice to Pacific countries and also supported consultations with civil society and the business sector.

The aid program also supported initiatives to enhance economic growth. For example, we upgraded and maintained over 2,600 kilometres of core economic roads across the region, and extended skills-for-growth initiatives in Kiribati, Solomon Islands, Tonga and Vanuatu.

The department supported the Prime Minister's participation in the Pacific Islands Forum (PIF) leaders' meeting in September 2015. Leaders considered the progress of Pacific regionalism and agreed a number of measures, including a declaration on climate change action and a regional roadmap for sustainable fisheries.

We assisted the Foreign Minister to host a meeting of her PIF counterparts in July 2015 which agreed on measures to strengthen regional disaster management.

The department delivered \$1.01 billion in ODA to the Pacific. Our bilateral aid addressed priorities agreed with partner governments. Key areas of investment included governance, health, education, infrastructure and gender. For example, our aid to Nauru supported improvements in public sector management, infrastructure, education and training and health, including the redevelopment of Nauru's hospital.

We also worked with regional organisations to deliver aid in support of economic growth, effective regional institutions, healthy and resilient communities and the empowerment of women and girls. (*See also pp. 123–6.*)

RESULTS

Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions



Minister for Foreign Affairs Julie Bishop (2nd right), and PNG Minister for Foreign Affairs and Immigration Rimbink Pato (2nd left), with Executive Dean of the School of Business and Public Policy, University of PNG, Professor Lekshmi Pillai (left), discuss an architectural model of the university's proposed School of Business and Public Policy with Director, James Cubitt Architects, Paul Christmas, official launch of the Pacific Leadership and Governance Precinct, Port Moresby, November 2015. [DFAT]

CASE STUDY PACIFIC LEADERSHIP AND GOVERNANCE PRECINCT

The Foreign Minister, in conjunction with the Papua New Guinean Ministers for the Public Service and Higher Education, Science Research and Technology, launched the Pacific Leadership and Governance Precinct in November 2015.

Strengthening the public sector is a key pillar of Australia's engagement in Papua New Guinea. The precinct aims to build leadership skills and management competencies of public servants at all levels of government. The precinct also helps with the development of better business practices and resource allocation in the private sector.

The precinct supports the Government of Papua New Guinea's objective of reforming and renewing leadership in the country. Stronger leadership and governance will contribute to stability, prosperity and development.

The precinct brings together the University of Papua New Guinea School of Business and Public Policy and the PNG Institute of Public Administration, and builds on relationships between Australian and Papua New Guinean educational institutions.

The Australian National University and the University of Papua New Guinea have established an academic partnership through which a number of Australian academics are working with their counterparts on the development of economics and public policy courses. Our aid program is funding infrastructure improvements so that suitable learning facilities are available. A new Executive Leadership Program will enable public servants and members of the private sector, professional associations, and civil society to discuss, develop, learn and influence policy debate in Papua New Guinea.

The precinct has delivered courses to more than 1,100 PNG students since February 2015, with the support of partners, including the University of Queensland, CIT-Solutions, the Ethics Centre, the Australian Institute of Company Directors, ExxonMobil, and the Australia and New Zealand School of Government.



Improving market access for Australian goods and services, attracting foreign investment to Australia and supporting Australian business abroad



Then Minister for International Development and the Pacific Steven Ciobo (left), and Fijian Minister for Employment, Productivity and Industrial Relations Jioji Konrote, MOU signing ceremony facilitating the addition of Fiji to the countries participating in Australia's Seasonal Worker Programme. [DFAT]

CASE STUDY SEASONAL WORKER PROGRAMME

The Seasonal Worker Programme links workers from participating Pacific Island countries and Timor-Leste with Australian employers in the agriculture, accommodation and tourism industries. The program benefits Australian businesses by addressing shortages in the Australian labour market, where employers can demonstrate an unmet need for low-skilled labour, and by offering a reliable workforce that meets employers' requirements.

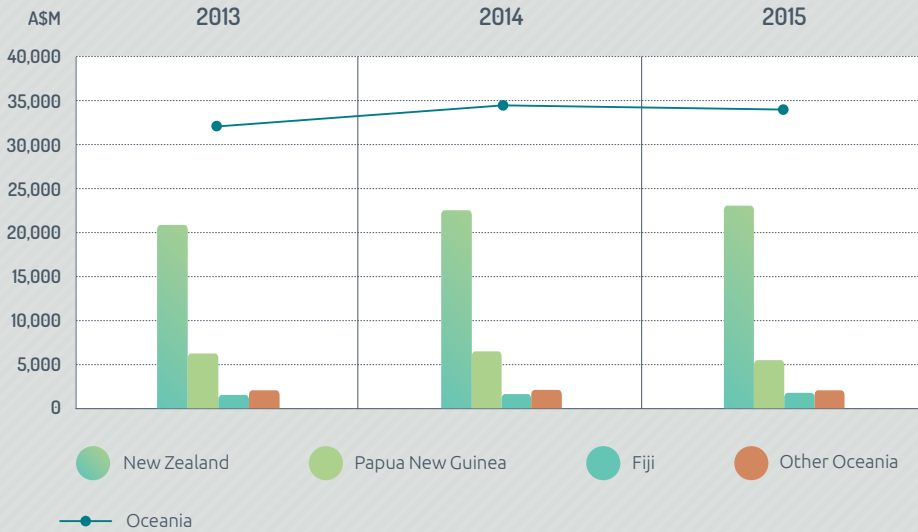
Pacific Island countries appreciate the program as it provides their workers with income, skills and experience. Since 2009, over 8,500 visas have been issued. The program strengthens people-to-people links and also supports economic growth in the region by providing employment opportunities lacking in home countries.

Remittances form an increasingly important component of Pacific Island countries' economies and the program has helped improve the lives of participating workers' communities. The average worker remits around \$5,000 over a six-month placement, which communities spend on housing, education, healthcare and household consumption. This amount compares with a per-capita income in most Pacific countries of around \$1,650 per annum.

As part of the White Paper on Developing Northern Australia, and in consideration of PACER Plus negotiations, the Government expanded the program in 2015, by removing the annual cap on places, widening eligibility in the agriculture industry, permanently adding the accommodation sector, and commencing a tourism pilot in northern Australia.

The department, including through our Pacific posts, worked with Australian industry and partner governments in the region to bring around 4,500 workers to Australia in 2015–16.

The Government also announced a further five-year labour-mobility pilot between Pacific microstates and northern Australia, led by the department. This will provide up to 250 citizens of Kiribati, Nauru and Tuvalu access to a multi-year work visa for employment in lower-skilled non-seasonal jobs in cities and regions in the north of the country. We expect the first workers to commence in the hospitality industry in late 2016.

Figure 4: Australia's trade in goods and services with Oceania^(a)

(a) Excludes some confidential items of trade.

Based on DFAT STARS database, ABS catalogue 5368.0.55.004 and unpublished ABS data.

Support for Pacific responses to climate change

The department's support for climate change responses in the Pacific is increasing, building on existing partnerships. We helped Pacific countries to prepare for the UN Climate Change Conference, held in Paris in November–December 2015 (*see also p. 101*), including training of Pacific women negotiators. The department's engagement with partners in the region helped shape the Prime Minister's pledge of \$1 billion in climate financing over five years, which includes a focus on the Pacific.

We are taking practical action to help Pacific countries secure resources from the Green Climate Fund (*see also p. 137*) to which Australia has pledged \$200 million over four years. We have supported advocacy initiatives to raise awareness of the fund and help Pacific countries access funding.

Through our aid program, the department invested in climate science to help Pacific countries better understand climate change impacts. In 2015–16, we provided \$16 million regionally to improve climate change resilience at national and local levels. This included assisting the Secretariat of the Pacific Regional Environment Programme deliver policy advisory services to governments.

The department supported national weather and climate services in 14 Pacific countries to improve forecasting and reporting on climate, tides and sea levels and to provide information on drought conditions, water storage and malaria risks. Our aid program is also funding innovative responses, such as renewable energy in Tonga and Kiribati.



Delivering an innovative aid program, centred on the Indo–Pacific region, which contributes to sustainable economic growth, poverty reduction and regional stability



Vanuatu entrepreneur Rona Garae (left), working with Anthea Smits, The Difference Incubator, to prepare her business, Oils of Paradise, for investors, Port Vila, November 2015. [DIGITAL STORY TELLERS/Julia Lörsch]

CASE STUDY STIMULATING PRIVATE SECTOR INVESTMENT IN PACIFIC COUNTRIES

Pacific Island countries struggle to attract investment for small and medium enterprises (SMEs). A lack of access to finance for SMEs constrains private sector growth and economic development in the region.

To lift sustainable growth rates, the department trialled two new approaches to attract investment capital for SMEs. In a first trial, we partnered with the Asian Development Bank's (ADB's) Pacific Business Investment Facility, which helps SMEs secure loans from commercial banks. Businesses received technical assistance tailored to their specific needs. Recognising that women in the Pacific face particular challenges in raising finance, we also offered a performance payment to the ADB as an incentive, payable when the facility secures loans for 20 businesses led by women.

In a second trial, the department partnered with a Melbourne-based company, The Difference Incubator, to pilot impact investment in the Pacific. Impact investors seek investments that are profitable

and which also provide social returns to communities. It is a rapidly growing market internationally, but has had limited penetration in the Pacific.

The Difference Incubator worked with enterprises in Samoa, Tonga and Vanuatu to develop their business models and become 'investment ready'. A number of potential investments are now well advanced. Many of the businesses participating in the pilot are led by and employ women.

While stimulating private sector investment in the Pacific is not easy, the pilot highlighted the growing interest from impact investors in the Pacific and demonstrated that a pipeline of potential investments exists. Drawing on the success of the pilot, the department is developing a larger-scale initiative—the Pacific Impact Investing Facility—for launch in late 2016.

STAFF PROFILE

Tess Connolly

Gender Equality and Disability Inclusiveness Section
Pacific Division



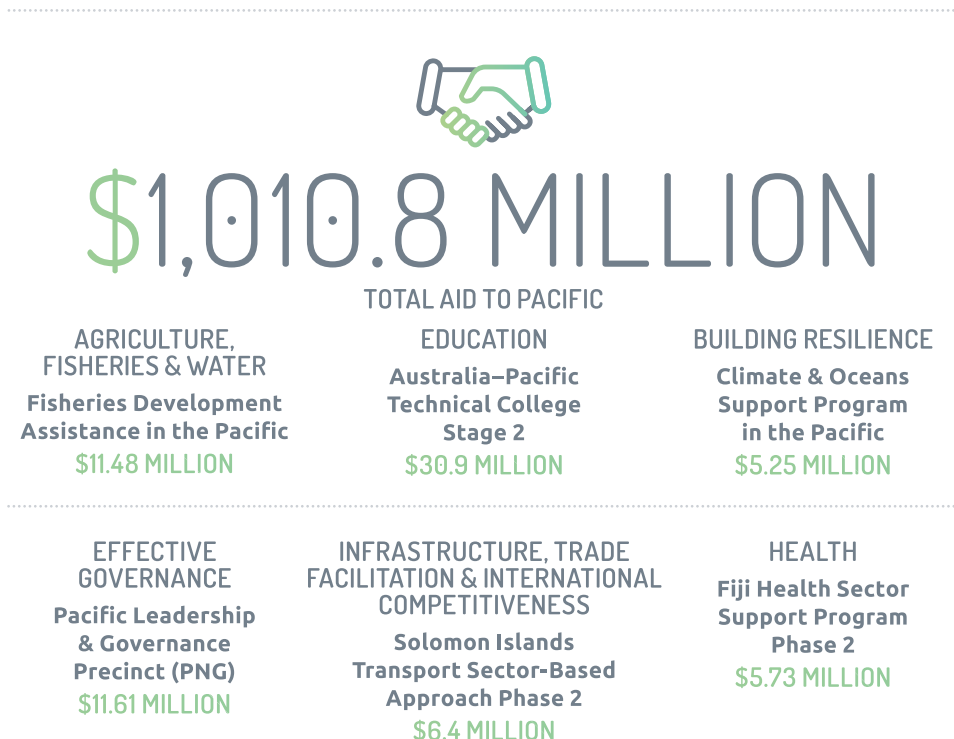
The Australian Government has a proud record of supporting gender equality through our aid program and, as a senior policy and program officer in the department's Pacific Division, I am privileged to work on Pacific Women Shaping Pacific Development.

A large part of my work involves providing technical and policy advice and analysis to inform the design, monitoring and evaluation of aid investments to achieve greater gender equality in the Pacific. I worked on the design and commissioning of research to assess barriers to effective menstrual management in Papua New Guinea, Fiji and Solomon Islands. The first of its kind, this research will identify possible interventions to improve the ability of women and girls to

manage their menstruation safely and with dignity, particularly where this would increase access to education or employment and income generation.

Policy advocacy and political engagement is also part of my role. In April 2016, I accompanied over 30 women parliamentarians from the Pacific, Australia and New Zealand on field visits to women's economic empowerment programs in Samoa, as part of the fourth Pacific Women's Parliamentary Partnerships Forum. It was particularly pleasing to witness the serious desire for collaboration among the Pacific women as a means of better addressing gender inequality across the region.

Figure 5: Pacific aid program highlights



ANALYSIS AND OUTLOOK

The department maintained Australia's good relations with countries and organisations in the Pacific. The quality of these relationships allowed us to engage in constructive policy exchanges and manage policy differences, while strengthening cooperation on common challenges.

While the Pacific is stable, with a cooperative regional architecture, the region also faces real challenges. Aid delivery remains difficult. Geographic isolation, limited resources, dispersed populations and typically large informal economies with small private sectors pose difficulties for economic growth, human development and the delivery of services. Natural disasters and global economic shocks further exacerbate these factors. Violence, a lack of women in leadership roles and constrained financial opportunities limit women's economic, political and social participation.

Through our trade negotiations, we advanced work on the removal of trade barriers within the region. The department also facilitated Australian business engagement and investment in Pacific countries.

In cooperation with partner governments, the department's aid programs supported economic reforms and improved access to domestic and international markets. We assisted countries to deliver services and respond to natural disasters, as well as to improve their disaster preparedness and adaptation to climate change. The department also made incremental

progress in increasing Pacific women's access to justice and support services, improving their representation in decision-making and expanding their access to economic opportunities.

We will continue to work with Pacific partners, both bilaterally and regionally, to address the long-term challenges to stability, security and economic opportunity the region faces.

We will continue to strengthen the Pacific Islands Forum, as the region's premier political organisation.

Together with New Zealand, we will promote business through the Single Economic Market and also collaborate to advance regional and international peace and security. We will strengthen bilateral relations with Papua New Guinea, particularly as it prepares to host APEC in 2018. We will maintain close engagement with Fiji and continue our support for longer-term post-cyclone recovery. The department will work with Solomon Islands on the transition of Australian support for security to the bilateral aid program, as RAMSI draws to a conclusion.

Increasing economic growth and resilience in the region remains a priority. We will enhance our support for national and regional responses to climate change, push towards conclusion of PACER Plus negotiations in 2016 and work with PIF members and the Secretariat to progress implementation of the Framework for Pacific Regionalism.

NORTH ASIA

○ NOT MET

◐ PARTIALLY MET

● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.1 (PBS p. 37)

The department's advocacy, negotiation and liaison on Australia's foreign, trade and economic, development and international security interests contributes positively to bilateral, regional and multilateral outcomes that help ensure the security and prosperity of Australia and Australians.

● ● ●

Program 1.2 (PBS p. 39)

Achievement of significant development results and demonstrated organisational effectiveness, including progress towards the strategic targets contained in the Australian aid program's performance framework, *Making Performance Count*.¹

● ● ●

Detailed reporting against the performance framework, including individual program and investment performance, will be published annually in the *Performance of Australian Aid* report.²

●

¹ KPIs for 2013-14 and 2014-15 did not include reference to the framework 'Making Performance Count'.

² New KPI for 2015-16.



Minister for Foreign Affairs Julie Bishop (2nd left), then Minister for Defence Kevin Andrews (left), and Republic of Korea's Minister of Foreign Affairs Yun Byung-se (2nd right), and Minister of National Defense Han Min-koo, Australia–Republic of Korea '2+2' Meeting press conference, Sydney, 11 September 2015. [DEPARTMENT OF DEFENCE/ABIS Tom Gibson]



OVERVIEW

NORTH ASIA MATTERS TO AUSTRALIA BECAUSE OF ITS ECONOMIC WEIGHT, STRATEGIC SIGNIFICANCE AND PROXIMITY.

North Asia's markets account for 60 per cent of our goods exports and 26 per cent of our services exports. North Asia provides around 19 per cent of foreign direct investment into Australia. For these reasons, the department gave priority to our bilateral engagement with these countries, providing policy advice to ministers, supporting high-level dialogue through visits in both directions, negotiating agreements and implementing other activities.

The department promoted high-level engagement with Japan, supporting visits to Tokyo by the Prime Minister (December 2015) and Foreign Minister (February 2016) and concluding a joint strategy for cooperation on Pacific issues. The department supported the sixth '2+2' meeting of foreign and defence ministers which mapped out a program of future security cooperation. Together with the Department of Defence, we continued negotiations on an agreement to improve administrative procedures for bilateral defence activities. We provided timely advice to ministers on issues including Japan's resumption of whaling and the announcement of the decision regarding Australia's future submarine acquisition.

Deepening high-level dialogue with China was a priority. We supported visits to Beijing by the Foreign Minister for the third Foreign and Strategic Dialogue (February 2016), Trade and Investment Minister (April 2016) and Prime Minister (April 2016). The Chairman of the National Development and Reform Commission, Mr Xu Shaoshi, visited Canberra for the second Strategic Economic Dialogue with the Treasurer and Minister for Trade and Investment.

In May 2016, the department arranged a visit by Mr Liu Qibao, a member of the Chinese Communist Party's Politburo and

China's senior political visitor to Australia for the year. We assisted Austrade with Australia Week in China in April 2016, a major business promotion activity involving the Prime Minister, four ministers and nearly 1,000 business representatives. This activity took advantage of increased business interest following the entry into force of the China–Australia Free Trade Agreement in December 2015 (*see p. 78*).

In November 2015, the department organised the second Australia–China High Level Dialogue in Sydney, chaired by former treasurer Peter Costello and former foreign minister Li Zhaoxing. This is the premier 1.5 track activity with China, bringing together 20 influential figures from each country to discuss topical issues in the relationship. Departmental advice to ministers covered issues such as the South China Sea, coal exports, extradition, human rights and e-commerce regulations.

We strengthened our security partnership with the Republic of Korea, including through the second '2+2' meeting of foreign and defence ministers. In response to North Korea's nuclear test in February 2016 and other provocations, the department advocated for effective implementation of UN sanctions and supported additional listings under Australia's autonomous sanctions.

The department promoted Australia's commercial ties with Taiwan, including through support for Deputy Secretary Quinlan's visit to Taipei in July 2015 for bilateral economic consultations.

We maintained Australia's strong links with Hong Kong, facilitating visits by the Trade and Investment Minister (August and October 2015 and April 2016) and a visit to Australia by Mrs Carrie Lam, the Chief Secretary for Administration (September 2015).

The department opened the embassy in Ulaanbaatar to improve engagement with Mongolia and further promote Australian interests, including our \$10 million development cooperation program.

RESULTS

Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions



Deputy Secretary Gary Quinlan AO (right), supports Minister for Foreign Affairs Julie Bishop (2nd right), with Minister for Defence Senator Marise Payne (centre), Secretary Department of Defence, Dennis Richardson AO (2nd left) and Chief of the Defence Force Air Chief Marshal Mark Binskin AC, Australia-Japan '2+2' Meeting, Sydney, 22 November 2015. [DEPARTMENT OF DEFENCE/ABIS Richard Cordell]

CASE STUDY '2+2' DIPLOMACY IN ACTION

Australia's '2+2' foreign and defence ministerial meetings are the key bilateral forums for developing and implementing bilateral security and defence cooperation with Japan and the Republic of Korea. This form of diplomatic engagement delivers practical security cooperation through the sharing of assessments on regional security matters, coordination of activities, negotiation of agreements and monitoring of implementation.

On 22 November 2015, the department facilitated the sixth Australia-Japan '2+2' Ministerial Meeting in Sydney. Ministers discussed regional and global issues, including developments in the South China Sea, North Korea and international counter terrorism efforts. Ministers underlined the two countries' deep engagement in the economically and strategically significant Asia-Pacific and Indian Ocean region. Ministers committed to concluding a joint strategy for cooperation in the Pacific, which was subsequently agreed in February 2016.

Ministers also reviewed progress in strengthening the defence relationship and agreed a range of new initiatives. They welcomed progress in negotiating a reciprocal access agreement covering enhanced administrative and legal procedures and to further facilitate joint operations, training and exercises.

For the second Australia-Republic of Korea '2+2' Ministerial Meeting in Sydney on 11 September 2015, the department in conjunction with the Department of Defence developed a *Defence and Security Blueprint* agreed by ministers. The blueprint sets out areas for practical security and defence cooperation and builds on our collaboration in multilateral and regional forums.

The meeting also discussed key regional challenges. Both countries expressed deep concern at North Korea's nuclear and ballistic missile programs and its human rights violations. These meetings show that by working together with our key partners, Australia can play a significant role in promoting a more stable and prosperous regional and global environment.



Improving market access for Australian goods and services, attracting foreign investment to Australia and supporting Australian business abroad

CASE STUDY COAL TESTING IN CHINA

New standards and testing procedures applying to China’s coal imports are a significant issue in the bilateral trade relationship. The Australian coal industry is concerned about uncertainty and costs for both Australian exporters and Chinese importers. The standards, introduced on 1 January 2015 to address environmental concerns, set limits for certain trace elements.

The department attaches priority to finding a solution—coal is Australia’s third-largest merchandise export to China behind iron ore and gold. During the first year of operation of the new standards, Australia’s coal exports to China declined by 23.6 per cent in terms of volume and were valued at \$6.1 billion.

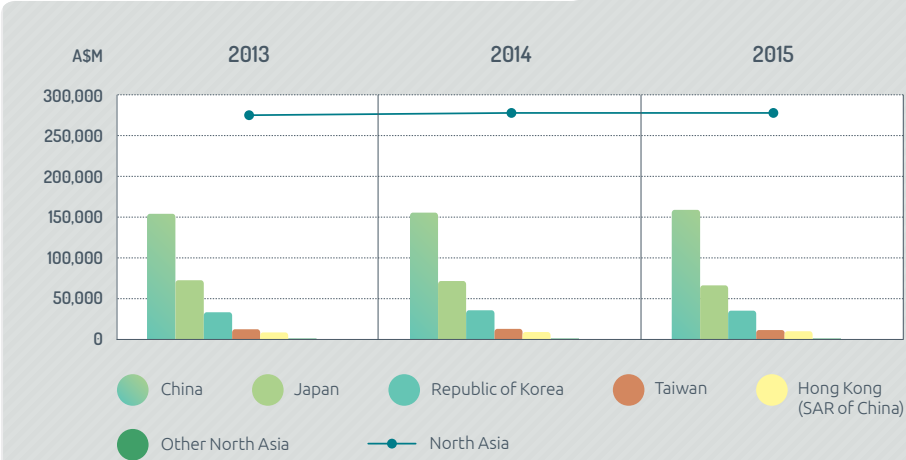
The department is exploring options with the Chinese Government and through the World Trade Organization to increase certainty and reduce costs.

We continued to work closely with the coal industry and Department of Industry, Innovation and Science to take forward concerns and identify acceptable solutions. We are talking with Chinese authorities about streamlining testing and certification procedures to increase efficiency and reduce costs and uncertainty. We are also pressing for a mechanism to resolve inconsistent outcomes where a cargo meets the specifications before departure but delivers a different result when tested at the destination.

The department provided briefings and ensured the issue was raised at the political level by the Prime Minister, the Minister for Foreign Affairs and the Minister for Trade and Investment.

Discussions with China are ongoing. We will continue to encourage China to find a mutually acceptable solution to support unimpeded trade in Australia’s high-quality coal.

Figure 6: Australia’s trade in goods and services with North Asia^(a)



(a) Excludes some confidential items of trade. Based on DFAT STARS database, ABS catalogue 5368.0.55.004 and unpublished ABS data.

Delivering an innovative aid program, centred on the Indo–Pacific region, which contributes to sustainable economic growth, poverty reduction and regional stability



Ambassador to Mongolia John Langtry (centre) with Australian Alumni members, Ulaanbaatar, 30 March 2016. [DFAT]

CASE STUDY SUPPORTING ECONOMIC GROWTH IN MONGOLIA

The Mongolia Australia Scholarships Program (MASP) is central to the department's development cooperation program with Mongolia.

Developing the skills of its workforce is a key priority for Mongolia. Through the MASP, Mongolian professionals from the public and private sectors receive postgraduate scholarships to gain qualifications that contribute to the economic development of Mongolia. Our program also enhances the opportunities for knowledge-sharing and institutional linkages between Australia and Mongolia.

In line with Mongolia's National Development Strategy, we offer scholarships in areas including management and commerce, economics, law, political science and education. We have awarded over 400 scholarships since our program began in the 1990s, with 56 supported over the past year. Many of these graduates return to take up senior positions in government, business and community organisations.

The Mongolian Government strongly supports the scholarships program for the exposure it provides to Australian expertise

and society and the long term contribution to Mongolia's human resource development and economic growth.

A tracer study of the awardees under the MASP completed in 2016 highlighted impressive impacts across finance, education, marketing and governance sectors, with high-achieving Mongolian alumni building effective networks and reforming their home institutions based on methods used in Australia.

Promoting women's economic empowerment and gender equity is a focus of our program. In 2015, nearly two-thirds of Mongolian awardees were women. On their return to Mongolia selected alumni benefit from the MASP Women's Leadership Program, which provides mentoring support. The department is committed to increasing the number of applicants from provincial areas who face a number of barriers to tertiary study, including low levels of English language proficiency. We have increased the number of information sessions in rural areas to raise awareness of the program and to assist with the application process.



Australian Writers Week

Posts in Beijing, Chengdu, Guangzhou, Hong Kong, Shanghai and Taipei worked together to raise Chinese awareness of contemporary Australia through literature. The ninth Australian Writers Week, held from 3–22 March 2016, involved four award-winning authors at more than 50 events spanning 14 cities, with over 6,000 participants. The social media coverage of 46 tweets over 19 days attracted more than 1.3 million hits. The authors—Graeme Base, Clare Wright, Robert Drewe and Jane Godwin—showcased Australia's talent in literature, history, children's writing and illustrating. The Writers Week is funded through a combination of posts' public diplomacy budgets and the Copyright Agency Limited Cultural Fund.

The challenge every year is to engage a growing Chinese audience with increasing access to the best that money can buy. Participants expect access to 'award winning' authors who have material translated into Chinese. This year's Writers Week reached a larger Chinese audience through a combination of outreach to libraries and local bookshops, facilitated by the Chinese publishers, and a social media campaign involving short videos, prizes and competitions.



Ambassador to China Jan Adams AO PSM (centre) with authors (left to right), Clare Wright, Robert Drewe, Graeme Base and Jane Godwin, Australian Writers Week, Beijing, 11 March 2016. [DFAT]

ANALYSIS AND OUTLOOK

In promoting Australia's interests in North Asia, the department needs to take account of the strategic landscape, which continues to be marked by political disputes, territorial claims and historical differences between various players that show little sign of abating. One welcome development in 2015–16 was an agreement between Japan and the Republic of Korea on so-called 'comfort women' from World War II. Developments in the South China Sea and the change of administration in Taiwan may be factors which influence the strategic outlook going forward. The department will promote further exchanges, activities and dialogues with the region's key powers.

North Korea's programs to develop nuclear weapons and long-range ballistic missiles are proceeding in the face of strong objections from its neighbours and the international community. The department will continue to work with our partners and through sanctions implementation to urge North Korea to comply with its obligations and to guard against proliferation.

Economic restructuring and weaker growth in some North Asian markets had an impact on trade outcomes. Australia's domestic commentary about some foreign investment was noticed in North Asia, affecting investor sentiment. The overall value of Australia's exports to North Asia declined by 9 per cent, given the fall in global commodity prices due to reduced demand in China and the passing of the resources boom, even as export volumes of some commodities increased. Export results in certain areas, including agriculture, showed improvement following entry into force of the bilateral FTAs with the Republic of Korea, Japan and China.

Australia's shared interests with North Asia and the bilateral architecture in place with key partners provide a very good foundation for future development of ties in the political, commercial and strategic areas.

SOUTHEAST ASIA



NOT MET



PARTIALLY MET



MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.1 (PBS p. 37)

The department's advocacy, negotiation and liaison on Australia's foreign, trade and economic, development and international security interests contributes positively to bilateral, regional and multilateral outcomes that help ensure the security and prosperity of Australia and Australians.



Program 1.2 (PBS p. 39)

Achievement of significant development results and demonstrated organisational effectiveness, including progress towards the strategic targets contained in the Australian aid program's performance framework, *Making Performance Count*.¹



Detailed reporting against the performance framework, including individual program and investment performance, will be published annually in the *Performance of Australian Aid* report.²



Program 1.4³ (PBS p. 41)

Achievement of significant development results, including progress towards aid performance benchmarks, which provide a rigorous approach to achieving value for money and results.



Demonstrated organisational effectiveness, including against relevant strategic targets under the *Making Performance Count* performance framework.⁴



¹ KPI for 2013-14 and 2014-15 did not include reference to the framework 'Making Performance Count'.

² New KPI for 2015-16.

³ PBS 15-16 Program 1.4 replaces PBS 13-14 and 14-15 Program 1.8, and refers to the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD). The final disbursement of the AIPRD program was made in 2014-15.

⁴ New KPI for 2015-16.



Secretary Peter Varghese AO (2nd left) and Head of Indonesian CT Agency (BNPT) Saud Usman Nasution (2nd right), assisted by Director Treaties Secretariat David Mason (left), and Indonesian Foreign Ministry officer Ms Emil (right), sign an MOU on Counter-Terrorism Cooperation, watched by (back, left to right) Minister for Defence Senator Marise Payne and Minister for Foreign Affairs Julie Bishop, with Indonesia's Minister of Foreign Affairs Retno Marsudi, and Minister of Defense Ryamizard Ryacudu, Sydney, 21 December 2015. [DFAT/Will Perez Ronderos]

OVERVIEW

SOUTHEAST ASIA IS STRATEGICALLY IMPORTANT TO AUSTRALIA GIVEN ITS PROXIMITY, COMPLEX SECURITY CHALLENGES AND GROWING ECONOMIC INTEGRATION.

To protect and advance Australia's interests, the department focused on deepening bilateral relationships and strengthening regional institutions. We streamlined aid investments to build economic partnerships and promote inclusive growth and gender equality in Southeast Asian countries. (*See also pp. 123–33.*)

The department led efforts to rebuild momentum in Australia's relationship with Indonesia. We revitalised bilateral security architecture, particularly in counter-terrorism and cyber security, and resumed comprehensive economic partnership/free trade agreement negotiations. Following the Prime Minister's successful visit to Indonesia in November 2015, we, together with Austrade, arranged the largest Australian business delegation to Indonesia. Our aid program helped accelerate sustainable economic growth by supporting economic institutions, infrastructure, human development and governance. We established a new consulate-general in Makassar to build trade and investment links in Indonesia's east.

The department upgraded Australia's bilateral partnership with Singapore, particularly on trade, defence and innovation, through our Comprehensive Strategic Partnership. (*See also SAFTA, p. 80.*) We elevated the relationship with Malaysia to a strategic partnership, facilitating deeper dialogue on important security interests, supported by closer ministerial engagement. Australia and the Philippines agreed a new comprehensive partnership and an aid investment plan centred on resilience and economic development.

The political calendar in Australia and Vietnam limited opportunities for high-level bilateral contact but the strategic importance of the relationship continued to grow. The department worked well with Vietnamese authorities to manage issues such as illegal people movements, widely reported mistreatment of exported live cattle, illegal fishing and quarantine. We refocused our aid on economic partnership, with Australia's largest infrastructure project in the region, the Cao Lanh bridge, a significant investment in Vietnam's economy.

The department advised the Government on appropriate engagement with Thailand's interim government, balancing our ongoing interest in an early return to democracy with our other wide-ranging priorities. We supported ministerial visits and Australian investors. To improve services for Australians overseas, we opened a new consulate-general in Phuket.

We coordinated Australia's efforts to support Myanmar's peaceful transition to democracy. We worked with the Department of Immigration and Border Protection to advance Australia's commitment to refugee resettlement in Cambodia and launched an innovative infrastructure development program. We also lifted engagement with Laos on regional issues ahead of its hosting of ASEAN and East Asia Summit (EAS) meetings in 2016 and initiated a flagship basic education project.

We encouraged Brunei Darussalam to make sharia law changes consistent with international human rights norms.

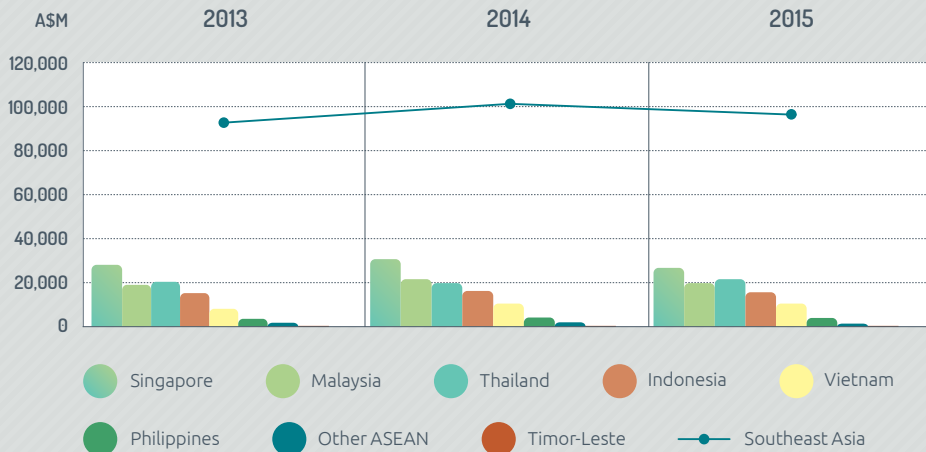
The department advanced Australia's interests in Timor-Leste's stability and prosperity by upholding the Timor Sea treaties and the sound management of shared petroleum resources. Despite significant differences on these issues, we remain committed to working with Timor-Leste to find a common solution. We helped Timor-Leste diversify its economy, reduce poverty and promote gender equality.

We enhanced Australia's strategic partnership with ASEAN, securing agreement to biennial Australia–ASEAN summits from 2016. We also reshaped the Southeast Asia regional aid program to focus more sharply on economic development and combatting human trafficking.

We used our strong relationships with ASEAN and the EAS countries to promote a rules-based regional order and adherence to international norms. We coordinated whole-of-government efforts on the South China Sea, encouraging all claimants to resolve their disputes peacefully in accordance with international law.

The department boosted community engagement between Australia and Southeast Asia through the establishment of the Australia–ASEAN Council, launched by the Foreign Minister in September 2015. The council's programs and activities seek to reach beyond the remit of governments and focus on women in leadership, collaboration and innovation across three sectors—trade and economic development, technology and entrepreneurship, and culture and education.

Figure 7: Australia's trade in goods and services with Southeast Asia^(a)



(a) Excludes some confidential items of trade.

Based on DFAT STARS database, ABS catalogue 5368.0.55.004 and unpublished ABS data.



RESULTS

Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions



10th East Asia Summit, Kuala Lumpur, Malaysia, 22 November 2015.

CASE STUDY AUSTRALIA AND THE EAST ASIA SUMMIT

Through our active policy agenda and our leadership of, and support for, Australian delegations to EAS meetings, the department strengthened the EAS as the region's premier forum for addressing key strategic challenges.

We influenced the content of the Kuala Lumpur Declaration issued by leaders in November 2015. The declaration sets out the commitment of EAS leaders to work together to build a peaceful and stable regional environment in the context of ongoing tensions in the South China Sea and the Korean Peninsula, the return of foreign fighters from the Middle East and slower, uneven economic growth.

The department led a whole-of-government effort to deliver an EAS Leaders' Statement on Countering Violent Extremism that will encourage countries to share their experiences and develop counter-narratives to combat the terrorist threat. Australia co-sponsored a Leaders' Statement on Enhancing Maritime Cooperation, which

elevated the importance of key maritime security principles, including the freedom of navigation and overflight and peaceful settlement of disputes.

Looking ahead, the department will support initiatives to strengthen the EAS's institutional capacity. The development of an EAS ambassadors' mechanism based in Jakarta will help members respond to emerging issues in real time, without waiting for scheduled EAS meetings. The creation of a dedicated EAS unit within the ASEAN Secretariat in Jakarta will also, in time, promote better monitoring and implementation of EAS decisions.

The department's investment in building the EAS's policy and institutional capacity continues to strengthen our bilateral relations with Southeast Asian countries and enhances the culture of dialogue and cooperation that promotes regional stability.

Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions



LES officer Kyaw Kyaw waits to cast his vote, Myanmar general elections, Yangon, 8 November 2015. [DFAT/Carla Giuca]

CASE STUDY MYANMAR ELECTIONS – FACILITATING DEMOCRACY

In November 2015, Myanmar held its first successful and openly contested elections since 1960—an important milestone in the country’s democratic transition. The elections were conducted in a peaceful and orderly manner. The election—a resounding victory for Aung San Suu Kyi’s National League for Democracy—provided an opportunity for the people of Myanmar to express their political will.

The department supported the elections as part of a broader objective of promoting stability and prosperity in our region. We provided \$5.4 million through the International Foundation for Electoral Systems and the Australian Electoral Commission (AEC) to strengthen Myanmar’s Union Election Commission (UEC), train poll workers and support voter education.

Our support enabled the UEC to modernise training practices for 81,000 polling station officials, many of whom had never previously run an election. The training allowed them to implement electoral laws effectively and run a well-managed process. Our assistance also helped support marginalised groups, including disabled people and ethnic minorities, participate in the elections.

The department also funded The Asia Foundation to produce an innovative smartphone app that provided information about the elections, candidates, political parties and election procedures. The app was accessed more than 12 million times.

The department supported ten Australian teams to observe the conduct of the elections in nearly 100 polling stations across six states and regions. Teams included Australian parliamentarians Senators Dean Smith and Scott Ludlam and Ms Lisa Chesters MP, and officials from the AEC and the Australian Embassy in Yangon. These teams were an important component of a broader local and international effort to bring transparency and accountability to the conduct of the elections.

Our experience in supporting Myanmar’s successful elections demonstrated the value of strong relationships with the UEC and close coordination among stakeholders to maximise the effectiveness and reach of our assistance. The department will build on this experience in our ongoing support for the UEC as it prepares for elections in 2020.



Improving market access for Australian goods and services, attracting foreign investment to Australia and supporting Australian business abroad



Ninth Singapore–Australia Joint Ministerial Committee Meeting, Sydney, 18 March 2016. (L. to R.): Special Envoy for Trade Andrew Robb AO, Minister for Trade and Investment Steven Ciobo, Minister for Defence Senator Marise Payne, Minister for Foreign Affairs Julie Bishop, Singapore's Minister for Foreign Affairs Vivian Balakrishnan, Minister for Trade and Industry Lim Hng Kiang, and Minister for Defence Ng Eng Hen. [DEPARTMENT OF DEFENCE/LSIS Tom Gibson]

CASE STUDY ADVANCING ECONOMIC TIES WITH SINGAPORE

The department was instrumental in delivering a package of new initiatives to advance our Comprehensive Strategic Partnership (CSP) with Singapore. The highlights include a significant upgrade to the 2003 Singapore–Australia Free Trade Agreement (SAFTA) and a major enhancement to defence cooperation. The package forms part of a decade-long plan to strengthen strategic, trade, economic, defence and people-to-people links with Singapore.

The initial major package under the CSP was the culmination of intense negotiations with Singapore by Special Envoy for Trade, Andrew Robb, and department officials. The 9th Singapore–Australia Joint Ministerial Committee meeting in Sydney in March 2016 provided directions regarding the outcomes later formally announced by prime ministers on 6 May 2016.

The SAFTA improvements significantly enhance market access and labour mobility for Australian businesses operating in Singapore. As a gateway to the region, improved access to Singapore will mean greater opportunities for Australian businesses in regional markets.

Through the CSP, the department worked with multiple Australian government agencies to accelerate cooperation with Singapore in innovation, tourism, education, science, visual and performing arts, research and technology. Australia will locate one of its five innovation landing pads in Singapore, providing exciting opportunities for Australian start-ups to link into global networks. Greater tourism cooperation with Singapore will occur through sharing research, data and market insights.

Work on the CSP is an important example of how the department coordinates across government to deliver strong outcomes for Australia. As a result of the initial CSP package, Australian businesses in Singapore and the region have more opportunities, and people-to-people links will intensify in the years ahead.

Delivering an innovative aid program, centred on the Indo–Pacific region, which contributes to sustainable economic growth, poverty reduction and regional stability



Ambassador to Timor-Leste Peter Doyle (right) with The Asia Foundation's Timor-Leste Country Representative, Susan Marx, launches the Australian-funded Nabilan program's Ending Violence Against Women Baseline Study, Dili, May 2016. [THE ASIA FOUNDATION]

CASE STUDY IMPROVING LIVELIHOODS IN TIMOR-LESTE

The department's aid program in Timor-Leste adopted innovative approaches to improving livelihoods, enhancing human development and strengthening governance and institutions, including by integrating gender equality, nutrition and disability-inclusive development into all sectoral programs.

Our Farming for Prosperity program, known as '*TOMAK*', commenced in 2016 as Australia's first nutrition-sensitive agriculture investment. It will focus on improving the diets of rural households and raising incomes by linking farmers to markets and supporting farmers to grow more nutritious food. This builds on the success of the Seeds of Life program (2011–16), which improved the development and distribution of better-yielding varieties of staple food crops.

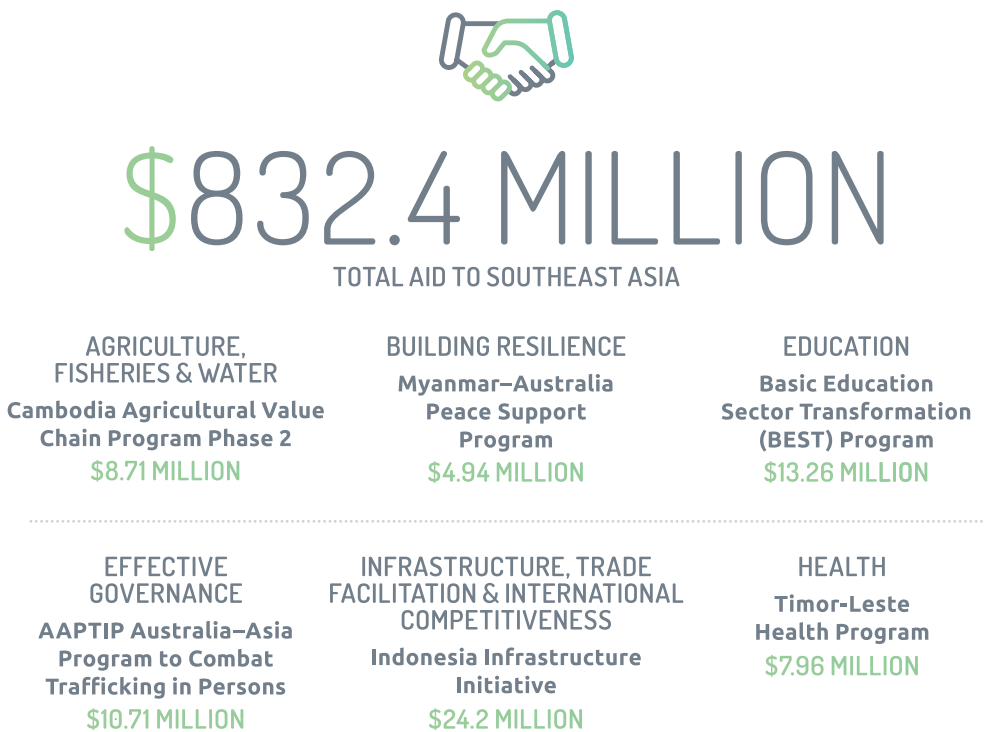
To address high rates of maternal mortality, illiteracy and childhood stunting, the department's aid program focused on basic education and maternal and child health. We supported the training of 262 teachers to improve children's learning outcomes and we helped 12,163 people access maternal and family planning services. Our '*Liga Inan*' ('Linking Mothers') program adopted an innovative approach to maternal health, using text messages to enable midwives to provide information and advice to mothers before, during and after child birth.

The department advanced economic diversification in Timor-Leste by supporting local businesses through the Market Development Facility (MDF). For example, MDF supported a salt production business, NPM Industries, to improve its marketing and quality assurance. NPM offers a higher quality product at a lower price than its imported competition and is a recognised leader in Timor-Leste's nascent agribusiness sector.

In 2015–16, the department implemented a holistic strategy to improve gender equality in all of our aid investments. We helped address the causes and consequences of violence against women, with 3,168 clients accessing domestic violence shelters and support services during the year. The success of this approach demonstrates the importance of breaking down information silos and seeing development as an integrated set of challenges that all our programs can assist in overcoming.



Figure 8: Southeast Asia aid program highlights



IA-CEPA – Building on past successes

Indonesia is the largest economy in Southeast Asia and could become a top ten economy by 2030. Though Indonesia is already Australia’s 12th largest trading partner, there is great potential for further growth.

In February and March 2016, the department helped pave the way for Australian and Indonesian trade ministers to reactivate free trade agreement negotiations on a Comprehensive Economic Partnership Agreement (IA-CEPA) to promote new trade and investment opportunities and enhance economic cooperation.

In May 2016, Indonesia hosted the third round of negotiations in Yogyakarta. The department led a delegation that discussed goods, services and investment-related issues. In August 2016, we will coordinate Australia’s hosting of the fourth round of talks in Sydney.

Australia has good expertise to meet growing demand for food and agricultural products in Indonesia and can provide the enabling services that will drive shared economic growth. Australian and Indonesian businesses are well placed to partner in global value chains and increase exports. Cattle breeding and financial services are also priority opportunities.

Both countries want a high quality, comprehensive agreement covering trade in goods and services, investment and economic cooperation. IA-CEPA will build on existing agreements, such as the ASEAN–Australia–New Zealand FTA.

The business communities in both countries are playing a key role, including through the Indonesia–Australia Business Partnership Group which is preparing a report with recommendations to support negotiations.

Mekong Water

An estimated 200 million people in the Greater Mekong sub-region depend on the region's rivers, tributaries and deltas for their livelihoods. These waterways—the Ayeyarwady, Salween, Chao Phraya, Mekong and Red Rivers—are under increasing pressure to meet the region's growing demand for food, water and energy.

Rapid development and population growth are placing stresses on the region's ecosystems. For example, the agriculture sector is transitioning to modern but more water-intensive commercial farming, while hydropower projects that bring economic benefits can have serious environmental and social impacts. Balancing these

interests and protecting the future of the region's waterways will require cooperation between all governments of the region.

Building on the department's experience and 20 years of working on these issues in the sub-region, our efforts are directed at improving legislation, policy and decision-making related to water resources management. Through the Mekong Water Resources Program (\$30 million, 2014–18), the department is partnering with regional governments, the Mekong River Commission, the private sector, civil society and research institutions to promote more transparent and inclusive water management.

STAFF PROFILE

Richard Mathews

Head of Post, Makassar



When I learnt I was to be Australia's first Consul-General in Makassar, I was excited: to lead the development of Australia's relationship with a part of the region I knew well.

With a population of 1.8 million, Makassar is the largest city in eastern Indonesia, an area of great strategic importance to Australia and rich in natural and human resources. The capital of South Sulawesi is only 1,500 kilometres from Darwin, yet just a handful of Australian businesses operate in the area.

Since the Foreign Minister opened the Consulate-General on 22 March 2016, we have established our office with a young and

enthusiastic team. We are developing our networks and exploring trade, investment and education development opportunities. The potential for Australian education engagement in Makassar and beyond is significant: the 11 provinces we cover have a young population of around 30 million.

Building strong relations with the people of eastern Indonesia is an enjoyable task. More challenging is promoting understanding and awareness of the opportunities for Australian and Indonesian businesses to work together in the eastern half of our largest neighbour.



ANALYSIS AND OUTLOOK

While the department made good progress in 2015–16 and is well placed for the future, Southeast Asia's growing complexity and the fluidity of political-economic situations in a number of countries will require us to respond even more nimbly to protect and advance Australian interests in the year ahead. We will do this by further consolidating regional institutions and bilateral partnerships to drive strategic cooperation, leveraging economic opportunities and delivering an innovative aid program.

With strong political-level links in place with Indonesia, the department will need to elevate business and community relationships and understanding. We will progress the IA-CEPA negotiations. We will also advance our counter-terrorism and cyber cooperation and support Indonesia's efforts towards inclusive growth.

Under the CSP with Singapore, we will implement the outcomes of the SAFTA review, upgrade our defence cooperation and build our bilateral innovation agenda.

With Malaysia, our focus will be on upgrading security cooperation and building people-to-people links. With the Philippines, our priority will be to build relationships with the new government.

The department will prioritise political linkages with the new leadership groups in Vietnam, Laos and Myanmar to enhance our bilateral relations, capitalising on high-level visits during Laos' hosting of the EAS and Vietnam's hosting of APEC in 2017. We will monitor political developments in Thailand, especially following the August 2016 constitutional referendum, and push to modernise the Thailand–Australia Free Trade Agreement. We will promote greater understanding of the breadth of our growing relationship with Cambodia.

We will defend our interests in the Timor Sea while drawing on the strength of our networks in Timor-Leste to encourage economic diversification.

The first biennial Australia–ASEAN leaders' summit in Vientiane in September 2016 will be a platform to continue to upgrade our relationship with ASEAN. We will also promote commercial opportunities under ASEAN's economic integration agenda and strengthen the EAS's political-security role. We will continue to advocate peace and stability in the South China Sea.

SOUTH AND WEST ASIA



NOT MET



PARTIALLY MET



MET

KEY PERFORMANCE INDICATORS

2013–14 2014–15 2015–16

Program 1.1 (PBS p. 37)

The department's advocacy, negotiation and liaison on Australia's foreign, trade and economic, development and international security interests contributes positively to bilateral, regional and multilateral outcomes that help ensure the security and prosperity of Australia and Australians.



Program 1.2 (PBS p. 39)

Achievement of significant development results and demonstrated organisational effectiveness, including progress towards the strategic targets contained in the Australian aid program's performance framework, *Making Performance Count*.¹



Detailed reporting against the performance framework, including individual program and investment performance, will be published annually in the *Performance of Australian Aid* report.²



¹ KPIs for 2013–14 and 2014–15 did not include reference to the framework 'Making Performance Count'.

² New KPI for 2015–16.



A female farmer harvesting chilli, Kunri district, Pakistan, 14 January 2016. DFAT's Market Development Facility initiative aims to create jobs and increase incomes to deliver agricultural development and food security. [MDF/Saira Habib]



OVERVIEW

THE DEPARTMENT DEEPENED ENGAGEMENT IN SOUTH AND WEST ASIA TO ADVANCE AUSTRALIA'S SECURITY, ECONOMIC AND TRADE INTERESTS AND PROMOTE A STABLE AND PROSPEROUS INDO-PACIFIC REGION.

We intensified economic and political dialogues and people-to-people links with India. The Australian and Indian Prime Ministers met at the G20 Summit in November immediately after the entry into force of the Australia–India Civil Nuclear Cooperation Agreement, which will allow the export of uranium for India's civil nuclear power needs. Visits to Australia by the Minister for Power, Coal and New and Renewable Energy, Piyush Goyal, and Finance Minister, Arun Jaitley, provided opportunities to promote Australian business interests and boost bilateral cooperation at the most senior levels of government.

The Secretary took part in a second senior officials-level Australia–India–Japan trilateral meeting in February. Officials canvassed regional opportunities and challenges facing the three countries. The Secretary also led Australia–India Senior Officials' Talks. The department drove whole-of-government discussions with India on East Asia, non-proliferation, transnational crime including people smuggling, cyber policy and maritime security.

In what continues to be a challenging environment, we maintained our diplomatic presence in Afghanistan, contributing to international efforts to stabilise the country. High-level visits underlined Australia's support for Afghanistan's National Defence and Security Forces. The department led whole-of-government efforts to encourage international cooperation on Afghanistan's future. We supported regional cooperation between Afghanistan and its western and central Asian neighbours through the Heart of Asia regional dialogue.

We reinvigorated dialogue with Bangladesh through senior officials' talks on a range of topics, including counter-terrorism and irregular migration.

Improving market access for Australian goods and services remained a priority. We facilitated visits to India by the Trade and Investment Minister to advance negotiations for a mutually beneficial FTA. A visit by the Minister for Industry, Innovation and Science to India in August boosted bilateral links in education and vocational skills. Senior government ministers and businesses participated in the first Australia–India Leadership Dialogue in New Delhi where discussions focused on improving investment and trade links.

In senior trade talks, Pakistan and Australian officials agreed to prioritise agribusiness, post-secondary education and the resources sectors. Responding quickly to positive political and economic developments in Sri Lanka, we ramped up our engagement with Australian businesses exploring opportunities in agribusiness, infrastructure, education, tourism and energy.

We delivered a targeted aid program in the South and West Asian region. In Afghanistan, our fourth largest bilateral aid program of \$83 million focused on economic growth and governance, empowering women and girls and supporting at-risk populations. Our \$48.8 million Pakistan bilateral aid program included investments in economic development, health and education. The department re-prioritised the \$20.1 million bilateral aid program in Sri Lanka to focus on economic growth and post-conflict reconstruction. In Nepal, we funded recovery and reconstruction efforts following the devastating 2015 earthquakes. In Bangladesh, our \$42.1 million bilateral aid program funded education and economic resilience measures. (*See also pp. 123–33.*)

RESULTS

Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions



Minister for Foreign Affairs Julie Bishop (right), former chair of IORA, with current chair, Indonesia's Minister of Foreign Affairs Retno Marsudi (centre) and future chair South Africa's Deputy Minister of International Relations and Cooperation Nomaindiya Mfeketo, 15th IORA Council of Ministers Meeting, Padang, October 2015. [DFAT/Angky Septiana]

CASE STUDY IORA

The department's coordination of Australia's efforts as chair of the Indian Ocean Rim Association (IORA) (2013–2015) deepened our engagement with the region, strengthened the organisation's international profile and institutional capacity, highlighted new economic opportunities and embedded gender-related norms.

With overwhelming support from IORA members, the department led Australia's introduction of the blue economy—the sustainable management of our marine resources—as a policy priority. The Foreign Minister announced a \$3 million Blue Economy Aquaculture Challenge to source scientific and technological innovations that could boost regional prosperity. The winning ideas will be trialled and tested in the Indian Ocean region.

Recognising that gender equality is a critical driver of economic growth in the region, the department championed the mainstreaming of women's economic empowerment across IORA's work.

We hosted several IORA women's economic empowerment events, including with the UN Development Programme, UN Women and the Government of the Republic of Seychelles to strengthen member states' commitment in this regard.

Australia's Ambassador for Women and Girls launched a landmark report outlining the status of women in the region, called *Enabling Women's Contributions to the Indian Ocean Rim Economies*. The report, the first of its kind covering IORA countries, will enhance evidence-based decision-making in support of women's economic empowerment.

The department also worked hard to secure IORA observer status at the UN General Assembly and the African Union and shepherded development of an IORA Memorandum of Understanding on Search and Rescue to improve coordination of the region's responses to maritime-related accidents.



Improving market access for Australian goods and services, attracting foreign investment to Australia and supporting Australian business abroad



Then Minister for Trade and Investment Andrew Robb AO speaking with an IIT Madras Research Park technician (left), and Director Bhaskar Ramamurthi (2nd left), Chennai, 27 October 2015. [DFAT/Graham Crouch]

CASE STUDY BUILDING ECONOMIC RELATIONS WITH INDIA'S STATES

The 29 states of India play a major role in the economic life of the country—many have the populations and economies of mid-sized countries. Our posts in New Delhi, Mumbai and Chennai pursued economic partnership opportunities with Indian state governments to improve opportunities for Australian businesses in India and attract foreign investment to Australia. We focused on the larger states driving India's growth—Maharashtra, Tamil Nadu, Gujarat, Andhra Pradesh, Rajasthan and West Bengal.

Our Chennai post worked with the Government of Andhra Pradesh to establish a multi-agency Economic Cooperation Working Group. By helping resolve licencing and regulatory issues, the working group facilitated the establishment and expansion of Australian mining operations, new university-to-university collaborations and the application of Australian water basin modelling technologies to manage scarce water resources.

The department also assisted Australian state governments to grow linkages with Indian states. Our Mumbai consulate-general supported New South Wales in its sister state relationship with Maharashtra, which has seen collaborative projects in agriculture, education and training and health. The consulate also supported the

NSW and Gujarat governments develop cooperative projects in agriculture, urban management and skills development. The New Delhi high commission assisted the South Australian Government with its largest ever business mission to India in August 2015 and with the forging of a sister state agreement with Rajasthan in November 2015.

The Chennai consulate-general is assisting the Western Australian Government progress a sister state relationship with Andhra Pradesh founded on cooperation in mining, education and drylands agriculture. We are also exploring collaborative opportunities with India's dynamic science and innovation sector centred in Bangalore, Karnataka.

Despite enormous economic potential, Australian business ties with India are underdone. The department's engagement with the Indian states showed the benefits of coordinating closely with Austrade, other federal government departments and Australian state and territory governments to pursue opportunities for Australian business. In the long-term, these partnerships should deliver benefits for the Indian and Australian economies as companies from both countries become more aware of two-way opportunities.

Delivering an innovative aid program, centred on the Indo–Pacific region, which contributes to sustainable economic growth, poverty reduction and regional stability



Second Secretary (Development Cooperation) Hannah Birks (left) and LES officer Shoaib Tayyab (4th left) meet with an SRSP-supported woman entrepreneur, Nowshera, Khyber Pakhtunkhwa, 3 June 2016. [SRSP/Tauseef Ahmad]

CASE STUDY EMPOWERING WOMEN ECONOMICALLY AND DEVELOPING MARKETS IN A CHALLENGING ENVIRONMENT

The department's aid program assists the Government of Pakistan and local communities in the border regions to reduce poverty and contribute to stability following decades of entrenched disadvantage, conflict and frequent natural disasters.

Through the department-funded partner, the Sarhad Rural Support Programme (SRSP), we are helping improve socio-economic conditions and economic opportunities, particularly for women in Khyber Pakhtunkhwa—one of the most fragile and disadvantaged remote regions of Pakistan.

Our funding assists women entrepreneurs build businesses, establish partnerships with the private sector, increase the value of their produce and access markets. We promote economic growth and increased incomes by facilitating market linkages and strengthening selected value chains.

Women are now contributing to the household income and participating in household decision-making, some for the first time in their lives. Recent reports show that women have benefited from value chain analysis, technical support in areas such as cattle husbandry, assistance in negotiations with buyers, and access to small grants and interest free loans.

In Nowshera District, 145 women benefited from a Community Investment Fund we have established. The women reported that they were using their income to send their children to school and grow their businesses. Three female members had been elected to village council and women had also established links with a group providing legal services to victims of domestic violence.

We are also providing opportunities for disadvantaged youth to receive technical and vocational training in selected trades and crafts suitable to local markets, responding to a high demand for such training, particularly among people displaced by conflict or natural disaster.

Women's empowerment is difficult to achieve and measure in Pakistan. Women tend to be marginalised with few economic or political rights. Our success in this context is particularly notable. We are working closely to effectively capture women's empowerment in program performance reporting.



Figure 9: Australia's trade in goods and services with South and West Asia^(a)

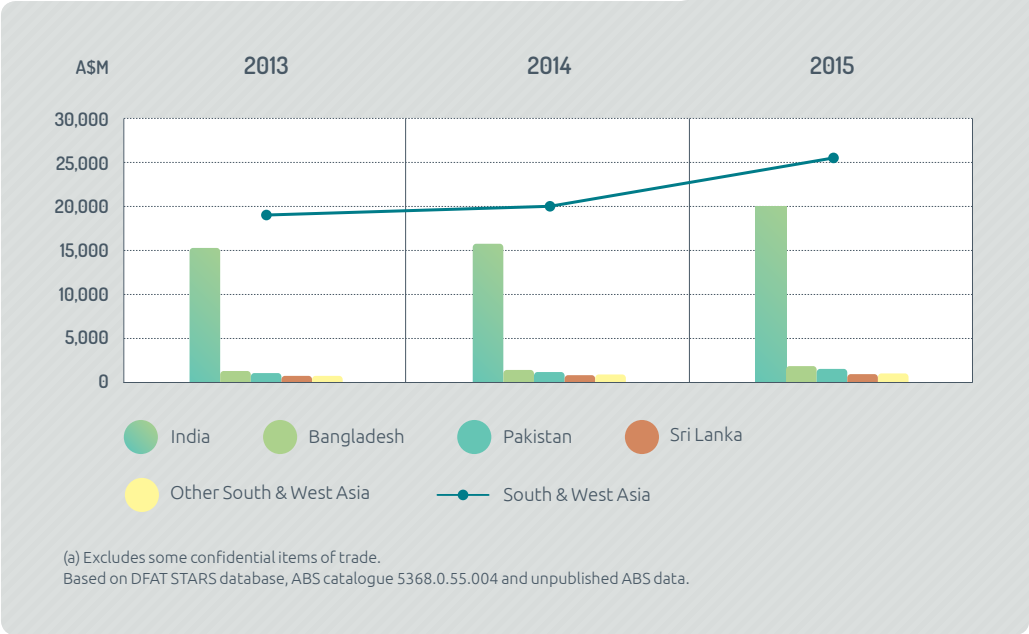


Figure 10: South and West Asia aid program highlights



ANALYSIS AND OUTLOOK

South Asia is one of the least integrated regions in the world and this stymies economic growth and poverty reduction. Future development and stability will depend on greater cooperation in the critical areas of regional connectivity and natural resource management. We will continue to work with South Asian partners to help address the ongoing economic, development and security challenges the region faces.

India's growing role in the region reinforces its priority for Australia. Common interests in the Indo-Pacific provide a solid basis for deepening the relationship. We will host a foreign minister-level dialogue and work with the Australia-India Institute on the second Leadership Dialogue. The first joint foreign and defence secretaries' meeting is scheduled for 2016—a valuable new mechanism to coordinate our security and foreign policy objectives. We will continue to expand cooperation with India, including through the East Asia Summit and with like-minded partners such as Japan and the United States.

India's economy is forecast to grow strongly over the medium term requiring additional foreign direct investment and reliable energy and resources supplies. We will pursue trade and investment opportunities, including by advocating Australian business interests and working to advance negotiations for the conclusion of a high-quality FTA.

While the security situation in Afghanistan deteriorated in the last year, this was expected as responsibility for national security moved from the 130,000-strong NATO-led international force to the Afghan National Defence and Security Forces. We will continue to work closely with the Afghan Government and the international community to strengthen the capacity of Afghan forces and ensure that Afghanistan does not again become a haven for terrorists.

The department will work with regional partners to counter transnational security threats such as terrorism and people-smuggling. We will seek to deepen security cooperation with Bangladesh through practical counter-terrorism cooperation measures.

In Sri Lanka we will advance our commercial and people smuggling interests, contribute to post-conflict reconciliation efforts and deliver an innovative aid program, with a focus on increasing women's participation in the economy. We will continue to work with Pakistan to deepen cooperation, particularly in agriculture and post-secondary education. Development assistance will include support for protracted humanitarian crises.



MIDDLE EAST AND AFRICA

○ NOT MET ◐ PARTIALLY MET ● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.1 (PBS p. 37)

The department’s advocacy, negotiation and liaison on Australia’s foreign, trade and economic, development and international security interests contributes positively to bilateral, regional and multilateral outcomes that help ensure the security and prosperity of Australia and Australians.



Program 1.2 (PBS p. 39)

Achievement of significant development results and demonstrated organisational effectiveness, including progress towards the strategic targets contained in the Australian aid program’s performance framework, *Making Performance Count*.¹



Detailed reporting against the performance framework, including individual program and investment performance, will be published annually in the *Performance of Australian Aid* report.²



¹ KPIs for 2013–14 and 2014–15 did not include reference to the framework 'Making Performance Count'.

² New KPI for 2015–16.



Ambassador to Kuwait Warren Hauck (centre left), and corporate sponsor Etihad Airway’s General Manager to Kuwait, Nabil Matarweh (centre right), open the Australian Food Festival, The Sultan Center (supermarket), Salmiya, 27 January 2016. [DFAT/Angela Loan]

OVERVIEW

THE POOR SECURITY SITUATION IN PARTS OF THE MIDDLE EAST AND AFRICA CONTINUES TO IMPINGE ON AUSTRALIA'S INTERESTS.

Despite Daesh losing territory in Iraq and Syria, the group still poses a major threat to the region and international community.

Through the department's posts in the region and the Iraq and Syria Task Force in Canberra, we facilitated Australia's military contribution to the counter-Daesh coalition, led our political engagement in coalition meetings and working groups and advocated for political progress in Iraq and Syria.

We also provided \$71.5 million in response to the humanitarian crises in Syria and Iraq and developed a new \$220 million three-year assistance package to support Syrian refugees and the neighbouring countries hosting them. The department managed the provision of significant assistance to the Palestinian Territories, including the development of new multi-year programs.

The department oversaw the easing of sanctions on Iran in line with the Joint Comprehensive Plan of Action nuclear deal reached between Iran and the P5+1. We facilitated a visit to Australia by Iranian Foreign Minister Zarif, the first such visit in 14 years. We also intensified exchanges with Israel on regional security and innovation.

Australia's trade and investment relationship with Gulf Cooperation Council countries grew, supported by our posts' economic diplomacy work and the January 2016 visit by the Minister for Tourism and International Education. We strengthened links with the region through visits by the Secretary-General of the Organisation of Islamic Cooperation in February under the Special Visitor Program, and by the UAE Foreign Minister in March 2016.

The department readjusted the focus of its engagement with Africa in 2015–16 to concentrate on growing and diversifying economic relations, while recalibrating a reduced development program to maximise impact.

The Foreign Minister's attendance at Africa Down Under Mining in Perth, our participation at the Cape Town Mining Indaba in South Africa and the then Minister for Trade and Investment Andrew Robb's visit to Nairobi all advanced our economic diplomacy objectives and provided support for Australian business. Despite the commodities downturn, the department estimates that Australian mining investment in Africa was worth \$30 billion in 2015 and two-way trade was \$7.6 billion.

The department's \$31.8 million Africa bilateral aid program focused on Australia Awards, providing quality targeted training in extractives, agriculture and public policy. Australia also provided \$65.5 million in humanitarian assistance to the Horn of Africa (Somalia, South Sudan and Ethiopia). The innovative Australia Africa Community Engagement Scheme (AACES) surpassed original targets and expectations in providing health, water and sanitation and food security assistance.

Our posts maintained a strong reporting focus on security in Africa. In response to the increasing threats in the Horn and Sahel region, the department also stepped up cooperation to counter violent extremism and terrorism. We were active in encouraging a resolution of the South Sudan conflict, including through financial assistance to the International Joint Monitoring and Evaluation Commission.

We established the Advisory Group on Australian African Relations to provide advice to the Government from business, universities, NGOs and community representatives on initiatives to advance links with Africa.



RESULTS

Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions

CASE STUDY COUNTERING DAESH IN IRAQ AND SYRIA

In 2015–16, the department led Australia's whole-of-government response to the threat posed by Daesh, facilitating our military contribution in Iraq and Syria and helping shape political outcomes to promote a more stable regional and global environment.

During the reporting period local forces, with support from the counter-Daesh coalition, made steady military gains and reclaimed territory. But long-term stability requires both military outcomes and progress in addressing the underlying political conditions that enabled Daesh's rise. Recognising this, we stepped up our efforts in three key areas:

- our advocacy raised the importance of political strategy in coalition decisionmaking and led to improved coalition coordination on cross-cutting political and military issues;
- we pushed for more strategic and joined-up coalition advocacy on political reconciliation in Iraq. By better aligning our diplomatic efforts with key partners, we were able to amplify our outreach on the fundamental political issues Iraq must address to build the conditions for long-term stability and avoid the emergence of another Sunni insurgency once Daesh is defeated; and

- we secured membership of the International Syria Support Group (ISSG). The Foreign Minister attended an ISSG ministerial meeting for the first time in May 2016 where she pressed at the highest levels for improved humanitarian access and compliance with the cessation of hostilities—key issues underpinning peace talks in Geneva and priorities for Australia.

Iraq and Syria are challenging environments where progress will be incremental and difficult to measure. Our efforts have helped to ensure focus remains on the important political issues that ultimately hold the key to bringing a sustainable end to the conflicts in those countries.

Figure 11: Syria and Iraq humanitarian assistance



\$258.2 MILLION

AUSTRALIAN HUMANITARIAN ASSISTANCE TO
THE CRISES IN SYRIA AND IRAQ SINCE 2011

13.5 MILLION
People in need
of humanitarian
assistance in Syria

10 MILLION
People in need
of humanitarian
assistance in Iraq

4.8 MILLION
Syrian refugees
in neighbouring
countries



IN 2015, AUSTRALIAN AID CONTRIBUTED TO:

5.8 MILLION
people in Syria and 2.3 million Syrian
refugees (and vulnerable people in
host communities) receiving food
baskets per month

3.3 MILLION
primary health care
consultations for Syrian refugees
(and vulnerable people in
host communities)



IN 2015, AUSTRALIAN AID CONTRIBUTED TO:

1.8 MILLION
people in Iraq receiving
food assistance

1.5 MILLION
people in Iraq gaining
improved access to water



Improving market access for Australian goods and services, attracting foreign investment to Australia and supporting Australian business abroad



Ambassador to the UAE Arthur Spyrou (3rd left) and Consul-General Dubai and Senior Trade Commissioner Gerard Seeber (2nd right) meet with CEO Masdar HE Mohammad Jameel Al Ramahi (3rd right), Abu Dhabi, 7 June 2016. Pictured also, left, First Secretary John Cavanagh and Masdar Senior Business Development Manager Amalia Giannakikou; right, Austrade Senior Investment Manager Preeti Rekhari. [DFAT/Mostafa Farghaly]

CASE STUDY ENCOURAGING FOREIGN INVESTMENT

The UAE is home to sovereign wealth funds (SWFs) that together manage an estimated US\$1 trillion in assets. Our embassy in Abu Dhabi engaged actively with the funds to promote Australia as an investment destination and to help funds assess obstacles and opportunities in the Australian market. This close engagement is central to our economic diplomacy strategy and whole-of-government effort to attract long-term, high-quality institutional investors to Australia.

The department facilitated advocacy by high-level Australian visitors to the Gulf, including the Minister for Trade and Investment, the Minister for Tourism and International Education and the Minister Assisting the Minister for Trade and Investment, and senior Treasury officials.

The department also coordinated whole-of-government efforts to facilitate visits to Australia. One highlight was the visit by Masdar—a subsidiary of an SWF based in Abu Dhabi, with a reported US\$66 billion under management and a world-leading investor in renewable energy projects. Masdar visited three Australian states, which involved a number of ministerial-level meetings.

Against the backdrop of fierce international competition for UAE investment funds, high-level and sustained engagement by the department and Austrade helped facilitate large-scale UAE investment in Australian infrastructure. In November 2015, the New South Wales Government announced a 99-year lease of its electricity transmission grid—a 12,600 kilometre network connecting seven million customers—to a consortium of buyers, including an approximately \$1 billion dollar stake from the Abu Dhabi Investment Authority. The authority is reportedly the second-biggest SWF in the world with assets of around US\$773 billion. It holds the largest hotel portfolio in Australia and is an important investor in Australian infrastructure, including three major ports.

Delivering an innovative aid program, centred on the Indo-Pacific region, which contributes to sustainable economic growth, poverty reduction and regional stability



Australia's support through AACES for health services in rural and remote areas in Rwanda is enabling women and children to access basic health services through a partnership with the local government. [WORLD VISION/Iana Rose]

CASE STUDY AUSTRALIA AFRICA COMMUNITY ENGAGEMENT SCHEME

The AACES was a five-year (2011–16), \$83 million partnership between the department, ten Australian NGOs and their in-country partners in 11 African countries. Through AACES, the department funded 26 projects to improve access to food security, maternal and child health, and water, sanitation and hygiene services for marginalised communities.

AACES surpassed original targets and expectations. Over 2.3 million people directly benefited, of which almost 1.5 million were women and girls.

Approximately 1 million people accessed water, sanitation and hygiene (WASH) services, over 800,000 people experienced improved agricultural productivity and almost 500,000 people accessed maternal and child health services. By improving agricultural practices and increasing access to healthcare and WASH facilities, AACES supported sustainable economic growth and poverty reduction.

Through AACES we focused on empowering women, youth, and people living with disabilities. Beneficiaries and stakeholders agreed AACES had improved their lives:

'... thanks to the project we are not registering any diarrheal outbreaks since the system was rehabilitated dating back to five years ago. The system has really helped in reducing under-five mortality due to reduced incidences of diarrhoea and dysentery. Again, women no longer have to walk long distances to collect water now than before. This has helped them spend the time saved on collecting water on other economic activities such as groundnut farming to boost household incomes'.

A Water Users Association Board Member in Malawi (WaterAid Australia)

The scheme demonstrated how local ownership, relationship building and joint problem-solving can lead to more effective program delivery. Communities worked together through coalitions and negotiated directly with local governments. The scheme also demonstrated how the department can work collaboratively with NGOs, through sharing information and policy dialogue, to maximise the impact of our aid in Africa.

The AACES monitoring and evaluation system has been nominated for an award for excellence by the Australasian Evaluation Society (2016).



Figure 12: Middle East and Africa aid program highlights



ANALYSIS AND OUTLOOK

The department provided very strong support to facilitate Australia's effective military contribution to the counter-Daesh coalition. We also played a significant role in shaping Australia's policy approach to the counter-Daesh effort, and were very active in seeking to encourage enhanced coalition coordination and strategy. Coalition coordination has strengthened as a result. While military gains against Daesh have been made, addressing the political and sectarian challenges that brought about the group's rise will continue to be challenging, and will require continued attention by coalition partners, as will the dire humanitarian situation in some locations.

As nuclear negotiations between Iran and the P5+1 moved towards agreement, the department successfully led a re-engagement strategy with Iran. Key elements included the first exchange of foreign minister visits in over a decade, which have laid the foundation for ongoing constructive dialogue on key regional security and bilateral issues and the growth in commercial links. The nuclear deal is an opportunity for Iran to engage more constructively in the region and with the international community, but much will depend on Iran's approach.

Australia along with other like-minded partners advocated for a resumption of direct negotiations between Israel and the Palestinians to reach a two-state solution. Negotiations remain paused, but we will continue to support renewed international efforts to encourage a resolution of this issue.

Ministerial visits to and from the Gulf countries enabled us to promote Australia as a strong trade and investment partner and to push for Gulf Cooperation Council (GCC) FTA negotiations. While a resumption of FTA

talks has not yet been agreed by the GCC, through the active engagement of our posts there is a growing awareness of Australia's commercial strengths, and two-way trade in goods and services with the GCC grew 5.3 per cent in 2015. The Gulf will remain an investment and trade priority and we will continue to encourage the development of commercial links, including through new bilateral initiatives.

A reduced budget allocation for development assistance to Africa required tightening of the geographic and sectoral focus of the program. This was done with minimal impact on bilateral relations. Our continued focus on the Australia Awards program was valued highly by African partners.

While the commodities downturn highlighted risk for Australia's economic engagement with Africa, the department provided strong assistance for our commercial interests with Africa, including through our support for the key Africa Down Under and Mining Indaba conferences to showcase Australia's mining sector capabilities. Further diversification to take advantage of Africa's economic growth trajectory will be important, notwithstanding the range of challenges across the continent. Terrorist threats also impinged on Australian interests and will continue to pose a threat in the Horn and Sahel.

Our growing contribution to the education of the continent's leadership, both through the Australia Awards and self-funded study, will assist African development and support our broadening economic and political engagement over coming years.



AMERICAS

○ NOT MET ◐ PARTIALLY MET ● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.1 *(PBS p. 37)*

The department's advocacy, negotiation and liaison on Australia's foreign, trade and economic, development and international security interests contributes positively to bilateral, regional and multilateral outcomes that help ensure the security and prosperity of Australia and Australians.



Ambassador to the United States Joe Hockey (right) with US President Barack Obama after presenting credentials, Washington DC, 28 January 2016. [WHITE HOUSE/Peter Souza]

OVERVIEW

IN KEEPING WITH THE ALLIANCE AND AUSTRALIA'S LONG-STANDING RELATIONSHIP WITH THE UNITED STATES, THE DEPARTMENT FACILITATED A NUMBER OF HIGH-LEVEL EXCHANGES IN 2015–16 TO PROGRESS FOREIGN, TRADE AND DEVELOPMENT OBJECTIVES.

The annual Australia – United States Ministerial (AUSMIN) consultations, held in October 2015 in Boston, strengthened cooperation on promoting regional and global security and prosperity. The foreign and defence ministers committed to implement fully the US Force Posture Initiatives in Australia and pursue enhanced naval cooperation.

The department advanced Australia's economic interests with the United States through participation in the Australia – United States FTA (AUSFTA) consultations on market access and active promotion of the value of the FTA in the context of its 10th anniversary. We helped deliver the 2015–16 *G'Day USA* program—a high-profile series of events involving Australian and US government and business leaders promoting Australian economic, cultural and strategic interests. We also supported Austrade's development of the Australia United States Business Week to showcase Australia as a world-class tourism destination and a valued trade, investment and education partner.

We cooperated closely with the United States on international development, both in our region and internationally, with a focus on innovation, women's empowerment and engaging the private sector.

The department's innovationXchange established a formal partnership with USAID's Global Development Lab, through which we will share lessons, knowledge, technologies and approaches to evaluating and scaling-up successful development innovations.

The department deepened engagement with Canada. We facilitated the Glasgow–Burchell Declaration on Enhanced Diplomatic Network Cooperation, under which the two countries are finding new ways to deliver diplomatic services.

The department pursued growing links with Latin America with a focus on business, culture and education. Australia's principal cultural diplomacy initiative, *Australia now*, was held in Brazil in April and May. It highlighted Australia's creativity and innovation to tens of thousands of Brazilians in 11 cities.

In recognition of the strengthened ties between Australia and Mexico, the Senate Foreign Affairs, Defence and Trade References Committee conducted an inquiry into the bilateral relationship. The department provided a written submission and gave evidence to the committee highlighting increased political cooperation and prospects for greater economic engagement.

We supported Special Envoy for Trade Andrew Robb to lead the first official trade visit to Cuba and facilitated work by the Export Finance and Insurance Corporation to conclude a debt rescheduling agreement with Cuba as part of the Paris Club negotiations. We further advanced the Government's economic diplomacy agenda through the Special Visits Program and support for the participation of the president of the National Mining Agency of Colombia at the Latin America Down Under mining conference in Perth in April. Australia–Caribbean relations remained strong.



RESULTS

Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions



Minister for Foreign Affairs Julie Bishop (2nd left) and Minister for Defence Senator Marise Payne (left) with US Secretary of State John Kerry (2nd right) and US Secretary of Defense Ash Carter, AUSMIN, Boston, 13 October 2015. [DFAT/Trevor Collens]

CASE STUDY AUSMIN

The department coordinates and leads Australia's participation in AUSMIN—Australia's principal annual forum for bilateral consultations with the United States. AUSMIN supports and deepens Australia's engagement with the United States, and promotes a stable and prosperous regional and global environment.

At AUSMIN 2015, held in Boston in October, the Ministers for Foreign Affairs and Defence met with the US Secretaries of State and Defense, along with senior officials from both portfolios.

The department, both in Canberra and through our Embassy in Washington DC, worked with the United States to develop a comprehensive agenda covering the full range of Alliance cooperation. The AUSMIN outcomes were significant. Both countries reaffirmed a shared commitment to the bilateral relationship and the Alliance. Discussions progressed shared responses to a range of regional and global challenges, including supporting the continuing stability and prosperity of the

Indo-Pacific, countering violent extremism, and responding to conflict and humanitarian crises in the Middle East. Both countries also restated their commitment to the US Force Posture Initiatives in Australia.

AUSMIN 2015 confirmed both countries' commitment to enhance interoperability of military forces, intelligence cooperation, collaboration on policy, planning and capability development, and cooperation with regional partners, with the release of a Joint Statement on Defense Cooperation.

Through close coordination with the departments of Defence, Prime Minister and Cabinet, and Immigration and Border Protection, the department helped ensure the meeting was successful and that outcomes strengthened one of our closest bilateral relationships.

STAFF PROFILE

Robert Curtis

Regional Consular Officer for Latin America and the Caribbean, Mexico City



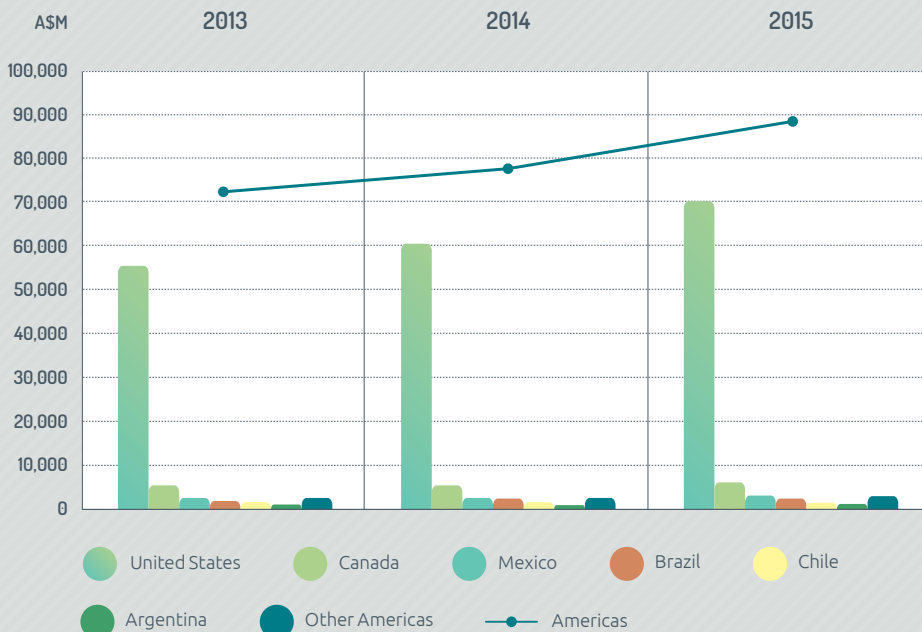
From my base in Mexico City, I work with colleagues at eight regional posts to deliver and improve our consular services and crisis preparedness in Latin America and the Caribbean—a part of the world that is increasingly popular with Australian travellers.

My work spans the range of Australia's consular functions. In the last 12 months, I have worked on various complex consular cases in different countries, I have trained regional staff and honorary consuls on consular operations, and I have worked to ensure appropriate Crisis Action Plans are in place should disaster strike.

In one of the more rewarding and interesting aspects of my role, I have continued our close engagement with local authorities in the region on consular issues to ensure we have the local contacts needed to assist Australians in difficulty.

I have also been involved in major event planning. For example, in March 2016 I was part of a team that travelled to Rio de Janeiro and Brasilia to plan for the Rio Olympics. I will return to Rio shortly as part of the Australian Government team deployed for the Olympics and Paralympics.

Figure 13: Australia's trade in goods and services with the Americas^(a)



(a) Excludes some confidential items of trade.

Based on DFAT STARS database, ABS catalogue 5368.0.55.004 and unpublished ABS data.



Improving market access for Australian goods and services, attracting foreign investment to Australia and supporting Australian business abroad

CASE STUDY THE AUSTRALIA – UNITED STATES FREE TRADE AGREEMENT: DELIVERING FOR AUSTRALIAN BUSINESS

AUSFTA has transformed Australia – United States economic relations. In the 10 years since the FTA entered into force, total trade between the two countries has risen significantly. The department sought to build on these gains and promote the agreement's success, including the benefits of Australia's FTAs generally, through marking AUSFTA's 10th anniversary in 2015 with a series of high-profile events. We developed a program that included former Prime Minister John Howard speaking at a conference in Sydney and the Minister for Trade and Investment addressing the National Press Club. Industry, parliamentarians, think tanks and diplomatic participants acknowledged the value of these events in advancing Australia's proactive trade policy agenda.

AUSFTA has provided a significant boost to the Australian economy and has substantially improved market access for Australian exporters. In 2014, only 3.9 per cent of Australian exports to the United States paid tariff duties, compared to 54.2 per cent in 2004. Close to 100 per cent of key Australian exports enter duty free.

Under AUSFTA, over 99 per cent of Australian beef exports now enter the United States duty free. Before AUSFTA entered into force, all Australian beef exports attracted tariffs. During the past 10 years of the agreement, the value of beef exports has increased over 70 per cent.

Similarly, all Australian zinc exports now enter the United States duty free after tariffs applied to these exports were abolished under AUSFTA. Since AUSFTA has come into force, the value of zinc exports has increased over 21 times.

AUSFTA has also provided Australian exporters with access to 31 US government procurement markets for the first time. It has promoted mutual recognition of professional qualifications, resulting in Australian lawyers and engineers being able to practise in Delaware and Texas respectively.

The department ensures that AUSFTA remains a 'living agreement' applicable for the private sector and investors and responsive to the trade and investment priorities of the Australian and US Governments. We work in a whole-of-government way with relevant portfolios to take forward diverse market access issues with the United States, from sanitary and phytosanitary requirements to technical regulations and standards, to mutual recognition of professional qualifications. In this role, the department co-chaired the 5th AUSFTA Joint Committee Meeting in May to discuss ways to advance key bilateral trade and investment issues, and to continue strengthening the bilateral economic relationship.

Figure 14: AUSFTA—10 years on



**Total two-way
goods trade**
UP 54.1 PER CENT TO
\$47,254 MILLION

**Total two-way
services trade**
UP 107.4 PER CENT TO
\$22,947 MILLION

**Total
two-way trade**
UP 68.2 PER CENT TO
\$70,201 MILLION

*(Based on ABS trade data on DFAT STARS
database, ABS catalogue 5368.0.55.004
and unpublished ABS data)*



**Total Australian investment
in the United States (stock)**
UP 96.1 PER CENT TO
\$594,425 MILLION

**Total United States
investment in Australia (stock)**
UP 157.6 PER CENT TO
\$860,313 MILLION

**Total two-way
investment (stock)**
UP 128.3 PER CENT TO
\$1,454,738 MILLION

*(Source: 5352.0 - International Investment Position,
Australia: Supplementary Statistics, 2015)*

ANALYSIS AND OUTLOOK

In an international environment of increasing complexity, and in an Indo-Pacific region in which growing economic weight has generated strategic competition, the United States continues to play a vital role in supporting global security and prosperity.

In 2015–16, the department led engagement with the United States to deepen already close diplomatic and defence cooperation. In the year ahead, we will manage ministerial visits to the United States, including building relationships with the new Administration following US elections in November 2016, and working with the Department of Defence to support implementation of the US Force Posture Initiatives in northern Australia. Given our strong cultural and economic ties, *G'Day USA* will remain a key platform for advancing Australia's interests.

The department also coordinated Australia's close cooperation with the United States on the shared regional economic agenda and fostered stronger trade and investment.

In the year ahead, we will facilitate further business linkages and two-way investment, and promote and implement AUSFTA.

Given the region's strong economic growth and future potential of Latin America, the department will continue to drive increased whole-of-government engagement with Latin America, identifying trade and investment opportunities in key regional countries and supporting strong growth in cultural, education, tourism, research and sporting connections, as well as building on shared interests in the multilateral agenda.

The department will continue to implement its economic diplomacy agenda in Mexico, a key focus of which is strengthening business networks, particularly in the energy and mining sectors. Preparations are underway for the second Australia–Chile Economic Leadership Forum scheduled to be held in Melbourne in December 2016. We will also take advantage of Peru's hosting of APEC during 2016 to promote high-level engagement in the region and Australia's economic diplomacy agenda.



EUROPE

○ NOT MET ◐ PARTIALLY MET ● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.1 (PBS p. 37)

The department's advocacy, negotiation and liaison on Australia's foreign, trade and economic, development and international security interests contributes positively to bilateral, regional and multilateral outcomes that help ensure the security and prosperity of Australia and Australians.



Ambassador to Denmark Damien Miller (3rd left) and Ambassador for Women and Girls Natasha Stott Despoja (right), with Patron, Women Deliver Conference, HRH Crown Princess Mary of Denmark (2nd right), Chair, Global Partnership for Education, former Prime Minister Julia Gillard (left), President of the International Lactation Consultant Association, Decalie Brown (2nd left) and former MP, Dr Sharman Stone (3rd right) with delegates to the Women Deliver Conference, Copenhagen, May 2016. [The Lab/ Mark Dexter]

OVERVIEW

AUSTRALIA'S RELATIONSHIP WITH THE EUROPEAN UNION AND KEY EUROPEAN COUNTRIES GAINED CONSIDERABLE MOMENTUM DURING 2015–16.

On 15 November 2015, the Prime Minister and the presidents of the European Council and European Commission agreed to deepen the European Union – Australia relationship, including through a free trade agreement (FTA). The department began joint scoping work with the European Commission to set the parameters for negotiations towards an FTA. We coordinated Australia's approach across a range of government agencies and worked closely with Australian and European stakeholders to prepare the ground for an agreement that has the potential to deliver significant new economic opportunities for Australia. As a bloc, the European Union is Australia's largest source of total investment and second-largest trading partner worth nearly \$1 trillion and \$89 billion respectively in 2015. Our interests in expanding trade and investment and promoting the digital economy remain unchanged by the United Kingdom's decision to exit from the European Union.

The department supported visits by the Trade and Investment Minister to meet with counterparts and industry representatives in Belgium, Italy, the United Kingdom and Germany.

Australia participated in the first EU-led operation in the Seychelles under the purview of the Australia–EU Crisis Management Agreement, which entered into force on 1 October 2015. We progressed the Australia–EU Framework Agreement through domestic processes.

The department supported attendance by Senator Cash, on behalf of the Foreign Minister, at an Asia–Europe Ministerial Meeting in November 2015 to discuss international and regional matters.

We advanced our relationship with Germany and both leaders endorsed the recommendations of the Australia–Germany Advisory Group (AGAG) in Berlin on 13 November 2015. We welcomed the German Minister of State in the Federal Foreign Office as Guest of Government to discuss AGAG and visit the Great Barrier Reef as Chair of the UNESCO World Heritage Committee.

Cooperation with France on security, intelligence, counter-terrorism and in the trade and economic sphere are at their highest levels. The awarding of the future submarines program to French industrial group DCNS added further momentum.

We facilitated separate visits to France by the Governor-General and Prime Minister. The Prime Minister laid a wreath at the Bataclan Concert Hall in memory of those killed in the Paris attacks. We supported a senior French business delegation visit to Australia to explore new investment opportunities, enhance business ties and strengthen science and innovation cooperation.

In September 2015, the department participated in the Australia–UK Strategic and Economic Dialogues in London to discuss foreign and economic policy challenges and consider the focus of the next Australia–UK ministerial consultations. Officials agreed to maintain cooperation in the G20 and strengthen engagement on science and innovation, economic diplomacy and private sector involvement in aid. We also supported two visits to the United Kingdom by the Foreign Minister, including for the Syria Donors Conference in February.

The 2015 Year of Australia in Turkey promoted our contemporary relationship, fostered stronger people-to-people ties and reinforced awareness of Australia as an innovative and creative nation. Efforts complemented the commemoration of our shared history during the ANZAC centenary year. High-level visits by the Prime Minister, Governor-General and ministers supported trade and investment, including by creating business links in resources and energy, education, infrastructure and agri-business.



We reviewed our policy on Russia and received ministerial approval to engage on matters of mutual interest and benefit. We held consultations with Russia on Syria and the Middle East and recommenced negotiation of the stalled counter-terrorism MOU.

We supported the joint guest of government visit to Australia by the Foreign Ministers of Finland and Estonia, for the opening of the Estonian embassy and to promote closer bilateral relations on innovation, cyber security, trade and investment. The year also marked Australia's first head of state visit to Finland by the Governor-General.

RESULTS

Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions



Then Ambassador to Germany David Ritchie AO (3rd left) and AGAG members with Prime Minister Malcolm Turnbull (7th left) and Minister for Finance Mathias Cormann (5th right), Canberra, 22 October 2015. [AUSPIC]

CASE STUDY AUSTRALIA–GERMANY ADVISORY GROUP

Through its support of AGAG, the department helped strengthen our partnership with Germany—Europe's largest economy and a major power in business, science, arts and culture.

AGAG was announced during Chancellor Merkel's visit to Australia in November 2014. Co-chaired by the Australian Finance Minister and the German Minister for State in the Federal Foreign Office, the group comprised leaders in business, academia, scientific research and culture. The co-chairs presented AGAG's 59 recommendations for closer bilateral cooperation to Prime Minister Turnbull and the German Chancellor in November 2015.

The department provided policy and secretariat support for the AGAG advisory group. As a result of these efforts, business is already undertaking measures to lift bilateral trade and investment, and both governments are pursuing initiatives to strengthen dialogue on

strategic and geopolitical challenges. Closer engagement on our approaches to migration and integration of refugees helps promote diversity and social cohesion in our respective communities. AGAG's recommendations on cultural and sporting links will further strengthen Australia's long-standing people-to-people connections with Germany. Proposals to join Australia and Germany's complementary strengths in science and research will enhance productivity in both economies.

The department will continue to work with other agencies and the private sector to implement the AGAG's recommendations, giving Australian government, business, industry, educators, students, researchers and artists the opportunity to capitalise on closer links with Germany.

Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions



Ambassador to Sweden Gerald Thomson welcomes Australia's entry Dami Im and guests at the EuroClub before the Eurovision Song Contest, Stockholm, 9 May 2016. [SBS AUSTRALIA/Rolf Klatt]

CASE STUDY SMALL POSTS: SMART OUTCOMES

Small posts have the same brief as large ones—to influence governments and communities for the benefit of Australia and Australians. But how do you make your presence felt when you are tiny, far from Canberra, and run on a lean budget? Australia's small posts in Europe use innovative, creative and resourceful hard and soft diplomacy to deliver smart outcomes for Australia.

In Ukraine the connections and friendships forged through the shared experience of the MH17 tragedy underpinned the development of the Australia–Ukraine Nuclear Cooperation Agreement, signed on 31 March 2016. Australia can now export uranium to Ukraine for peaceful purposes, helping Ukraine diversify its energy mix and secure affordable and consistent energy supply.

From Denmark, our ambassador encouraged NOMA, the world's top rated restaurant, to discover Australia. Chef Redzepi spent months foraging across the country and created a Barangaroo pop-up NOMA where tables sold out instantly to guests enjoying Australia's marron and magpie goose, dried scallops and lantana blossom, bush condiments and rum lamingtons.

Acting jointly, small posts can deliver administrative efficiencies and provide better services for Australians overseas. We created a new second secretary

position to support the priorities of small neighbouring posts. The officer is based for part of the year in Belgrade working on bilateral relations but then moves to Zagreb, helping to meet the high seasonal demand for consular services in Croatia. To cut red tape, our missions in Berlin, Ankara, Lisbon and Stockholm relocated much of their management data to the cloud to reduce paper and provide better access for users.

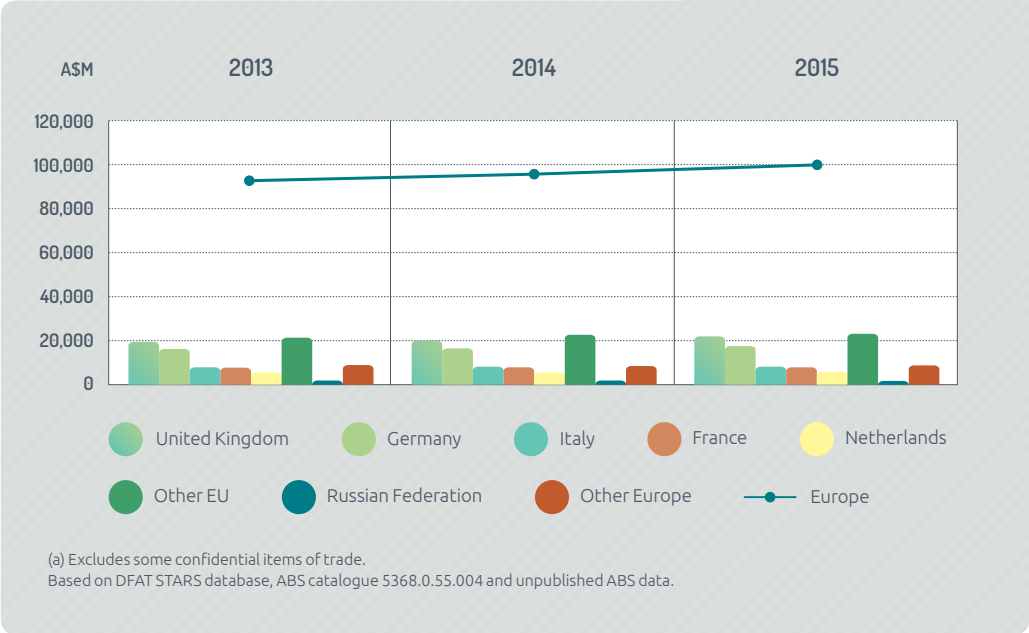
In Madrid, in partnership with Qatar Airways, the embassy used a promotional competition offering a trip to Australia to attract a large Facebook following. In Malta and Croatia our embassies used AFL football to promote people-to-people links and encourage indigenous and minority group participation in sport.

And then there is Eurovision. The competition this year provided a huge fillip for Australia's standing in Europe and globally. With support from the Australian business community in Scandinavia, our ambassador in Sweden hosted a gala event for Australia's entrant Dami Im, building on her success and profile to further promote Australian cultural excellence.

These creative initiatives demonstrate the ingenuity that small posts use to their advantage to deliver real results for Australia's foreign relationships.



Figure 15: Australia's trade in goods and services with Europe^(a)



ANALYSIS AND OUTLOOK

Europe has been marked by unprecedented political turbulence. The European Union was severely shaken by the migration crisis and France and Belgium were the victims of terrorist attacks. The United Kingdom laboured under uncertainty occasioned by the referendum on EU membership, which culminated in the Brexit decision. These events led to instability in European markets, intra-EU tension and the rise of some ultra-right political parties across the continent.

Russia continued on a confrontational path with NATO and the Ukrainian conflict remained unresolved. Crimea is still under Russian occupation. Australia's sanctions against Russia, imposed by the department following Russian action against Ukraine in 2014, remain in place. The joint investigation team on the downing of MH17 will make recommendations in 2016-17 on prosecution options. (See also p. 100.) Turkey faced a number of difficulties, and has been the target of sustained terrorist assault.

In the face of these challenges, the department pursued Australia's interests in Europe to good effect. Further progress on the Australia-EU FTA remains a priority. We will also continue to advance our security interests, including by gaining European support for key Australian strategic goals in our own region. The structures that we have embedded into many of our key bilateral relationships in Europe, such as the AGAG recommendations, will help in this context. In response to Brexit, we identified options to preserve and advance Australia's interests in both the United Kingdom and European Union and we will work to give effect to these. AUKMIN remains central to our engagement with the United Kingdom and we will continue to build a closer strategic partnership with France.

Russia remains an important international actor and we will maintain cooperation where there is mutual interest and benefit.

TRADE NEGOTIATIONS



KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.1 (PBS p. 37)

The department's advocacy, negotiation and liaison on Australia's foreign, trade and economic, development and international security interests contributes positively to bilateral, regional and multilateral outcomes that help ensure the security and prosperity of Australia and Australians.



Program 1.2 (PBS p. 39)

Achievement of significant development results and demonstrated organisational effectiveness, including progress towards the strategic targets contained in the Australian aid program's performance framework, *Making Performance Count*.¹



Detailed reporting against the performance framework, including individual program and investment performance, will be published annually in the *Performance of Australian Aid* report.²



¹ KPIs for 2013-14 and 2014-15 did not include references to demonstrating organisational effectiveness and the framework 'Making Performance Count'.

² New KPI for 2015-16.



Then Ambassador-designate to China Jan Adams PSM (left) and then Ambassador of China Ma Zhaoxu exchange diplomatic notes to set the date for ChAFTA's entry into force, Sydney, 9 December 2015. [EMBASSY OF THE PEOPLE'S REPUBLIC OF CHINA]



OVERVIEW

THE DEPARTMENT LED WHOLE-OF-GOVERNMENT EFFORTS IN INTERNATIONAL TRADE AND INVESTMENT NEGOTIATIONS TO ADVANCE GLOBAL TRADE LIBERALISATION AND REFORM, IMPROVE ACCESS FOR AUSTRALIAN EXPORTERS AND INVESTORS AND GENERATE NEW ECONOMIC OPPORTUNITIES FOR AUSTRALIANS.

The department drove conclusion of the historic Trans-Pacific Partnership (TPP) in February 2016 and substantially upgraded the Singapore–Australia Free Trade Agreement (SAFTA). We secured the early entry into force of the China–Australia FTA and encouraged business to utilise its provisions.

In 2015–16, the First Protocol amending the ASEAN–Australia–New Zealand FTA (AANZFTA) entered into force for 11 of the 12 parties. The changes assist business by removing burdensome administrative requirements. In March 2016, Australia hosted the 8th AANZFTA Joint Committee meeting, which recommended commencement of the AANZFTA General Review in 2017.

The department spearheaded intensified negotiations in the Regional Comprehensive Economic Partnership (RCEP). We supported ministerial participation in RCEP meetings in July and August 2015 in Malaysia, and hosted the 12th negotiating round in Perth in April 2016. Together with the TPP, RCEP is a potential stepping stone towards a free trade area that includes all the economies of the Asia–Pacific region.

In March 2016, the Minister for Trade and Investment and his Indonesian counterpart agreed to reactivate Indonesia–Australia Comprehensive Economic Partnership Agreement negotiations. We then led the third round of negotiations in Indonesia in May. The department also supported the Indonesia–Australia Business Partnership

Group, a platform for businesses to provide recommendations to government on the trade relationship. (*See also p. 46.*)

We intensified efforts to conclude negotiations on a Comprehensive Economic Cooperation Agreement (CECA) with India but some differences remain. We engaged in two negotiating rounds, 13 intersessional meetings and supported frequent ministerial engagement.

The department co-chaired the inaugural Korea–Australia FTA Joint Committee meeting to review progress on implementation and set a forward work plan. We worked closely with Japanese officials to support smooth implementation of the Japan–Australia Economic Partnership Agreement. We continued an active outreach program to inform business of Australia’s North Asia FTAs and the outcomes of the TPP.

In the World Trade Organization (WTO), the department contributed to the 10th WTO Ministerial Conference (MC10) in Nairobi, which reached an historic agreement both to eliminate agricultural export subsidies and to increase the number of products covered by the plurilateral Information Technology Agreement by a further 201 product lines. Australia’s efforts resulted in further endorsement of aid for trade and inclusion of economic empowerment of women in the WTO’s aid for trade work program.

We consulted with stakeholders to advance the ongoing negotiations to accede to the WTO Government Procurement Agreement, and lobbied other WTO members to take necessary steps to bring the WTO Agreement on Trade Facilitation into force.

As chair and co-chair respectively, the department led plurilateral negotiations on the Environmental Goods Agreement and the Trade in Services Agreement. Participants hope to conclude both negotiations by end-2016.

As chair of the World Wine Trade Group, the department hosted two international meetings and worked with industry to reduce global barriers to trade in wine, including by addressing technical issues.

We continue to protect Australia’s Tobacco Plain Packaging measures against challenges in the WTO dispute settlement system, and successfully defended investor-state arbitration brought by Philip Morris Asia.

Figure 16: KAFTA and JAEPA

WHAT OUR FREE TRADE AGREEMENTS MEAN FOR AUSTRALIAN EXPORTERS IN FIRST YEAR OF OPERATION ON PRODUCTS WHERE TARIFFS HAVE BEEN CUT

KOREA-AUSTRALIA FREE TRADE AGREEMENT (KAFTA)



Fresh beef
UP 37% TO
\$396 MILLION



Chipping potatoes
UP 64% TO
\$7.1 MILLION



Shelled macadamias
UP 132% TO
\$10.4 MILLION

JAPAN-AUSTRALIA ECONOMIC PARTNERSHIP AGREEMENT (JAEPA)



Fresh beef
UP 22% TO
\$1.09 BILLION



Frozen beef tongue
UP 89% TO
\$67.3 MILLION



Fresh asparagus
UP 23% TO
\$19.2 MILLION

*All figures are from DFAT STARS database (based on ABS data),
and compare data from the 2014 calendar year to the 2015 calendar year.*



RESULTS

Improving market access for Australian goods and services, attracting foreign investment to Australia and supporting Australian business abroad

CASE STUDY

CHAFTA ENTRY INTO FORCE

The China–Australia Free Trade Agreement (ChAFTA) was signed in June 2015 and entered into force on 20 December 2015, providing significant improvements in market access for Australia in our largest export market.

The department led whole-of-government efforts to secure ChAFTA's early entry into force before the end of the year, appearing twice with other agencies before the Parliament's Joint Standing Committee on Treaties (JSCOT). We explained the outcomes of the agreement, answered questions from committee members and responded to stakeholder views. JSCOT subsequently recommended bringing ChAFTA into force. The department then supported the completion of domestic processes, including legislative amendments. We also liaised closely with China on completion of its domestic processes.

Achieving entry into force in December 2015 delivered quick wins for Australian goods exporters through two early tariff cuts: one on entry into force and one on 1 January 2016. It also delivered enhanced access to China's services sector and improved commitments on two-way investment.

The department released a range of explanatory materials, including a step-by-step Guide to Exporting and Importing under ChAFTA. We responded to a large number of inquiries through the department's FTA hotline and ChAFTA email inbox. Our outreach efforts helped business take early advantage of the FTA's outcomes.

We worked closely with Chinese government agencies and Australian business stakeholders to quickly address implementation issues as they have arisen. Early trade data indicates strong uptake by business, with impressive

growth in exports of many Australian products where tariffs are being cut. To maintain this positive momentum, we have already started work with China to take forward ChAFTA's ambitious built-in agenda.

CHINA–AUSTRALIA FREE TRADE AGREEMENT (CHAFTA)



***Fresh mangoes**
UP 165% TO
\$6.6 MILLION



****Whole and skim milk powders**
UP 200.2% TO
\$104.8 MILLION



****Bottled wine**
UP 34% TO
\$139.3 MILLION

All figures compare Australian exports Jan–May 2015 to Jan–May 2016.

**Source: China Customs statistics based on import data on a cost insurance freight (c.i.f.) basis*

***Source: DFAT STARS Database, based on export data, ABS Cat No 5368.0, May 2016 data on a free on board (f.o.b.) basis*



Improving market access for Australian goods and services, attracting foreign investment to Australia and supporting Australian business abroad

TPP Legal Counsel Hugh Boylan with final boxed text of the TPP, Auckland, February 2016. [DFAT]

CASE STUDY THE TRANS-PACIFIC PARTNERSHIP

The conclusion of the Trans-Pacific Partnership (TPP) Agreement in October 2015 was the culmination of five intensive years in which the department led Australia's participation in a highly complex process.

The 8,000 page treaty is an ambitious and comprehensive framework that will promote trade, investment and economic growth. On entry into force, the TPP will mark an important step toward the creation of a region-wide free trade area in the future.

Throughout the negotiations and since their conclusion, the department maintained a proactive approach to outreach and consultation with stakeholders, including business representatives, state and territory governments, other federal government agencies and non-government and civil society groups, as well as the general public.

To assist with community understanding of the deal, we published the agreement text and a number of explanatory factsheets on the department's website.

We have briefed parliamentarians, hosted information sessions for stakeholders across Australia and responded to queries from the general public. We also prepared a detailed National Interest Analysis to accompany the TPP text when it was tabled in Parliament in February 2016.

The department is coordinating the Government's engagement in the review of the agreement being undertaken by JSCOT. Departmental officers appeared before the committee in February 2016. JSCOT's recommendations will be considered by the Government before a decision is taken on binding treaty action.

We worked closely with New Zealand (the depositary country) to prepare the TPP text for the signing ceremony held in Auckland in February 2016 and assisted in the legal and technical review of the agreement text.



SAFTA

Departmental officials worked intensively with Singaporean counterparts to conclude a substantial upgrade to the Singapore–Australia Free Trade Agreement (SAFTA), one of Australia’s oldest FTAs.

This SAFTA upgrade was an integral part of the Australia–Singapore Comprehensive Strategic Partnership (CSP) jointly announced by the two prime ministers on 6 May 2016.

With tariffs on goods already eliminated between Australia and Singapore, this review provided an opportunity to build on TPP outcomes and address other behind-the-border issues. The department consulted with Commonwealth agencies, states and territories, and external stakeholders, to identify priorities for the negotiations.

The updated SAFTA will provide enhanced opportunities and certainty for Australian legal, financial and education services firms and sole operators, make it easier for Australian business people to work in Singapore, and provide greater certainty for businesses interested in tendering for valuable government procurement contracts.

The outcomes of the SAFTA review will make it simpler for exporters and investors to capture the benefits of Australia’s other trade agreements with Singapore. The best outcomes from our respective FTAs will be contained in SAFTA, including harmonised rules of origin and modern and predictable rules on services and investment.

The department will continue in 2016 to complete text and progress approval by both countries consistent with domestic treaty processes.

STAFF PROFILE

Nicola Campion

**Director, FTA Legal Issues and Advocacy Branch,
Free Trade Agreement Division**



In 2015 I was part of the team that brought the TPP to a successful conclusion. I led negotiations on legal and environmental issues, working with agencies across government. It was thrilling to be part of such an important project for Australia. The TPP is the largest trade liberalising deal concluded since the Uruguay Round, with the 12 TPP countries together accounting for around 40 per cent of global GDP.

I now lead the team within the department’s Free Trade Agreement Division that provides legal advice on FTA negotiation and implementation, and negotiates the legal and institutional chapters of Australia’s agreements. In 2015, we worked on the domestic legislation required to bring ChAFTA into force. We are now focused on

negotiating the Regional Comprehensive Economic Partnership and bilateral FTAs with Indonesia and India.

For me, negotiations are a highlight of the job. Every country brings a different set of national interests and style to the table—working out how to engage most effectively with each country is key to achieving success. It is also very satisfying to work on issues that have such direct and immediate benefits for Australians, in addition to the longer-term strategic benefits of closer economic integration. Following the entry into force of ChAFTA, the department was flooded with enquiries from businesses wanting information on how to access the opportunities provided by the agreement.

Strengthening international frameworks and norms that promote human rights, gender equality, democratic principles and the rule of law, international security, and open and transparent global markets



Australian delegation to WTO MC10, Nairobi, December 2015. (L. to R.): Counsellor Geneva WTO Andrew Jory, then First Secretary Nairobi Simon Anderson, Ambassador and Permanent Representative to the WTO Hamish McCormick, then Minister for Trade and Investment Andrew Robb AO, High Commissioner to Kenya John Feakes, and then Acting Deputy Secretary Justin Brown PSM. [Will Swanson]

CASE STUDY OUTCOMES OF WTO/MC10

The WTO provides the framework of rules governing international trade and is the world's primary trade negotiating forum. The conflicting interests of major economies, however, have long prevented conclusion of the Doha Round of negotiations. The year leading up to the 10th WTO Ministerial Conference (MC10) in December 2015 saw growing division among major WTO members and increasing doubts about the long-term viability of the WTO's negotiating function.

In this challenging environment, the department worked with other WTO members to explore negotiating solutions and prepare for possible outcomes in areas of greatest commercial importance to Australia. Our sustained diplomatic effort and preparatory work helped narrow the focus onto ambitious but achievable goals in a subset of Doha issues—mainly in the area of agricultural export competition. We used Australia's longstanding leadership role in the Cairns Group of agricultural exporting nations to good effect, shaping the direction of discussions and influencing the views of the major economies.

The key result was agreement at MC10 to eliminate more than \$15 billion worth of trade-distorting agricultural export subsidies globally. This was a major win for Australian farmers and fulfilled a long-standing Australian trade policy goal. Export subsidies have been used by European and North American governments on products of major export interest to Australia (including beef, dairy, wine, wheat, and other meat)—making our own farmers less competitive and affecting world commodity prices. Removing export subsidies addresses a significant cause of distortion in global agricultural markets.

The department's work also contributed to agreement at MC10 to advance WTO negotiations on other unresolved issues in a more flexible way—outside the constraints of the Doha Round. This opens the door to new approaches and also helps rejuvenate the WTO's negotiating function overall. Building on this outcome will be a key forward priority for the department.



Delivering an innovative aid program, centred on the Indo–Pacific region, which contributes to sustainable economic growth, poverty reduction and regional stability



Women sorting and drying apricots for MDF partner business, Organo Botanica, Gilgit, remote northern Pakistan. [DFAT]

CASE STUDY HELPING THE POOR ACHIEVE FOOD SECURITY THROUGH IMPROVING ACCESS TO AGRICULTURAL MARKETS

The department's six-year (2011–2017) Market Development Facility (MDF) is an initiative that aims to create jobs and increase incomes for the poor in line with our objective to deliver innovation and quality aid for agricultural development and food security. MDF is a multi-country program which includes Fiji, Timor-Leste, Pakistan, Sri Lanka and Papua New Guinea. As many of the poor live in rural areas, a key focus of MDF's work is on farmers and rural entrepreneurs.

Agricultural development contributes to food security and sustainable economic growth in our region by improving food supply and providing an opportunity for the poor, particularly women, to earn income.

Our approach identifies growth opportunities in the economy which have potential to benefit the poor. It then analyses the barriers which prevent the poor accessing these opportunities. Barriers often include a lack of key skills, inputs and information, as well as difficulties in linking to potential buyers. MDF has a particular

focus on identifying barriers faced by poor women. As MDF focuses on developing markets, the opportunities are likely to continue beyond the life of the project.

In partnership with the private and public sectors, the department uses MDF to develop new products, services and ways of doing business, which help overcome the barriers to entry faced by poorer populations.

In the agriculture sector, MDF is active in horticulture, livestock and agribusiness (although it also pursues work in other sectors such as tourism, manufacturing and construction). MDF has helped to increase farmer incomes as well as the supply of locally-produced foods, for example fresh fruit and vegetables in Fiji, and meat and dairy products in Pakistan. It also works with local businesses to help them secure export opportunities. Organo Botanica, a dry fruit processing company based in Pakistan, is one example of a local business better able to link to export opportunities through MDF.

Regional Comprehensive Economic Partnership negotiations



DFAT's Special Negotiator Michael Mugliston (3rd left) and E-Commerce Lead Negotiator Jessica Allen (left) with ASEAN Chair for RCEP Working Group on E-Commerce Wanawit Ahkputra (2nd left) and RCEP negotiators (L. to R.) Chair RCEP Trade Negotiating Committee Iman Pambagyo, CEO Birdsnest Jane Cay, Head of Economic and Trade Affairs, Google, Andrew Ure, and Director Technology Research Project Corporate Dr Peter Lovelock, 12th RCEP negotiating round, Perth, 17–29 April 2016. [DFAT]

Australia hosted the 12th round of the RCEP negotiations in Perth from 17–29 April. This was one of RCEP's largest rounds with over 670 delegates from the 16 participating countries meeting across 14 negotiating groups.

As part of the department's ongoing consultations on the RCEP negotiations, we organised a range of stakeholder events during the Perth round. These included a dialogue with the East Asia Business Council, a high level event with keynote speaker Professor Peter Drysdale from the Australian National University, and specific consultations on intellectual property and investor state dispute settlement. A range of speakers also presented on financial services, e-commerce and investor

aftercare. In addition, the negotiating group on goods held a business engagement session on non-tariff measures for the food and beverage sector.

These events were well attended by business, academic and civil society. Participants had the opportunity to discuss barriers for business in the region, potential commercial opportunities and community interests. This direct engagement assisted in giving domestic and international stakeholders a better understanding of RCEP and anchoring the negotiations in the commercial realities of the region.

The department will continue to facilitate broad engagement in the RCEP negotiations both in Australia and abroad.



ANALYSIS AND OUTLOOK

Australia's trade negotiations are taking place against a backdrop of global economic uncertainty, changing patterns of economic competition and the emergence of new strains of anti-globalisation sentiment in many countries. Bilateral and regional trade agreements involve a range of complex issues, such as domestic economic reforms, that can make conclusion difficult. Conveying the implications of agreements to stakeholders and the general public can be challenging.

In multilateral trade negotiations, marked differences between key WTO members have brought the Doha Round to an effective end. It is possible to rejuvenate the WTO negotiating agenda and develop new ways to work around conflicting viewpoints, but progress will be slow and outcomes difficult to reach.

The department's focus will be to negotiate agreements on remaining Doha round issues, such as domestic support, agricultural and non-agricultural market access, and services, as well as exploring new issues for WTO negotiations.

Sustained and effective whole-of-government coordination remains crucial to our capacity to advance trade negotiations and implement our existing agreements. This was particularly evident in the department helping achieve early entry into force of ChAFTA.

The level of business interest in the outcomes of Australia's North Asia FTAs was reflected in high participation in the FTA seminar series (*see p. 89*) and usage of the FTA Portal. We were able to leverage our digital platforms, particularly the DFAT website and Twitter, to deliver key messages to stakeholders and the Australian community.

In addition to PACER Plus, priority negotiations in the coming year include the IA-CEPA with Indonesia, RCEP and the CECA with India. We will work towards launching FTA negotiations with the European Union and the United Kingdom, and aim for conclusion of the Environmental Goods Agreement and Trade in Services Agreement in the second half of 2016.

We will continue to actively implement our existing FTAs, with a focus on communicating the benefits to business and taking forward future work and negotiations mandated by those agreements. The department will work to expand the FTA Portal to cover all of Australia's FTAs. We will continue the FTA information seminar series through 2016–17.

We will work with other agencies to progress domestic ratification of the TPP by engaging with the Joint Standing Committee on Treaties and preparing implementing legislation.

TRADE AND INVESTMENT, TOURISM AND PRIVATE SECTOR ENGAGEMENT

○ NOT MET ◐ PARTIALLY MET ● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.1 (PBS p. 37)

The department's advocacy, negotiation and liaison on Australia's foreign, trade and economic, development and international security interests contributes positively to bilateral, regional and multilateral outcomes that help ensure the security and prosperity of Australia and Australians.

● ● ●

Program 1.2¹ (PBS p. 39)

Achievement of significant development results and demonstrated organisational effectiveness, including progress towards the strategic targets contained in the Australian aid program's performance framework, *Making Performance Count*.²

●

Detailed reporting against the performance framework, including individual program and investment performance, will be published annually in the *Performance of Australian Aid* report.³

●

¹ 2015-16 is the first year that development KPIs have been included for trade, investment, tourism and private sector engagement reporting.

² Development KPIs for 2013-14 and 2014-15 did not include reference to the framework 'Making Performance Count'.

³ New development KPI for 2015-16.



WA State Director Andrea Gleason (right) chairs panel discussion on opportunities for Australia-German cooperation in the LNG sector, 18th International Conference & Exhibition on Liquefied Natural Gas, Perth, April 2016. Panelists (L. to R.): Head of the Division for Gas, Oil Markets and Crisis Preparedness, German Federal Ministry for Economic Affairs and Energy, Stefan Rolle, Senior Vice President and Chief Technology Officer, Woodside, Shaun Gregory, Managing Director, Siemens, Jeff Connolly. [WOODSIDE]



OVERVIEW

THE DEPARTMENT LED THE GOVERNMENT'S ECONOMIC DIPLOMACY STRATEGY AND CONTINUED WORK TO ENHANCE GLOBAL CONDITIONS FOR TRADE LIBERALISATION, PROMOTE PRODUCTIVE INVESTMENT FLOWS AND SUPPORT THE INTERESTS OF AUSTRALIAN BUSINESS.

The department supported the Trade and Investment Minister's engagement with Australian business, including through the Trade and Investment Policy Advisory Council and multiple interactions with individual businesses and peak bodies. The department maintained effective and regular contacts with the business sector to inform the development of policies and programs to advance Australian trade and investment interests.

The department worked closely with the Export Finance and Insurance Corporation (Efic) in its new role supporting eligible small and medium enterprises (SMEs) access financial products that will enable them to grow internationally.

Following reforms to the Foreign Investment Framework late in 2015, we worked closely with Treasury and Austrade to promote Australia as a destination for productive foreign investment and enhance the country's international reputation.

The department coordinated the Government's engagement across APEC's broad economic and development agenda. We shaped key leader-level initiatives on services liberalisation and structural reform. We organised workshops to help build the capacity of developing economy policymakers on trade facilitation and to support APEC trade promotion agencies to connect women-led SMEs to export markets.

The department continued to support implementation of major outcomes from Australia's 2014 G20 Presidency, including the Brisbane Action Plan. Officers posted to Ankara and Beijing worked with host governments in support of Australia's whole-of-government G20 priorities.

In 2015, the department used Australia's role in the G20 troika (of past, present and future G20 hosts) to collaborate with Turkey. We lent our support to the initiative to establish the Women 20 engagement group as a way to champion inclusive economic growth and raise the profile of gender equality issues across the G20 membership and work program. We worked closely with China during its 2016 presidency to elevate trade and investment on the G20 agenda and supported China's initiative to establish a dedicated working group on these topics.

We continued to engage with the OECD agenda and promote its work in a number of areas consistent with Australia's interests, notably on trade reform and structural barriers to growth. We supported the OECD's policy analysis contribution as an evidence base for major international agreements on sustainable development, climate change and trade. The department played an active role in OECD negotiations on export credit arrangements to support the uptake of high efficiency low emissions coal-fired power plants and improve energy access in the region.

The department began Australia's term as 2015–16 Chair of MIKTA, securing agreement to our priorities of international security and energy governance, sustainable development and gender equality.

We engaged with governments and other partners in major tourism markets to identify issues standing in the way of further growth. We updated the Australia–China MOU on tourism cooperation to streamline visa processing and facilitate more independent visitors travelling between the two countries.

The department managed Australia's financial support for international energy and resource sector development initiatives, including in natural resources governance and clean energy. We contributed to a whole-of-government strategy to comply with the International Energy Agency's oil stockholding obligation and showcased Australian capacity at the 18th International Conference and Exhibition on Liquefied Natural Gas.

The department managed Australia's \$32 million investment (2012–16) in the Private Infrastructure Development Group, a company with donor shareholders that has helped attract considerable private sector capital and international development finance to infrastructure projects in developing countries and emerging markets—US\$1.9 billion in 2015 alone.

Since August 2015, private sector engagement has been a cornerstone of Australia's aid program. The Business Partnerships Platform, launched in November 2015, created a dedicated platform for accelerated collaboration between business, government and civil society. We developed a range of new strategic partnerships, including with Global Compact Network Australia, Shared Value Project and Fairtrade, to drive faster and more inclusive private sector-led growth in the region.

The first round of the Business Partnerships Platform saw \$3.8 million of departmental funding attract \$10.2 million in additional private finance for initiatives seeking to generate social and commercial returns in partner countries. The strong response underscores the benefit of partnering with the private sector to achieve development outcomes. The second round will open in 2016–17.



RESULTS

Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions



First Assistant Secretary, Trade, Investment and Economic Diplomacy Division, Brendan Berne (centre), with Chief of Staff to Deputy Minister of Foreign Affairs, Mexico, Héctor Ortega (left); Deputy Undersecretary for Economic Affairs, Ministry of Foreign Affairs Turkey, Ayşe Sinirlioğlu (2nd left); Deputy Minister for Multilateral Affairs, Ministry of Foreign Affairs Indonesia, Hasan Kleib (2nd right); and Director-General, Policy Planning Bureau Ministry of Foreign Affairs, Republic of Korea, Dr Shin Beomchul (right), MIKTA Senior Officials' Meeting, Canberra, 27–29 January 2016. [DFAT/Ben Lavis]

CASE STUDY MIKTA – A NEW APPROACH TO INTERNATIONAL COOPERATION

In September 2013, the foreign ministers of Mexico, Indonesia, Republic of Korea, Turkey and Australia met in New York to collaborate on the international policy agenda.

Referred to as MIKTA, the new grouping was a response to rapidly-changing global dynamics—the rise of regionalism, emergence of new sources of economic growth, the difficulties confronting many global governance structures and new protectionist impulses.

In leading Australia's contribution as chair of MIKTA for 2015–16, the department hosted the Senior Officials' Meeting in January 2016 and has delivered an agenda that deepened the MIKTA partnership across priority issues. These issues range from counter-terrorism to trade, e-commerce, humanitarian assistance and sustainable development.

The growth in MIKTA's agenda reflects its appeal for creative policy makers looking for new approaches to today's complex global challenges. MIKTA shows that existing multilateral divides can be bridged with open discussion and a spirit of collaboration. In doing so, it serves as a model for a new style of effective multilateral diplomacy.

In developing the MIKTA agenda, the department collaborated with the Coral Bell School of Asia Pacific Affairs at the Australian National University to deliver an academic conference, appoint a visiting fellow and create an intern position. This academic channel is generating fresh insights and initiatives for MIKTA multilateral collaboration.

Improving market access for Australian goods and services, attracting foreign investment to Australia and supporting Australian business abroad



Free Trade Agreement Division officers, Adam Coin and Emily Sandilands, with Minister for Trade and Investment Steven Ciobo (right), launch of the FTA Portal, Sydney, 23 March 2016. [DFAT]

CASE STUDY FTA OUTREACH

Australia's free trade agreements—particularly those with China, Japan and Korea—are not 'set and forget' documents requiring no further work after entry into force. Treaty provisions must be translated into commercial outcomes. In 2015–16, the department played a central role in communicating the benefits and explaining to business how to take advantage of the FTAs.

We delivered the FTA Portal (www.ftaportal.dfat.gov.au), a website which provides a state-of-the-art tariff finder and rules of origin guide for the North Asia FTAs, especially helpful for goods traders. The portal also promotes innovation by making the underlying data available to third parties, such as business groups.

Since first release in October 2015, the FTA Portal has provided access for over 15,000 unique users to a sophisticated tariff finder and rules of origin guide covering Australia's three North Asia FTAs. The FTA Portal won Best Applications Development at the 2016 Australian Government ICT Awards. In response to user feedback, we will expand the portal to include each of Australia's other existing FTAs in 2016–17.

Building on user feedback, and as a way to further inform business decisions, we will expand the portal over the next four years to include data on other FTAs and a facility to compare outcomes across agreements.

The department will continue to build on the success of this close collaboration between our FTA policy and technical areas. We will continue to leverage the department's other digital platforms to broaden our outreach to stakeholders and the Australian community.

Together with Austrade, we delivered FTA information seminars around Australia. Experts from the department, Austrade, Efic, AusIndustry and TradeStart provided information to business on FTA benefits, use of the agreements and government assistance available.

The department helped deliver 47 North Asia FTA information seminars around Australia for existing and prospective exporters, with a focus on small business. Almost 2,000 business representatives attended with 99 per cent of post-event survey respondents saying they achieved some, most or all of their objectives from the seminars.

Attendees welcomed the advice from successful exporters. One Adelaide attendee wrote: 'As I sat in this morning's seminar, many opportunities for our organisation came to light. The seminar helped our feeling of confidence in pursuing them too.' Given the success of the seminars, we will continue the FTA information program over the next year as part of our overall outreach efforts.



BUSINESS SATISFACTION WITH THE DEPARTMENT'S SUPPORT

Through its economic diplomacy strategy, the department has increased its focus on supporting Australian business to improve trade and investment outcomes. As a result, we have observed an uptake of, and satisfaction with, our key business-related services—in particular, our work to support Australian business better understand and take advantage of the significant opportunities arising from the FTAs with China, Korea and Japan.

We have broadened the way we provide Australian business with geo-political insights, policy information and trade and investment data through the *Business Envoy* publication and better use of social media. Business has responded positively to this.

Business Envoy and *Trade Talk* publications share analysis and reporting on key trade and investment developments from Australia's global diplomatic network. Together, the publications reached more than 2,600 direct subscribers, with uptake growing steadily over the 2015–16 period.

Through the *Business@dfat* portal, the department responded to more than 500 enquiries from business about the department's services. Demand for our statistical consulting services and publications has grown by over 40 per cent since 2014–15, with the department now providing additional time series data free of charge.

We managed strong demand for the department's FTA hotline (02 6261 1888), with over 800 enquiries and over 114,000 individual views on our China FTA site alone.

Extractive Industries Transparency Initiative (EITI)

The EITI is a global transparency standard to promote open and accountable management of oil, gas and mineral resources. Countries implementing the EITI disclose information in annual reports and are supported by multi-stakeholder groups that bring together governments, companies and civil society.

Australia has contributed to the EITI through a range of aid investments since 2007. The department's funding supports the roll out of EITI in more developing countries

and more effective implementation, which advances our efforts to promote economic growth, strengthen global cooperation and norms, and increase trade and investment in extractive sectors.

Capacity building and technical assistance have been crucial in helping improve weak systems. With the support of the department and others, the EITI is now the key global forum for extractives governance, with 51 implementing countries.

Delivering an innovative aid program, centred on the Indo-Pacific region, which contributes to sustainable economic growth, poverty reduction and regional stability



Pasepa Lolohea with cured vanilla pods for export from the Vanilla Growers Association in Vava'u, Tonga. [FAIRTRADE ANZ/Rachel Levine]

CASE STUDY PARTNERING WITH FAIRTRADE AUSTRALIA NEW ZEALAND TO BOOST TRADE AND GROW PROSPEROUS COMMUNITIES IN THE ASIA-PACIFIC

In 2015–16, the department formed a partnership with Fairtrade Australia New Zealand to help boost Australian business use of and value add to Fairtrade products in domestic and Asia-Pacific export markets. The partnership has created sustainable commercial relationships between producers and markets, reducing the reliance on aid funding in the longer term and advancing Australia's economic and social development objectives in the region.

Fairtrade is about providing predictable and fair prices, decent working conditions and improved terms of trade for farmers and communities. It works right through the supply chain to the place where consumers buy the end product.

Joining forces with Fairtrade has provided links to retailers and supply chains, consistent with the department's goal to create scalable partnerships with the private sector. The partnership has delivered a revitalised commercial

strategy, which has enabled Fairtrade to expand its business partnerships with traders and manufacturers, and raise consumer awareness of Fairtrade products. The department has gained access to Fairtrade's 25 years of experience and insights into transparent and sustainable pro-development trade, and Fairtrade is benefitting from our expertise, networks and country knowledge.

Although the partnership is only in its first year, we have seen rapid growth in trade volumes and retail sales in Australia. Pacific producers earned \$21 million in Fairtrade revenue, retail sales of Fairtrade products in Australia increased from \$166 million in 2013 to \$223 million, and per capita spend on Fairtrade increased from \$10.90 to \$15.75. The department tapped into unrealised market potential and in doing so has delivered a better deal for small producers across the region.



Figure 17: Australia's total two-way trade and investment, 2015

TRADE & INVESTMENT



AUSTRALIA'S TOTAL TWO-WAY
TRADE BY REGION 2015

	A\$M 2015
Asia	400,594
Europe	99,720
Americas	88,110
Oceania	33,745
Middle East & Africa	26,369
Other	20,795
Total	669,333

WITHIN ASIA

China	155,502
Japan	65,103
Republic of Korea	35,854
ASEAN	96,004
Other Asia	48,131



TOP EXPORTS
AND IMPORTS

TOP 5 EXPORTS	A\$M 2015
Iron ores & concentrates	49,060
Coal	37,031
Education-related travel services	18,801
Natural gas	16,456
Personal travel (excl. education) services	15,943

TOP 5 IMPORTS	
Personal travel (excl. education) services	26,688
Passenger motor vehicles	20,365
Refined petroleum	18,436
Telecom equipment and parts	11,676
Freight services	10,156



AUSTRALIA'S TOP 10 INVESTMENT SOURCES

Level of foreign investment in Australia

#		A\$M 2015
1	United States	860,313
2	United Kingdom	499,930
3	Belgium	238,544
4	Japan	199,596
5	Singapore	98,579
6	Hong Kong (SAR of China)	85,359
7	China	74,862
8	Netherlands	62,995
9	Luxembourg	58,322
10	Switzerland	50,198
All countries		3,024,361



AUSTRALIA'S TOP 10 INVESTMENT DESTINATIONS

Level of Australian investment abroad

#		A\$M 2015
1	United States	594,425
2	United Kingdom	353,204
3	New Zealand	98,693
4	Japan	93,164
5	China	70,230
6	Singapore	67,056
7	Germany	66,914
8	Hong Kong (SAR of China)	50,696
9	Cayman Islands	49,516
10	France	45,616
All countries		2,080,714



ANALYSIS AND OUTLOOK

The department's expert analysis of major developments in the international economy meant we were able to make a strong contribution to the Government's domestic economic reform agenda. We improved our policy advice on Australia's foreign investment regime and engaged more actively in the economic debate, including significant contributions to the Joint Economic Forecasting Group and the Government's tax agenda.

We worked collaboratively with other agencies to build awareness across government of Australia's international trade and investment interests. We were actively involved in policy reforms affecting Australia's business interests, such as visa reform. We will continue to contribute to the Government's economic reform agenda through high-quality analysis of best practice and lessons learned, drawing even more on our diplomatic network and membership of global bodies such as the OECD and APEC.

Effective engagement in regional and multilateral economic forums such as APEC, G20, MIKTA and the OECD will continue to be important to deliver economic, social

and institutional outcomes in Australia's interests. The Collective Study on a Free Trade Area of the Asia Pacific and the Services Competitiveness Roadmap are priorities. We will work closely with Germany through its G20 Presidency.

Australia will chair the Kimberley Process Certification Scheme for trading rough diamonds in 2017 and will focus on strengthening scheme implementation. We will use the 2017 Australia-China Year of Tourism to increase awareness of Australia as a holiday destination and build linkages between our respective tourism sectors.

We will work with the Department of Industry, Innovation and Science to set up an effective implementation system for EITI in Australia, drawing on the experiences of other countries.

We will enable, invest in and develop innovative initiatives that attract private capital to emerging markets in our region, including by leveraging private investment in infrastructure in developing countries.

MULTILATERAL POLICY, DEVELOPMENT, LEGAL AND ENVIRONMENT

○ NOT MET

◐ PARTIALLY MET

● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.1 (PBS p. 37)

The department's advocacy, negotiation and liaison on Australia's foreign, trade and economic, development and international security interests contributes positively to bilateral, regional and multilateral outcomes that help ensure the security and prosperity of Australia and Australians.



Program 1.5 (PBS p. 42)

Payments to international organisations are timely and within budget.



The department's contributions influence multilateral outcomes which enhance Australia's security and prosperity, maximise the impact of Australia's aid program and represent value for money.



Secretary Peter Varghese AO (left), Ambassador for Women and Girls Natasha Stott Despoja (2nd left) and Executive Director of the Global Fund to Fight AIDS, Tuberculosis and Malaria, Ambassador Mark Dybul (2nd right), launch of the DFAT Gender Equality and Women's Empowerment Strategy, Parliament House, 29 February 2016. [DFAT/Linda Roche]



OVERVIEW

THE DEPARTMENT HELPED FORGE MULTILATERAL OUTCOMES IN 2015–16 THAT CONTRIBUTED TO GLOBAL SECURITY, THE RULE OF LAW, STRENGTHENED INTERNATIONAL FRAMEWORKS AND INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH.

We worked with like-minded countries, including through the Geneva Group, to push the United Nations to adopt more effective administrative structures—the UN Development Programme and the International Labour Organization made some progress.

We engaged across government to develop an ambitious 2030 emissions reduction target for Australia. We negotiated successfully for an unprecedented global climate agreement in Paris in December 2015.

Australia reaffirmed its commitment to advancing human rights internationally, including through our appearance before the Universal Periodic Review in Geneva in November 2015. We officially launched Australia's candidacy for the 2018–2020 term of the Human Rights Council. We increased our efforts to secure the world-wide abolition of the death penalty, co-sponsoring the Sixth World Congress against the Death Penalty and establishing partnerships to support regional advocacy.

The department actively pursued the inclusion of indigenous issues in several UN resolutions, including at the Commission on the Status of Women. We commenced implementing our first Indigenous Peoples Strategy, launched on 10 August 2015.

The UN peacekeeping system is under increasing strain and in urgent need of support. In 2015–16, we provided \$233 million for UN peacekeeping missions and, at the September 2015 Leaders' Summit on Strengthening UN Peacekeeping hosted by President Obama, the

Foreign Minister pledged Australian strategic airlift support, additional training for regional troop-contributing countries and further funding for counter-improvised explosive device training for peacekeeping forces.

The department also contributed to efforts to reform and enhance the capability of such operations. Our successful co-chairing of negotiations secured parallel UN Security Council and General Assembly resolutions that gave effect to the recommendations of the UN Peacebuilding Architecture Review.

Our leadership produced UN resolutions promoting the role of National Human Rights Institutions and creating a new International Day of the Tropics.

We supported the Prime Minister's participation in the Commonwealth Heads of Government Meeting in Malta and helped to secure strong outcomes, including the creation of a new countering violent extremism unit and the election of a new credible Secretary-General. We supported participation by the Foreign Minister in the 70th session of the General Assembly high-level segment, at which she announced Australia's 2029–2030 Security Council bid.

Our legal advice shaped Australia's efforts to promote peaceful, rule of law-based resolution of disputes in the South China Sea and supported military operations against Daesh in Iraq and Syria in accordance with international law. The department continued to support the Timor Sea treaty framework.

Our advice assisted treaty negotiations across government, including conclusion of the Australia–Ukraine Nuclear Cooperation Agreement. Working closely with international partners, we began negotiations for a new global treaty on biodiversity beyond national jurisdiction.

The department tabled 19 major treaty actions in parliament and referred five minor treaty actions for consideration by the Joint Standing Committee on Treaties (JSCOT). We facilitated signature by Australia of 11 treaties. We marked the 20th anniversary of Australia's treaty-making reforms by co-hosting a public exhibition at Parliament House and presenting at a JSCOT seminar to mark the event.

The department provided solutions to legal challenges posed by our innovative approach to international development. Program areas were able to pursue new investment vehicles, structures and partners and achieve a more sustained development impact while effectively managing risk and protecting public resources.

The department worked to promote respect for and strengthen the international rules-based order. We drove outcomes at the 32nd International Conference of the Red Cross and Red Crescent on sexual and gender-based violence, health care in danger and detention in non-international armed conflicts. Maintaining our strong drive for accountability at international law, we co-led international efforts to secure justice for victims of the downing of MH17.

We engaged bilateral partners on key legal issues and shaped emerging areas of international law including the regulation of Lethal Autonomous Weapons Systems, cyber

security and threats. We continued efforts to promote global implementation of the Arms Trade Treaty and entry into force of the Comprehensive Nuclear-Test-Ban Treaty.

The department developed an innovative legal mechanism to immediately suspend the application of the Autonomous Sanctions Regulations 2011 to Iran.

As a result, Australian businesses were not disadvantaged when the international community lifted sanctions against Iran in January 2016—earlier than anticipated. We continued to deliver targeted outreach to promote compliance with sanctions and foreign bribery laws.

We contributed to efforts to ensure a successful UN General Assembly Special Session on the World Drug Problem in April 2016, and secured outcomes focused on improving global access to controlled drugs for medicinal purposes and strengthening international cooperation to tackle abuse of methamphetamines, including 'ice'.

STAFF PROFILE

Lisa Gittos

Policy Officer, Climate Change Branch, Multilateral Policy Division



As a policy officer and negotiator in the UN climate change process, I had a front row seat to the adoption of the Paris Agreement on climate change. My role was to lead negotiations on capacity building for developing countries to support their implementation of the new agreement. It was a true test of the negotiation skills that I have learnt during my time in the department.

Australia works hard to advance the international climate change agenda. Much of our effort in 2015 focused on advocacy of Australia's climate objectives across a range of international forums from the G20 to the Pacific Islands Forum Leaders' Meeting.

The Paris Agreement was the culmination of many years of hard work and is a great example of what multilateralism can deliver. The agreement represents the ambition of all countries to move towards low carbon economies and build resilience to a changing climate.

I'm proud of our achievement in Paris but the work didn't end there. We are now shifting our focus to implementation of the agreement, which will include delivering on Australia's \$1 billion climate finance commitment and the next phase of negotiations in Marrakesh this November.



RESULTS

Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions



Ambassador for People Smuggling and Human Trafficking Andrew Golezdzinski AM (centre), Ambassador to Indonesia Paul Grigson (right) and Minister for Foreign Affairs Julie Bishop, consult during the Bali Process Ministerial Conference, Bali, 23 March 2016. [DFAT/Timothy Tobing]

CASE STUDY COMBATING HUMAN TRAFFICKING AND SLAVERY

On 23 March 2016, the Foreign Minister launched Australia's new International Strategy to Combat Human Trafficking and Slavery. The strategy, developed by the department in conjunction with other Australian government partners, sets priorities for Australia's engagement and reinforces our regional and international advocacy, coordination and leadership role on these issues.

To maximise Australia's influence, our strategy focuses on Southeast Asia, including through the Australia–Asia Program to Combat Trafficking in Persons—the largest single dedicated anti-human trafficking investment in the region. We announced a further \$20 million of assistance over ten years for the Tripartite Action to Enhance the Contribution of Labour Migration to Growth and Development in ASEAN (TRIANGLE II) to help vulnerable migrant workers avoid the trap of human trafficking.

The department used the Bali Process to drive greater coordination against human trafficking and slavery in pursuit of a more stable and secure region. At the 6th Ministerial Conference in March, ministers took the historic decision to adopt the Bali Declaration on People Smuggling,

Trafficking in Persons and Related Transnational Crime, the first negotiated regional instrument in the Bali Process to address these challenges.

The declaration commits members to enhance protection, promote regular migration pathways and counter criminal networks. It recognises the need for more substantive engagement with the private sector to combat human trafficking and slavery. Members also agreed to establish a 'consultation mechanism', allowing the co-chairs, Indonesia and Australia, to convene discussions on emergency irregular migration situations, and to undertake a review of the region's response to the 2015 irregular migration events in the Andaman Sea. The department will actively pursue these issues in the year ahead.

These activities reaffirmed the value of the department's robust and consistent advocacy in dealing with complex issues that detract from regional stability. To maximise Australia's influence and deepen our engagement with like-minded partners on these issues, the role of Australia's Ambassador for People Smuggling Issues has been broadened to Ambassador for People Smuggling and Human Trafficking.

Strengthening international frameworks and norms that promote human rights, gender equality, democratic principles and the rule of law, international security, and open and transparent global markets



Senior Legal Adviser Katrina Cooper (left) speaking with Senior Environmental Policy Adviser, Australian Antarctic Division, and Chair of the Committee for Environmental Protection Ewan McIvor (centre), 39th Antarctic Treaty Consultative Meeting, Santiago, Chile, 30 May 2016. [CHILE MINISTRY OF FOREIGN AFFAIRS]

CASE STUDY ANTARCTICA

Antarctica is important to Australia—strategically, environmentally, scientifically and economically. The department leads the Government's engagement in the Antarctic Treaty system, which ensures stability and security, protects Antarctica as a natural reserve and preserves Australia's sovereign claim over 42 per cent of the continent. Other countries' Antarctic programs use Australia as a gateway, delivering economic dividends, particularly for Tasmania.

The department co-led, with the Department of the Environment, the development of the Australian Antarctic Strategy and 20 Year Action Plan. The strategy positions Australia as a leader in Antarctica—building on our past century of involvement and backed up by significant investment in our Antarctic capabilities. It provides a strong and clear vision for Australia's future engagement.

The strategy reinforces the critical role that the Antarctic Treaty system plays in furthering Australian interests and in particular ensuring Antarctica remains demilitarised, permanently free from mining and devoted to peace and science.

The strategy also underlines the importance of international partnerships. As more countries become active in Antarctica, the department is broadening and deepening our collaboration, both in treaty meetings and on the ground. We work actively in the margins of Antarctic Treaty Consultative meetings to explore new areas of collaboration with partner countries. We continue outreach to newer entrants to the Antarctic Treaty system, encouraging them to sign up to all treaty instruments and strengthening the effectiveness of the treaty system as a result.

We are deepening Antarctic relationships with key partners. We agreed Antarctic cooperation priorities with the United Kingdom for 2015–2020, including an annual dialogue, and we are deepening our collaboration with Norway. In February 2016, the department co-hosted inaugural Antarctic talks with China. We reaffirmed our shared commitment to the Antarctic Treaty system and its key principles and agreed to strengthen cooperation on Antarctic science, policy, logistics and environmental protection.



Strengthening international frameworks and norms that promote human rights, gender equality, democratic principles and the rule of law, international security, and open and transparent global markets



Assistant Secretary International Legal Branch Michael Bliss and International Law Section officer Kate Smith (right of centre), with officials from Belgium, the Netherlands, Malaysia and Ukraine, meeting to refine options for an effective mechanism to prosecute crimes connected with the downing of Malaysia Airlines Flight MH17, Putrajaya, Malaysia, 21 March 2016. [MALAYSIA MINISTRY OF TRANSPORT]

CASE STUDY MH17

Securing justice for the 298 victims killed in the downing of Malaysian Airlines Flight MH17, including 38 who called Australia home, continues to drive our efforts to achieve international accountability for this atrocity.

In 2015–16, the department led efforts, with international partners, to establish an effective prosecution mechanism to hold those responsible to account. We worked closely with the Netherlands, Malaysia, Ukraine and Belgium, answering the request of the UN Security Council for states to cooperate fully to ensure accountability (UNSC Resolution 2166 of July 2014).

We garnered strong support for a UNSC-backed international tribunal in July 2015 but were deeply disappointed when it was vetoed by Russia.

Undeterred, the department led negotiations with international partners to develop alternative prosecution options that would ensure international criminal accountability—a complex and difficult task given the multiple jurisdictions involved. Progress has been good and we expect to overcome jurisdictional challenges and agree a prosecution mechanism to secure justice for all individuals and states affected by the crime before the end of 2016.

Achieving this result will deliver on the Government's commitment to international accountability and Australia's fundamental adherence to the international rule of law. Agreeing a prosecution mechanism and using it effectively will remain a key priority for the department in 2016–17.

Strengthening international frameworks and norms that promote human rights, gender equality, democratic principles and the rule of law, international security, and open and transparent global markets



Then Ambassador for the Environment Peter Woolcott (left) and other members of the Australian delegation meet with Minister for Foreign Affairs Julie Bishop (centre), UNFCCC climate change agreement negotiations, Paris, 12 December 2015. [DFAT]

CASE STUDY CLIMATE CHANGE AND THE PARIS AGREEMENT

An effective international response to climate change supports Australia's long-term economic and security interests. The department led Australia's delegation in the successful negotiation of the UN Framework Convention on Climate Change (UNFCCC) Paris Agreement in December 2015. The agreement marked a watershed for ambitious, universal action against climate change. Australia made a significant contribution to the global agreement through our commitment to reduce national emissions by 26–28 per cent by 2030 and support for developing countries in their national endeavours.

Reaching an agreement was not easy. To generate momentum ahead of talks, the department engaged widely with foreign governments, other Australian agencies, business, the scientific community and civil society to prepare the way for a multilateral agreement consistent with Australia's national interests.

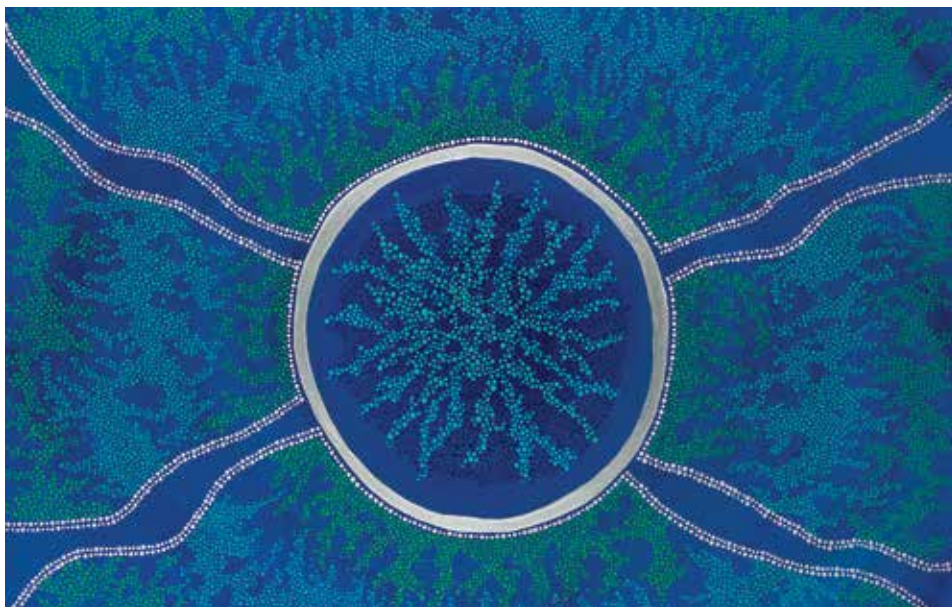
Domestically, we helped model climate targets for Australia and significant countries. This analysis informed our engagement with the UNFCCC taskforce in the Department of the Prime Minister and Cabinet and advice to Government on Australia's 2030 emissions reduction target.

We engaged diplomatically within the UNFCCC and bilaterally with key countries to advocate Australia's priorities and share Australia's expertise. We also supported participation by the Prime Minister and Foreign Minister in important forums discussing climate change, including the Pacific Islands Forum and the G20. In Paris, as chair of the Umbrella Group (an influential informal group of non-EU developed countries) the department engaged constructively to shape the discussions and supported the Prime Minister, Foreign Minister and Environment Minister throughout the negotiations. The department is also ensuring Australia meets its commitments under the UNFCCC through the Green Climate Fund, which we are helping to strengthen through our role as co-chair in 2016 (*see p. 137*).

Increasingly, our focus will be on implementing the Paris Agreement objectives through more support for developing countries, building our international partnerships and working with the private sector. This work has begun: we delivered our \$200 million climate aid commitment for 2015–16 and have supported countries in our region build capacity. Australia also signed the Paris Agreement in April 2016 and we are moving to ratify it and the Kyoto Protocol second commitment period.



Building economic connections between indigenous peoples in Australia and the world



Four Corners of the World, created by Emma Kerslake, a Palawa artist from the East Coast of Tasmania, was commissioned by the department in 2016 and is exhibited as an integral part of the department's permanent collection in Canberra. [REPRODUCED UNDER LICENCE FROM THE ARTIST]

In August 2015, the department released its first Indigenous Peoples Strategy, embedding indigenous issues as a priority in our foreign, economic and trade policy, public diplomacy, aid and internal corporate management programs.

Under the strategy, we advanced new activities to promote the economic interests of Indigenous Australians and indigenous peoples around the world. We focused on facilitating connections between Indigenous Australian business leaders and indigenous leaders in the region.

The department funded Warren Mundine, Chair of the Prime Minister's Indigenous Advisory Council, to attend APEC's Business Advisory Council meeting in Papua New Guinea in April 2016. Mr Mundine highlighted the importance of indigenous business to the economic and social prosperity of the APEC region and discussed the impact of the extractives industries on

indigenous communities. He shared lessons from the growth of Australia's indigenous small to medium-sized enterprise sector at a Pacific Leadership and Governance Precinct event.

In Papua New Guinea, the department contracted i2i Development, an Indigenous Australian owned business, to support indigenous communities in East New Britain province. The investment supported cocoa farmer co-operatives to take advantage of international trade opportunities. i2i Development is demonstrating that Indigenous Australian businesses have a unique ability to advance Australia's aid program objectives and economic diplomacy interests. Indigenous Australians are able to assist other indigenous peoples in the region who are seeking to establish businesses, take control of their own futures and deliver social and economic benefits for their entire communities.

Gender Equality and Women's Empowerment

The Minister for Foreign Affairs and the Ambassador for Women and Girls launched the department's first Gender Equality and Women's Empowerment Strategy on 29 February 2016. It sets three priorities to apply across every aspect of the department's work: ending violence against women and girls; promoting women's economic empowerment; and enhancing women's participation in leadership and peacebuilding.

We collaborated with key allies to defend and progress women's empowerment at the Commission on the Status of Women, the Commonwealth Heads of Government Meeting, the World Humanitarian Summit, the Women Deliver Conference and the APEC Women and the Economy Forum. Inaugural annual high-level consultations enhanced our strategic dialogue with UN Women and helped secure greater effectiveness and impact from our funding.

We coordinated Australia's input to the UN review of the implementation of the Security Council Resolution 1325 on women, peace and security, and supported Security Council Resolution 2242 strengthening women's voice and participation in peace-building processes. We teamed with civil society and peak advocacy groups to promote the elimination of violence against women at

White Ribbon and International Women's Day events, domestically and internationally.

The department initiated the new \$50 million Gender Equality Fund, including \$14.5 million for 21 investments across the Indo-Pacific region. These included: supporting women survivors of violence in Afghanistan to reintegrate into the community; working with the garment sector in South and Southeast Asia to improve labour standards and reduce gender-based discrimination; and promoting the role of women in responding to the impacts of climate change in the Pacific. We launched the Investing in Women Initiative, a \$46 million program to promote the economic empowerment of women in Indonesia, Vietnam, the Philippines and Myanmar.

The department continues to make steady progress towards our 80 per cent target that all aid investments effectively prioritise gender equality, achieving 78 per cent in 2015–16.

In addition to her central role at multilateral meetings, the Ambassador for Women and Girls visited 13 countries to advance Australia's work on combatting violence against women and girls, and promoting women's political and economic participation.

ANALYSIS AND OUTLOOK

The multilateral system serves Australia's interests by maintaining a global order based on strong norms, rules and international law. While some international problems can only be addressed effectively through multilateral responses, the system is facing significant challenges.

The international environment is complex, with the lines between international and domestic issues becoming more blurred. Some countries are contesting certain norms, international law and the legitimacy

of aspects of the post-World War II global order. The UN system requires significant internal reform if it is to remain effective.

Against this backdrop, it will be challenging to secure strong outcomes. Adroit diplomacy will be required for the department to shape developments consistent with Australia's interests.

The election of a new UN Secretary-General will provide a chance to push again for internal administrative and budgetary reform. The department will continue to



support efforts to revamp the Security Council but progress will be hard given entrenched positions. We will finalise partnerships with UNICEF and the UN Development Programme. We will also work with the new Commonwealth Secretary-General to revitalise the Commonwealth.

Working with like-minded countries, the department will resist efforts by some states to erode important human rights, including in relation to human rights defenders, gender equality and LGBTI people. With the vote due in October 2017, we will step up our bid for a seat on the Human Rights Council, highlighting Australia's commitment to gender equality, the rights of indigenous peoples and capacity building. France and Spain are presenting strong competition for the two available Western European and Others Group seats.

We will continue to implement the Indigenous Peoples Strategy, including by influencing international policy and assisting Australian Indigenous businesses to take advantage of opportunities in the global economy.

Implementing the Gender Equality and Women's Empowerment Strategy remains a priority. We will use the Gender Equality Fund to prioritise innovative activities that help to break down gender norms that perpetuate inequality.

The department will intensify efforts to bring government, business and civil society together to unlock global climate finance and position Australia to capitalise on opportunities for trade and investment that arise from the transition to a lower emissions, climate resilient global economy in line with the Paris Agreement on Climate Change.

We will continue to strengthen regional cooperation in combating human trafficking and slavery, including through implementing Bali Process outcomes and the program of activities under the working groups.

The department will continue to promote adherence to international law and the peaceful resolution of disputes. We will augment efforts to strengthen protections afforded to detainees in non-international armed conflict and continue to work on a global international humanitarian law compliance mechanism. We will also work to enhance Australian efforts to combat and strengthen regional responses to illegal, unregulated and unreported fishing.

Securing justice for the families of the victims of the downing of MH17 remains an important priority.

The department will defend legal actions brought by Timor-Leste, including two arbitrations. We will advocate Australia's interests during the non-binding conciliation process on maritime boundaries under the UN Convention on the Law of the Sea, the first of its kind. Maintaining a strong Antarctic treaty framework will remain a high priority. We will continue to lead on negotiations for a treaty on biodiversity beyond national jurisdiction.

The department will help implement an international engagement strategy to disrupt the trafficking of 'ice' and precursor chemicals in the Indo-Pacific region, as part of the National Ice Action Strategy. Stronger cooperation with countries that still impose the death penalty for drug-related offences will remain a challenge. We will work collaboratively to prepare for reviews in 2017 of Australia's implementation of its obligations under the UN Convention against Corruption and the OECD Anti-Bribery Convention.

We will shape legal and policy responses which enable effective sanctions measures while reducing burdens on business. We will conduct targeted outreach to Australian companies and other stakeholders to facilitate compliance with sanctions law.

INTERNATIONAL SECURITY, NUCLEAR DISARMAMENT AND NON-PROLIFERATION

○ NOT MET ◐ PARTIALLY MET ● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.1 (PBS p. 37)

The department's advocacy, negotiation and liaison on Australia's foreign, trade and economic, development and international security interests contributes positively to bilateral, regional and multilateral outcomes that help ensure the security and prosperity of Australia and Australians.



Then Assistant Secretary Strategic Issues and Intelligence Branch Ian Biggs (2nd right), Strategic Issues and Intelligence Branch staff and ADF personnel after observing ADF firepower and capability demonstration, Exercise Chong Ju, Puckapunyal, 22 October 2015. (L. to R.): MAJ Phil Hickey, LTCOL James Kerr, Tara Leaney, Michelle McKendry, Jane Bartlett, Iain Slater, Ian Biggs, COL Andrew Dawes. [LTCOL Mark O'Neill]



OVERVIEW

IN A YEAR IN WHICH THE GLOBAL SECURITY ENVIRONMENT CONTINUED TO DETERIORATE, THE DEPARTMENT MADE A SIGNIFICANT CONTRIBUTION TO AUSTRALIA'S INTERNATIONAL SECURITY EFFORTS.

Terrorism continued to cast a shadow. The department supported Australia's international engagement and advocacy on counter-terrorism issues through regional and multilateral forums, as well as bilateral consultations with Singapore, Malaysia, Turkey and France.

As co-chair of the ASEAN Regional Forum's (ARF) counter-radicalisation priority area and the vice-chair of the APEC Counter-Terrorism Working Group, the department helped influence regional responses to terrorism. With Indonesia, we co-hosted a plenary meeting of the Global Counter-Terrorism Forum which highlighted policy and legal challenges associated with the management of terrorist prisoners. As a member of the counter-Daesh coalition and its Finance Working Group, we promoted a coordinated response to Daesh and the threat of foreign terrorist fighters.

The department contributed to efforts to counter extremist narratives. We listed individuals and groups under Australian and UN sanctions regimes and delivered programs to build counter-terrorism, law enforcement and intelligence capability in South and Southeast Asia and Africa.

Cyber issues featured prominently on the international security agenda. The department contributed to the Government's Cyber Security Strategy, released in April 2016, which is designed to enhance Australia's global responsibility and influence in this area. Although not a member of the UN Group of Governmental Experts on Cyber in 2014–2015, we supported the work of the Group to develop norms for responsible state behaviour in cyberspace in other forums.

We contributed to the ARF's effort to promote cyber security confidence-building measures and strengthen regional capacity to handle cyber threats. We also raised cyber norms in bilateral cyber policy dialogues with China and India, and through the G20.

The department provided foreign policy and strategic advice on issues considered by the National Security Committee of Cabinet, the Secretaries' Committee on National Security and the National Intelligence Coordination Committee.

We engaged closely with the Department of Defence in the finalisation of the 2016 Defence White Paper.

As Australia Group Chair, we led outreach efforts to regional countries to advocate robust export control arrangements to prevent the proliferation of chemical and biological agents for use in weapons of mass destruction (WMD) programs and by terrorist groups.

Under the Trilateral Strategic Dialogue with the United States and Japan, we continued to advance policy cooperation through meetings of working groups, including on the Pacific and Southeast Asia.

The fourth nuclear test and ongoing ballistic missile launches by North Korea, and North Korean proliferation networks, represent a direct threat to peace and stability. The department implemented targeted activities, including with close partners, to disrupt the illegal trade which financially underpins North Korea's nuclear program. Chemical weapons use in Syria by the regime and non-state actors is a grave challenge to the long-standing prohibition against WMD use. The nexus between proliferation and terrorism remains a serious concern. Using our role as chair of the Australia Group and close links to the chairs of the other global arms control regimes, the department fine-tuned export control mechanisms to more effectively contain the spread of WMD know-how and technology to non-state actors. We supported India's bid for membership of export control regimes, including through advocating India's credentials for membership.

As an International Atomic Energy Agency Board member, we helped resolve issues related to Iran's nuclear program, facilitating the implementation of the Joint Comprehensive Plan of Action.

Through the Non Proliferation and Disarmament Initiative and other forums, we continued to promote early entry into force of the Comprehensive Nuclear-Test-Ban Treaty. Despite delays to entry into force, the treaty underpins the global norm prohibiting nuclear testing.

The department managed Australia's engagement in conventional arms control regimes and agreements, including contributing to the debate on the development and use of lethal autonomous weapons systems and their compliance with international humanitarian law.

In the UN Committee on the Peaceful Uses of Outer Space, we advocated strongly for guidelines for international cooperation on space debris, space weather monitoring and access to satellite orbits and radio spectrum.

RESULTS

Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions



Philippine Office of the Special Envoy on Transnational Crime representative, Raison Arobinto, and Philippine National Police representative, Lea De Guzman, present on preparations for ATT implementation, Southeast Asia workshop on the ATT, Bangkok, 4 April 2016. [UNRC PD/Vinai Dithajohn]

CASE STUDY ARMS TRADE TREATY

Building on our leadership in negotiating the Arms Trade Treaty in 2013 and bringing it into force in 2014, the department intensified efforts in 2015 towards effective implementation, especially among countries in our region.

Co-operating with the United Nations, regional organisations and civil society groups, we co-funded and participated in four workshops bringing together key government, policy, technical and military officials from our region to examine specific legislative and operational changes needed to set up well-functioning arms trade controls, compliant with the treaty. Participants included policy and technical officials from a range of countries in our region.

Combining diplomatic advocacy with provision of technical expertise to meet legal, export control, border control and reporting challenges, we assisted neighbouring states move towards ratification of and accession to the Arms Trade Treaty. We contributed \$499,000 toward the UN Trust Facility Supporting Cooperation on Arms Regulation, bringing our total contributions to this fund since 2013 to \$2.7 million. Our assistance helped strengthen global norms of control over trade in conventional weapons and prevent dangerous accumulation and proliferation of illicit arms in our region.



Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions



Ambassador for Counter-Terrorism Miles Armitage (8th left, back), keynote speaker Roger Wilkins AO (left), National Manager International Operations Australian Transaction Reports and Analysis Centre, John Visser (6th left, front), with departmental staff and delegates, MIKTA Meeting of Experts on Anti-Money Laundering and Counter-Terrorism Financing, Melbourne, 30 April 2016. [MAN WITH A CAMERA PHOTOGRAPHY/Simon Woodcock]

CASE STUDY HARNESSING INTERNATIONAL COOPERATION TO STRENGTHEN THE MANAGEMENT OF TERRORIST PRISONERS

The effective management of terrorist prisoners is a key factor in countering the growing threat from terrorism in Australia's region and globally. There is increasing international recognition of the potential for prisons to become 'incubators of radicalisation' and for terrorist prisoners to expand their networks and plan terrorist attacks. The January 2016 terrorist attacks in Jakarta were orchestrated from prison.

As co-chair (with Indonesia) of the Global Counter-Terrorism Forum Detention and Reintegration Working Group, the department designed and piloted an innovative training program aimed at reducing the risk of prisoner radicalisation and managing terrorist prisoners more effectively.

We trialled the program in Kenya (February 2016) and Indonesia (May 2016) where a cohort of 25–30 corrections officers were trained on how to identify and respond

to radicalisation in prisons. Feedback on the training program was overwhelmingly positive and it has now been incorporated into the core curriculum at Kenya's prison training college. Our program also attracted significant interest from other partners with the United Kingdom and the Netherlands providing financial support.

The success of the training program has demonstrated the value of avoiding a 'one-size-fits-all' approach towards counter-terrorism capacity building. We learned that we could improve buy-in from recipient countries if training content was sufficiently flexible to be tailored to country-specific circumstances. The department will look for opportunities to shape appropriate training for other groups in the year ahead as part of our counter-terrorism agenda.

Strengthening international frameworks and norms that promote human rights, gender equality, democratic principles and the rule of law, international security, and open and transparent global markets



CASE STUDY INTERNATIONAL SECURITY AND CYBER

Cyberspace offers unprecedented opportunity. But cyber threats are serious and growing. The borderless and interconnected nature of cyberspace means that no country can address the threats alone.

Over the past year, the department has worked with a range of countries, bilaterally and in multilateral and regional forums, to progress the development of a common understanding of the rules that apply to cyberspace. In our joint AUSMIN statement with the United States, Australia endorsed the consensus report of the 2014–15 UN Group of Governmental Experts on Cyber. Australia also reiterated the view that no country should conduct or knowingly support cyber-enabled theft of intellectual property,

including trade secrets or other confidential business information to provide commercial competitive advantage. This approach was previously agreed by the United States and China and endorsed by G20 leaders.

In recognition of our strong credentials in this field, a departmental officer will participate on the next Group of Governmental Experts on Cyber, following an invitation to Australia by the UN Secretary-General. The group will further elaborate how international law applies to states' conduct in cyberspace and continue its work on confidence building measures. The department plans to use this as an opportunity to reinforce global norms in cyberspace and to contribute to the growing international consensus in this priority area.



ANALYSIS AND OUTLOOK

Complexity and uncertainty characterise the Indo–Pacific strategic environment. The department’s contribution to the Government’s new Defence White Paper and cyber strategy, and to dialogues on maritime security, highlighted foreign policy challenges and opportunities for Australia and the region. We will continue to promote a rules-based international order as key to regional security and prosperity. Enhancing engagement with regional partners and institutions including through forums such as the EAS, ARF and Trilateral Strategic Dialogue will remain a priority.

The threat of terrorism in our region grew over the past year. This was underscored by the Daesh-sponsored terrorist attack in Jakarta on 14 January 2016. Daesh’s operational and ideological influence in Southeast Asia is increasing and the reach of Daesh and its affiliates, including in the Indian Ocean rim, is further cause for concern. The prospect of home-grown terrorists and the international movement of terrorists reinforce the importance of cooperation with partners in Southeast Asia, Europe and the Middle East.

The department succeeded in strengthening Australia’s bilateral engagement with Malaysia, Indonesia, the Philippines and Singapore and pushed for a stronger regional and global response to the increased threat posed by foreign terrorist fighters. We also promoted new approaches to countering violent extremism through the Global Counter-Terrorism Forum and under the framework of the UN Secretary-General’s Plan of Action to Prevent Violent Extremism.

Notwithstanding a continued geopolitical divide on key issues on the international cyber agenda, the department’s work in the ARF led to ministers adopting the first work plan on ICT security. We will continue to focus international effort to address the challenges posed by cyberspace, particularly through multilateral and regional forums. International engagement on cyber issues is one of the three governance pillars of the Government’s new Cyber Security Strategy.

In 2016–17, we will support the new Ambassador for Cyber Affairs and develop an international cyber engagement strategy and a cyber cooperation program.

SERVICES TO OTHER AGENCIES IN AUSTRALIA AND OVERSEAS

(INCLUDING PARLIAMENT, STATE REPRESENTATIVES, BUSINESS AND OTHER ORGANISATIONS)

○ NOT MET ◐ PARTIALLY MET ● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.1 (PBS p. 37)

The department's advocacy, negotiation and liaison on Australia's foreign, trade and economic, development and international security interests contributes positively to bilateral, regional and multilateral outcomes that help ensure the security and prosperity of Australia and Australians.



High level of satisfaction of Ministers and high-level clients with the quality and timeliness of advice, briefing and support in relation to Australia's foreign, trade and economic, development and international security interests.



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.



Prime Minister Malcolm Turnbull tours a main street market in Jakarta with Indonesia's President Joko Widodo, during his visit to Indonesia, 12 November 2015. [DFAT/Timothy Tobing]

OVERVIEW

THE DEPARTMENT PROVIDED HIGH-QUALITY SUPPORT TO PARLIAMENT, MINISTERS AND ASSISTANT MINISTERS.

We assisted with overseas travel in support of whole-of government policy objectives often under significant time pressures. Portfolio ministers and their staff appreciated the quality and timeliness of our policy advice and logistical assistance, including our day-to-day support for the operations of their offices.

Facilitating senior-level decision-making and communicating the Government's policies to domestic and international audiences are fundamental to our efforts to advance Australia's interests and shape the international environment. The department actioned 11,944 items of ministerial correspondence, prepared 34 Cabinet submissions, while contributing to a further 147, and produced 1,202 ministerial submissions and 60 Cabinet briefings. We met our obligations in supporting parliamentary committees.

To better manage parliamentary and executive information, we successfully introduced the whole-of-government Parliamentary Document Management System (PDMS). In doing so, we were the first department to implement PDMS on a classified system.

Speeches are a major vehicle for disseminating Australian foreign, development and trade policy and our unique perspective on global trends and events. The department drafted or contributed to around 170 speeches for delivery in Australia and overseas by portfolio ministers, the Secretary and executive.

We continued to provide corporate enabling and support services to other agencies with a presence at DFAT-managed posts to assist efficient administration and avoid operational and financial duplication. Under the Service Level Agreement, the department delivered financial, office, human resources, property and fleet management services on a cost-recovery basis to 25 government departments and agencies, including the New Zealand Government (*see Appendix 9, pp. 231–2*).

The department's state and territory offices continued their important role with domestic constituencies, promoting a better understanding of Australia's foreign, trade and development policies. Throughout the year, the offices worked with Austrade and other agencies to promote trade and investment, provided advice to inform policy making and applied their local knowledge and extensive networks to advance policy objectives. The offices also delivered briefings for government representatives and businesses, facilitated trade and investment missions and assisted state governments develop their international priorities and activities.

RESULTS

Promoting a stable and prosperous regional and global environment by cultivating and deepening our engagement with bilateral and regional partners and multilateral institutions



Minister for Trade and Investment Steven Ciobo speaks at the Health and Aged Care Seminar, Australia Week in China, Beijing, 11 April 2016. [AUSTRADE]

CASE STUDY SUPPORTING MINISTERIAL TRAVEL

Facilitating travel for ministers to different corners of the globe and organising productive meetings with counterparts is a key focus for the department and our global network.

We undertake this work because ministers cultivate and deepen Australia's engagement with bilateral and regional partners and with multilateral institutions. They are a force multiplier for Australia's contribution to global stability and economic growth.

For much of 2015–16, the department supported four ministers. We arranged 44 visits by our portfolio ministers to 36 countries for a combined duration of 271 days. We booked cost-effective flights and accommodation, arranged airport facilitation and ground transport, identified strategic objectives, prepared briefs and speeches, and managed meetings and events. Often our portfolio ministers travelled abroad simultaneously.

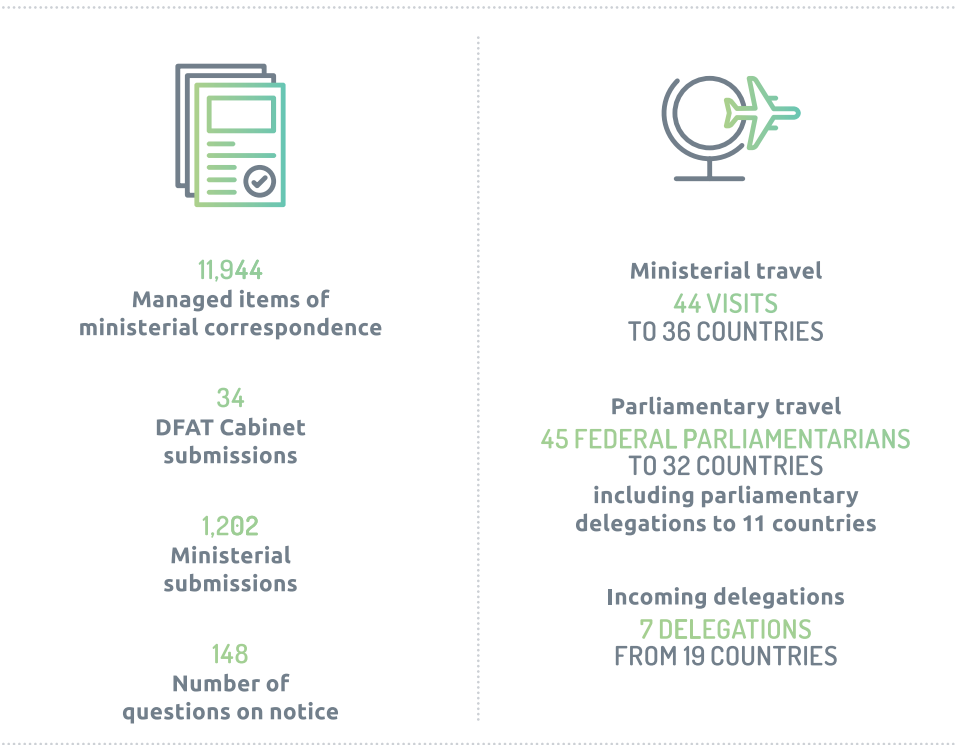
The department worked with the Department of the Prime Minister and Cabinet to support eight prime ministerial visits overseas to a total of 15 countries. In addition, we assisted 45 federal parliamentarians to travel to 32 countries. This included parliamentary delegations to 11 countries. We also assisted five former prime ministers with 45 visits to 26 countries. The department received excellent feedback on our efforts.

Each ministerial visit confirmed the value to effective diplomacy of physical proximity and personal connection. While the digital age has delivered increased interconnectedness, our experience shows that there is no substitute for a face-to-face ministerial meeting when finalising a trade negotiation or securing support for a multilateral agreement.

We will continue to refine our processes for supporting ministers overseas and enabling them to represent Australia effectively on the global stage. This year we digitised our pre-departure booklets, delivering a more up-to-date product and saving \$11,500.



Figure 18: Services to the Australian Parliament



STAFF PROFILE

Lucy Du

Research, Visits and Public Diplomacy Officer, Shanghai



As a locally engaged staff at the Consulate-General in Shanghai, I play a key role in supporting ministers, senior officials, business leaders and academics visiting Shanghai.

Our team provides a suite of services to ensure a minister’s visit goes smoothly. We manage everything from VIP facilitation at the airport, arrangements for high-level meetings, accommodation, dinner engagements, and cultural site visits.

This year the department hosted Australia Week in China—Australia’s largest ever business mission to China. I researched historical links between Australia and Shanghai dating back to the 1920s.

My findings were used in briefing materials for senior delegation members and were included in Prime Minister Turnbull’s keynote speech to 1,900 guests at the gala lunch. The points resonated deeply with the Chinese audience and demonstrated the longstanding connections between Australia and China.

Ministers and senior officials don’t have to worry about logistics or organisational issues in country because my team are here to put those arrangements in place. Our work on the ground makes it easier for ministers and senior officials to get down to the business of further advancing our bilateral relations with China.

Building personal networks and institutional links to enhance Australia's influence, reputation and relationships internationally and promote Australia's economic, cultural, educational, scientific and other national assets

CASE STUDY STATE AND TERRITORY OFFICES SUPPORT TRADE AND INVESTMENT IN SCIENCE AND INNOVATION

Our state and territory offices promote Australia as a centre of world-leading innovation, research, science and technology and work to create opportunities for international collaboration, exchange and partnerships, and inward investment.

In June 2016, the Victorian state office hosted members of the consular corps for an innovation tour of Victoria. The diplomats visited world-leading projects in biotech innovation and health research and care, including the new \$1 billion Victorian Comprehensive Cancer Centre, and some of Melbourne's most successful co-working spaces, accelerator programs and start-up initiatives. In Ballarat and Geelong, we showcased innovations in frontier materials and virtual reality, and how investments in education can support a culture of entrepreneurship and research commercialisation.

The visit highlighted Australia's capacity for economic re-invention, as regional cities increasingly move from traditional industries to jobs built on the new economy of information and creativity. As a result of the visit, international partnerships are now being established in areas of virtual reality, cyber security and strategic urban planning.

The Western Australian state office included a science and innovation focus for all international visitors in 2015–16. For example, it showcased the Square Kilometre Array (SKA) global radio telescope project, northeast of Geraldton, and the Pawsey Supercomputing Centre in Perth to the former Indian Minister of State for Communications and Information Technology, and to 10 international media visitors.

Professor Peter Quinn, Executive Director of the International Centre for Radio Astronomy Research, said the efforts of the state office had 'helped enhance Australia's position in the international SKA program and our efforts to raise the international profile of WA scientists, researchers and innovators'.

Both these activities show the important role that the department's state and territory offices play in building Australia's international reputation and influence. As the department looks to raise Australia's profile in these areas in the future, the department's domestic network will continue to play a key role.



Policy Planning Branch

Policy Planning Branch (PLB) works with geographic and other divisions to examine and make recommendations on medium to longer-term policy issues. It looks ahead of the current—or daily—policy debates and covers a range of sometimes overlapping areas of interest. The branch encourages strategic thinking through ‘Big Picture’ lunchtime forums and a Big Picture blog on the department’s intranet. It works to broaden thinking across the department on global and regional issues and ideas and how these impact on Australia.

In 2015–16, PLB wrote more than 30 policy papers on issues from business and human rights to cyberspace, multilateralism and Antarctica. It held 17 lunchtime forums featuring a range of speakers including the editor of Foreign Policy, David Rothkopf, development economist, Martin Ravallion, and counterinsurgency expert, David Kilcullen. More than 1,300 staff subscribed directly to PLB’s Big Picture blog, receiving a weekly reading pack of articles taken from international journals, newspapers and blogs; internal PLB policy papers; ‘explainers’; and snapshots of academic articles on foreign policy, trade and development issues.

ANALYSIS AND OUTLOOK

Demand for support services for our ministers will likely intensify as the Government pursues an extensive agenda in the overseas environment. We can expect ministers to maintain a high-tempo travel schedule. We will continue to work with our ICT specialists to develop technical solutions that enable ministers to have secure communications and remote access to classified material while travelling.

In 2016–17, we will adopt additional PDMS modules to achieve further efficiencies in managing parliamentary and executive information.

Supporting other agencies overseas will remain an important element of our work, particularly as they broaden their engagement with foreign governments, institutions, NGOs, industries and the corporate sector. We will continue to improve service delivery by renegotiating the SLA to provide streamlined billing processes and a more equitable cost recovery model.

State and territory offices will help drive implementation of the department’s economic diplomacy agenda through strengthened relationships with state governments and the private sector, and focused effort on assisting businesses to utilise Australia’s free trade agreements.

SERVICES TO DIPLOMATIC AND CONSULAR REPRESENTATIVES IN AUSTRALIA

○ NOT MET ◐ PARTIALLY MET ● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.1 (PBS p. 37)

The diplomatic and consular corps posted or accredited to Australia are satisfied with the level of service provided, including in terms of responsiveness and timeliness in meeting Australia's obligations under the Vienna Conventions.



Deputy Secretary Justin Brown PSM (right) representing the Foreign Minister, and Chief of Protocol Lyndall Sachs (left), following presentation of credentials by the Ambassador of the Republic of Korea, HE Mr Kyoung-ha Woo (2nd left), to Governor-General Sir Peter Cosgrove AK MC (Retd) (centre), with Official Secretary to the Governor-General, Mark Fraser (back left), Mrs Jinah Lee (3rd right), and Lady Cosgrove (2nd right), supported by staff of the Embassy of the Republic of Korea and Aide-de-Camp (RAAF) to the Governor-General, Canberra, 22 June 2016. [DFAT/Andrew Taylor]



OVERVIEW

THE GROWTH OF THE DIPLOMATIC AND CONSULAR CORPS IN AUSTRALIA GAVE THE DEPARTMENT ADDITIONAL AVENUES THROUGH WHICH TO ACHIEVE OUR BILATERAL, REGIONAL AND MULTILATERAL FOREIGN POLICY AND ECONOMIC DIPLOMACY OBJECTIVES.

Our professional delivery of protocol services ensured compliance with Australia's obligations under the Vienna Conventions on diplomatic and consular relations and assisted the work of foreign diplomatic and consular posts in Australia. It also provided an important first impression of the department and Australia.

The department facilitated the establishment of one new high commission (Zambia) in Canberra, one new consulate (China) in Adelaide, and five new consulates headed by honorary consuls around the country. We provided services to 106 diplomatic missions, 41 non-resident diplomatic missions, and 364 consular posts; representing 165 countries and 13 international organisations.

We administered formalities for the appointment of diplomatic and consular staff accredited to Australia, including issuing 3,009 diplomatic visas. We provided services relating to privileges and immunities, such as airport facilitation for foreign dignitaries, taxation, employment issues, customs and quarantine, diplomatic property and motor vehicle registration.

We managed ceremonial and representational functions for the corps, including credentials ceremonies for 29 incoming heads of mission (HOMs). We also represented the Government at 79 national day celebrations. The Secretary's annual end-of-year reception was attended by over 400 guests from the diplomatic corps, academia, media and civil society. A record number of the Canberra-based diplomatic corps travelled to Tasmania

as part of the Foreign Minister's annual visit to a regional centre to showcase the state's innovation in education, business and technology.

Working closely with law enforcement agencies, the department continued to send a strong message to the corps that abuses of privileges and immunities were unacceptable, and to remind them of their obligations to respect Australian laws, including in relation to traffic violations and drink driving. We took action, consistent with our international obligations, against the small number of breaches, managing several sensitive cases involving members of the corps or their families, including seeking waivers of immunities.

We worked closely with the Australian Federal Police and the Attorney-General's Department to provide advice and assistance to diplomatic missions on security matters. We developed new ways to improve the coordination of security and airport arrangements for visiting foreign dignitaries.

The department strengthened protections for private domestic workers employed in Australia by the corps and ensured that contracts between private domestic workers and their employers met Australian standards of wages and employment conditions. We also met individually with new private domestic workers to explain their rights.

We finalised more flexible property leasing arrangements in Canberra, including co-location of diplomatic missions, sub-division of blocks allocated to missions and use of commercial building space, which have been welcomed by the corps. We concluded construction and renovation agreements with Japan, Colombia, Pakistan, Cyprus and Finland, which will allow Australia to receive tax concessions when constructing or renovating diplomatic premises in these countries.

We negotiated reciprocal arrangements with Nigeria and Kosovo that would allow dependants of DFAT officers posted to those countries to work locally, taking the total number of agreements to 46.

RESULTS

Building personal networks and institutional links to enhance Australia's influence, reputation and relationships internationally and promote Australia's economic, cultural, educational, scientific and other national assets



Secretary Peter Varghese AO (7th left, front), Chief of Protocol Lyndall Sachs (2nd right, front), Minister for Foreign Affairs Julie Bishop (centre, front), and heads of foreign missions, visit LifeRaft Systems Australia, Derwent Park, Tasmania, 28 April 2016. [OSBORNE IMAGES/Nick Osborne]

CASE STUDY DIPLOMATIC CORPS VISIT TO TASMANIA

In a sign of their strong interest in economic opportunities on offer in regional Australia, 81 Canberra-based HOMs travelled with the Foreign Minister to Hobart and Launceston in Tasmania in April 2016. This was the largest ever visit by members of the corps to a state or territory. The department organised the visit to showcase Tasmania's rich arts and culture, innovative maritime and scientific industries, economic opportunities and enterprising agricultural and local businesses.

The HOMs experienced firsthand the contribution that the Museum of Old and New Art has made to the resurgent tourism industry in Tasmania. They met with representatives from local and international scientific research organisations to learn about Tasmania's role as the 'gateway to the Antarctic'. The corps also visited the Australian Maritime College in Launceston, which highlighted Australia's expertise in highly-specialised

tertiary education with strong links to global industries. A visit to Cataract Gorge demonstrated the state's eco-tourism and environmental credentials.

With its strong economic diplomacy focus, HOMs met with a broad range of local businesses showcasing Tasmania's growing entrepreneurial business and investment environment. The opportunity to foster overseas networks, increase brand recognition, and expand international linkages was welcomed by the visitors and businesses alike.

The visit successfully promoted Tasmania's economic, cultural, education and scientific assets to an influential international audience, helped cultivate personal networks and strengthened institutional links. In view of the very positive feedback, we will develop further visit programs to regional destinations to showcase Australia's economic opportunities.



Greater property flexibility for diplomatic missions



Deputy Secretary Ric Wells (centre) with Ambassador of Estonia Mr Andres Unga (left), Minister of Foreign Affairs of Estonia Ms Marina Kaljurand (right), and Ambassador of Finland Mr Pasi Patokallio (observed), formal opening of the Embassy of Estonia, Canberra, 29 February 2016. [ESTONIA MINISTRY OF FOREIGN AFFAIRS]

With the growing number of countries seeking to open diplomatic missions in Canberra, the department needed innovative solutions to match demand with the shortage of available land. Working closely with the National Capital Authority, in October 2015 we successfully secured the amendment of an ordinance dating from 1925 governing diplomatic leases on National Land in Canberra. Diplomatic missions may now co-locate and sub-lease parts of their land to other missions.

This change has been warmly welcomed by the diplomatic corps in Canberra at a time when many countries are looking for cost-effective ways to expand their global diplomatic network. In February 2016, the embassies of Finland and Estonia became the first missions to co-locate on National Land. The new arrangements mirror Australia's own operations overseas, such as in Kyiv where Australia and Canada co-locate our embassies.

Table 1: Services to diplomatic and consular representatives in Australia

	2013–14	2014–15	2015–16
Number of Canberra-based representatives*	1,862	2,060	2,025
Number of representatives outside of Canberra**	1,700	1,876	1,889
TOTAL	3,562	3,936	3,914
Number and category of services provided:			
visas issued for the corps	3,047	3,051	3,009
arrivals and departures processed	2,906	2,542	2,785
identity cards issued	1,793	1,659	1,761
presentation of credentials/letters of introduction***	30	29	29
exequaturs issued (official recognition of an honorary consul authorising them to exercise office)	18	17	25
facilitation of purchase, registration and disposal of cars by privileged personnel	1,072	1,141	1,015
requests processed for foreign awards to Australian citizens	5	13	17
requests processed for dependants seeking permission to work	69	79	78
approvals for new foreign missions in Australia (includes diplomatic missions, consular posts and offices of international organisations)	15	9	5
approvals for defence advisers/attachés and deputies	24	13	33

* This includes representatives based in Canberra from embassies, high commissions, international organisations and overseas missions (Hong Kong Economic and Trade Office, General Palestinian Delegation and Taiwan Economic and Cultural Office).

** This includes representatives based in states and territories from embassies, high commissions, international organisations and overseas missions (Hong Kong Economic and Trade Office, General Palestinian Delegation and Taiwan Economic and Cultural Office).

*** Letters of introduction are presented by countries with which Australia shares a head of state.

ANALYSIS AND OUTLOOK

The department's protocol services continued to receive good feedback from the corps. With many complex and diverse questions from a growing diplomatic and consular corps, missions expressed satisfaction with the department's responsive and pragmatic approach to concerns relating to immunities and protections. Foreign officials charged with establishing new embassies or consular posts welcomed our support and guidance in post opening procedures.

Delivering high quality advice and services relating to visas, accreditation and other protocol services within clear timeframes remained a priority. Our arrangements for the arrival and presentation of new resident and non-resident HOMs attracted positive comment, as did our prompt assistance with documentation and introductory calls.

We postponed the rollout of a Protocol Online Services portal to enable redeployment of vital ICT-related resources to other departmental priorities but will continue to explore options to improve efficiency and data integrity.

The department will continue to provide service excellence, including responding to the corps' security concerns, negotiating tax concessions, and processing vehicle purchases and registrations. We will expand the network of bilateral arrangements allowing dependants of DFAT staff on posting overseas to work locally.

We will continue to look at ways to strengthen enforcement of traffic infringements by the diplomatic corps given the impact of such infringements on safety in the community. We will work with other agencies to develop targeted information and advice to the corps on their obligations towards local staff and private domestic workers.



PROGRESS AGAINST AUSTRALIA'S DEVELOPMENT POLICY AND PERFORMANCE FRAMEWORK

○ NOT MET ◐ PARTIALLY MET ● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.2 (PBS p. 39)

Achievement of significant development results and demonstrated organisational effectiveness, including progress towards the strategic targets contained in the Australian aid program's performance framework, *Making Performance Count*.¹



Detailed reporting against the performance framework, including individual program and investment performance, will be published annually in the *Performance of Australian Aid* report.²



¹ KPIs for 2013-14 and 2014-15 did not include reference to the framework 'Making Performance Count'.
² New KPI for 2015-16.



Inclusive cooking and hygiene training for market vendors, funded by the DFAT Skills for Economic Growth Program, Santo, Vanuatu.
[DFAT/Elton Barley]

OVERVIEW

AUSTRALIA'S AID PROGRAM CONTRIBUTES TO SUSTAINABLE ECONOMIC GROWTH AND POVERTY REDUCTION BY SUPPORTING ECONOMIC AND HUMAN DEVELOPMENT, WITH A FOCUS ON THE INDO-PACIFIC REGION.

The program is implemented in line with the Government's aid policy, *Australian aid: promoting prosperity, reducing poverty, enhancing stability* and performance framework, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*.

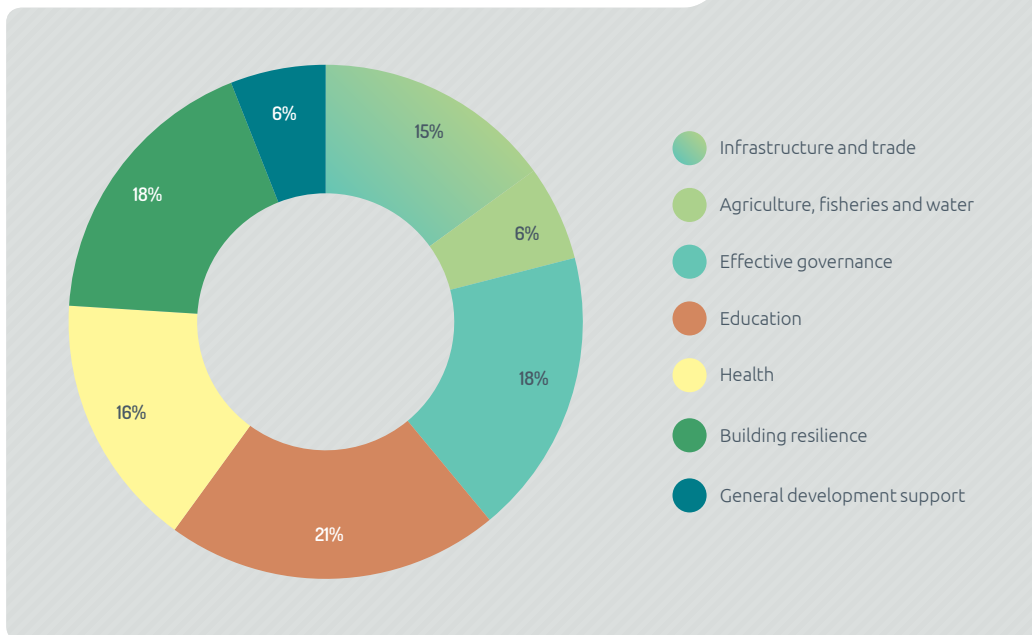
The department continued reshaping the aid program in accordance with the six priority areas of the aid policy framework. We developed new strategies to guide investments in aid for trade, economic

infrastructure, education, gender equality, humanitarian assistance, private sector development and social protection. We supported over 1,300 Australians to volunteer in the region to achieve sustainable development outcomes in priority sectors.

We published Aid Investment Plans for 25 country and regional programs in line with partner government priorities. The plans identify the focus of Australian assistance in each context. In fast-growing middle income countries we continued transitioning Australian support from development to mutually beneficial economic partnerships.

We delivered an estimated \$3.723 billion of Official Development Assistance (ODA) and delivered strong results across all priority areas. The *Performance of Australian Aid* report for 2015–16, to be published in early 2017, will provide comprehensive information on results across the aid program.

Figure 19: Estimated department ODA by sector, 2015–16



INFRASTRUCTURE, TRADE FACILITATION AND INTERNATIONAL COMPETITIVENESS

Our aid for trade investments, which span a number of sectors, comprised 16.5 per cent (an estimated \$613.3 million) of the department's ODA and prioritised regulatory reform to facilitate more efficient market processes in developing countries. We published the *Strategy for Australia's Aid for Trade Investments* to guide our work in this area.

ODA tackled infrastructure bottlenecks to help create the right conditions for sustainable economic growth and enhance trade and investment opportunities across the region. Guided by the *Strategy for Australia's Investments in Economic Infrastructure*, achievements included:

- helping address the infrastructure financing gap in our region by investing in initiatives like the Global Infrastructure Facility and the Private Investment Development Group that aim to catalyse private investment in infrastructure in developing countries;
- the Philippine Strengthening Public Private Partnership Program—a collaboration between governments, donors and the private sector which helped develop projects worth over US\$4 billion; and
- building a bridge over the Mekong river in Vietnam to open up a major new transport corridor, in partnership with the Asian Development Bank and Government of Vietnam.

AGRICULTURE, FISHERIES AND WATER

Our estimated \$219.8 million of ODA expenditure in this area supported livelihoods, increased food security, improved nutrition and strengthened water management among communities in our partner countries. Achievements included:

- increasing agriculture and fisheries production in developing countries in our region by over US\$58 million, including through activities that open up new markets and business opportunities;

- assisting Pacific regional fisheries agencies to increase tuna revenues to over \$350 million; and
- working with the Government of Myanmar through the Australian Water Partnership to improve water management for the 40 million people who depend on the Ayeyarwady River.

EFFECTIVE GOVERNANCE: POLICIES, INSTITUTIONS AND FUNCTIONING ECONOMIES

We invested an estimated \$642.2 million of our ODA to support enhanced governance in developing countries, including by building effective public sectors and functioning institutions that provide the foundations for economic growth, private sector investment and trade. We contributed to:

- fair and broad-based tax systems, enabling quality public service delivery;
- more transparent and accountable law and justice systems and stronger efforts to tackle corruption;
- a range of national efforts to prevent violent conflict, including a new Joint Peace Fund to achieve lasting settlement of ethnic armed conflict in Myanmar; and
- the establishment of the Pacific Leadership and Governance Precinct in Papua New Guinea.

EDUCATION AND HEALTH

The department invested an estimated \$735.1 million of our ODA in improving the quality, access and equity of education in our region. Achievements included:

- support for improved education system management, classroom teaching and the curriculum in Kiribati, leading to 78 per cent of year 4 students performing at or above the expected standard in 2015, up from 26 per cent in 2013;
- 345,620 students (61 per cent girls) completed pre-primary education through the international development organisation, BRAC, an NGO in Bangladesh; and
- 2,031 new Australia Awards in higher education (*see pp. 150 & 158*).

We also invested an estimated \$562.1 million of our ODA in the health sector, which included improving regional preparedness to respond to emerging health threats, water, sanitation and hygiene, and nutrition. Highlights of our support included:

- expanded coverage of Health Equity Funds, the system that reimburses essential health care costs for over 2.9 million poor Cambodians; and
- increased detection of tuberculosis cases in Kiribati, leading to improved treatment.

BUILDING RESILIENCE: HUMANITARIAN ASSISTANCE, DISASTER RISK REDUCTION AND SOCIAL PROTECTION

Our investment of an estimated \$608.8 million of ODA in this priority area helped save lives and build community resilience in partner countries. We launched the *Humanitarian Strategy and Strategy for Australia's Aid Investments in Social Protection* to strengthen the guiding frameworks for our support. Achievements included:

- effective responses to more than 20 humanitarian emergencies across the Pacific, Asia, and the Middle East, providing approximately \$329 million in life saving assistance, including deploying over 1,000 personnel to support the Fiji Government's response to the impact of Tropical Cyclone Winston and providing an initial relief package of over \$15 million for shelter kits and water and sanitation assistance to over 200,000 people; and
- improvements to the Indonesian Government's \$5 billion per year social protection system, which covers approximately 100 million poor Indonesians.

GENDER EQUALITY AND EMPOWERING WOMEN AND GIRLS

We dedicated \$1.96 billion of ODA to investments across the department's aid program that included gender equality and the empowerment of women and girls as a principal or significant objective and released the Gender Equality and Women's Empowerment Strategy. In particular, we:

- accelerated our support for gender equality in the aid program, assisted by the new Gender Equality Fund (\$50 million);
- developed the Investing in Women Initiative aimed at increasing women's economic participation in Southeast Asian economies; and
- supported 14 Pacific nations to improve political, social and economic opportunities for women through the Pacific Women Shaping Pacific Development program.

The department also maintained its focus on the cross-cutting issue of disability inclusion and rights. We empowered people with disabilities as contributors to, and beneficiaries of, our aid investments.

MANAGING PERFORMANCE IN THE AID PROGRAM

The department demonstrated effectiveness through implementation of the performance framework for the aid program.

In 2015–16, we undertook performance assessment at three levels:

- whole of aid program level;
- bilateral (country and regional) and global programs; and
- individual aid investments.

At the whole of aid program level, the performance framework has 10 targets to assess the effectiveness of the aid program and alignment with the Government's policy directions.



At the program level, the approaches to performance assessment are tailored to the characteristics of different programs. For country and regional aid programs, we assess performance each year against program objectives in the Aid Investment Plans and publish these assessments in aid program performance reports (APPRs). APPRs also report on progress against program-specific performance benchmarks and mutual obligations. We published 26 APPRs covering 22 country programs and four regional programs. For global programs, we assess the performance of selected multilateral organisations which receive core funding from Australia against program-specific performance frameworks. We assessed seven multilateral organisations and found these organisations are performing effectively and their work aligns with Australia's priorities.

The department assesses the performance of individual aid investments through an investment quality reporting (IQR) process comprising aid quality checks, end of investment reporting, partner performance assessments and aggregate development results. We also complete quality reporting annually for all aid investments and agreements valued at \$3 million and higher. We reviewed the first year of implementation of the new IQR system, and made adjustments to improve the quality of reported performance information.

Aid quality checks measure performance across seven criteria. We assessed all eligible aid investments. Partner performance assessments review how well implementing partners (commercial contractors, NGOs, multilateral organisations) are delivering services against five standard criteria. We assessed 95 per cent of eligible aid agreements.

Performance information generated at the individual aid investment level feeds into assessments of program performance, which in turn provides the basis for assessing the performance of the aid program as a whole.

Strategic and operational independent evaluations complement the department's systems of aid quality checks and performance reports. Operational evaluations are commissioned by staff with direct aid management responsibilities and generally review the performance of a single aid investment. Strategic evaluations are undertaken by the Office of Development Effectiveness (ODE) and involve a multi-country, thematic or sectoral examination of expenditure. The ODE, under the guidance of the Independent Evaluation Committee, also provides independent oversight of departmental aid performance assessment systems. (*See also, pp. 192–3.*)

As part of the performance framework, the Government publishes an annual *Performance of Australian Aid* report. The third of these will be published in early 2017 and will summarise the performance of the Australian aid program in 2015–16.

TRANSPARENCY

The department pursued high standards of transparency and accountability in the aid program. We published information on Australia's aid program on our website, including Aid Investment Plans, thematic and sector strategies, a new interactive map showing the distribution of Australian aid and the annual statistical publication *Australian Engagement with Developing Countries*. We also published a range of performance-related documents, such as APPRs, program designs and evaluations. We provided estimated allocations for country, regional and global programs in a timely manner through the *Australian Aid Budget Summary 2016–17*. Australian investment-level aid data is made publicly available through international databases such as the OECD Development Assistance Committee Creditor Reporting System, the International Aid Transparency Initiative and the World Bank's Open Data.

RESULTS

Delivering an innovative aid program, centred on the Indo–Pacific region, which contributes to sustainable economic growth, poverty reduction and regional stability

CASE STUDY THE INNOVATIONXCHANGE



Assistant Director innovationXchange David Kelly (right) discusses an upcoming innovation challenge with Save the Children Senior Policy Adviser Majella Hurney, Sydney, 19 May 2016. [VICKI SKARRATT PHOTOGRAPHY]

The innovationXchange (iXc) has a mandate to forge new partnerships and to experiment in the delivery of aid through a pipeline of innovative projects. Partners of the iXc include Google, Intel, Bloomberg, CSIRO, Monash University, SecondMuse, USAID's Global Development Lab and Results for Development, and private sector fund managers. A core principle for the iXc is to invest in higher risk, higher potential impact initiatives, such as those which seek to use new technologies or scientific findings for transformational impact. The iXc also seeks out innovations which have the best opportunity for cost-effective development impact through sustainable business models.

The iXc entered into a partnership with Bloomberg Philanthropies for a data-for-health program to transform the availability and quality of health data so scarce public and private resources can be better targeted at emerging health crises. The program is working with 18 countries, including in the Indo–Pacific. The iXc is working with other major donors through a Global Innovation Fund to support new ideas such as using ICT breakthroughs to screen babies for infections using new but affordable and accessible technologies.

The iXc is currently testing the frontiers of what marine scientists and entrepreneurs can achieve in the Indian Ocean with our Global Blue Economy Challenge focused around sustainable aquaculture. We are also initiating an ambitious impact entrepreneurship and financing agenda to equip local innovators and entrepreneurs in developing countries with the skills, networks, capital, and access to markets required to make their businesses viable, investable and scalable.

The iXc is partnering with USAID's Global Development Lab on LAUNCH: Food Revolution to leverage new partners, resources and solutions to address malnutrition and non-communicable diseases caused by dietary factors. It is also working with the Lab and the Republic of Korea on the Global Innovation Exchange—an online platform which enables hundreds of organisations globally to share information on innovations and match available finance with innovation proposals. This platform already has over 100 contributors, featuring more than 4,300 innovations and enables connections with over 9,000 collaborators globally.



CASE STUDY STRENGTHENING AUSTRALIA'S RESPONSE TO PROTRACTED HUMANITARIAN CRISES

The department progressed implementation of recommendations from two evaluations by the Office of Development Effectiveness—the Evaluation of Australia's response to the Horn of Africa humanitarian crisis and the Evaluation of Australia's humanitarian response to the Syrian crisis. The evaluations acknowledged Australia's leadership role in both crises but also identified areas where responses to protracted humanitarian crises could be enhanced.

Decision-making in humanitarian crises is often complicated by a paucity of information, insufficient human and financial resources and multiple competing priorities. The evaluations recommended that the department be clearer in its strategic intent when responding to similar crises in the future, and that it consider establishing a dedicated, multi-year program fund for Syria.

The department subsequently adopted a more strategic multi-year approach to protracted crises to better articulate policy, sector and funding priorities, and deepen

partnerships with host governments and key humanitarian agencies. We developed a strategy to guide Australia's funding for the Syria humanitarian response which included a three-year \$220 million allocation announced in the Budget on 3 May 2016.

The evaluations highlighted the value of having skilled and experienced personnel on the ground. We deployed a humanitarian officer to Jordan and Lebanon to help design the new aid package for Syria and monitor Australian-funded activities. A number of additional humanitarian positions in the region are also being considered.

The evaluations identified the need for improvements in accountability and transparency and the sharing of lessons learned. The department's new Humanitarian Strategy emphasises monitoring and evaluation, including by partners. It also commits the department to share insights and data with all stakeholders, including beneficiaries.

STAFF PROFILE

Matt Steine

Innovation Director, innovationXchange



I joined the innovationXchange in February 2016. Previously I worked at Facebook's internet.org in Southeast Asia and Oceania. My aim is to use my private sector experience to help change the way the department solves complex development challenges.

The innovationXchange's role is to disrupt, to think more about sustainable ways to boost our development impact and work with new partners to utilise a broader range of perspectives and experience in our aid programs. One of my areas of focus is designing new initiatives to support local innovators and social impact entrepreneurs in developing countries in the Southeast

Asia and Pacific regions. We want to find more local innovators, provide business model support and, once ready, connect them with impact investors.

The innovationXchange is breaking new ground and forging new partnerships for better, more sustainable impact and I enjoy being part of that. Our global humanitarian and aquaculture challenges have invited innovators from all over the world to help us solve a problem. It is a cost-effective way of accessing the latest thinking, the latest technologies and finding ways to make these accessible in developing country contexts.

CASE STUDY CIVIL SOCIETY WATER, SANITATION AND HYGIENE FUND



DFAT's Civil Society WASH Fund supported International Development Enterprises to deliver technical and business training to Mr Nguyen, a concrete ring producer and mason from Trung Thanh Commune, Nghe An Province, Vietnam. [INTERNATIONAL DEVELOPMENT ENTERPRISES/Quang V. Nguyen]

The department's Civil Society Water, Sanitation and Hygiene (WASH) Fund enhanced the health and quality of life of the poor and vulnerable by improving sustainable access to safe water, sanitation and hygiene. We will spend \$103 million over four years to 2018, working with civil society organisations to implement projects in 19 countries in the Pacific, Asia and Africa.

Adequate water, sanitation and hygiene are preconditions to good health and are fundamental to supporting sustainable economic growth and human development. Through our activities to date, over 497,000 people have gained access to improved sanitation, over 103,800 additional people have safe water, and 1.2 million people have increased knowledge of hygiene practices.

The fund prioritised our engagement with the private sector. In Vietnam, Laos and Cambodia, we incentivised local governments and the private sector to work together to improve household sanitation standards. In Papua New Guinea, Fiji, Vanuatu and Solomon Islands, the fund supported the establishment of community-based enterprises for sanitation.

Through the fund, we partnered with Australian and international civil society organisations and promoted shared learning to improve water, sanitation and hygiene practices. We supported an Innovation Award to promote new approaches in the water, sanitation and hygiene sector, which was presented at the Australian-sponsored WASH Futures Conference in May 2016 in Brisbane.



CASE STUDY THE PACIFIC HUMANITARIAN CHALLENGE: RETHINKING DISASTER RESPONSE



The innovationXchange tests new methods of communicating to engage a global community of innovators during the Pacific Humanitarian Challenge, reaching almost 200,000 people through live streaming interviews from the event, broadcasting on DFAT's YouTube channel and harnessing social media, 29 March 2016. [SECOND MUSE/Darvar Ardalan]

The Pacific Humanitarian Challenge marked a new approach for the department in sourcing solutions for problems inherent in responding to disasters in the region. We wanted ideas on how to deliver humanitarian assistance more effectively following a disaster and build the resilience of vulnerable and often remote communities. We posed three broad challenges:

- How do we assess and communicate the needs of affected communities more efficiently;
- How do we improve logistics to respond to those needs more effectively; and
- How do we build financial resilience to accelerate recovery?

The department considered 129 potential solutions from entrepreneurs, NGOs, innovators and researchers from 20 different countries. The winning innovations were:

- *communications*—an easily deployed unmanned aerial system, a drone imagery dashboard and infrastructure-independent mobile communications
- *logistics*—a local supplier engagement project
- *financial resilience*—affordable mobile insurance.

The challenge process was a success and demonstrated that by incorporating new ways of working, the department can effectively and cost-efficiently access a global pool of ideas and approaches with greater impact for disaster-affected communities in our region. We are now preparing for the next global challenge and also considering ways in which affected communities can benefit further from this new community of practice in disaster response. Additional information on the winning ideas is available at <http://pacifichumanitarianchallenge.org/>

CASE STUDY AUSTRALIAN NGO COOPERATION PROGRAM



The department's Australian NGO Cooperation Program funded vocational training for Masoma, who has congenital hearing and speech problems, Afghanistan. [WORLD VISION AFGHANISTAN/Narges Ghafary]

Established in 1974, the Australian NGO Cooperation Program (ANCP) is the department's longest running funding program for NGOs. Our annual grants program (\$127.3 million in 2015–16) provided funding to 53 accredited Australian NGOs to support community development in over 50 countries.

ANCP NGOs helped the department progress several aid priorities, including gender equality, innovation, disability-inclusive development and private sector engagement.

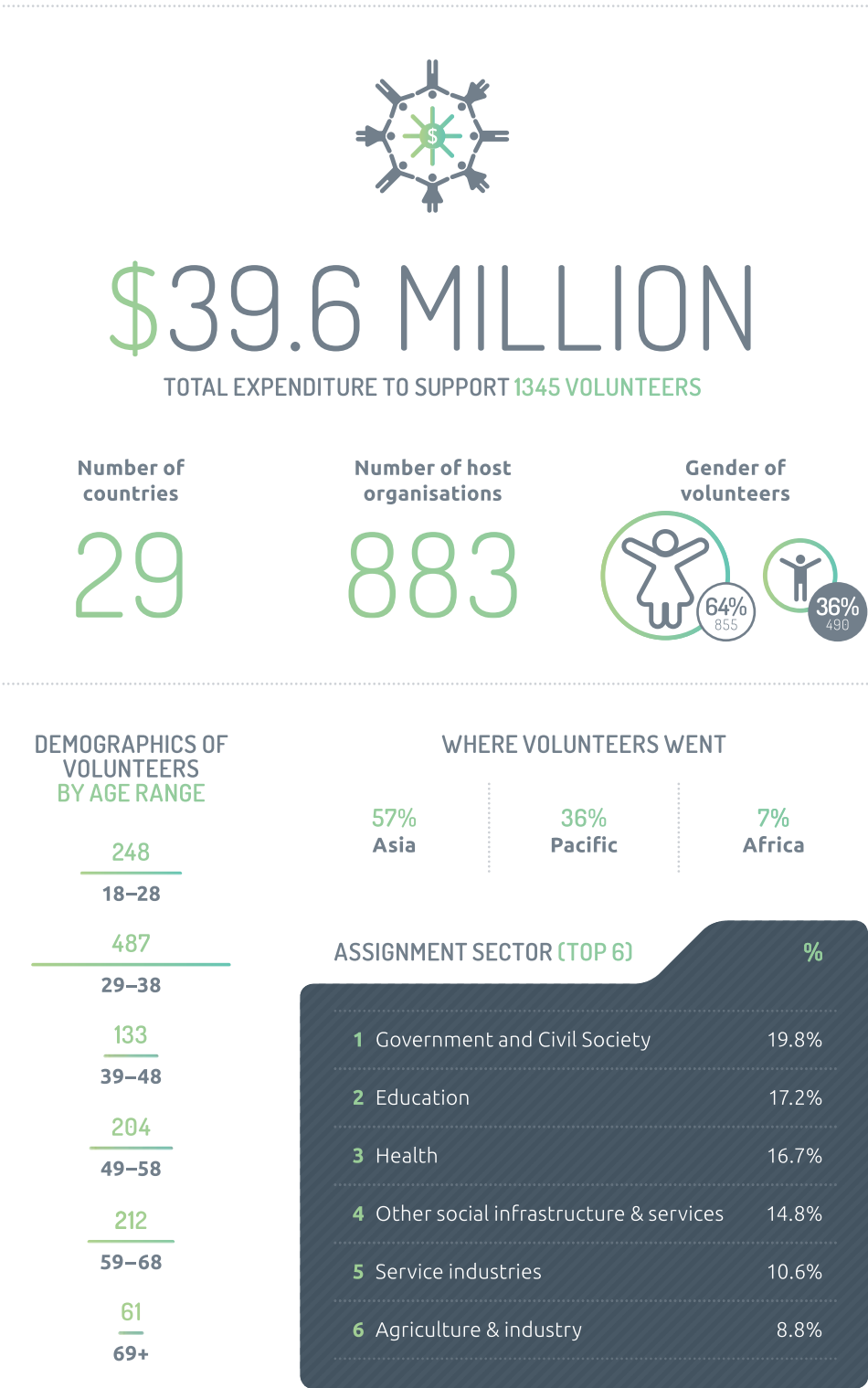
Through the ANCP, we effectively promoted gender equality at all levels but particularly with communities. For example, the International Women's Development Agency working with Palaung Women's Organisation in Myanmar operated four Women's Crisis and Resources Centres. It also raised awareness on gender based violence and trafficking.

Australian NGOs trialled a range of innovative approaches to development. Motivation Australia worked with the Spinal Injuries Association in Fiji to provide wheelchairs that were designed specifically for areas with limited disability access. Motivation Australia supported design development and feedback on their use in Fiji to the global organisations supplying these products.

CARE Australia worked with the department to advance private sector partnerships. In Malawi, CARE partnered with banking institutions and mobile service providers to improve access for Village Savings and Loan Associations to formal financial services. This established formal linkages with banks to increase access to credit for business growth. In Laos, CARE linked commercial traders with coffee producers to increase the quantity and quality of Arabica coffee produced. Building partnerships that connect producers and commercial traders facilitates trade cooperation and promotes environmentally sustainable opportunities for investment.



Figure 20: Australian Volunteers for International Development program, 2015-16



ANALYSIS AND OUTLOOK

The department's aid program is implemented in varied and challenging environments. While many countries in Asia experienced relatively strong economic growth contributing to positive development outcomes, this was not uniform across the Indo-Pacific region. We ensured the aid program responded to these changing contexts. We continued transitioning to economic partnerships in parts of Asia and adopted new development partnerships with Pacific Island countries. With the adoption of the 2030 Agenda for Sustainable Development, there is a growing recognition of ODA's diminished importance compared to other sources of development finance. Accordingly, the department has identified measures to increasingly leverage non-ODA sources of finance for development, such as domestic taxation.

We further consolidated the aid program in line with budget reductions and performance targets relating to individual investments and geographic focus. Australian Volunteers for International Development continued to deliver an effective program with strong development and public diplomacy outcomes across the sectors in 29 countries in the Indo-Pacific.

Our Aid Investment Plans, together with the new strategies around key investment priorities, publicly demonstrate how we are implementing Australia's development policy objectives. We will continue to improve the timeliness and quality of publicly available information on the aid program.

We will continue to support stability and enabling environments for investment and growth in partner countries, while adapting to the changing development landscape. Promoting economic growth that is inclusive and benefits women and girls will remain a priority. Our region will continue to experience crises and long term development challenges that require collaboration and multi-faceted approaches, such as combatting transnational health threats. We will remain innovative and responsive to partner needs, focusing on where our efforts and expertise can have the greatest impact.



MULTILATERAL REPLENISHMENTS AND GLOBAL DEVELOPMENT PARTNERSHIPS

○ NOT MET ◐ PARTIALLY MET ● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.3¹ (*PBS p. 40*)

Australia assesses the performance of its multilateral partners to inform our engagement with them and to ensure value for money from our multilateral funding.



Australia is currently strengthening its approach to the assessment of performance of multilateral organisations in line with the aid performance framework, *Making Performance Count*.



Strengthened systems for assessing the performance of multilateral aid delivery partners will be in place by July 2015.



¹ New KPIs for 2015-16.



The Sustainable Development Goals are projected onto UN Headquarters at the UN Sustainable Development Summit, New York, September 2015. [UN PHOTO/Cia Pak]

OVERVIEW

THE DEPARTMENT WORKED TO STRENGTHEN GLOBAL GROWTH AND ALLEVIATE POVERTY THROUGH OUR ENGAGEMENT WITH MULTILATERAL DEVELOPMENT PARTNERS.

We leveraged their expertise, scale and geographic reach to deliver outcomes that Australia could not achieve alone. We used our strong links with these organisations to ensure advancement of Australia's priorities, including gender equality, effective governance and economic growth in the Indo-Pacific region.

We helped negotiate the 2030 Agenda for Sustainable Development, including those reporting mechanisms agreed to date. Our aid investments in women's empowerment, food security, health, education, water and sanitation, aid for trade, governance and climate change all advance the Agenda.

We provided \$222 million to the World Bank Group (WBG)'s International Development Association. This helped the WBG provide financial services to 3.66 million individuals and enterprises, as well as access to an improved water source for 15.6 million people and sanitation facilities for 10 million people.

We provided \$185.8 million in co-financing to the WBG's private and public sector projects.

Our \$124.9 million core contribution to the Asian Development Bank (ADB) Asian Development Fund helped provide better access to finance for over 2.8 million people and education facilities for over six million students in 2015. We also provided approximately \$59.7 million to co-finance ADB infrastructure, health, education and other projects.

Together with Treasury, the department secured Australia's formal membership of the new Asian Infrastructure Investment Bank (AIIB), which will finance infrastructure investments in the region and boost economic growth, employment and trade. We ensured establishment of

sound AIIB governance arrangements and operational policies and, alongside the Treasury, supported the legislative and other processes to finalise domestic arrangements for Australia's membership.

Through the Global Fund to Fight AIDS, Tuberculosis and Malaria (\$200 million; 2014–16) and Gavi, the vaccine alliance (\$250 million; 2016–20), we helped bolster regional health security. For every dollar Australia committed to the Global Fund, the Fund invested around \$20 in the Indo-Pacific region. Through our investment in these global partnerships, we have enabled them to use their sizeable market share to negotiate better health commodity prices for developing countries (including for vaccines and bed nets)—an outcome no bilateral actor could achieve on their own.

We supported regional economic growth and productivity by increasing access to better education through our \$140 million commitment (2015–18) to the Global Partnership for Education.

Australia's Green Climate Fund (GCF) (\$200 million; 2014–18) and Global Environment Facility (\$93 million; 2014–18) contributions assisted developing countries address climate change. A departmental deputy secretary was elected co-chair of the GCF Board for 2016 and is a leading advocate for the Indo-Pacific region, in particular for Pacific Island countries.

The department partnered with other donors to promote stability and prosperity in our region. For example, the European Union invested in an Australian-managed education program in Laos and we partnered with Germany to improve climate finance in the Pacific. Through the OECD's Development Assistance Committee (DAC), we contributed to the agreed principles on supporting private sector development through official development assistance, helping to attract additional finance for developing countries and promote aid program innovation. Australia joined a consensus in the DAC to agree to updated rules on what kind of peace and security activities can be counted as official development assistance to improve the transparency and consistency of global reporting.



RESULTS

Delivering an innovative aid program, centred on the Indo–Pacific region, which contributes to sustainable economic growth, poverty reduction and regional stability



Minister for International Development and the Pacific, Senator Concetta Fierravanti-Wells (left) meets with President of the Asian Development Bank, Takehiko Nakao, ADB Annual Meeting, Frankfurt, Germany, 2 May 2016. [BUSINESSPHOTO/Dirk Beichert]

CASE STUDY REPLENISHMENT OF THE ASIAN DEVELOPMENT FUND

In 2015–16, the department led negotiations on the 2017–20 replenishment of the ADB Asian Development Fund (ADF), enabling us to advance Australia’s aid priorities and secure continued financial and technical assistance to the poorest countries in our region.

Our work helped to secure donor pledges of over US\$3 billion to the ADF replenishment, improved ADB operations and effectiveness and delivered increased funding for the Pacific. Australia’s \$468.54 million contribution maintains our standing as the second largest donor after Japan.

Our advocacy helped deliver ADF priorities mirroring Australia’s interests, particularly in private sector development, women’s empowerment, infrastructure, building resilience and effective governance. Conflict-affected countries and those at risk of debt distress will continue receiving ADF grant funding while base grant allocations for small Pacific countries will double to US\$6 million. Pacific countries will also be able to access funding and expertise from a new US\$200 million disaster risk reduction facility.

Pacific countries particularly welcomed the department’s advocacy in the ADB. The region will benefit from ADB improvements to project preparation and delivery, including streamlined procurement processes and increased in-country project oversight, through extended missions in Samoa, Tonga, Vanuatu and Solomon Islands.

We supported the merger of the ADB’s concessional and market based lending arms. This will increase the ADB’s total annual lending and grant approval capacity from US\$16.3 billion in 2015 to US\$20 billion by 2020, and increase development finance for the Indo–Pacific region.

Building personal networks and institutional links to enhance Australia's influence, reputation and relationships internationally and promote Australia's economic, cultural, educational, scientific and other national assets



Deputy Secretary and Green Climate Fund Co-Chair, Ewen McDonald (left), with South African GCF Co-Chair, Zaheer Fakir, speaking at 13th GCF Board Meeting, Songdo, Republic of Korea, 28–30 June 2016. [GREEN CLIMATE FUND]

CASE STUDY STRENGTHENING THE GREEN CLIMATE FUND TO BENEFIT OUR REGION

Australia has committed \$200 million over four years to the GCF to help developing countries build climate resilience and reduce emissions. This assists developing countries pursue sustainable development pathways for economic growth and contributes to regional stability. It also helps Australia meet commitments under the UN Framework Convention on Climate Change.

As co-chair of the GCF Board for 2016, Deputy Secretary Ewen McDonald, supported by a dedicated taskforce, developed strong relationships with the GCF developing country co-chair (South Africa) and the GCF Board and Secretariat. Our efforts to shape the fund's forward agenda, develop robust policies and procedures, build board cohesion and strengthen the secretariat have been recognised by board members and have enhanced the GCF's governance and effectiveness.

The department is working to ensure our region, particularly Pacific countries, secures a credible share of the US\$2.5 billion GCF spending target for 2016. Our strong advocacy for Pacific countries led to the approval of two Pacific proposals—a US\$31 million water project in Fiji and a US\$36 million coastal protection project in Tuvalu.

Australia has formed a partnership with Germany, providing \$2.3 million to help build the capacity of the Pacific Islands Forum Secretariat to support member countries to access climate finance, including GCF resources. Pacific countries welcomed Australia's advocacy and efforts to galvanise the preparation of Pacific proposals for GCF funding.

To further increase our region's access to GCF funding, the department is leveraging existing partnerships with the World Bank, ADB, and Secretariat of the Pacific Regional Environment Programme, and building new networks with civil society and business. We are working with these stakeholders to develop a pipeline of high-quality projects for the first Pacific GCF board meeting to be co-hosted by Samoa and Australia in December 2016.

Our GCF work demonstrates that a coordinated approach and a dedicated focus on the Pacific can build strong partnerships to achieve shared regional goals. Through our role in the GCF, we have strengthened Australia's influence in delivering climate finance for the Pacific.



Working to deliver on the 2030 Agenda for Sustainable Development

The 2030 Agenda for Sustainable Development comprises the 17 *Sustainable Development Goals* (SDGs) and *Addis Ababa Action Agenda on Financing for Development*. It is an unprecedented global road map for sustainable development endorsed by all 193 UN member states in September 2015.

The department led Australia's contribution to the 2030 Agenda negotiations, successfully ensuring our national interests and existing aid, trade and foreign policy priorities—and those of our development partners—were reflected in the final outcome.

We helped secure the inclusion of stand-alone SDGs on economic growth, gender,

and peace and governance. Against these SDGs, countries have committed to address critical development challenges, including women's economic empowerment, sexual and reproductive health and rights, anti-corruption and human rights. Bringing these issues to the forefront of the global development agenda helps strengthen existing international frameworks, such as the Convention on the Elimination of all Forms of Discrimination Against Women.

The 2030 Agenda also reflects a contemporary approach to development, emphasising self-reliance and the need to mobilise all resources to finance development, including domestic revenue, trade and private sector investment.

ANALYSIS AND OUTLOOK

Global development needs have increased and will likely be further amplified in the years ahead by slow global economic growth, falling commodity prices and weak demand, as well as forced displacement and humanitarian issues arising from protracted conflict in Syria. At the same time, many donors are facing budgetary pressures. Our multilateral partners are adopting innovative approaches, including actions to optimise their balance sheets to enhance the amount of finance available for lending, more efficient and targeted assistance, and intensified efforts to catalyse private sector sources of development finance.

The department will continue to support these efforts. We will also pursue close alignment between their priorities and our aid policy objectives with a particular focus on effective engagement and project delivery in the Indo-Pacific region.

The department will press for value for money and impact from the global health, education and climate funds. We will use

our board positions to advocate the unique needs of our region, including reducing drug-resistant tuberculosis and malaria in Southeast Asia and Papua New Guinea, and climate change adaptation in vulnerable Pacific countries.

Pressure on aid budgets will require better coordination with both traditional and emerging economy donors. The department will also need to ensure the OECD Development Assistance Committee and the Global Partnership on Effective Development Cooperation play their part in ensuring global aid expenditure is measured consistently and spent effectively.

Giving effect to the 2030 Agenda for Sustainable Development remains a priority. We will support our developing country partners as they establish plans to deliver on their 2030 Agenda priorities. We will also implement sound processes to monitor and measure Australia's progress against the Sustainable Development Goals.

HUMANITARIAN



KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.2 (PBS p. 39)

Achievement of significant development results and demonstrated organisational effectiveness, including progress towards the strategic targets contained in the Australian aid program's performance framework, *Making Performance Count*.¹

Detailed reporting against the performance framework, including individual program and investment performance, will be published annually in the *Performance of Australian Aid* report.²

¹ KPIs for 2013-14 and 2014-15 did not include references to demonstrated organisational effectiveness and the framework 'Making Performance Count'.
² New KPI for 2015-16.



Humanitarian leader Crisis Response Team, Brek Batley, discusses the impact of Tropical Cyclone Winston on communities and infrastructure with a local villager, Koro Island, Fiji, 26 February 2016. [DEFENCE/ABIS Chris Beerens]



OVERVIEW

IN 2015–16, THE DEPARTMENT PROVIDED AN ESTIMATED \$329 MILLION IN LIFE-SAVING HUMANITARIAN ASSISTANCE IN RESPONSE TO MORE THAN 20 CRISES.

Our assistance helped communities hit by disasters, such as the severe flooding in Myanmar in September 2015, Tropical Cyclone Winston in Fiji in February 2016, as well as the millions of people displaced due to the ongoing crisis in Syria.

The department played a lead role assisting Pacific governments respond to natural disasters by supporting nationally-led efforts in disaster risk reduction, preparedness, response and recovery.

We worked closely with the Australian Defence Force to deliver relief supplies, often bolstering capacity through civilian deployments and deploying health and search and rescue teams.

The department partnered with Australian NGOs on our development and humanitarian programs, including through the Australian-NGO Cooperation Program for resilience and disaster risk reduction, and the Humanitarian Partnership Agreement for emergency preparedness and response.

There are currently 65 million people displaced globally. To assist those affected by protracted crises, the department worked with UN agencies including the UN Refugee Agency, the World Food Programme, UN Children's Fund (UNICEF), UN Relief and Works Agency for Palestine Refugees in the Near East and the Office for the Coordination of Humanitarian Affairs. We also worked closely with the International Committee of the Red Cross to help those affected by armed conflict and to promote international humanitarian law.

The department led international efforts to re-energise and reform the global humanitarian system, particularly at the first-ever World Humanitarian Summit, held in Istanbul in May 2016. We advocated for a fundamental shift away from a 'one size fits all' humanitarian business model and a focus on building resilience to natural hazards, particularly through nationally-led responses. We advocated for women to be central in preparedness, response and recovery efforts, the need for stronger protection mechanisms for people with disabilities in emergencies, increased participation of the private sector, and the importance of innovation in humanitarian assistance. We pressed for region-specific humanitarian activities that provide better support to disaster-prone nations in the Pacific.

Over the coming 12 months, the department will work with partners to implement the summit's recommendations—many of which reflect Australia's priorities.

Evidence has shown that \$1 invested in disaster risk reduction activities can save up to \$15 on response and recovery in the aftermath of a disaster. In 2015–16, the department worked with partners to build disaster resilience through investment in activities such as hazard and risk mapping, early warning systems, evacuation plans and livelihood diversification. These activities strengthened the ability of governments, businesses and communities to better respond to natural disasters, and recover more quickly in a way that supports sustainable development outcomes.

RESULTS

Leading the Government's response to international crises including humanitarian emergencies in the Indo-Pacific region



Humanitarian officer, Crisis Response Team, Cameron Noble (right) hands over aid supplies to local government officials, Koro Island, Fiji, following Tropical Cyclone Winston, 4 March 2016. [DFAT/Cameron Noble]

CASE STUDY TROPICAL CYCLONE WINSTON

Tropical Cyclone Winston made landfall in Fiji on 20–21 February 2016, the strongest cyclone ever recorded in Fiji. It caused 44 deaths and affected around 540,000 people (about 62 per cent of Fiji's population). The department led Australia's rapid response. We coordinated one of our largest civil-military responses to a humanitarian crisis overseas and committed a total of \$35 million in assistance.

The department ensured close collaboration with all partner agencies and the governments of affected countries in the aftermath of the cyclone. We activated our Crisis Centre and Humanitarian Operations Centre to provide 24-hour support to ministers and manage the whole-of-government response, receiving about 300 calls from the public. Our consular staff working in Canberra and in Fiji quickly confirmed the welfare of 1,100 Australians and permanent residents registered as being in Fiji when the cyclone hit.

To deliver our response on the ground and supplement our post, the department deployed its Crisis Response Team, including consular officials, humanitarian specialists as well as policy, media, logistics and technical officers. The department worked closely with the Australian Defence Force on the deployment of HMAS *Canberra*.

The department coordinated the delivery of an initial humanitarian relief and early recovery package of \$15 million, including 520 tonnes of life-saving relief supplies. We worked with the Government of Fiji and NGO partners to assist more than 200,000 people, including by providing shelter and hygiene kits and access to safe water. The department's support played a critical role in restoring access to health facilities in Fiji at a time when affected communities needed emergency health care.

The department's close cooperation with the Government of Fiji throughout the response ensured our assistance was delivered in accordance with its priorities and through its coordination mechanisms. Our strong connections with New Zealand and France through the FRANZ disaster relief arrangement and linkages with Pacific Islands Forum (PIF) members and the PIF Secretariat enabled better regional coordination.

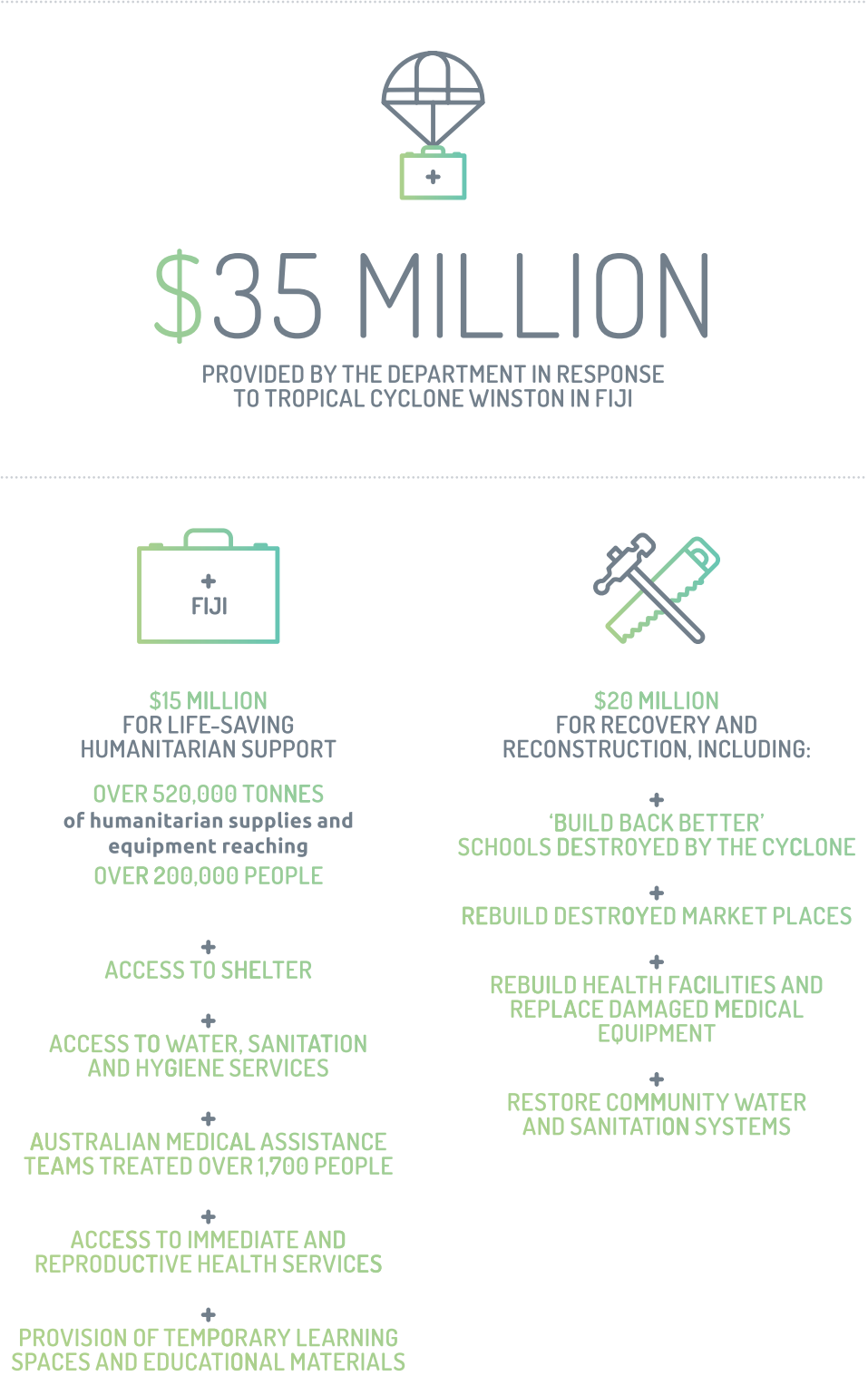
The department is now supporting the Government of Fiji on its transition to a longer-term recovery. Through our aid program, we have provided an additional \$20 million package of assistance that will rebuild schools and health facilities, replace damaged medical equipment, restore water and sanitation services and repair damaged markets.

Tropical Cyclone Winston underlined the crucial role that the department plays in leading and coordinating the Australian Government's response to international crises. The department's contingency planning and crisis preparedness framework supported an effective whole-of-government response from Australia.

Tropical Cyclone Winston also reinforced how important it is for the department to improve regional preparation for natural disasters. In July 2015, the department organised a meeting in Sydney of PIF foreign ministers at which they agreed to strengthen regional disaster preparedness and coordination. These preparedness measures allowed for a more rapid distribution of supplies and better regional coordination in response to Winston.



Figure 21: Australian Government response to Tropical Cyclone Winston



REVIEW—AUSTRALIA'S COOPERATION WITH THE AUSTRALIAN RED CROSS

The Australian aid program has partnered with the Australian Red Cross (ARC) since 1977 to deliver development and humanitarian programs in the region and globally. ARC is a unique humanitarian partner and provides a transparent and accountable mechanism for the department to support local Red Cross National Societies in partner countries. This makes it easier for vulnerable people to access help in international crises. The ARC can also mobilise thousands of trained volunteers in a country to respond to a disaster.

Following a review of our previous agreements, in 2015 we entered into a new four-year \$28.8 million humanitarian partnership with the ARC. The new partnership is focused on the Indo-Pacific region and prioritises humanitarian preparedness and response and risk reduction activities that address gender equality. The new partnership will also have a stronger focus on how the department and the ARC can better work with the private sector.

The department drew on lessons learned from our previous agreements with the ARC in framing the new arrangement. We incorporated multi-year funding to enable longer-term programming, ensured an annual allocation to promote agile responses and built in a focus on long-term preparedness. We also introduced a stronger monitoring and evaluation framework to assess progress towards partnership outcomes and their relation to the department's Humanitarian Strategy.

Our review of the ARC agreement and the resulting changes are delivering benefits. In response to Tropical Cyclone Winston we funded the Fiji Red Cross to have pre-positioned supplies in evacuation centres that were able to be immediately released after the cyclone to those in most need. Since 2010, our partnership with the ARC has provided:

- sustainable and safe water to more than 25,000 people;
- health and hygiene support to over 50,000 people;
- first aid training for almost 3,000 people; and
- more than 150 technical specialists deployed to assist in disasters.

REVIEW—AUSTRALIAN CIVILIAN CORPS

Since 2013, the department has embedded Australian Civilian Corps (ACC) disaster management specialists into Pacific National Disaster Management Offices (NDMOs) to provide capacity building and surge support ahead of the cyclone season.

The program was reviewed in April 2016, enabling us to share lessons learned and engage employees in the development of an implementation plan for the program to 2020.

The review found that ACC specialists have played an important role in providing critical response, recovery and surge support, coordinating responses, providing valued logistical support and helping link the department to key decision makers. The ACC NDMO program has also provided an important mechanism through which Australia can support Pacific countries deal with the impacts of climate change and natural disasters.

The review also found that placing ACC specialists in advance of the Pacific cyclone season enabled them to build relationships with key interlocutors and improved their effectiveness in supporting response and recovery in a disaster. ACC specialists continue to support the implementation of resilience building and disaster risk reduction activities.

Over the coming 12 months, we will formalise a partnership between the ACC and the Secretariat of the Pacific Community, which will act as the host-organisation for the regional ACC disaster management specialist. ACC will continue to be an instrumental mechanism to deliver on our commitment to disaster preparedness and resilience in the Pacific.





Australian Civilian Corps specialist Gail Owen (centre) works with members of the South Fly District Disaster Committee at Daru, Western Province, Papua New Guinea, to deliver food aid to remote drought affected communities, March 2016. [Gail Owen]

ANALYSIS AND OUTLOOK

In 2015–16 the department coordinated timely and fit-for-purpose humanitarian responses in challenging environments. These ranged from responses to fires in Indonesia and flooding in Myanmar, to major natural disasters such as Tropical Cyclone Winston and the impacts of the El Nino drought across the Pacific, Asia and Africa. The department also provided assistance to the 11 million people displaced by the Syria and South Sudan crises.

Despite increasing pressures on the global humanitarian system, the Australian Government is continuing to increase the scale and quality of support it provides to countries and regions in urgent need. Pacific Island countries are among the most vulnerable in the world and are exposed to a range of natural hazards which often lead to disasters. In leading the Australian Government's humanitarian responses in the region, the department will continue to deepen engagement with partner governments, the private sector and communities in the Indo-Pacific to improve their ability to respond to and recover from crises.

Our response to Tropical Cyclone Winston provided assistance to hundreds of thousands of affected people and further deepened Australia's relationship with Fiji. Our engagement with other donors and the NGO community sharpened our immediate and longer-term responses and we plan to draw on this experience in future.

We will implement our Humanitarian Strategy, launched in May 2016, which for the first time captures the entire scope of humanitarian action from disaster risk reduction to early recovery. This strategy provides a more coherent and sustainable approach to crisis prevention and response in our region.

At the World Humanitarian Summit, we unveiled the winners of the department's Pacific Humanitarian Challenge—a range of projects which will help make Australia's aid program more responsive. The projects are truly innovative—for example, using survey drones to help responders provide timely assistance during a disaster and investments in low-cost insurance through mobile phones—and we will work with the winners to provide better assistance to communities affected by disasters.

NEW COLOMBO PLAN

○ NOT MET ◐ PARTIALLY MET ● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.6¹ (PBS p. 43)

More Australian undergraduates supported to study and intern in the Indo-Pacific region. ●

NCP participants build relationships in the region and promote the value of the NCP experience. ●

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

Alumni are engaged through networks that foster professional development and ongoing connections with the region. ●

¹ New KPIs for 2015-16.



New Colombo Plan alumni attend the inaugural New Colombo Plan Alumni Forum, Canberra, 10 September 2015. (L. to R.): Rebecca Wardell, Jason Emmanuelle, Elliot Jones, Omar El Kharouf, Rachel Begg and Jacqueline Alanne. [DFAT]



OVERVIEW

IN 2015–16, THE DEPARTMENT LED THE NEW COLOMBO PLAN (NCP) INTO ITS THIRD YEAR.

We supported more Australian undergraduate students to undertake credit-bearing study and work-based learning in 32 locations across the Indo-Pacific.

We funded a greater number of mobility projects—supporting 5,450 students up from 3,150 in 2015—and more scholarships—100 up from 69 in 2015. Over half of these scholarships were awarded to women.

Responding to feedback from Australian universities and students, the department launched the Bennelong Foundation NCP Cross-Cultural Training Program, funded by the Bennelong Foundation, the Myer Foundation and Asialink Business. The program provided pre-departure training to around 280 students.

The department facilitated ongoing connection with the program for 87 scholars and approximately 5,500 mobility students through the NCP Alumni Program. Alumni received access to networking events, professional development opportunities and membership of the Australia Global Alumni website and NCP LinkedIn group. In the first half of 2016, the department launched the NCP Alumni Program in Victoria, Western Australia and Tasmania with other states to follow.

Nearly all Australian universities maintained a high level of involvement with the program. The introduction of multi-year funding in 2016 enabled universities to establish longer-term arrangements with their overseas partners. The department undertook regular consultations on program implementation with staff at Australian universities and focused our promotion efforts at the tertiary level. We showcased the NCP during domestic and international meetings, including presenting at the 2016 Asia-Pacific Association for International Education conference in Melbourne.

Increasing numbers of private sector organisations engaged enthusiastically with the NCP in response to the department's ongoing outreach to business. Ten senior business representatives—appointed as NCP Business Champions—actively promoted the program. The department launched the NCP Internships and Mentorships Network online portal in response to feedback about difficulties sourcing internships. By the end of June 2016, 203 private sector organisations had registered opportunities on the portal. In the 2016 Mobility Program, around 75 per cent of funded projects involved an internship, practicum or other work-based placement.

The department continued to work with regional governments to implement the NCP and hosted high-level launch events in China, Papua New Guinea and Taiwan. The department held bilateral discussions to clarify visa conditions, resulting in a number of host governments considering new visa categories to support student internships. We hosted workshops in Cambodia, Taiwan and Vietnam to facilitate collaboration by Australian and local universities and private sector organisations on mobility programs.

RESULTS

Building personal networks and institutional links to enhance Australia's influence, reputation and relationships internationally and promote Australia's economic, cultural, educational, scientific and other national assets



New Colombo Plan scholar Asher Taccori at the UN World Food Programme Office, Bangkok, 2 November 2015. [Asher Taccori]

CASE STUDY HELPING AUSTRALIAN STUDENTS TO LIVE, STUDY AND UNDERTAKE WORK EXPERIENCE IN THE INDO-PACIFIC REGION

'I have never felt more confident with my life direction and career ambitions as a result of the opportunities which were created by the New Colombo Plan program.'

Asher Taccori, 2015 New Colombo Plan Fiji Fellow

A New Colombo Plan scholarship supported University of Wollongong Bachelor of Nutrition and Dietetics student Asher Taccori to pursue his passion for food security.

Asher studied for a semester at the University of the South Pacific in Suva. He worked with the Ministry of Health, learning about food security in Fiji, and with Fiji's largest hospital shadowing a small team of dietitians. The combination of classroom learning and work placement opportunities created the perfect academic experience. Like many NCP students, he gained new perspectives, knowledge and connections that will assist him to play

a role in Australia's future while better understanding the geographic region in which Australia is situated.

Asher also undertook an internship in Kiribati with the Australian National Centre for Ocean Resources and Security. He surveyed locals on household food security, describing it as incredibly insightful to hear about the change in local diet with the introduction of imported foods and the continual pressures posed by rising waters, severe droughts and less locally available food.

Asher completed this program with a five-month internship with the UN World Food Programme in Bangkok. His research focused on the first 1,000 days of a child's life—the biggest window of opportunity to break the malnutrition cycle.

The NCP scholarship inspired Asher to work in development. He is now leading a team working on improving agricultural yields, agricultural education and empowerment of women in Siem Reap, Cambodia.



Asher is a passionate advocate of the improved employability and Asia capability that can be derived from participation in the NCP. He has returned to the University of Wollongong to promote the program to students and faculty members and has supported the rollout of the NCP Alumni Program by addressing participants at an alumni event in New South Wales.

Asher's experience is typical of the positive impact of the NCP on its recipients and participating institutions. It is creating new networks that enhance Australia's

engagement with the region and contribute to closer relationships between Australia and our Indo-Pacific partners. Evaluation of student experiences found that 85 per cent of mobility and 96 per cent of scholarship respondents reported greater Asia-capability. Almost universally, students reported greater enthusiasm for travelling and engaging with the Indo-Pacific and improved knowledge and understanding of their host location. Eighty-eight per cent of host organisations reported that the NCP helped build relations with Australian universities.

ANALYSIS AND OUTLOOK

By supporting 10,000 students in the first three years, the department has used the NCP to promote study in the Indo-Pacific region as a more common element in an Australian undergraduate degree. Through the NCP, the department has built greater understanding of the region across a wide range of sectors. Students who may not have previously considered study abroad have undertaken NCP programs looking beyond traditional English-language study destinations to culturally and linguistically diverse locations in the Indo-Pacific.

Ongoing support from business enabled the department to expand work-based learning opportunities in the program and assist Australian graduates to become more Asia-capable future employees. Private sector organisations are offering hundreds of new work experiences for NCP students through internships, mentorships and sponsorship. This is helping to arm Australian students with the skills, experience and networks necessary to engage professionally with the region and capitalise on Asian growth.

By increasing student exchange, the department is complementing the policies of many regional countries to internationalise and strengthen their tertiary sectors. Many regional governments have expressed support for the program and its contribution to strengthening people-to-people and institutional links.

The systems and experience in the Department of Education and Training, with which the department jointly delivers the NCP, were instrumental in ensuring the rapid implementation and scale-up of the program.

Building student demand, rolling out a quality alumni program to maintain students' engagement with the region, and partnering with the private sector will be important priorities going forward.

PUBLIC DIPLOMACY AND COMMUNICATION

○ NOT MET ◐ PARTIALLY MET ● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 1.1 (PBS p. 37)

The department's advocacy, negotiation and liaison on Australia's foreign, trade and economic, development and international security interests contributes positively to bilateral, regional and multilateral outcomes that help ensure the security and prosperity of Australia and Australians.

● ● ●

Program 1.2 (PBS p. 39)

Achievement of significant development results and demonstrated organisational effectiveness, including progress towards the strategic targets contained in the Australian aid program's performance framework, *Making Performance Count*.¹

● ● ●

Detailed reporting against the performance framework, including individual program and investment performance, will be published annually in the *Performance of Australian Aid* report.²

●

Program 1.7 (PBS p. 44)

An understanding of contemporary Australia and the Government's foreign, trade, investment and development credentials, and strengthened people-to-people and institutional links and trade, economic and cultural ties.³

● ● ◐

¹ KPI for 2014-15 did not include reference to the framework 'Making Performance Count'.

² New KPI for 2015-16.

³ KPI for 2013-14 did not reference investment and development credentials, institutional links or cultural ties.



Slava and Leonard Grigoryan performing at the *Australia now* festival, Brazil, 2 May 2016.
[DFAT/Paulo Barbuto]



OVERVIEW

THROUGH TARGETED PUBLIC DIPLOMACY AND COMMUNICATION ACTIVITIES BOTH IN AUSTRALIA AND OVERSEAS, THE DEPARTMENT PROMOTED AUSTRALIA AND THE GOVERNMENT'S INTERNATIONAL POLICIES.

This enhanced Australia's influence, reputation and relationships overseas and assisted the Government to meet its foreign, trade and development policy priorities.

Our active engagement with the media contributed to informed coverage of Australia's policies and programs and more accurate reporting of the department's role in response to consular and humanitarian crises.

We handled 3,293 media queries from both Australian and international media and prepared 460 media releases and public statements for portfolio ministers and the department. Our missions also managed several thousand foreign media queries. We supported high-level overseas media visits, including APEC and COP 21, and crisis events, including Tropical Cyclone Winston.

The department managed five International Media Visits to Australia, comprising 45 journalists from 23 countries. The visits promoted economic and cultural links with Africa and Latin America, investment opportunities in northern Australia, policies and programs that support women's empowerment, and Australia's scientific research infrastructure, including the Square Kilometre Array radio telescope project in Western Australia.

We provided high-quality communications to the public through our websites and digital media channels. We redesigned almost 100 overseas post websites and launched six new websites. We increased our social media presence by 25 per cent and drew on new platforms to engage with different audiences, for example using Periscope and YouTube to live stream events at our missions and in Canberra.

The department offered 2,031 new Australia Awards, with 87 per cent in the Indo-Pacific region, bringing the total number of students assisted under the program during the year to over 7,000.

We led the development of the Australia Global Alumni Engagement Strategy that commits the Australian Government to working collaboratively with tertiary institutions to foster a global alumni community that continues connections with Australia.

The department's foundations, councils and institutes advanced Australia's foreign relations, including through 244 grants that deepened economic, cultural, science, sport and education linkages internationally. Our Direct Aid Program funded 880 projects in 120 countries.

We capitalised on Australia's sporting reputation, drawing on the sports industry to leverage diplomatic, development and economic opportunities. We delivered sports for development programs in the Pacific and launched initiatives in Asia, with 16 national sports organisations now delivering projects in 17 countries.

We promoted awareness of Australian society and values through cultural diplomacy programs including the International Cultural Visits program, the Aboriginal and Torres Strait Islander program, the Visual Arts program and a strengthened focus on creative industries (Fashion and Design program). We are developing a science diplomacy strategy to promote Australia's science, research and innovation capabilities and assets.

We delivered cultural activities at 93 posts. The *Australia now* focus country program in Brazil highlighted Australia's creative and innovation excellence with over 100 events in 11 cities.

These programs strengthened links between Australian cultural leaders and institutions and their partners internationally, and expanded audience and markets for Australian artistic work and creative products, including in key Indo-Pacific markets.

RESULTS

Building personal networks and institutional links to enhance Australia's influence, reputation and relationships internationally and promote Australia's economic, cultural, educational, scientific and other national assets



Minister for Foreign Affairs Julie Bishop (centre front) and former Minister for Tourism and International Education Senator Richard Colbeck (centre back), with Australia global alumni and Australia Awards scholars, launch of the Australia Global Alumni Engagement Strategy, Australian Maritime College, University of Tasmania, Launceston, 30 April 2016. [DEPARTMENT OF EDUCATION AND TRAINING/Chris Crerar]

CASE STUDY THE AUSTRALIA GLOBAL ALUMNI ENGAGEMENT STRATEGY

In 2015–16, the department led the development of the *Australia Global Alumni Engagement Strategy* in partnership with the Department of Education and Training, Austrade, Australian universities and other education institutions as part of our efforts to build personal networks and institutional links to enhance Australia's influence.

Launched on 30 April 2016 by Foreign Minister Bishop, the strategy marks a new approach for the department to public diplomacy by engaging our global alumni community to promote Australia and advance our national interests, especially in the Indo–Pacific region.

In the last fifty years, more than 2.5 million international students have studied in Australia. These students, and the Australians who study overseas including through the New Colombo Plan, make up Australia's global alumni community.

We will leverage the prestige, access and reach of the diplomatic network to connect, mobilise and celebrate Australia's global alumni community.

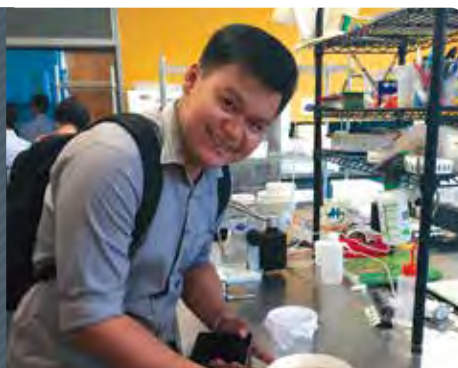
We developed a suite of e-diplomacy initiatives to support the strategy, including the Australia Global Alumni website, Twitter handle and LinkedIn presence. Since the launch of the strategy, the website has received nearly 4,000 hits from 134 countries and over 3,000 alumni have created accounts. The LinkedIn account has almost 4,000 followers.

A new partnership between the department and ABC International will see an alumni profile series screened on Australia Plus over the next two years. The series, *Australian by Degree*, celebrates the successes of Australian alumni and shows how an Australian education is helping alumni contribute to nation-building and development both in their own countries and across the region.

The alumni community has supported our diplomatic and development role in the region. To build on this, the department invited 12 alumni ambassadors to work with our diplomatic missions to grow Australia's alumni community, raise the profile of our world class education system and strengthen ties between Australia and the globe.



Broadening knowledge and understanding within the Australian community and globally of the Government's international policies and programs and the department's role



Indonesian journalist Rista Rama Dhany learns about the fight against dengue fever during a visit to the Australian Institute of Tropical Health and Medicine, James Cook University, Cairns, 12 November 2015. [DFAT/Stacey Leigh Walker]

CASE STUDY INTERNATIONAL MEDIA VISIT TO NORTHERN AUSTRALIA

In November 2015, the department organised an international media visit to broaden knowledge in our region of investment opportunities in northern Australia and promote the Government's business initiatives.

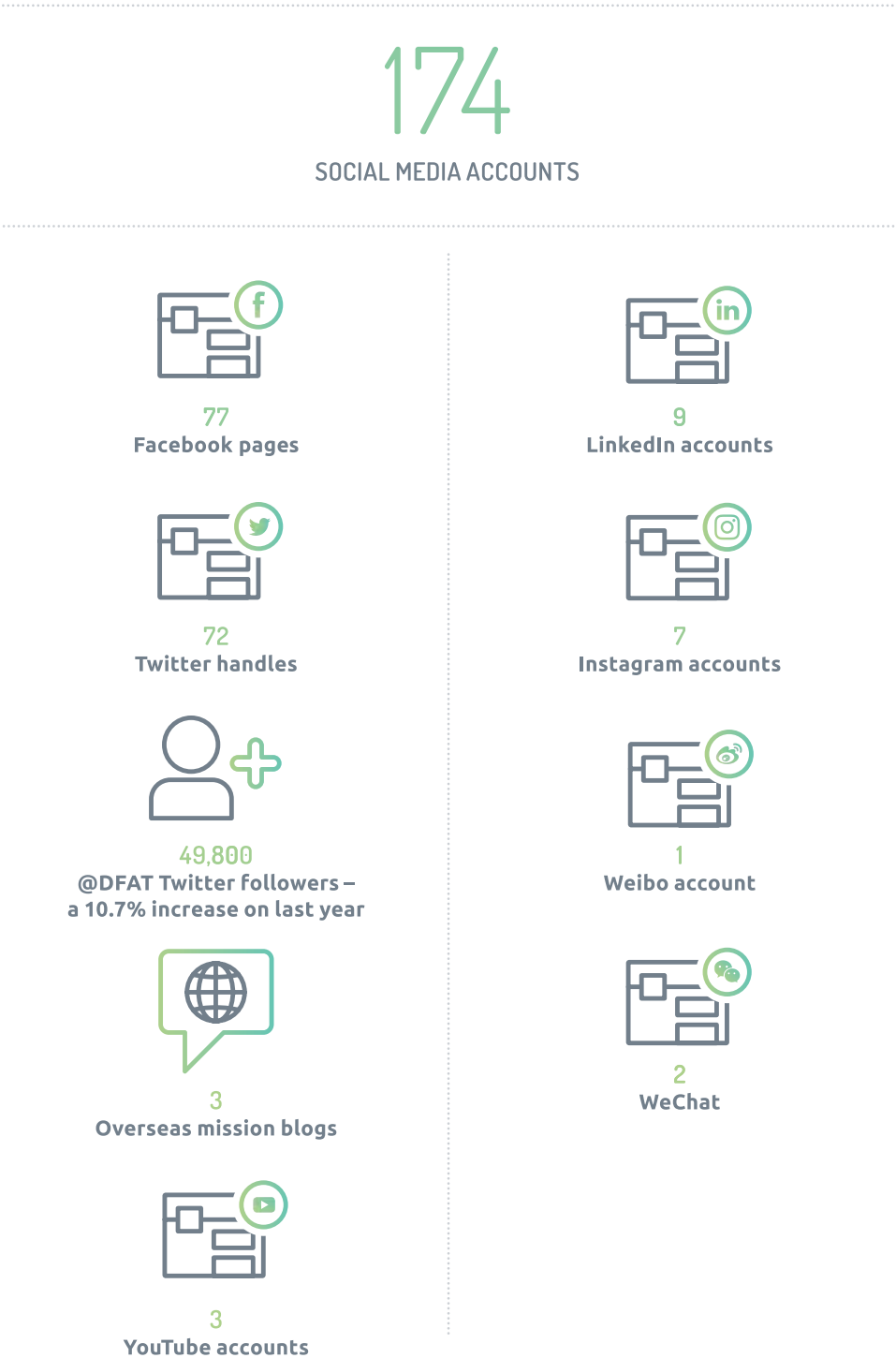
The week-long visit exposed journalists from China, India, Indonesia, Japan, Republic of Korea, Singapore and United Kingdom to Australia's capabilities in the gas and petroleum industries, opportunities in infrastructure, expertise in agribusiness and aquaculture, and our rich Indigenous culture.

Centered on the Northern Australia Investment Forum in Darwin, we showcased an array of successful investments and emerging opportunities across the top of the Northern Territory, Western Australia and Queensland. The journalists met federal and state ministers and business representatives, as well as foreign investors from Landbridge (China), Shanghai Zhongfu (China), POSCO Research Institute (Republic of Korea), Adani (India) and Singapore Power.

We used the diversity and scale of opportunities across the three states to promote Australia's open and resilient economy and competitive investment environment. We generated positive and informed foreign media coverage and showed how, by raising international awareness of the reforms and opportunities set out in the Government's White Paper on Developing Northern Australia, we can help promote domestic policy priorities, such as the long-term growth strategy in the north.

Following the visit, Indian journalist Dheeraj Tiwari wrote an *Economic Times* article highlighting former Trade and Investment Minister Robb's optimism about signing a free trade agreement with India and investment opportunities in the food and agribusiness sector. Singaporean journalist Marissa Lee published a *Straits Times* story promoting Australia's investment in services to simplify regulatory approval obligations. Korean journalist Kyumin Choi published a *Chosun Ilbo* feature on Australia's tropical medicine expertise in the fight against dengue fever, and Japanese journalist Yasuhiko Ota from Nikkei showcased some of Australia's best cultural experiences through Twitter posts.

Figure 22: Global social media coverage, 2015–16



REVIEW—MEDIA, WEBSITES AND SOCIAL MEDIA

As more communication takes place online, the department has lifted efforts to inform and engage with audiences and make our views known. We expanded our digital media communications to better reach the general public, partners and stakeholders. In 2015–16, the department reviewed the quantity and quality of responses to media enquiries and the number of visits to our various websites. We also commissioned an external audit of departmental social media accounts.

Consular matters were the subject of over half of all our media queries. High-profile cases and crisis events generated strong interest as did significant developments in bilateral FTAs and the Trans-Pacific Partnership. We worked with internal and external clients to develop high-quality media and communications products to deliver targeted and timely responses and messaging.

Our website (dfat.gov.au) is 20th in federal government website rankings receiving over 4.5 million users and 17.6 million page views in 2015–16. Around 35 per cent of traffic to the site came from overseas. Most users were from Australia (64 per cent) followed by the United States (4.6 per cent), Indonesia (2.37 per cent), India (1.92 per cent) and the United Kingdom (1.73 per cent).

Together, the department's global network of nearly 100 websites reached over 9.9 million users and had over 35.2 million page views. Australia's embassy in Beijing had the most website visits with over 6.6 million page views.

At 30 June 2016, we maintained 174 social media accounts across 84 countries, an increase of approximately 25 per cent over last year. Across all our accounts, we had almost 196,000 total Twitter followers and over 1.6 million Facebook page likes. Our range of platforms grew to include seven Instagram accounts, a SoundCloud account operated by our Seoul post, and an official blog by our High Commissioner to New Zealand.

REVIEW—PUBLIC DIPLOMACY

Following the results of commissioned research into public perceptions and soft power, we refreshed the department's Public Diplomacy Strategy 2014–16 to include strengthened messages promoting Australia's creativity, robust economy, capacity for innovation, and contribution to the global community.

While the overarching goals and objectives of the strategy remain in effect for three years, an annual review ensures we can reflect new government policies and respond to emerging opportunities which advance Australia's international policy agenda. The updated strategy is approved annually by the departmental executive.

Posts develop public diplomacy proposals aligned with the strategy and tailored to local context each year and also report on past activities.

We commenced early work on a new monitoring and evaluation framework which acknowledges the challenges in measuring public diplomacy impact. The proposed framework will provide a practical, streamlined and proportionate basis for assessing performance of activities, noting the relatively small amounts of funding involved. For example, 71 per cent of posts have public diplomacy budgets of less than \$26,000.

The proposed monitoring and evaluation framework will be available for staff consultation in 2016–17. Proposed metrics include audience reach through social media and attendance at events, as well as reputational indicators such as Australia's ranking in surveys conducted by Portland Soft Power 30, Anholt-GfK Roper Nation Brands Index and Good Country Index.

We will apply the framework, initially, to selected programs. Measurement efforts will be commensurate with the size of programs and will consider resource and other impacts on posts.

Taste of Australia, Vietnam



Then Ambassador to Vietnam Hugh Borrowman (centre), Australian chef Luke Nguyen (right) and Vietnamese chef Pham Cong Minh (left), take part in Taste of Australia Vietnam, Hanoi, 20 April 2016. [DFAT]

Taste of Australia was an innovative food and beverage promotion supported by industry and business partners in Australia and Vietnam. Hosted by our posts in Hanoi and Ho Chi Minh City, this public diplomacy activity helped stimulate demand for Australian products. It also established new business and trade relationships with over 60 private sector partners, suppliers and sponsors.

The variety of Australian food and beverages exported to Vietnam is currently lower than to comparable ASEAN markets and there is room for growth given rapidly rising income levels. *Taste of Australia* helped enhance knowledge of and interest in Australian food and beverage products and lay the groundwork for long-term, sustainable exports to Vietnam.

Australian chef Luke Nguyen was the face of *Taste of Australia*, lending significant profile to the campaign. His involvement highlighted the valuable contribution of the Vietnamese diaspora to Australia and the work that many Australians are doing in Vietnam.

A number of participating Australian suppliers have already received export orders and all participants expect to return to Vietnam within the next 12 months for further business development. Private sector partners strongly endorsed our program and expressed support for another event in 2017.



Figure 23: Foundations, councils and institutes

The department supported eight foundations, councils and institutes, funded through the International Relations Grant Program. A total of 244 grants were allocated to promote people-to-people links and a contemporary and positive image of Australia and to support the Australian Government’s international policy goals. **Highlights included:**



AUSTRALIA-ASEAN COUNCIL

A network of 72 school partnerships established between Australia and nine ASEAN countries connecting teachers, students and communities; showcasing innovative Asian art in Australia at the 20th Biennale of Sydney; and building regional capacity on disaster resilience education.

23 GRANTS



AUSTRALIA-CHINA COUNCIL

Institutional collaboration with China enabled Australians to gain insight into Chinese culture and tradition through two popular exhibitions: 'Celestial Empire' (National Library of Australia) and 'Tang' (Art Gallery of New South Wales).

36 GRANTS



AUSTRALIA-INDIA COUNCIL

Australia’s National Indigenous Women’s Cricket Team tour of India attracted significant local media coverage. The Australia–India Policy Forum supported interaction on key security and foreign policy issues.

23 GRANTS



AUSTRALIA-INDONESIA INSTITUTE

Increased understanding and partnerships through the Australia Indonesia Youth Exchange Program (AIYEP), the Muslim Exchange Program (MEP) and a successful Australian Philanthropy Leaders’ visit to Indonesia.

34 GRANTS

Figure 23: Foundations, councils and institutes (continued)



AUSTRALIA-JAPAN FOUNDATION

Australia's continued support for reconstruction for communities devastated by the 2011 earthquake and tsunami builds deep connections with Japan. The establishment of the Foundation of Australia-Japan Studies will raise the profile and understanding of Australia in Japan.

50 GRANTS



AUSTRALIA-KOREA FOUNDATION

Low-cost technologies used to support mutual learning between Australian and Korean schools. A memorandum of understanding on geotechnical challenges in oil and gas extraction and renewable wind energy develops scientific innovation partnerships.

39 GRANTS



COUNCIL FOR AUSTRALIAN-ARAB RELATIONS

Arabic language TV series hosted by Master Chef Tarek, celebrating Australian produce and culture. The World of Women Film Fair in Dubai promoted and awarded the talents of women in the film industry. The Lowy Institute presented a keynote address by CAAR International Speaker Hayder al-Khoei from Chatham House London.

19 GRANTS



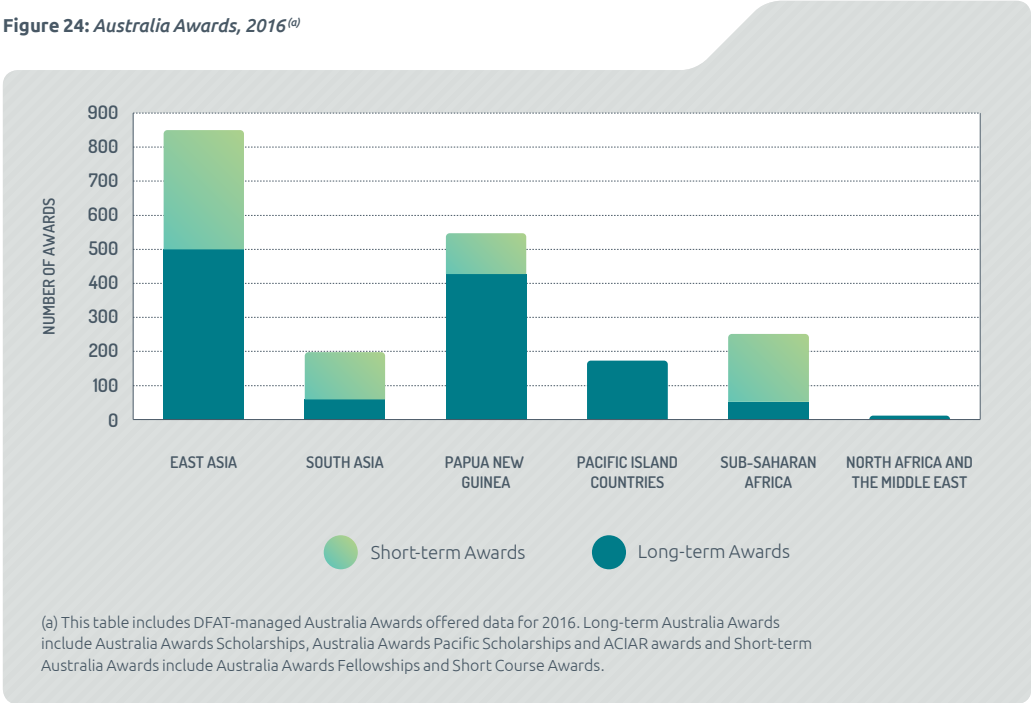
COUNCIL ON AUSTRALIA LATIN AMERICA RELATIONS

Participation of five performing groups in the 2016 Brazil focus country program *Australia now*, including Circus Oz, Back to Back Theatre and The Looping Lab. Machu Picchu World Heritage site revealed by University of Sydney archaeologists using LIDAR remote sensing technology. Havana City document restoration utilising National Archives Australia expertise.

20 GRANTS



Figure 24: Australia Awards, 2016^(a)



ANALYSIS AND OUTLOOK

In today’s increasingly complex and information-rich global environment, there are more players seeking to influence foreign, trade and development policies and outcomes. As a result, the power to influence opinion and shape perceptions through public diplomacy has become an essential component of Australia’s foreign policy and will remain a key ongoing area of our work.

The department’s delivery of effective public diplomacy initiatives was enhanced by the continued implementation of a long-term Public Diplomacy Strategy. This provided a clear framework for the department, overseas posts, and foundations, councils and institutes, and ensured better strategic alignment between public diplomacy programs and policy outcomes. The quality of programming and demand for funding increased across the department, reflecting a growing recognition of the value of public diplomacy as a tool for advancing our policy priorities.

We continued to professionalise the public diplomacy capabilities of departmental staff with the delivery of seven regional

training events, covering 70 per cent of our posts, and the launch of a public diplomacy handbook.

The department responded to a changing media environment by strengthening our digital capabilities and expanding social media use to improve our communications and public engagement.

Following aid budget reductions, we limited the intake of Australia Awards scholarships and deferred intake of the Australia Awards fellowships program. We completed the selection process for Australia Awards fellowships commencing from July 2016.

In 2016–17, we will improve our services and focus on outcomes that help engage the public and enhance Australia’s international reputation. We will update the Public Diplomacy Strategy for the following three years, including to incorporate science diplomacy and an emphasis on creative industries. We will also implement the department’s digital strategy, launch additional social media channels, and progress the Australia Awards Global Alumni Strategy.

CONSULAR SERVICES

○ NOT MET ◐ PARTIALLY MET ● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 2.1 (PBS p. 49)

The department's delivery of consular services is effective, efficient, timely and responsive, and within the scope of Australian Government responsibility.

● ● ●

Travel advisories are accurate and timely and provide clear guidance to a broad audience of potential risks and the extent of Australian Government assistance; public use of the Smartraveller website and the online registration service continues to grow.

● ● ●

Consular contingency planning accurately anticipates high-risk events and scenarios, necessary resources for response are readily available, procedures and networks remain valid and viable, and plans are tested and reviewed regularly.

● ● ●

Timely and effective consular support to Australians through well-coordinated implementation of whole-of-government responses to large-scale crises.

● ● ●



Assistant Director Consular Operations, Janette Lynagh (right) mentors Consular Emergency Centre recruit Lyndon Christie, DFAT Diplomatic Academy, 10 June 2016. [DFAT/David Williams (Gilimbai)]



OVERVIEW

THE DEPARTMENT MADE HIGH-QUALITY CONSULAR SERVICES AVAILABLE 24/7, THROUGH POSTS OVERSEAS AND STAFF IN AUSTRALIA.

We provided assistance to 15,740 Australians in difficulty overseas in 2015–16, including through Canadian posts in some countries, under a reciprocal consular sharing agreement (*see Appendix 13, pp. 242–9*). The Consular Emergency Centre was an important point of contact for Australians both at home and abroad, taking more than 60,000 calls during the period.

The Consular Strategy 2014–16 provided the framework for delivery of prompt, effective and courteous consular services. We refined policies and developed new tools to support our focus on particularly vulnerable clients, such as a checklist for staff assisting in cases of sexual assault. We underpinned this with a comprehensive training strategy for front line consular staff in Canberra and overseas, including preparing staff for working with clients with possible mental health concerns. We also enhanced mechanisms to support the welfare of consular staff.

The department strengthened public outreach to help Australians understand our consular role and to manage expectations about what the department is able to provide. We published the first consular ‘State of Play’ report in November, providing data on recent trends and selected case studies. This was well received by media and stakeholders and helped inform media coverage of consular issues. Our cooperation with Embassy Productions on the observational documentary *The Embassy* also reinforced messages on safe travel and prompted discussion on social media of travel issues.

We streamlined processes for collecting and collating feedback on consular services and used this information to improve communication with consular clients. We made it easier for Australians to obtain an apostille by authorising overseas posts to legalise the signatures and seals on Australian public documents. We also launched an online verification of apostilles, assisting Australians to use their public documents overseas.

With the CEO of the Australian Federation of Travel Agents, we co-chaired two meetings of the Consular Consultative Group, bringing together key stakeholders in government, private industry and academia. The group contributed to policy development and helped improve the reach of consular messaging.

Our engagement with the Global Consular Forum enabled deeper cooperation with other countries and good access to global best practice. We continued cooperation with our Consular Colloque partners, including through a new MOU on crisis cooperation with Canada. We broadened our dialogue with Indonesia, extended the scope of our consular agreement with China to include Macau and joined an informal international working group on honorary consuls.

The department provided whole-of-government leadership on international crises, including Australia’s response to terror attacks in Paris in November and Brussels in March and the kidnappings of Australians in Burkina Faso, Afghanistan and Nigeria. We coordinated one of Australia’s largest ever humanitarian responses to an overseas crisis following Tropical Cyclone Winston in February.

RESULTS

Providing prompt, effective and courteous consular services to Australian citizens travelling or living abroad



Still from new Smartraveller television advertisements. [DFAT]

CASE STUDY LAUNCH OF SMARTRAVELLER PHASE IV

On 2 November 2015, the Foreign Minister launched Phase IV of our Smartraveller Campaign, a new-look website and a new app for Android devices to better communicate key consular messages to support the safety and security of Australians travelling overseas or living abroad.

The Smartraveller campaign uses television, digital, video, social media, print and public transport advertisements to direct Australians to the Smartraveller website for comprehensive consular messages and advice. It aims to assist preparation and build resilience and self-reliance among Australian travellers, including by emphasising the importance of purchasing the right travel insurance.

We extended the reach of the campaign by translating and adapting advertising material for multicultural audiences. We also extended outreach to other target groups, such as school and university students, travel agents and travel industry stakeholders.

The innovative new 'need help?' option on the updated Smartraveller website provides quicker and more effective access to information for travellers. It also provides the contact details for 24/7 consular staff, if required. Our updated website received positive comment on social media and through our consular feedback line.

The new Android app, together with the updated app for iOS, further increases access to comprehensive, accurate and up-to-date travel advice, helping travellers stay better informed.

Early indications are that the advertising campaign has affected behaviour. In the six months following the launch, website page views increased by 46 per cent, with a 36 per cent increase in users of the website. More Australians accessing this information will support our longer term aim to see Australians better prepared for situations overseas.

The department also enhanced our internal Consular Information System to support the delivery of prompt, courteous and effective assistance to Australians overseas.



Leading the Government's response to international crises including humanitarian emergencies in the Indo-Pacific region



DFAT crisis response team member Simon Mamouney (left), with Australian Army Sergeant Nicki Morgan (centre), works to process an evacuee at an evacuation assembly area during Exercise Sea Raider, Evans Park, Atherton, North Queensland, 27 September 2015. [DEPARTMENT OF DEFENCE/CPL David Cotton]

REVIEW—THE EFFECTIVENESS OF OUR CRISIS MANAGEMENT MECHANISMS IN DELIVERING A COORDINATED CRISIS RESPONSE AND THE PROVISION OF CONSULAR SUPPORT TO AFFECTED AUSTRALIANS

The department's leadership of whole-of-government, rapid responses to Tropical Cyclone Winston (*see pp. 141–2*) and terrorist attacks in Paris and Brussels demonstrated the effectiveness of our crisis management mechanisms and our ability to provide high-quality consular support to Australians overseas.

Our swift and effective incident response reflected robust and comprehensive contingency planning. We oversaw the development of location-specific Crisis Action Plans by all our posts and conducted Contingency Planning Assistance Team visits to five posts in four countries to enhance response capacity in large-scale crises and high-risk scenarios. We conducted lessons-learned exercises after Tropical Cyclone Winston and the Paris terror attacks, feeding the conclusions into our procedures for future contingency planning and crises. We found we needed to strengthen crisis monitoring capacity.

We continued to improve the capability of our Crisis Response Team through targeted training programs, including cooperation with Australian Defence Force (ADF) exercises.

More broadly, the department strengthened and tested whole-of-government coordinated response procedures through joint exercises with the ADF. We participated in Exercise Sea Raider in September–October, which certified HMAS *Canberra* for humanitarian assistance and disaster relief efforts, as well as non-combatant evacuation operations. We also participated in Exercise Vital Prospect in May.

We improved our cooperation and dialogue with private sector and non-governmental organisations. We worked with the Council of Australian Tour Operators to help improve their members' procedures and preparations for different crisis scenarios. We collaborated with NGO *Hostage UK* to enhance our capacity to provide support to the families of Australians involved in international kidnapping incidents.

We also undertook comprehensive planning and provided consular support for major events, including Australian government commemorations at Gallipoli and for the centenary of the battles of Fromelles and Pozières.

REVIEW—THE TIMELINESS AND ACCURACY OF PROVIDING INFORMATION, RESPONSE TO INCIDENTS AND UPDATES TO TRAVEL ADVICE AND THE QUANTITATIVE MEASURES OF WEBSITE VISITS, SOCIAL MEDIA USERS AND SUBSCRIBERS TO TRAVEL ADVICE

Drawing on a variety of sources, we offered timely and accurate travel advice in response to developments potentially having an impact on the safety and security of Australians overseas. We issued 773 updates to travel advice for 172 destinations and 44 travel bulletins on a range of subjects, including the Zika virus and terrorism threats.

Some travel advice updates were scheduled reviews while others were in response to specific developments. We reissued the travel advice for France three times in the 12 hours following the November terror attacks in Paris, in response to fast-moving developments on the ground.

We also issued updates where possible to warn of impending crises, such as natural disasters. We reissued travel advice for

Fiji, Tonga and Vanuatu nine times in advance of, and in response to, Tropical Cyclone Winston.

We commissioned an online discussion forum as part of a review of the readability of our travel advice. The feedback from Australian travellers and travel agents was very positive, including comparing our advisories favourably to those of other countries. We will use this feedback in our continuous improvement of travel advice.

The Smartraveller website was an important avenue for providing travel advice updates, with 21,013,608 hits, an increase of more than five million from last year. We also used the Smartraveller smartphone apps, the travel advice subscription service and social media to promote consular messages, particularly to young Australians. Smartraveller's social media presence grew significantly with Facebook 'likes' increasing from almost 60,000 to over 100,000 and Twitter followers from 8,758 to 13,809.

We introduced account-based registration and subscription services on Smartraveller. Further changes are being implemented in response to public feedback. The new system is designed to make it easier for travellers to register their trips and subscribe to travel advice updates for their destinations.

Table 2: Travellers' emergency loans *

	2012–13	2013–14	2014–15	2015–16
Number of Australian travellers assisted by emergency loans	298	239	211	197
Amount provided in emergency loans	\$209,126	\$144,648	\$144,641	\$174,576
Amount recovered in debt recovery activities	\$242,415	\$154,183	\$112,121	\$121,996

* The department also granted payments of \$55,757 to four Australian travellers under the consular emergency services financial support mechanism, which enables the extension of financial assistance when it is not practical or legally possible for individuals to sign an undertaking-to-repay.



Table 3: Consular services provided to Australian travellers

	2011–12	2012–13	2013–14	2014–15	2015–16
Australian resident departures ¹	8,452,924	8,856,210	9,472,470	9,747,050	10,228,000
Cases of Australians hospitalised given general welfare and guidance	1,265	1,372	1,330	1,453	1,667
Cases of Australians evacuated to another location for medical purposes	24	28	27	11	25
Cases of next of kin of Australians who died overseas given guidance or assistance with disposal of remains	1,138	1,247	1,215	1,282	1,516
Cases of Australians having difficulty arranging their own return to Australia given guidance and assistance	46	53	47	50	51
Whereabouts – inquiries made about Australians overseas who could not be contacted by their next of kin	4,154	1,829	4,794	5,697	5,582 ²
Cases of Australians arrested overseas	1,181	1,136	1,185	1,256 ³	1,551
Cases of Australians in prison	326	343	339	371 ⁴	391
Cases of Australians given general welfare and guidance	6,440	5,919	5,621	5,704	4,957 ⁵
Total number of cases involving Australians in difficulty who received consular assistance	14,574	11,927	14,558	15,824	15,740
Notarial acts	188,149	195,470	222,042	243,103	232,600 ⁶
Total number of cases of Australians provided with consular services	202,723	207,397	236,600	258,927	248,340
Australians in financial difficulty who were lent public funds to cover immediate needs (travellers' emergency loans)	365	298	239	211	197

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

2 Figure includes crisis-related whereabouts cases, including for terror attacks in Paris, Brussels and Jakarta, and Tropical Cyclone Winston in Fiji.

3 Correction from 2014–15 Annual Report.

4 This figure shows the total number of cases of Australians in prison during the year. The 'snapshot' of number of cases of Australians in prison overseas on 30 June 2016 was 252.

5 Welfare and guidance figure includes the following sub-categories: general (63), welfare and other serious matters (3,089), theft (1,238), assaults (315) and welfare of children (252).

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

STAFF PROFILE

Caitlin Bell

Legal Officer, Crisis Response Team member



In response to Tropical Cyclone Winston, I deployed to HMAS *Canberra* as a liaison officer with the department's Crisis Response Team.

I lived and worked alongside colleagues in the Australian Defence Force on board the ship and was impressed by the level of coordination and cooperation across Australian government agencies. We all focused on providing a high-quality response to support the Government of Fiji's efforts, and deliver for the

people of Fiji. I provided advice to the Joint Task Force Commander, coordinated with Fiji's National Disaster Management Office for the delivery of more than 200 tonnes of relief supplies, supported media and official visits and kept Canberra and our post in Suva informed about the ship's activities.

One highlight was the visit to the ship by Fijian Prime Minister Bainimarama who came to see Australia's relief supplies and express his appreciation for our support.

ANALYSIS AND OUTLOOK

More Australians are travelling overseas and demand for consular services is strong. Total case numbers remained steady, but case complexity grew and the average length of time to resolve individual cases increased. On any given day, the department looked after around 1,600 active cases. We sought to manage unrealistic expectations, including through the implementation of the Consular Strategy and the Smartraveller campaign. The department will develop a second three-year Consular Strategy to guide consular policy and practice for the period 2017–19. This will include policy changes on providing consular assistance to dual nationals and permanent residents in their country of other nationality, announced in the 2016–17 Budget.

Terror attacks in Paris, Brussels, Ankara and Istanbul highlighted the increasingly diffuse terrorist threat to Australians overseas and the growing expectation of quick and authoritative responses to crisis events. On 15 May, Minister for Foreign Affairs Julie Bishop announced the establishment of the Australian Government Global Watch Office to strengthen Australia's capacity to monitor and respond to emerging overseas events on a 24-hour basis. The Watch Office will be operational as of 1 July 2017.

We will continue to conduct lessons-learned exercises after each incident, identifying strategic and procedural improvements to guide future crisis responses. We will draw on our significant contingency planning to provide consular services during the Olympics and Paralympics in Brazil in August and September.

We will continue to improve our Smartraveller registration and travel advice subscription service. We will focus on the user experience and implement a project to improve the readability of our travel advice. We will also deliver enhancements to online information for Australians seeking legalisation of documents for use overseas. Smartraveller advertising and outreach, including through social media, will remain a key focus of our consular information effort. We remain committed to improving services to clients with mental health concerns.



DID YOU KNOW...

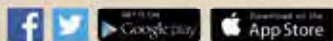
IN JAPAN SOME COLD & FLU TABLETS



ARE ILLEGAL?

KNOW THE LOCAL LAWS

BE INFORMED.
BE PREPARED.



Australian Government

smartraveller.gov.au

EVERY TRAVELLER • EVERY TRIP

PASSPORT SERVICES

○ NOT MET ◐ PARTIALLY MET ● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 2.2 (PBS p. 51)

Public and travel industry clients are satisfied with the department's efficiency and effectiveness in delivering passport services, with passport issues dealt with in a timely and responsive manner.¹



Staged delivery of the National Security – Improved Passport Integrity and Strengthened Issuance Systems program within budget and against timelines.



Prevention, detection and prosecution of passport fraud.



¹ KPIs for 2013-14 and 2014-15 referred to the issue of routine passports within 10 working days.



Page from an Australian passport incorporating sophisticated security features, including text visible under ultraviolet light. [DFAT/David Chadwick]



OVERVIEW

THE DEPARTMENT PROVIDED AUSTRALIANS WITH A SECURE, EFFICIENT AND RESPONSIVE PASSPORT SERVICE, IN LINE WITH THE CLIENT SERVICE CHARTER OF THE AUSTRALIAN PASSPORT OFFICE (APO).

We issued our largest ever number of travel documents—1,961,666 (6.89 per cent more than the previous year). Regular surveys indicated strong client satisfaction.

Intense activity continued on the Passport Redevelopment Program—a program that will deliver a modernised online system for passport applications, improved processing and analytics capabilities as well as highly-efficient passport printing equipment.

In 2015–16, we undertook significant non-production activities to strengthen the passport system and enhance client service. Legislative amendments in late 2015 necessitated policy and procedure changes, good communication across our network of offices and agencies and a wide-reaching public information campaign.

We re-launched the passport website in December 2015 with updated content. The new design provides better pathways for clients to access information about eligibility requirements and to start a passport application online. We used general and targeted outreach initiatives to give clients clear advice and guidance. We reviewed the introductory script for our telephone helpline to streamline our messaging to address common inquiries more efficiently.

We progressed the digital capture of passport applications to provide the best means of importing clean data to our systems. A new high volume passport printing and dispatch system reached the final test stage.

Combatting passport fraud was a key priority in both processing and innovation aspects of our work. Every passport application was checked against identity records and images to prevent the issue of a genuine document in a false identity. We worked closely with intelligence and law enforcement partners to detect and prosecute passport fraud. We refused to process 80 suspected fraudulent passport applications, most containing forged signatures. We investigated 150 allegations of fraud and referred 29 cases to prosecuting authorities.

Our participation in international standards bodies helped drive best practice in passport security and interoperability. We were one of the first agencies to test the Government's proposed national facial biometric matching capability—a data sharing hub that will facilitate the validation of citizenship and image data of passport applicants. Security enhancements are a priority in design work for the next generation of Australian passports, due for release in 2020.

In response to competent authority requests, the Foreign Minister cancelled 96 passports, refused eight and suspended 24 on national security or law enforcement grounds.

In conjunction with the Department of Immigration and Border Protection, we began developing the concept of a digital passport—an electronic travel identity that Australian citizens could use instead of a physical passport when leaving Australia. Laboratory testing is underway to ensure that this will be compatible with the SmartGate automated border processing system.

Passport offices are located in all state and territory capitals. We closed the Newcastle passport office on 30 June 2016.

RESULTS

Providing a secure, efficient and responsive passport service



The new passport website unveiled in December 2015 provides better access for mobile devices. [DFAT/David Chadwick]

CASE STUDY THE IMPLEMENTATION OF NEW PASSPORT LEGISLATION

The department drove legislative change to reflect contemporary social circumstances, address problems with passport applications and misuse, and strengthen our passports service. Changes include:

- an amended definition of persons with parental responsibility which simplifies consent procedures for up to one-third of complex children's passport applications
- a right to refuse to process a passport application if fraud, such as a forged parental consent signature, is suspected
- a decision to issue child applicants aged 16 or 17 years with 10-year passports instead of the 5-year passports issued to children under 16, delivering deregulatory savings to families
- new approaches to serial passport losses designed to encourage greater passport security and timely reporting of loss or theft.

Many of the changes took effect on 1 January 2016, along with annual fee increases.

To ensure a seamless cutover, we:

- adjusted passport IT systems to enable the smooth collection and processing of applications
- provided information and training on the new provisions, policies and systems to Passport Office and overseas mission staff, 1,650 Australia Post outlets accredited as passport agencies and Australian Passport Information Service helpline operators
- amended the content of the passport website, updated electronic application forms and promoted the use of online services to the public.

At a time of peak demand we assimilated the new arrangements quickly into business as usual. We maintained high client service standards and improved the availability and transparency of eligibility information. By strengthening the integrity of our system, we reaffirmed the passport's status as Australia's premier identity document.



REVIEW—THE ABSOLUTE NUMBER AND ACCURACY OF PASSPORTS ISSUED AND THE TIME TAKEN TO PROCESS REGULAR AND URGENT APPLICATIONS

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

Growth in passport applications was led by continuing high demand for children's passports, with children under two years accounting for 6.3 per cent of total applications.

While we received an average of 7,732 applications each working day, we received more than 8,000 on 79 days during the reporting period. The highest number in a single day was 9,337.

Priority service was requested in 11.96 per cent of applications. We issued 234,525 priority passports and met the processing standard of two business days in 99.09 per cent of cases.

Our diplomatic missions and consulates issued 8,140 emergency passports to Australians overseas.

The Australian Passport Information Service (APIS) provided a telephone helpline to clients and arranged appointments with passport offices in Australia on our behalf. APIS handled 1,751,698 telephone and email enquiries.

In 2015–16, 43.2 per cent of clients used the passport forms available at www.passports.gov.au, compared with 38 per cent the previous year. We continue to encourage clients to start their applications online because, compared with handwritten forms, the data capture is cleaner and enables more efficient and accurate processing.

In line with previous years, a small number of passports issued—0.16 per cent—were reported as faulty. Of these, 40 per cent involved physical problems with the booklet, while inaccurate data or photos accounted for 60 per cent.



Consul-General Craig Ferguson (right) with the first client to apply for a passport at the new Consulate-General in Phuket, Thailand, 24 June 2016. [DFAT/Wootikrai Jitsmark]

Table 4: Travel documents issued, 2013–14 to 2015–16

	2013–14	2014–15	2015–16
Total number of travel documents issued	1,803,143	1,835,201	1,961,666
% produced in Australia	98.6	99	99.2
Emergency passports issued by Australian diplomatic missions	7,857	8,171	8,140
Priority (PPF) passports issued	175,496	214,238	234,525
% issued in 48 hours	99.8	98.7	99.1
Documents reissued due to natural disaster	177	58	85

STAFF PROFILE

Adrian Jensz

Director, Passport Operations, Australian Passport Office



Rewarding jobs involve variety, challenge and the opportunity to make a difference. I have a very rewarding job in the Australian Passport Office.

I joined the department in 2015–16, following 20 years of service delivery work in Centrelink. My role requires me to apply passport policy to situations that some Australians find themselves in, often through no fault of their own. I need to balance helpful solutions and passport integrity.

We are always looking for ways to improve how we interact with the Australian public. We are very conscious of the need to communicate in a way that makes clients feel clearly informed about our services. Personalised service is also important. We have already made a number of improvements to our website and automated telephony systems. We will shortly be introducing smart, online passport application forms and a high volume passport printing capability. This gives me confidence in our ability to meet the increasing demand for passports over the coming years.

Most people will only deal with us once every ten years—my job is to give them the best experience possible.



Using facial recognition to strengthen the passport system

The Australian Passport Office has been using facial recognition technology since 2005 to detect passport fraud. We have an active research and development program to improve our facial recognition capability.

Since 2010 we have partnered with the University of New South Wales to undertake world-leading research into human ability to detect whether two facial images are of the same or different people. The results of this research, which has been funded in part through successive Australian Research Council grants, have fed directly into passport policy and operational decisions.

The research shows that recognising unfamiliar faces is a difficult task for most people. Few of us possess an innate ability to accurately match unknown facial images. We are working on methodologies to identify people with such aptitude, enhance their skills and build a cadre of facial comparison specialists.

This complements our work with the Defence Science and Technology Group on facial recognition algorithms. Testing new algorithms against the department's large database of facial images assists analysis of the best settings to detect potential fraud and enhances the integrity of our passport system.

ANALYSIS AND OUTLOOK

Record high passport application rates in 2015–16 resulted in a heavy processing workload. The 'work in progress' figure, comprising applications under assessment and passports in production, peaked at 81,783 in April 2016. To help keep turnaround within standard timeframes (passport delivery within approximately three weeks of application), we activated surge measures, including tasking qualified non-production staff to perform eligibility and quality assurance checks and offering overtime to maintain workflow.

Productivity was affected as some experienced staff worked offline to help design and test systems enhancements being developed in various projects under the Passport Redevelopment Program. Necessary training on legislative, policy and systems changes also affected operational activity but promotion of the revamped website and online applications helped minimise error rates and disruption to clients.

We reconsidered several measures scheduled for introduction in 2015–16. We moved away from the rollout of a new paper application form in favour of development of a new and improved online application process, and focused on the digital capture of applications instead of bulk scanning. We decided to put new categories of replacement passports on hold pending the new online capability.

Delivery of enhanced capabilities under the Passport Redevelopment Program will be our key priority in 2016–17. Aligning business needs and technical solutions will be important to ensure the seamless introduction of the new passport issuance system by 30 June 2017.

SECURITY AND ICT SERVICES

○ NOT MET ◐ PARTIALLY MET ● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 3.1 (PBS p. 55)

Effective threat analysis, risk assessments and mitigation strategies appropriate to increased security risks, including timely and effective responses to security incidents.¹

● ● ◐

Reduced security risks to official information, through a strengthened security culture, evidenced by fewer security breaches.²

● ● ●

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

● ◐ ◐

Staged delivery of the International Communications Network – upgrade program within budget and against timelines.

 ● ●

¹ Modified in 2015-16 to include reference to threat analysis and risk assessment.
² Modified in 2015-16 to include reference to all official information and all security breaches.



Assistant Secretary Security Operations Branch, Mauro Kolobaric (right), with Transition Security Manager, Lloyd Comer (centre), and Senior Project Manager (Gardaworld), David McCamley, view the building site for the new Close Personal Protection and armoured vehicles complex, Kabul, May 2016. [DFAT/Norm Brown]



OVERVIEW

THE DEPARTMENT UNDERTOOK A NUMBER OF MAJOR OPERATIONAL ACTIVITIES IN 2015–16 TO ENSURE THE SECURITY OF STAFF AND PROTECT GLOBAL PROPERTY ASSETS AND OFFICIAL INFORMATION.

We provided security advice to posts across the network and finalised contracts with private sector companies for the delivery of security services in the high-threat posts of Kabul and Baghdad. In Australia, the department signed and implemented the new national guarding contract with Fields Security. Concluded under the Government's new Indigenous Procurement Policy, this was the largest indigenous security contract in Australia at that time. We continued significant electronic and physical security upgrades across the department's premises domestically.

The department made good progress in upgrading the clearances of former AusAID staff. We provided a range of targeted security training, including for those proceeding on postings overseas, but need to further build a strong culture of security awareness.

The department improved the accessibility and reliability of ICT systems and support arrangements internally and for partner agencies. Major long-term change programs continued, including the International Communications Network (ICN). This investment is essential to the Government's ability to deliver Australia's international security, services and productivity objectives.

The ICN is on schedule with major procurements completed including a contract for telecommunication services. We have developed capabilities which will enable the ICN to provide accessible and reliable ICT systems with enhanced security to better protect and share our information. A Department of Finance gateway review in August 2015 gave the program a delivery confidence assessment of Green/Amber. Our pilot post in Manila received the ICN upgrades in June 2016.

We also increased technology and procedural security controls and network performance within Australia and at overseas posts. This will enhance the strength of the Government's global communications network in the face of cyber threats.

We recommenced a Technical Officer Development program to deepen technical capacity in our workforce in Canberra and at overseas posts in support of our global infrastructure.

RESULTS

Keeping government communications secure, Australia's global property assets in good order, and ensuring the security and health of our staff

REVIEW—SECURITY BREACHES

There were 503 breaches across our network over the year, a 4 per cent decrease from the 2014–15 reporting period. We completed 534 clearances and 596 security revalidations—a critical function which ensures compliance with the Government's Protective Security Policy Framework and enables staff to commence and continue in position. All our staff were required to complete the annual Security E-quiz which reinforced each individual's key security responsibilities and 1,395 officers participated in security training programs.

We provided advice to staff on a range of security issues and responded to an estimated 31,000 enquiries on security clearance and general security policy issues. We responded to over 80 enquiries relating to security threats and risks overseas and issued over 20 travel approvals to remote areas or 'do not travel' destinations.

REVIEW—THE ACCESSIBILITY AND RELIABILITY OF THE SECURE CABLE NETWORK

Over 12,000 users from the department and 47 government agencies relied on our secure cable network in 2015–16.

We improved the resilience of our systems and strengthened business continuity by relocating critical equipment to a purpose-built external data centre. We continued our upgrade of satellite communications equipment, encryption devices and emergency radio systems at posts. We completed ICT fit-outs at several new and relocated posts, including Jakarta, Makassar, Phuket and Ulaanbaatar.

The department focused on 24/7 support services for end-users and introduced new service management tools for technical staff. An ICT user satisfaction survey conducted in April by an independent provider reported modest improvements. Implementation of our new helpdesk software enabled the automation of many ICT support processes and facilitated a greater degree of self-service. We expect these investments will result in improved user satisfaction in the years ahead. Almost 300 staff received training in the effective administration of our systems.

We expanded the accessibility of our systems, including through enabling remote access to the diplomatic cable system and the department's intranet from mobile devices. This work supports both our growing international presence and the departmental priority to provide flexible working arrangements. The progressive rollout of WiFi throughout our network of posts will also enhance accessibility.

We improved the interoperability of our systems to enable productive collaboration with other government agencies by facilitating the exchange of email and diplomatic cables at the PROTECTED classification level. We also adopted the whole-of-government Parliamentary Document Management System for ministerial correspondence and submissions.

Using innovative technology we developed a secure portable communications capability. This provided essential communications to staff responding to international events, with minimal lead time required for deployment.



Armoured vehicle training

Many of our staff work in hostile, high-risk environments. In some of these places, it is essential for staff to use armoured vehicles for daily travel. To ensure the highest standards of driver competence and staff protection and safety, the department hosted a five-day Advanced Armoured Vehicle Driver Training pilot course in Canberra in May 2016. The course was attended by locally engaged armoured vehicle drivers from Amman, Dhaka, Colombo, Ramallah and Tehran and focused on driver performance in handling the unique dynamics of armoured vehicles.

The pilot program addressed the capabilities and limitations of armoured vehicles, situational awareness, risk,

vehicle dynamics and differing road types and terrains. Other topics included improvised explosive devices, planning and participating in convoys, critical incidents, communication, evasive and offensive vehicle tactics, and road trauma scenarios.

The pilot was highly successful with drivers significantly improving their skills. The course demonstrated the value of ensuring staff are appropriately prepared and trained to deal with a range of new security challenges. It will now be incorporated into the department's regular security training schedule.

Table 5: Security and ICT statistics

	2011-12	2012-13	2013-14	2014-15	2015-16
Number of posts and Australian Government entities with access to secure communications network and secure telecommunications infrastructure	145	144	172	168	170
Number of client agencies receiving ICT services	42	42	42	49	47
Number of cables	145,021	149,090	142,945	136,642	131,134
Cables to overseas posts	67,290	67,401	66,092	64,335	70,072
Cables from overseas posts	77,731	81,689	76,853	72,307	61,062
Number of security-related visits to overseas missions	106	111	131	87	93
Number of security clearances and revalidations processed	830	1,582	2,905	1,392	1,130

ANALYSIS AND OUTLOOK

The department undertook a range of reforms over the year by implementing recommendations arising from the 2015 Review of Diplomatic Security, all designed to advance our corporate security objectives in a global environment where security challenges are increasing. This included the need for stronger institutionalised governance, a greater focus on threat trends and risk assessment, building better working relationships across the department and other agencies and embedding security awareness more deeply throughout the organisation. We constituted a Departmental Security Committee, chaired at deputy secretary-level, to provide a structured governance framework for managing security. We restructured the security branches to better align policy and operational functions, headed by a chief security officer—a new position created as a result of the review. We also improved our training program by streamlining and better targeting courses to meet evolving training needs. Together with the Overseas Property Office we developed new physical security standards.

Against the backdrop of an increasingly challenging security environment, the department increased its collaboration with like-minded countries, including through the new Diplomatic Security Colloquium and enhanced bilateral sharing and cooperation.

We delivered high quality ICT services to 170 locations in Australia and overseas. Through the ICN, we progressively improved the accessibility of our systems from mobile and remote locations to support our increasing diplomatic footprint. We enhanced the resilience of our network to accommodate a 24/7 global presence.

We supported the departmental economic diplomacy agenda with the development of the award-winning FTA Portal which connects Australian businesses with export information.

We focused on service delivery to the public while progressively updating and replacing ageing infrastructure. We redeveloped ministerial and departmental websites and enhanced our suite of mobile and web-based consular applications.

In the year ahead, we will innovate in the area of security vetting, moving to a paperless, electronic security clearance processing system. This will accelerate significantly the clearance and revalidation process. We will develop in-house positive vetting processing and undertake new outreach activities to raise security awareness.

We will also continue work to replace the department's SATIN network with the ICN. The transition to a new global telecommunication contract will provide better performance and greater reliability to domestic and international locations.

We will maintain our ongoing work to keep government communications secure in the face of complex and emerging cyber threats, through effective controls and strong governance. Our efforts will be consistent with relevant whole-of-government policy and best practice, including guidance from the Australian Signals Directorate.



PROPERTY SERVICES

○ NOT MET ◐ PARTIALLY MET ● MET

KEY PERFORMANCE INDICATORS

2013-14 2014-15 2015-16

Program 3.2 *(PBS p. 56-7)*

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



External view of new chancery, Jakarta, 8 March 2016. [John Gollings]

OVERVIEW

THE OVERSEAS PROPERTY OFFICE AND SERVICES (OPO) MANAGED THE DEPARTMENT'S \$2.8 BILLION COMMONWEALTH-OWNED OVERSEAS ESTATE, COMMERCIALY LEASED CHANCERIES AND STAFF RESIDENCES OVERSEAS, AND THE DEPARTMENT'S LEASED DOMESTIC PROPERTY PORTFOLIO.

The department delivered a multi-year \$578 million budget for new constructions and refurbishment programs, and minor capital works programs for the overseas estate.

In 2015–16, we secured appropriate properties for four new posts, completed the new Jakarta embassy, oversaw ongoing construction of the new embassy in Bangkok, delivered substantial minor capital works and repair and maintenance programs, and transitioned to a new outsourced property services contract. We further developed and refined the Asset Management Plans (AMPs) for all owned properties.

The department appointed a new property services provider, Jones Lang LaSalle (JLL), who will commence on 1 July 2016. This brings the management of property services for the domestic and overseas property portfolios under the one contract, driving greater efficiency and savings. The new contract expands the facilities manager network to 30 posts serviced by on-site facilities staff. It also includes the requirement to improve environmental impact through day-to-day operational measures and develop sustainability measures across the overseas and domestic estates.

PROPERTY SERVICES

PROPERTY



168 OWNED PROPERTIES
167 OVERSEAS AND 1 DOMESTIC



822 LEASED PROPERTIES
802 OVERSEAS AND 20 DOMESTIC



Value of the owned overseas estate
\$2.8 BILLION

DIPLOMATIC MAIL SERVICE



31,101 SHIPMENTS OF
DIPLOMATIC MAIL
(647 metric tonnes)



9,520 SHIPMENTS OF
DFAT DIPLOMATIC BAGS
(95 metric tonnes)



RESULTS

Keeping Australia's global property assets in good order, and ensuring the security and health of our staff

REVIEW—PORTFOLIO MANAGEMENT

In 2015–16, the overseas property portfolio was valued at \$2.8 billion by independent valuer Savills. This was a \$400 million increase over the previous financial year primarily as a result of the capitalisation of the Jakarta embassy project.

In line with the Government's decision to expand Australia's diplomatic footprint, the department successfully secured and fitted out leased properties for new posts in Phuket, Makassar and Ulaanbaatar. We identified a leased property for the new post in Doha and fit out completion is expected in late 2016. A property search is also underway to establish the new post in Lae.

We completed the 40,500 square metre compound in Jakarta—now Australia's largest Commonwealth-owned building overseas—on time and within budget.

The Bangkok chancery, head of mission residence and services buildings are nearing completion. The quality of construction is high and the project remains within the budget allowance. However, program pressures will need to be closely monitored to ensure the project is completed in March 2017.

We commenced construction of a new embassy in Nairobi on 1 April 2016. The proposed new chancery will feature the highest level of security overlay for overseas missions. Construction of a new embassy in Washington DC is still in the preliminary stages. The concept design will be finalised and a design consultant appointed before a submission is prepared for the Parliamentary Public Works Committee (PWC). Following PWC approval, the project will enter its first phase, with the selection and fit out of a temporary chancery.

The department achieved a management expense ratio (MER) of 1.06 per cent, which is appropriate to the unique nature of the overseas estate. The MER refers to management expenses expressed as a proportion of the portfolio value.

Within our domestic portfolio, a new 15-year lease for the RG Casey Building in Canberra came into effect on 1 May 2016 following practical completion of the three-year program of landlord renovation works.

Our annual review of the AMPs helped guide the asset replacement program for the overseas estate and underpinned the development and completion of an \$8.2 million minor capital works program.

REVIEW—ANNUAL CLIENT SATISFACTION SURVEY 2015–16

ORIMA Research undertook the annual client satisfaction survey of OPO and outsourced service provider Cushman and Wakefield (C&W). The survey results showed the vast majority of the department's tenants were satisfied with OPO's property management (93 per cent) and C&W's maintenance services (91 per cent). Satisfaction with OPO's overall performance remained strong across all regions with results ranging from 88–100 per cent.

Satisfaction fell from 100 per cent in 2014–15 in Africa (92 per cent) and the Americas (91 per cent). Overall satisfaction with C&W's performance stabilised across the regions with the results range narrowing to 80–96 per cent (compared to 74–100 per cent in 2014–15).

The department's tenants rated both OPO and C&W at 87 per cent on the aggregated customer service measures (professionalism, courtesy, responsiveness and knowledge). For OPO this result was up from 85 per cent in 2014–15. C&W's results improved over the previous year in the Pacific (up from 82 per cent to 93 per cent), North Asia (up from 86 per cent to 93 per cent) and Australia (up from 72 per cent to 78 per cent).

The survey outcomes will assist in establishing our baseline for benchmarking the future performance of JLL.

Jakarta

Following the bombing of the Australian embassy in Jakarta in September 2004, the Government approved relocation of the chancery to new secure accommodation. The \$407 million project is the largest construction project undertaken by an Australian government overseas.

The new compound, which features state of the art security overlays, provides secure office accommodation for 14 Australian government agencies and approximately 144 Australia-based staff and 273 locally engaged staff. The embassy compound also houses an executive residence, residential accommodation for 32 diplomatic personnel and their families, as well as recreational facilities and a medical clinic.

The overall design of the new complex aims to minimise the environmental impact through the use of low resource technologies such as energy efficient lighting systems; low energy zoned air-conditioning; rainwater collection and

storage; green roof technology; solar hot water heating; reuse for toilet flushing and landscape irrigation, and provision for recycling of waste.

At its peak, there were over 2,500 workers on the embassy construction site. Over 14 million man hours of on-site work were recorded with only one lost time injury. In 2014, in recognition of its exemplary Workplace Health and Safety (WHS) record, the project received an Indonesian Industry Award for completing over three million man hours with no loss of time due to injury. The Jakarta project's WHS record is superior to a comparable scale project delivered in Australia.

Given the scale and residential location of the project, we ensured close engagement with local residents to build strong working relations, tailored working hours appropriately, and delivered best practice environmental management.



Internal courtyard of new chancery, Jakarta, 9 March 2016. [John Gollings]



ANALYSIS AND OUTLOOK

The department delivered positive outcomes across the full scope of property management responsibilities, despite slippage of some projects. Underpinning this performance was a preparedness to accept and manage risk, and shape strategies in response to a dynamic global property environment.

Completion of the Jakarta project was a highlight and the effective governance framework and WHS measures implemented there will form the template for the construction of the new Bangkok embassy and the upcoming projects in Nairobi and Washington DC.

In the Pacific, restricted real estate markets and testing environmental conditions meant maintenance of appropriate office and residential accommodation was more difficult. We are developing a Pacific strategy to deliver improved accommodation across the region, including exploring innovative and environmentally sustainable prefabricated accommodation options.

In the coming year, the department will prioritise a major refurbishment of the base building systems and the International Energy Agency tenancy area in the Paris embassy, construction of a new annex in Port Moresby, and further construction of the new Washington DC embassy.

REPORT ON FINANCIAL PERFORMANCE

DEPARTMENTAL OPERATING RESULT

The 2015–16 Budget included additional funding to continue Australia's diplomatic presence in Afghanistan and Iraq in support of international efforts to combat terrorism; to expand Australia's diplomatic footprint overseas to advance trade and investment opportunities for Australia and provide a greater level of consular assistance; to promote Australia's free trade agreements; and to support the continued investment in Australia's diplomatic property portfolio overseas.

The department demonstrated strong financial performance in 2015–16. The financial statements reported an operating deficit of \$128.3 million, including depreciation and amortisation expenses of \$147.7 million.

See also Management of financial resources, pp. 200–01, and the financial statements, pp. 259–337.

REVENUE

The department reported \$1,518.4 million of revenue in the Statement of Comprehensive Income, comprised of:

- \$1,381.7 million of appropriation revenue from Government; and
- \$136.7 million of own source income including gains.

This represents an increase of \$89.9 million over 2014–15. The main factors contributing to this movement were additional funding provided to the department in the 2015–16 Budget and Additional Estimates and increased revenues for services provided to attached agencies at overseas posts, including rental revenue, for which the department also incurred increased expenses.

The department also reported \$241.9 million of other comprehensive income arising from asset revaluation movements in the Statement of Financial Position. This is recorded directly as equity and is not incorporated into the departmental operating result.



EXPENSES

The department reported \$1,646.8 million of expenses in the Statement of Comprehensive Income. This represents an increase of \$111.4 million over 2014-15.

The main factors contributing to the movement in 2015-16 were:

- increases in staff expenses attributable to a minor increase in the full-time equivalent staffing level, the enterprise agreement pay rise, increased superannuation contribution rates and valuation adjustments to employee entitlement provisions;
- increased depreciation and amortisation expenses due to the increased value of the department’s asset holdings, and write-down and impairments costs after annual reviews of assets, including assets under construction.
- increased supplier expenses due to the impact of the decrease in the value of the Australian dollar, particularly for contracts denominated in US dollars, inflationary increases, increased property-related costs and an increase in passports issued in 2015-16; and

Figure 25: Departmental expenses, 2015-16

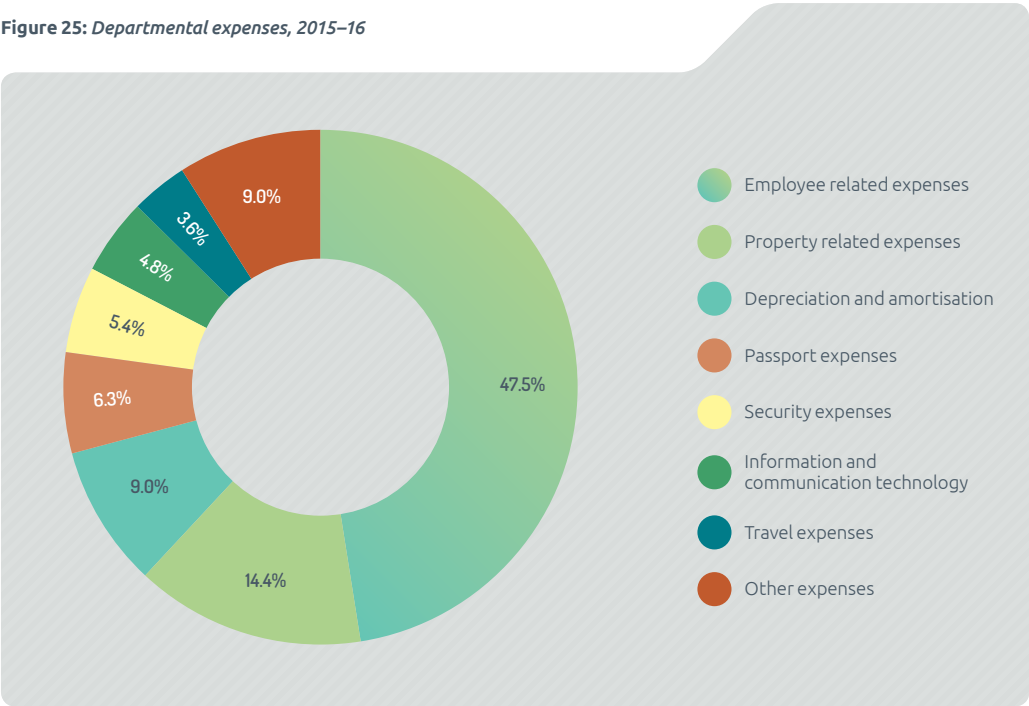


Figure 26: Assets and liabilities, 2011–12 to 2015–16



ASSETS AND LIABILITIES

The department reported a strong net asset position of \$4,090.8 million in the Statement of Financial Position, with liabilities equating to less than 10 per cent of the total asset base.

This is an increase of \$362.7 million over 2014–15. The main factors contributing to the movement in 2015–16 were the significant increase in the value of physical and intangible non-financial assets, due to new purchases and developments, and revaluation movements.

ADMINISTERED PROGRAM PERFORMANCE

2015–16 expenses administered by the department on behalf of Government were \$3,827.7 million, a decrease of \$970.5 million over 2014–15. The majority of this was due to decreases in international development assistance expenses.

The aid program reflects the different development and economic trajectories across the region and continues the Government's commitment to development in the Pacific. Recognising the economic

growth trajectory of the Asia region, the aid program will focus on building partnerships to strengthen the private sector and underpin economic growth in Asian nations.

The department also administered a range of other administered programs. The majority of these expenses support Australian membership of critical international organisations (\$142.5 million, an increase of \$16.6 million from 2014–15), advancing Australia's foreign, trade and investment, development and security interests in international forums, and supporting the crucial work of global UN peacekeeping operations (\$233.4 million, an increase of \$38.8 million from 2014–15).

2015–16 income administered by the department on behalf of Government was \$611.1 million which is \$277.1 million less than 2014–15. The movement is due predominantly to decreases from the valuation at year end for International Development Association and Asian Development Fund subscriptions of \$338.2 million, which has been partially offset by an increase of \$62.5 million in the amount of passport and consular fees that the department collects on behalf of Government.



SECTION 03

MANAGEMENT AND ACCOUNTABILITY





MANAGEMENT AND ACCOUNTABILITY

Overview	189
Corporate governance	190
External scrutiny and accountability	195
Management of human resources	197
Management of financial resources	200

OVERVIEW

The department's management agenda focused on strengthening our core capabilities to deliver efficiently on the Government's priorities. The Secretary launched the Women in Leadership Strategy to enhance the diversity and capability of our senior executive service through inclusive leadership, flexible work arrangements and gender targets. The decision to establish a Diplomatic Academy and the department's first Workforce Planning Framework advanced our objective of building future workforce capability.

Overseas, the department implemented the largest expansion of Australia's diplomatic network in 40 years. We opened new posts in Ulaanbaatar, Makassar and Phuket and made substantial progress towards a new post in Doha. These new posts trialled innovative operating models to streamline service delivery and reduce overhead costs. We completed a global review of locally engaged staff conditions and salaries to ensure equity and sustainability for our overseas staffing.



Chair, Secretary Peter Varghese AO (3rd right, front), External Member, Sex Discrimination Commissioner Elizabeth Broderick AO (centre) and Deputy Secretary Gary Quinlan AO (left) with members of the Women in Leadership Steering Group, Canberra, 21 March 2016. [DFAT/Linda Roche]



CORPORATE GOVERNANCE

The department's corporate governance agenda focused on building a more resilient, flexible and accountable organisation to better deliver the Government's foreign, trade and investment, and development policy priorities. Our corporate governance agenda is guided by the *Corporate Plan 2015–2019*, *Strategic Framework 2015–2019* and *Values Statement*.

The *Corporate Plan* articulates how the department will deliver on, and measure its performance in delivering, the Government's policy priorities. The *Strategic Framework* is a high-level statement of the department's purpose and what we do to achieve the outcomes expected of us. It identifies the main assets the department brings to bear in carrying out our work. The *Values Statement* sets out the way the department aims to achieve its purpose and is the foundation for staff actions and behaviour.

In 2015–16, the department strengthened its business planning processes and performance oversight of divisions, posts and state and territory offices. We also continued to implement changes required by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), including the enhanced Commonwealth performance framework.

THE EXECUTIVE

The Secretary and deputy secretaries oversaw all significant foreign, trade and investment, and development policy, as well as the department's corporate management. The executive was also responsible for placements of senior executive staff. The deputy secretaries supported the Secretary through management of the department's work units (see *Figure 1, p. 7*). Members of the executive represented the Government at meetings in Australia and overseas and chaired key corporate governance bodies.

SENIOR MANAGEMENT COMMITTEES AND THEIR ROLES

PORTFOLIO AND WHOLE-OF-GOVERNMENT COORDINATION

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

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

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

GOVERNANCE MECHANISMS

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

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

The DE met weekly, with a focus on strategic resource management and priorities, including the budget and other cross-cutting policy matters. A subset of the DE also reviewed the performance and priorities of overseas posts and departmental divisions under the Post/Division Business Review process.

The following committees, chaired at deputy secretary-level, support the DE:

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

The committee has three departmental members and four independent external members. Other designated departmental officers and representatives from the Australian National Audit Office (ANAO) attend meetings as observers. The committee met six times during 2015–16.

Comprising members drawn from across functional areas, the **Ethics Committee** met four times during 2015–16 to promote high standards of ethical behaviour and oversee the department's conduct and ethics policies and procedures, including investigations. The committee considered departmental policies on child protection, anti-bullying and harassment, outside employment and post separation employment.

The **Workplace Relations Committee**, with its elected staff representatives and union and management representatives, is the department's principal forum for consulting and informing staff and exchanging views on the workplace. The committee met six times, including to consider the new enterprise agreement, the Functional and Efficiency Review,

postings and promotions, flexible work arrangements and the new performance management framework.

The **Indigenous Taskforce** is a standing forum which sets the department's strategic vision and provides high-level oversight for Indigenous issues. It met three times and oversaw the delivery of the department's Reconciliation Action Plan and the Indigenous Peoples Strategy. It also reviewed issues relevant to the recruitment, career development and retention of Aboriginal and/or Torres Strait Islander employees and provided a forum for the Indigenous Employees Network to canvass issues with members of the DE.

The **Aid Investment Committee** met seven times in the reporting period, providing oversight of Australia's aid investment portfolio and giving strategic guidance on Aid Investment Plans for major country and regional programs. The committee assessed high-risk and/or high-value investment proposals for alignment with government policy, development impact and value for money.

The **Development Policy Committee** met seven times in the reporting period, providing strategic vision, policy consistency and guidance on development policy issues across the aid program, and promoting alignment with Australian foreign, trade and investment policies. The committee considered new and emerging international development policy issues (including the 2030 Agenda for Sustainable Development) and sector strategies (such as the Gender Equality and Women's Empowerment Strategy).

The **ICT Steering Committee** is the department's governance body for information and communications technology matters. In partnership with the department's business areas, the committee sets the strategic direction for ICT and oversees its effective management and operation. The committee met four times to consider business requests for ICT resources, determine ICT investment priorities, review the business technology strategy and monitor the performance of high-risk projects.



The **Departmental Security Committee** was established in October 2015 following a review of diplomatic security. The committee, which includes representation from a range of divisions with security interests, is the department's governance body for security matters. It sets the strategic direction for the department's security responsibilities for staff, property and information, and oversees their effective management and operation. The committee met three times in the reporting period.

The **Trade and Investment Policy Committee** was established in May to provide consistent strategic-level oversight of the trade and investment policy and negotiations agenda, and to promote policy consistency and coherence. An important focus of the committee's work is promoting an integrated approach to bilateral trade and investment relationships, spanning negotiations, compliance, implementation, facilitation and promotion. Its agenda also includes domestic economic and related policies with trade, investment and/or competitiveness dimensions.

EVALUATION AND PLANNING

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

In accordance with the PGPA Act, the department published its *Corporate Plan 2015–2019* and developed the first Annual Performance Statement for inclusion in this Annual Report (see pp. 13–185). The *Foreign Affairs and Trade Portfolio Budget Statements 2015–16* outlined the department's performance expectations and planned use of resources.

The executive conducted rolling reviews of the performance of divisions, posts and state and territory offices against their individual business plans. These business plans report against the priorities in the department's *Corporate Plan* and *Values Statement*. In 2015–16, the executive conducted 30 Division Business Reviews and 49 Post Business Reviews.

As part of the review process, we sought feedback from more than 30 Commonwealth government agencies and key stakeholders. This feedback helped identify opportunities for further or improved collaboration between the department, government agencies and other stakeholders in support of whole-of-government objectives.

OFFICE OF DEVELOPMENT EFFECTIVENESS

The Office of Development Effectiveness (ODE) is an operationally independent unit of the department which monitors and assesses the effectiveness of the aid program and the quality of the department's performance reporting. The work of ODE is overseen by the Independent Evaluation Committee (IEC) (see p. 195).

In 2015–16, ODE published seven evaluations of the department's development programs:

- *Banking our aid: Australia's non-core funding to the Asian Development Bank and World Bank*
- *Evaluation of the Australian NGO Cooperation Program*
- *Gearing up for trade: Australia's support for trade facilitation programs*
- *Investing in teachers*
- *Evaluation of the contribution of Australia Award Scholarships to women's leadership*
- *Mid-term review of empowering Indonesian women for poverty reduction (MAMPU): Verification of the performance story and forward plan*
- *2015 Quality review of aid program performance reports.*

ODE also quality assured the robustness of the department's development performance reporting, drawing upon its annual spot check of performance ratings assigned by aid managers to individual investments and a quality review of aid program performance reports. The ODE assessment of DFAT's *Performance of Australian Aid* report was endorsed by the IEC and published as an annex to that report.

ODE's work plan for 2016 and 2017 was endorsed by the IEC and approved by the Secretary. Evaluation topics were selected on the basis of policy relevance, materiality, potential for learning, and risks to aid effectiveness.

CONDUCT AND ETHICS

The department's Conduct and Ethics Unit (CEU) provides an ethical advisory service and investigates allegations of fraud and misconduct against staff, including locally engaged staff (LES) overseas. We investigated 39 allegations—nine were substantiated and disciplinary action taken. The department dismissed four officers and, in two of those cases, matters were referred to the Commonwealth Director of Public Prosecutions. We terminated the engagement of three contractors, demoted one officer and formally reprimanded another.

The CEU upholds and promotes the APS Values and Employment Principles through e-learning training modules, face-to-face training, and pre-posting conduct and ethics briefings for heads of mission, deputy heads of mission and senior administrative officers.

The department supports staff to report wrongdoing in the APS, in keeping with the *Public Interest Disclosure Act 2013* (PID). The department's PID policy is available on the department's intranet and external website, and the department provides an e-learning course for staff.

COUNTERING FRAUD

The department is committed to reducing the risk and incidence of fraud and corruption across its operations both within Australia and overseas. Our Fraud Control and Anti-Corruption Plan stresses zero tolerance for dishonest or fraudulent behaviour by employees, clients, contractors and recipients of Australian aid program funds. The zero-tolerance approach represents a set of principles and actions that are applied to prevent, detect, investigate and respond to fraud and which comply with the Commonwealth Fraud Control Framework.

The department safeguards Australian funds against the risk of fraud and corruption, including by training our staff and partners, effective design and monitoring of aid investments, and supporting partner governments and other institutions in their efforts to combat fraud and corruption. In 2015–16, we delivered training to 1,185 department, partner government, multilateral, contractor and NGO staff in Canberra and overseas.

RISK MANAGEMENT

The department continued to promote a culture of positive engagement with risk through the application of the DFAT Guide to Better Risk Management. The guide articulates the principles that govern risk management, explains roles and responsibilities and provides step-by-step instructions on how to assess and manage risk. It encourages officers to engage with risk in a positive and transparent way to facilitate innovation and improve policy development and service delivery.

All divisions, posts and state and territory offices maintain risk registers and record key risks in their individual business plans. Risk registers were reviewed by the executive as part of the Division/Post Business Review process. We also used the risk registers to generate a Critical Risk List for consideration by the Audit and Risk Committee and the executive.



Embedding innovation in the department

DFAT's portfolio ministers have challenged the department to become one of the Australian Government's most innovative departments—developing fresh policy options, forging new approaches to addressing longstanding challenges, and rethinking its corporate processes.

The Secretary and executive have led this impetus, providing firm support to the delivery of action under the department's inaugural Innovation Strategy.

The commitment to embedding innovation into the department's culture is exemplified through new initiatives emerging across the department. They include open calls for new ideas from our staff to contribute to the direction of the department's work, testing digital platforms and cloud-based solutions to facilitate greater communication

and collaboration, and developing new partnerships across our work with external partners who bring fresh perspectives that challenge long-held assumptions.

Cumulatively, these initiatives are changing how we deliver on our priorities in foreign affairs, trade and investment, development and client services as evidenced by the Passport Redevelopment Program, FTA Portal, Business Partnerships Platform, Red Tape Review, reDESIGN, and the use of global challenges which tap into the internal creative pool or the global innovation community.

The innovationXchange, in collaboration with divisions across the department, is leading the implementation of DFAT's Innovation Strategy and support to the Innovation Strategy Group.

BUSINESS CONTINUITY PLANNING

The department continued to strengthen its business continuity planning to ensure the availability of essential business services during and after a major disruption to key organisational capabilities. In December 2015, the department held a desktop exercise to test and validate its Business Continuity Plan (BCP). The exercise concentrated on the first 24–48 hours of a major business disruption and tested after-hours emergency management, the maintenance of core functions, and the restoration of business-as-usual services. The exercise confirmed that the BCP enables effective management of a major disruption to Canberra-based operations.

In 2016, the department used the lessons learned from the exercise to further strengthen its BCP. The department will hold annual business continuity exercises to re-validate and continually improve business continuity planning.

As part of the department's business continuity framework, all posts and state and territory offices maintain individual business continuity plans, which are exercised and reviewed at least annually to ensure their effectiveness and currency.

INTERNAL AUDIT

The department's Internal Audit Branch, under the direction of the Chief Auditor, focuses on improving the quality, accountability, efficiency and effectiveness of the functions and processes used to develop and implement foreign, trade and investment, and development policy.

The internal audit program is designed to provide assurance that critical policies and procedures are complied with and identify areas for improvement in administrative and program functions and processes. The program is delivered using a combination of internal resources and external providers.

EXTERNAL SCRUTINY AND ACCOUNTABILITY

INDEPENDENT EVALUATION COMMITTEE

The Independent Evaluation Committee (IEC) is an external body that oversees the work of the ODE (*see p. 192*) in quality assuring and evaluating the performance of the Australian aid program. It provides independent strategic and technical advice on all aspects of ODE's work. The committee has three external members (former World Bank Vice President, Jim Adams, is the chair), and one DFAT representative (at deputy secretary level). The Department of Finance also attends IEC meetings in an observer capacity. The committee met three times in 2015–16.

PARLIAMENTARY COMMITTEES OF ENQUIRY

Departmental officers appeared as witnesses before the Joint Standing Committee on Treaties (JSCOT) in relation to eight proposed treaty actions. This figure does not include occasions on which Treaties Secretariat staff attended JSCOT hearings in an observer/advisory capacity. Officers also appeared as witnesses before two Senate, two Joint Standing, two Joint Select, one Parliamentary Standing and one House of Representatives Standing Committees (*see Appendix 5, pp. 224–5*).

COURTS AND ADMINISTRATIVE TRIBUNALS

The department managed a range of legal matters before courts and tribunals during the year. (*See Appendix 6, p. 226*.)

COMMONWEALTH OMBUDSMAN

The Commonwealth Ombudsman commenced 12 investigations with respect to the department's activities in 2015–16. There were no notices provided under subsection 12(4) of the *Ombudsman Act 1976* and no formal reports were issued.

OFFICE OF THE AUSTRALIAN INFORMATION COMMISSIONER, FREEDOM OF INFORMATION AND PRIVACY

The department finalised 273 freedom of information (FOI) applications in 2015–16.

The Information Commissioner affirmed two FOI decisions made by the department and declined to investigate two other applications for review.

No privacy complaints were referred to the Information Commissioner concerning the department.

Detailed information on the department's management of FOI requests can be found on the Office of the Australian Information Commissioner's website at oaic.gov.au/freedom-of-information/foi-resources/freedom-of-information-reports/

To meet requirements of the *Freedom of Information Act 1982* (FOI Act), we continued to publish information under the Information Publication Scheme contained in Part II of the FOI Act. The content is available at: <http://www.dfat.gov.au/foi/ips.html>



STAFF PROFILE

Linda Hein

Campaign Manager, Smarttraveller,
Consular and Crisis Management Division



I manage the design, development and implementation of the new Smarttraveller advertising campaign—launched by the Foreign Minister in November 2015. The new phase of the campaign draws on extensive research and includes television, digital, online video and social media advertisements, a multi-channel media strategy, and adaptation of advertising to reach multicultural audiences.

Australians are consuming media in more ways than ever before, and travelling in increasing numbers. It is immensely satisfying to put my years of communications experience to valuable use and create a campaign that effectively reaches diverse audiences, impacts on travellers' perceptions, intentions and behaviour and helps Australians safely enjoy their overseas travel.

LEGISLATION

The department facilitated the enactment of the *Passports Legislation Amendment (Integrity) Act 2015* and the *Trade Legislation Amendment Act (No. 1) 2016*.

We also facilitated a number of legislative instruments, including: the *Australian Passports Determination 2015*, *Charter of the United Nations (Sanctions—South Sudan) Regulation 2015*, *Charter of the United Nations (Sanctions—Syria) Regulation 2015*, and the *International Organisations (Privileges and Immunities—Asian Infrastructure Investment Bank) Regulation 2015*.

The department provided input to legislation managed by agencies within the portfolio and contributed to the development of legislation initiated by other agencies that affected the foreign affairs and trade portfolio.

REPORTS BY THE AUDITOR-GENERAL

The Auditor-General tabled in Parliament the following ANAO report related to the department's operations:

- Report No. 15: Audits of the Financial Statements of Australian Government Entities for the period ended 30 June 2015.

Details of this report can be found on the ANAO website.

COMPENSATION FOR DETRIMENT CAUSED BY DEFECTIVE ADMINISTRATION

Thirteen new claims were made under the compensation scheme for detriment caused by defective administration. The department resolved 18 cases, including applications made in previous financial years. Of these, 14 applications for compensation were accepted, three were rejected and one was redirected to the appropriate agency. Four cases remained in progress at the end of the financial year.

MANAGEMENT OF HUMAN RESOURCES

The department strengthened the management of its human resources to ensure effective delivery of the Government's foreign policy, trade, consular, passports and development objectives. We enhanced the mechanisms through which we understand our workforce needs and support the well-being of staff and families. We undertook a number of reform projects to further professionalise and streamline our human resource functions, both in Australia and overseas.

The department focused on professionalising its human resource management including through the launch of the first Workforce Planning Framework in September 2015 and improvements to human resources data. We managed some areas of staff shortage and recruited actively to optimise our human resources over the next 12 months. We used staffing taskforces to meet specific government objectives, such as the Green Climate Fund Taskforce and the International Energy and Resources Taskforce, and ensured we were well placed to meet urgent demands for crisis

response teams. A new short-term mission register facilitated the transfer of staff at short notice to overseas missions to meet evolving operational requirements and deepen the pool of international experience within the department's workforce.

We launched the reDESIGN (Delivery of Enabling Services in our Global Network) Strategy to explore options for reducing administrative overheads at posts and implementing innovative operating models, such as 'hub and spokes' arrangements.

Under the *Prime Minister's Directive: Guidelines for the Management of the Australian Government Presence Overseas*, the department manages the appointment, termination, salary and terms and conditions of all locally engaged staff (LES), with the exception of those engaged by Austrade. We completed a systematic review of the conditions of service and salaries for approximately 4,000 LES. This brought greater equity and sustainability to our employment framework for LES and helped improve our overseas operations.



Consul-General Craig Ferguson (2nd right) and LES staff of the Consulate-General in Phuket, 8 April 2016. (L. to R.): Consular and Passport Officer Phee Chayakul, Driver Puti Suprungreang, Administrative Assistant Pensri Srikachorn, and Consular and Passport Manager Wootikrai Jitsmark. [DFAT/Phee Chayakul]



DIVERSITY

The department's commitment to capability and productivity enhancement through diversity was underlined by a Women in Leadership Strategy aimed at promoting equality and dismantling barriers to female participation in the senior executive service. We introduced a number of initiatives, including an '*if not, why not*' flexible work trial and targets to lift women's participation to over 40 per cent (up from under 34 per cent) at SES Band 1 and 2 levels by 2020.

We also progressed the department's diversity agenda through the launch of a new Reconciliation Action Plan 2016–19, and an Indigenous Peoples Strategy 2015–19. On 30 June 2016, we had 70 ongoing employees (approximately 1.8 per cent of the total workforce) formally identifying as Aboriginal and/or Torres Strait Islander. Our aim is to have 2.5 per cent Indigenous employees by June 2018. We continued to deliver a number of initiatives, including targeted special measures recruitment processes, to help meet that goal.

The department strives to be a model APS employer for staff with disability. We finalised an ambitious new Disability Action Strategy 2016–19 to promote the participation and contribution of people with disability. As of 30 June 2016, the department employed 59 staff who reported having a disability (representing approximately 1.6 per cent of A-based employees), however the actual figure is much higher in anonymous survey results. Disability reporting details under the National Disability Strategy are available at dss.gov.au.

To underscore the department's commitment to lesbian, gay, bisexual, transgender and intersex (LGBTI) staff, we appointed two senior executives to champion LGBTI inclusion. Data reported from our Agency Multicultural Plan (2013–15) is included in the Multicultural Access and Equity in Government Services Report at dss.gov.au.

Further information on diversity reporting mechanisms is available through the APSC's State of the Service Report and the APS Statistical Bulletin at apsc.gov.au.

STAFF WELFARE

The Staff and Family Support Office provided: more than 300 management and 1,500 counselling consultations, including at overseas posts and state and territory offices; over 270 selection and wellbeing assessments; and 190 training sessions reaching over 3,400 staff. We commenced work on a departmental mental health policy. To mitigate health risks to staff overseas, the Medical Unit delivered a strategic risk assessment and management plan, as well as guidance on pregnancy while on posting. Medical Unit staff visited fourteen posts to assess medical facilities, address environmental concerns and undertake staff consultations.

This year the department issued its first guidance on workplace responses to domestic and family violence, including provisions on the use of leave. In line with the Women in Leadership Strategy, the department published a new breastfeeding in the workplace policy.

LEARNING AND DEVELOPMENT

To strengthen functional capability and expertise of staff, the department launched a Diplomatic Academy in May. This builds on comprehensive reviews of the department's learning and development framework, language, and pre-posting training programs. Given that language capability is essential to the department's advocacy work overseas, a key outcome was to professionalise language training and increase our investment in in-country training.

We promoted learning and development across the department to ensure the maintenance of our highly skilled and motivated workforce. Over 240 officers attended leadership, management and security programs, 70 officers participated in the International Skills Development Program and 134 officers received assistance through the Studybank program. In August, we trained 370 officers from 21 APS agencies in foreign policy development and analysis as part of an inaugural Diplomatic Tradecraft Month. Investment in eLearning continued through development of 15 new programs. The new Work Health and Safety eLearning program was awarded 'Best Talent' and runner-up for 'Best Learning Project' at the 2016 LearnX Impact Awards.

Diplomatic Academy

As part of the capability improvement agenda, the Secretary established a Department of Foreign Affairs and Trade Diplomatic Academy. The principal aim of the academy is to strengthen the professional skills, functional capability and knowledge of all officers, including locally engaged staff at posts. The academy will be a hub for sharing skills, knowledge and expertise through a range of learning and development activities, lectures and seminars. It will draw on the best of internal and external expertise to pass on diplomatic tradecraft, challenge our thinking, develop skills and bring consistency to



training in the department. The academy is intended to become a key resource for the department and the wider APS, and to provide diplomatic skills and knowledge to regional governments. The executive director of the Academy will be responsible for its operations, curriculum, and engagement and outreach, notably with regional governments.

PERFORMANCE MANAGEMENT

The department launched a new Performance Management Framework to streamline processes and provide clearer guidance for staff and managers dealing with complex performance issues. We created a new online upwards appraisal survey to collect comprehensive feedback on EL2 managers and above.

We offered a suite of mentoring programs for staff, including first time heads of mission and senior administrative officers, to strengthen individual capacity and harness the knowledge and insights of experienced officers. Around 200 staff across all levels of the department volunteered to become mentors through the new mentoring register.

WORKPLACE ARRANGEMENTS

In a challenging industrial relations and fiscal environment, staff agreed to a new Enterprise Agreement (EA) which sets out employment terms and conditions for non-SES employees for three years from 17 December 2015. Details of employees covered by the EA, and determinations and remuneration supplementation agreements are included in Appendix 2 (p. 214). SES staff are employed under the terms of a determination made by the Secretary under section 24(1) of the *Public Service Act 1999*. Executive remuneration is set out in Note 10 of the financial statements (p. 289). In addition to remuneration, the department provides a range of non-salary allowances to staff for travel and for expenses related to overseas postings.



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 2016, the ANAO found that the department had effective internal controls to ensure good financial management and a sound financial reporting framework.

Continued strong management of financial resources will be required for the effective implementation and alignment of government priorities in the areas of foreign affairs, trade and investment, development assistance and the provision of high-quality passport and consular services. This will be particularly important in a tighter fiscal environment.

The department is committed to supporting the Government's smaller government agenda through implementation of efficiencies identified in the department's Functional and Efficiency Review, and contributions to the Whole-of-Government – Shared and Common Services Programme.

The department has also initiated a number of internal reforms aimed at improving efficiency and finding better, smarter ways of working. This includes a continued focus on modernising and enhancing our financial systems and processes, reviewing the department's internal red tape with a focus on streamlining administrative processes, and a review of overseas operations to deliver contemporary work practices and new models of operation in support of low administration, high impact overseas representation.

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. Ongoing review of capital investment is undertaken by the executive throughout the year, focusing on large projects such as the International Communications Network and Passport Redevelopment Program. The development of the Capital Management Plan will enhance long-term strategic planning of the department's investment needs.

We reduced compliance tasks without compromising quality of information through changes to the asset capitalisation threshold and asset stocktake requirements and continued our three-year revaluation cycle of each asset class. The exceptions are land and buildings, which are revalued annually. We conduct informal reviews and impairment testing of asset classes annually to ensure asset values are fairly stated in the end-of-year accounts.

FINANCIAL MANAGEMENT INFORMATION SYSTEM

The department is continuing to enhance its financial management information system to support innovation and the reduction of red tape as well as provide financial and payroll services to other agencies under the Whole-of-Government – Shared and Common Services Programme. Improvements, including electronic purchase-to-pay functionality for Australia and overseas, are under development and will be implemented during the next financial year.

PURCHASING PERFORMANCE

The department's Procurement Policy Framework is aligned with the PGPA Act, Commonwealth Procurement Rules, and broader government policy. Value for money is the core principle underpinning all procurement.

The department played an active role in the implementation of the Commonwealth's new Indigenous Procurement Policy.

A three-year \$9.2 million contract for domestic security guarding was awarded to Fields Group Pty Ltd. At the time this was the largest Commonwealth contract with an Indigenous business signed under the policy. As a result of early engagement with Supply Nation and Indigenous businesses, the portfolio significantly exceeded its financial year target.

EXEMPT CONTRACTS

There were six contracts or standing offers in excess of \$10,000 (inclusive of GST) exempted from AusTender on the basis that publication would disclose exempt matters under the FOI Act.

AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

No standing offers or contracts in excess of \$100,000 (inclusive of GST) failed to provide for the Auditor-General to have access to the contractor's premises.

CONSULTANCY SERVICES

During 2015–16, the department entered into 42 new consultancy contracts, involving total actual payments of \$4,932,008.16 (inclusive of GST). In addition, 14 ongoing consultancy contracts were active, involving total actual payments of \$1,437,809.20 (inclusive of GST).

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: www.tenders.gov.au.

The department engages consultants where it lacks specialist expertise or when independent research, review or assessment is required. Consultants are typically engaged to investigate or diagnose a defined issue or problem, carry out reviews or evaluations, or provide independent advice, information or creative solutions to assist in the department's decision-making.

Before engaging consultants, the department takes into account the skills and resources required for the task, the skills available within the department and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the PGPA Act and related rules, including the Commonwealth Procurement Rules, and relevant departmental policies.

PROCUREMENT INITIATIVES TO SUPPORT SMALL BUSINESS

The department supports small business participation in the Commonwealth Government procurement market. Small and medium enterprises and small enterprise participation statistics are available on the Department of Finance's website: www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts.

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: www.treasury.gov.au.

The department remained committed to ensuring that small and medium enterprises could engage in fair competition and we demonstrated this through our procurement practices. The department:

- used the Commonwealth Contracting Suite to reduce tendering costs and red tape for low-risk procurements conducted in Australia and valued under \$500,000;
- provided electronic systems to facilitate on-time payment performance, including the use of credit card payments for procurements up to \$10,000;
- maximised the number of Indigenous small to medium enterprise contracts through broader application of the mandatory set-aside requirements in the Indigenous Procurement Policy; and
- promoted the Small Business Engagement Principles by communicating in clear, simple language and presenting information in an accessible format.



SECTION 04
APPENDICES





APPENDICES

1. PBS outcomes, objectives and deliverables	205
2. Staffing overview	210
3. Agency resource statement	216
4. Aid program expenditure	222
5. Inquiries by parliamentary committees	224
6. Matters before courts and administrative tribunals	226
7. Workplace health and safety	227
8. Ecologically sustainable development and environmental performance	229
9. Purchaser-provider arrangements	231
10. Advertising and market research	233
11. Grants and contributions	234
12. List of sponsors	236
13. Summary of the overseas network	242
14. List of corrections	250
15. List of requirements	252

APPENDIX 1:

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

PORTFOLIO BUDGET STATEMENTS 2015–16:

OUTCOMES, OBJECTIVES AND DELIVERABLES

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.

PROGRAM 1.1: FOREIGN AFFAIRS AND TRADE OPERATIONS

OBJECTIVES:

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

DELIVERABLES:

- Australia's foreign, trade and investment, tourism, development, and international security policy interests and international standing are advanced through:
 - strengthened key international relationships, including a strong alliance and economic ties with the United States, and high-level political and economic engagement with Japan, China, India, the Republic of Korea, Indonesia and other countries of South-East Asia;
 - enhanced engagement with Pacific island countries, including deepening our partnership with Papua New Guinea, supporting normalisation of relations with Fiji and supporting capacity building in the Solomon Islands;
 - a stronger partnership with the European Union and key European countries, and continued close ties with New Zealand, the United Kingdom and Canada;
 - sustained engagement with South Asia, the Middle East, Africa, the Americas, and Turkey to meet shared challenges and to promote global and regional stability, security and prosperity;
 - strong participation in the United Nations and other multilateral fora, advocacy of human rights, gender equality and promotion of sustainable development and effective international action on climate change and other environmental outcomes;
 - contribution to enhanced regional architecture through the East Asia Summit (EAS), dialogue with the Association of Southeast Asian Nations (ASEAN), the Asia-Pacific Economic Cooperation (APEC) forum, the Indian Ocean Rim Association (IORA) and MIKTA (Mexico, Indonesia, Korea, Turkey and Australia);



- promotion of high-quality public diplomacy, international media and cultural visit programs which improve understanding of Australia and Australian Government foreign and trade policies; and
 - measurable influence on the agenda of key multilateral tourism fora to align with the Australian Government's priorities under *Tourism 2020* and strengthen bilateral tourism relationships with important tourist markets such as China and India.
- Australia's trade and investment opportunities are maximised, including through:
 - negotiating, finalising and implementing Australia's free trade agreement (FTA) agenda and exploring opportunities for FTAs with other trading partners;
 - enhancing Australia's commitment to regional trade negotiations, including the Trans Pacific Partnership, Regional Comprehensive Economic Partnership and PACER Plus;
 - effective participation in the World Trade Organization (WTO), including working with other WTO Members to conclude the negotiations of the Doha Round, leadership of the Cairns Group of agricultural exporting countries, and to promote and defend Australia's interests through means such as WTO dispute settlement; and
 - implementing the WTO Agreement on Trade Facilitation, negotiating the Trade in Services Agreement, and negotiating the Environmental Goods Agreement.
 - An enhanced environment for security and development, including through:
 - effective whole of government efforts to promote international stability and development;
 - promotion of nuclear non-proliferation and disarmament, and counter-proliferation and arms control efforts, including as chair of the Australia Group;
 - participation in counter-terrorism programs and activities, including in South Asia, South-East Asia, the Middle East, eastern and West Africa, and in the Global Counter Terrorism Forum; and
 - contribution to whole of government efforts bilaterally and regionally to counter people smuggling and human trafficking, including through the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime.
 - Australia's international and portfolio responsibilities are met through:
 - effective coordination and sound advice to Ministers, members of parliament, government agencies, state and territory governments, business, non-government organisations, media and members of the public;
 - sound advice on compliance with international legal obligations and contribution to the development of a strong international legal framework;
 - effective leadership of, and provision of advice and support to, other government agencies at overseas missions in line with the Prime Minister's *Directive on the Guidelines for the Management of the Australian Government Presence Overseas* and service level agreements;
 - quality service to the diplomatic and consular corps in Australia, including the processing of agrément, visas and accreditation; provision of airport facilitation, tax concessions, and reciprocal working agreements; consideration of mission, post and office establishment; and management of privileges and immunities in accordance with the Vienna Conventions; and
 - administration of the Export Finance and Insurance Corporation National Interest Account.

PROGRAM 1.2: OFFICIAL DEVELOPMENT ASSISTANCE

OBJECTIVE:

To promote Australia's national interests by contributing to sustainable economic growth and poverty reduction.

DELIVERABLES:

- The Australian Government's aid policy, *Australian aid: promoting prosperity, reducing poverty, enhancing stability* is shaping the way we deliver our official development assistance. It focuses on two development outcomes: supporting private sector development and strengthening human development.
- Investments will be focused on priority areas:
 - infrastructure, trade facilitation and international competitiveness;
 - agriculture, fisheries and water;
 - effective governance through policies, institutions and functioning economies;
 - education and health;
 - building resilience through humanitarian assistance, disaster risk reduction and social protection; and
 - gender equality and empowering women and girls.

PROGRAM 1.3: OFFICIAL DEVELOPMENT ASSISTANCE—MULTILATERAL REPLENISHMENTS

OBJECTIVE:

- To assist developing countries by contributing to sustainable economic growth and poverty reduction through contributions to multilateral organisations.

DELIVERABLE:

- Australia's aid program objectives will be advanced through our work with multilateral organisations. Their reach, leverage, specialisation and other strengths play a critical role in helping Australia to meet its international development objectives.

PROGRAM 1.4: OFFICIAL DEVELOPMENT ASSISTANCE—EAST ASIA: AIPRD

OBJECTIVE AND DELIVERABLE:

- To continue to assist Indonesia in reconstruction and development in the aftermath of the 2004 Indian Ocean Tsunami.

PROGRAM 1.5: PAYMENTS TO INTERNATIONAL ORGANISATIONS

OBJECTIVE:

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

DELIVERABLES:

- Australian membership of international organisations and international treaty secretariats through payments of assessed and voluntary contributions.
- Effective participation in the United Nations and its specialised agencies, the World Trade Organization and other multilateral fora in support of Australia's foreign, trade and economic, development and international security interests.
- To assist developing countries reduce poverty and lift living standards through sustainable economic growth by providing contributions to UN and other international organisations.

PROGRAM 1.6: NEW COLOMBO PLAN—TRANSFORMING REGIONAL RELATIONSHIPS

OBJECTIVE:

- Australia's interests and bilateral relationships are enhanced through enduring people to people, institutional and business links with the Indo-Pacific region.



DELIVERABLE:

- Full implementation of the New Colombo Plan in 38 Indo–Pacific locations, fostering closer people to people and institutional links and contributing to an overall increase in the number of Australian undergraduate students undertaking study and internships in the region.

PROGRAM 1.7: PUBLIC INFORMATION SERVICES AND PUBLIC DIPLOMACY

OBJECTIVE:

- To project a positive and contemporary image of Australia and promote a clear understanding of government policies and objectives and engagement with the Indo–Pacific region through the department’s public diplomacy, cultural and media activities.

DELIVERABLES:

- Promotion of people to people links and a contemporary and positive image of Australia as a destination for business, investment, tourism and study and support for the Government’s international policy goals.
- Advancement of Australia’s national interests through new approaches which engage audiences on contemporary Australia and facilitate networks, collaboration and connections between people and institutions to build understanding, trust and influence.

PROGRAM 1.8: PROGRAMS TO PROMOTE AUSTRALIA’S INTERNATIONAL TOURISM INTERESTS

The functions captured by this program are the responsibility of other portfolio agencies (*Austrade and Tourism Australia*).

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.

PROGRAM 2.1: CONSULAR SERVICES

OBJECTIVE:

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

DELIVERABLES:

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

PROGRAM 2.2: PASSPORT SERVICES

OBJECTIVE:

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

DELIVERABLES:

- High-quality passport services to Australians, including processing new passport applications, registering lost or stolen passports, issuing emergency passports, and detecting passport fraud.
- Maintenance of security standards, promotion of web-enabled services, and adherence to the client service commitment of passport issue, while effectively managing an increasing workload.
- Ongoing implementation of the *National Security—Improved Passport Integrity and Strengthened Issuance Systems* program.

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.

PROGRAM 3.1: FOREIGN AFFAIRS AND TRADE SECURITY AND IT

OBJECTIVES:

- To ensure a secure Australian Government presence overseas for personnel, assets and information by sustaining and improving physical and operational security.
- To strengthen information and communications technology (ICT) capability at Australia's missions overseas and DFAT offices in Australia.

DELIVERABLES:

- Strengthened physical and operational security mitigation measures commensurate with the evolving international security environment.
- Protection of official information through effective management of ICT systems, security vetting processes, and security training to ensure high standards of security awareness and vigilance.
- Continued progress in moving the department's ICT systems infrastructure to a common platform that can be more efficiently integrated and supported, and implementation of key elements of the Government's ICT Reform Program and ICT elements of the Government's national security policy and objectives.
- High-quality overseas ICT services to other government agencies.
- Ongoing implementation of the International Communications Network—upgrade program.

PROGRAM 3.2: OVERSEAS PROPERTY

OBJECTIVE:

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

DELIVERABLES:

- Efficient and effective management and delivery of a substantial construction and refurbishment program in the overseas property estate, including:
 - completion of the Jakarta chancery; and
 - commencement of planning to construct a new chancery in Washington DC.
- Efficient and effective management of the overseas property estate to meet the Government's requirements and maintain conditions and service capabilities.
- Effective management of outsourced property contract arrangements.



APPENDIX 2: STAFFING OVERVIEW

Table 6: Employees by classification, gender and location (excluding locally engaged employees overseas)

Classification*	Female			Male			Total	Total
	Canberra	State Offices	Overseas	Canberra	State Offices	Overseas	30 June 2016	30 June 2015
APS Level 1							-	-
APS Level 2	1	1		4			6	9
APS Level 3	17	24		8	6		55	60
APS Level 4	36	37	7	33	21	4	138	115
APS Level 5	344	146	79	121	40	59	789	868
APS Level 6	299	19	99	160	8	65	650	514
Exec. Level 1	455	9	143	361	12	148	1,128	1,096
Exec. Level 2	171	4	85	188	4	90	542	465
Non SES Unattached**	106			67			173	263
SES Band 1	41	2	20	67		50	180	172
SES Band 2	8		3	23		21	55	61
SES Band 3	1		2	4		5	12	12
SES Specialist Band 1				2			2	1
SES Specialist Band 2							-	-
SES Unattached	9			13			22	26
Director of Safeguards ***				1			1	1
Secretary				1			1	1
Cadet							-	2
Graduate	35		1	37		1	74	83
Medical Officer Cl. 3			2			2	4	5
Medical Officer Cl. 4	1			1		2	4	4
Total	1,524	242	441	1,091	91	447	3,836	3,758

* Broadband classifications applicable to APS1-5, Cadets and Graduates.
** Includes staff on leave without pay, long service leave, seconded to other agencies and staff covered by the *Members of Parliament (Staff) Act 1984*.
*** Director of Safeguards, a statutory officer responsible to the Minister for Foreign Affairs, occupies the position of Director General of the Australian Safeguards and Non-Proliferation Office.
Note: Staffing figures are based on headcount.

Table 7: Ongoing and non-ongoing employees, full-time and part-time (excluding locally engaged employees overseas)

Ongoing employee		Non-ongoing		Total	Total
Full Time	Part Time	Full Time	Part Time	30 June 2016	30 June 2015
3,309	402	110	15	3,836	3,758

Table 8: Employees by categories of employment

	Female	Female %	Male	Male %	30 June 2016	30 June 2015
Ongoing employees	2,131	57.4	1,580	42.6	3,711	3,671
Non-ongoing employees	76	60.8	49	39.2	125	87
Overseas employees (locally engaged employees)	1,327	54.7	1,101	45.3	2,428	2,344
Total	3,534	56.4	2,730	43.6	6,264	6,102

Table 9: SES by level and location

				Total	Total
	Canberra	State Offices	Overseas	30 June 2016	30 June 2015
SES Band 1	108	2	28	138	129
SES Band 2	31	0	4	35	38
SES Band 3	5	0	0	5	5
SES Specialist Band 1	2	0	0	2	1
SES Specialist Band 2	0	0	0	0	0
Director of Safeguards*	1	0	0	1	1
Head of Mission Band 1	0	0	42	42	43
Head of Mission Band 2	0	0	20	20	23
Head of Mission Band 3	0	0	7	7	7
Secretary	1	0	0	1	1
SES Unattached**	22	0	0	22	26
Total	170	2	101	273	274

* Director of Safeguards, a statutory officer responsible to the Minister for Foreign Affairs, occupies the position of Director General of the Australian Safeguards and Non-Proliferation Office.

** Includes staff on leave without pay, long service leave, seconded to other agencies and staff covered by the *Members of Parliament (Staff) Act 1984*.



Table 10: SES by gender

	Total				Total
	Female	Female %	Male	Male %	30 June 2016
SES Band 1	52	37.7	86	62.3	138
SES Band 2	10	28.6	25	71.4	35
SES Band 3	1	20.0	4	80.0	5
SES Specialist Band 1	0	0.0	2	100	2
Director of Safeguards*	0	0.0	1	100	1
Head of Mission Band 1	11	26.2	31	73.8	42
Head of Mission Band 2	1	5.0	19	95.0	20
Head of Mission Band 3	2	28.6	5	71.4	7
Secretary	0	0.0	1	100	1
SES Unattached**	9	40.9	13	59.1	22
Total	86	31.5	187	68.5	273

* Director of Safeguards, a statutory officer responsible to the Minister for Foreign Affairs, occupies the position of Director General of the Australian Safeguards and Non-Proliferation Office.

** Includes staff on leave without pay, long service leave, seconded to other agencies and staff covered by the *Members of Parliament (Staff) Act 1984*.

Table 11: SES: New starters and separations during the year

	Total
Commenced in the department*	11
Separated from the department	15

* Includes temporary transfers, promotion of non-SES staff to the SES from within the department and non-APS HOM appointments.
Note: Figures include non-ongoing SES officers recruited for short-term projects who commenced and/or separated during the year.

Table 12: SES: Inter-agency mobility during the year

	Band 1	Band 2	Band 3	Total
Commenced in the department *	7	2	2	11
Transferred from the department	11	2	2	15

* Includes temporary transfers and promotion of non-SES staff to the SES from within the department.
Note: Figures include non-ongoing SES officers recruited for short-term projects who commenced and/or separated during the year.

Table 13: Employees by location and gender as at 30 June 2016

APS staff						Locally engaged staff				
Location	Female	Female %	Male	Male %	APS Total	Female	Female %	Male	Male %	LES Total
Canberra										
Canberra total	1,524	58.3	1,091	41.7	2,615					-
Overseas posts—by regions										
Asia	198	49.6	201	50.4	399	642	53.6	555	46.4	1,197
<i>South Asia</i>	29	36.3	51	63.8	80	83	36.6	144	63.4	227
<i>Southeast Asia</i>	123	58.0	89	42.0	212	389	53.4	340	46.6	729
<i>North Asia</i>	46	43.0	61	57.0	107	170	70.5	71	29.5	241
Americas	35	45.5	42	54.5	77	113	56.8	86	43.2	199
Europe	50	50.0	50	50.0	100	155	55.8	123	44.2	278
New Zealand and the South Pacific	86	55.8	68	44.2	154	245	59.8	165	40.2	410
Middle East and Africa	53	45.7	63	54.3	116	132	46.5	152	53.5	284
Multilateral*	19	45.2	23	54.8	42	40	66.7	20	33.3	60
Overseas posts total **	441	49.7	447	50.3	888	1,327	54.7	1,101	45.3	2,428
State and territory offices—including Australian Passports Office										
New South Wales	63	77.8	18	22.2	81					-
Northern Territory	6	54.5	5	45.5	11					-
Queensland	41	70.7	17	29.3	58					-
South Australia	16	76.2	5	23.8	21					-
Tasmania	11	61.1	7	38.9	18					-
Victoria	72	71.3	29	28.7	101					-
Western Australia	33	76.7	10	23.3	43					-
State & territory offices total	242	72.7	91	27.3	333	-		-		-
Total staff numbers	2,207	57.5	1,629	42.5	3,836	1,327	54.7	1,101	45.3	2,428
Total DFAT resourcing										6,264

* Posts in this category include Geneva UN, Geneva WTO, New York UN, Paris OECD and Vienna UN.

** Overseas staff includes officers on in-country language training, short-term assignments, in-transit from post and exchange officers.



Table 14: Employees covered by the Enterprise Agreement, determinations, individual flexibility agreements and remuneration supplementation agreements as at 30 June 2016 (excluding locally engaged employees overseas)

APS Level	Enterprise Agreement			Determinations, individual flexibility agreements and remuneration supplementation agreements			Total
	Salary Min	Salary Max	No. of Staff	Salary Min	Salary Max	No. of Staff	
APS Level 1–3, Broadband 1 (includes graduates and cadets)	52,995	71,708	137		n.a.		137
APS Level 4–5, Broadband 2	65,030	110,129	958		n.a.		958
APS6 *	79,061	126,465	671		n.a.		671
Exec. Level 1 *	98,454	156,669	1,191		n.a.		1,191
Exec. Level 2 **	118,943	161,200	528	134,334	164,318	47	575
Medical Officers	173,345	217,326	8		n.a.		8
Subtotal non-SES			3,493			47	3,540
SES ***		n.a.		181,006	310,632	263	263
Subtotal SES						263	263
Total			3,493			310	3,803

n.a. not applicable

* Includes annualised shift penalties for APS 6 level and Executive Level 1 staff.

** Includes Executive Level 2 staff deployed to Head of Mission SES positions overseas.

*** The Secretary and the Director General of the Australian Safeguards and Non-Proliferation Office have not been included in the above figures as their remuneration is set by Prime Ministerial Determinations and the Remuneration Tribunal respectively.

Note: This table excludes 31 employees on temporary transfer to other organisations including the Office of the Governor-General, Parliament House and other government agencies.

Table 15: Performance bonus payments by level, 2015–16

Non-SES employee performance-related bonuses for the 2015–16 performance management cycle totalled \$4.81 million, an increase of 1.9 per cent from the \$4.72 million paid in the previous cycle. A total of 2,410 non-SES performance bonuses were paid in this performance cycle, an increase of 1.4 per cent from 2014–15.

	Number in 2014–15	Number in 2015–16	Aggregated (Total) amount (\$)	Average amount (\$)	Range of payments (\$)	
					Minimum amount*	Maximum amount
APS Level 3	38	48	56,439	1,176	506	1,387
APS Level 5	487	476	697,522	1,465	372	1,608
APS Level 6	466	497	850,424	1,711	669	2,058
Executive Level 1	958	966	2,069,368	2,142	881	2,444
Executive Level 2**	428	423	1,135,884	2,685	537	3,286
Total	2,377	2,410	4,809,637	1,996		

* Low minimum payments are pro rata bonuses to staff who worked part time during the performance management cycle.

** Includes Medical Officers and eligible EL2 HOM/HOPs.



APPENDIX 3:

AGENCY RESOURCE STATEMENT

Table 16: Department of Foreign Affairs and Trade resource statement 2015-16

	Actual available appropriation for 2015-16	Payments made 2015-16	Balance remaining 2015-16
	\$'000	\$'000	\$'000
Ordinary annual services¹			
Departmental appropriation ²	1,712,383	1,352,927	359,456
Total	1,712,383	1,352,927	359,456
Administered expenses			
Outcome 1 ³	3,602,676	3,512,838	
Outcome 2	750	220	
Payments to corporate entities ⁴	144,018	144,018	
Total	3,747,444	3,657,076	
Total ordinary annual services	[A]	5,459,827	5,010,003
Other services⁵			
Departmental non-operating			
Equity injections	319,185	134,897	184,288
Total	319,185	134,897	184,288
Administered non-operating			
Administered assets and liabilities ⁶	2,188,371	362,075	
Total	2,188,371	362,075	
Total other services	[B]	2,507,556	496,972
Total available annual appropriations [A+B]	7,967,383	5,506,975	
Special appropriations			
Special appropriations limited by criteria/entitlement			
Public Governance, Performance and Accountability Act 2013 – s77 Passport Refunds		831	
Total special appropriations	[C]	831	

	Actual available appropriation for 2015–16	Payments made 2015–16	Balance remaining 2015–16
	\$'000	\$'000	\$'000
Special accounts⁷			
Opening balance	208,453		
Appropriation receipts			
Non-appropriation receipts to Special Accounts	72,522		
Payment made		175,060	
Total special accounts [D]	280,975	175,060	
Total resourcing [A+B+C+D]	8,248,358	5,682,866	
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	-	
and/or payments to corporate entities through annual appropriations	(144,018)	(144,018)	
Total net resourcing and payments for DFAT	8,104,340	5,538,848	

¹ *Appropriation Act (No.1) 2015–16 and Appropriation Act (No. 3) 2015–16*. This also includes prior year departmental appropriation and section 74 Retained Revenue Receipts.

² Includes an amount of \$52.171m in 2015–16 for the Departmental Capital Budget. For accounting purposes this amount has been designated as 'contributions by owners'.

³ Includes an amount of \$2.325m in 2015–16 for the Administered Capital Budget. For accounting purposes this amount has been designated as 'contributions by owners'.

⁴ 'Corporate entities' are corporate Commonwealth entities and Commonwealth companies as defined under the *PGPA Act 2013*.

⁵ *Appropriation Act (No.2) 2015–16 and Appropriation Act (No.4) 2015–16*.

⁶ Includes appropriations carried forward from previous years to extinguish multi-year agreements.

⁷ Excludes 'Special Public Money' held in accounts like Consular Services Account (CSA), Services for Other Government and Non-agency Bodies (SOG) or Services for Other Entities and Trust Moneys accounts (SOTEM).



Table 17: Expenses for Outcome 1

Outcome 1: The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities.	Budget* 2015-16	Actual expenses 2015-16	Variation 2015-16
	\$'000	\$'000	\$'000
	(a)	(b)	(a) – (b)
Program 1.1: Foreign affairs and trade operations			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 & 3</i>)	7,221	6,501	720
Expenses not requiring appropriation in the Budget year	14,952	25,401	(10,449)
Other services (<i>Appropriation Act No. 2 & 4</i>)	13,452	19,728	(6,276)
Departmental expenses			
Departmental appropriation ¹	578,925	676,039	(97,114)
Expenses not requiring appropriation in the Budget year ²	123,990	121,381	2,609
Total for Program 1.1	738,540	849,050	(110,510)
Program 1.2: Official development assistance			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 & 3</i>)	3,112,214	3,111,868	346
Expenses not requiring appropriation in the Budget year ²	1,207	6,468	(5,261)
Departmental expenses			
Departmental appropriation ¹	240,823	240,823	-
Total for Program 1.2	3,354,244	3,359,159	(4,915)
Program 1.3: Official development assistance – multilateral replenishments			
Administered expenses			
Other services (<i>Appropriation Act No. 2 & 4</i>)	-	342,272	(342,272)
Expenses not requiring appropriation in the Budget year ²	-	103,649	(103,649)
Total for Program 1.3	-	445,921	(445,921)
Program 1.4: Official development assistance - East Asia AIPRD			
Administered expenses			
Expenses not requiring appropriation in the Budget year ²	7,188	7,188	-
Total for Program 1.4	7,188	7,188	-
Program 1.5: Payments to international organisations			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 & 3</i>)	432,649	375,887	56,762
Total for Program 1.5	432,649	375,887	56,762

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* 2015–16	Actual expenses 2015–16	Variation 2015–16
	\$'000	\$'000	\$'000
	(a)	(b)	(a) – (b)
Program 1.6: New Colombo Plan – transforming regional relationships			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 & 3</i>)	27,742	27,227	515
Other services (<i>Appropriation Act No. 2 & 4</i>)	75	75	-
Total for Program 1.6	27,817	27,302	515
Program 1.7: Public information services and public diplomacy			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 & 3</i>)	5,044	4,594	450
Total for Program 1.7	5,044	4,594	450
Program 1.8: Programs to promote Australia's international tourism interests			
Administered expenses			
Tourism Australia – Corporate Commonwealth Entity	144,018	144,018	-
Ordinary annual services (<i>Appropriation Act Nos. 1 & 3</i>)	14,000	14,000	-
Total for Program 1.8	158,018	158,018	-
Outcome 1 totals by appropriation type			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 & 3</i>)	3,598,870	3,540,077	58,793
Corporate Commonwealth Entity	144,018	144,018	-
Other services (<i>Appropriation Act No. 2 & 4</i>)	13,527	362,075	(348,548)
Expenses not requiring appropriation in the Budget year ²	23,347	142,706	(119,359)
Departmental expenses			
Departmental appropriation ¹	819,748	916,862	(97,114)
Expenses not requiring appropriation in the Budget year ²	123,990	121,381	2,609
Total expenses for Outcome 1	4,723,500	5,227,119	(503,619)
	2014–15	2015–16	
Average staffing level (number)	3,762	3,749	

* Full year budget, including any subsequent adjustments made to the 2015–16 Budget at additional estimates.

¹ Departmental appropriation combines 'ordinary annual services (*Appropriation Act No. 1 & Act No. 3*)' and 'section 74 revenue receipts'.

² Expenses not requiring appropriation in the Budget year may include depreciation expenses, amortisation expenses, make good expenses, audit fees, concessional costs for loans, finance costs and impairment of financial instruments.



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* 2015–16	Actual expenses 2015–16	Variation 2015–16
	\$'000	\$'000	\$'000
	(a)	(b)	(a) – (b)
Program 2.1: Consular services			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 & 3</i>)	200	10	190
Departmental expenses			
Departmental appropriation ¹	103,983	98,967	5,016
Total for Program 2.1	104,183	98,977	5,206
Program 2.2: Passport services			
Administered expenses			
Special appropriations	1,010	785	225
Departmental expenses			
Departmental appropriation ¹	231,410	230,060	1,350
Total for Program 2.2	232,420	230,845	1,575
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary annual services (<i>Appropriation Act Nos. 1 & 3</i>)	200	10	190
Special appropriations	1,010	785	225
Departmental expenses			
Departmental appropriation ¹	335,393	329,027	6,366
Total expenses for Outcome 2	336,603	329,822	6,781
	2014–15	2015–16	
Average staffing level (number)	1,088	1,082	

* Full year budget, including any subsequent adjustments made to the 2015–16 Budget at additional estimates.

¹ Departmental appropriation combines 'ordinary annual services (*Appropriation Act No. 1 & Act No. 3*)'.

Table 19: Expenses for Outcome 3

Outcome 3: A secure Australian Government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas property estate.	Budget* 2015–16	Actual expenses 2015–16	Variation 2015–16
	\$'000	\$'000	\$'000
	(a)	(b)	(a) – (b)
Program 3.1: Foreign affairs and trade security and IT			
Departmental expenses			
Departmental appropriation ²	194,815	192,424	2,391
Total for Program 3.1	194,815	192,424	2,391
Program 3.2: Overseas property			
Departmental expenses			
Special accounts ¹	163,586	174,065	(10,479)
Expenses not requiring appropriation in the Budget year ³	19,295	87,092	(67,797)
Total for Program 3.2	182,881	261,157	(78,276)
Outcome 3 totals by appropriation type			
Departmental expenses			
Departmental appropriation ²	194,815	192,424	2,391
Special accounts ¹	163,586	174,065	(10,479)
Expenses not requiring appropriation in the Budget year ³	19,295	87,092	(67,797)
Total expenses for Outcome 3	377,696	453,581	(75,885)
	2014–15	2015–16	
Average staffing level (number)	872	869	

* Full year budget, including any subsequent adjustments made to the 2015–16 Budget at additional estimates.

¹ This reflects the amount of funding disbursed on a cash basis, not an expense basis.

² Departmental appropriation combines 'ordinary annual services (*Appropriation Act No. 1 & Act No. 3*)'.

³ Expenses not requiring appropriation in the Budget year may include depreciation expenses, amortisation expenses, make good expenses, audit fees, concessional costs for loans, finance costs and impairment of financial instruments.



APPENDIX 4:

AID PROGRAM EXPENDITURE

Table 20: Estimated departmental ODA by country and region, 2015–16

Country/Region	Estimated expenditure (\$M)		
	Bilateral	Regional/Global	Total
Papua New Guinea	471.0	34.1	505.1
Solomon Islands	93.2	24.2	117.4
Vanuatu	43.1	16.9	60.0
Fiji	50.3	26.0	76.3
Samoa	23.6	11.0	34.6
Nauru	21.2	2.7	23.9
Kiribati	20.2	8.0	28.2
Tonga	17.6	8.0	25.6
Tuvalu	6.6	2.5	9.1
Niue and Tokelau	1.8	1.3	3.1
Cook Islands	1.9	1.6	3.5
North Pacific ¹	5.2	4.8	10.0
Pacific Regional ²	0.0	114.0	114.0
Pacific total	755.7	255.1	1,010.8
Indonesia	313.9	59.9	373.8
Timor-Leste	70.0	16.4	86.4
Philippines	68.4	12.5	80.9
Cambodia	62.4	25.4	87.8
Vietnam	61.4	20.4	81.8
Myanmar	53.8	21.5	75.3
Laos	24.2	16.1	40.3
Mongolia	6.4	4.1	10.5
East Asia Regional ²	0.0	64.3	64.3
Southeast and East Asia total	660.5	240.6	901.0

Country/Region	Estimated expenditure (\$M)		
	Bilateral	Regional/Global	Total
Afghanistan	83.0	4.1	87.1
Bangladesh	42.1	14.2	56.3
Pakistan	48.8	6.9	55.7
Sri Lanka	20.1	6.8	26.9
Nepal	16.6	16.4	33.0
Bhutan	3.8	4.6	8.4
Maldives	3.3	3.4	6.7
South and West Asia Regional ²	0.0	24.5	24.5
South and West Asia total	217.7	81.0	298.6
Palestinian Territories	20.5	22.4	42.9
Middle East and North Africa	93.5	2.4	95.9
Sub-Saharan Africa	31.8	72.8	104.6
Latin America and the Caribbean	0.0	12.5	12.5
Other ODA not attributed to particular countries or regions ³		1,055.4	1,055.4
Departmental (ODA)			240.8
Adjustments⁴			-40.0
Total	1,779.7	1,742.1	3,722.6

1 Federated States of Micronesia, Palau, and the Republic of the Marshall Islands.

2 Includes amounts attributable to the region, but not a specific country.

3 Includes payments to some UN and Commonwealth organisations and UN peacekeeping operations. The ODA eligible components of cash payments to the International Development Association, Asian Development Fund, Global Environment Facility, Heavily Indebted Poor Countries Initiative, Multilateral Debt Relief Initiative and the Montreal Protocol Multilateral Fund are also included.

4 Includes expected outcome for adjustments as estimated at May 2016. 'Adjustments' includes adjustments to reconcile expenses to ODA, which are reported on a cash basis. This includes adjusting accrued expenses to cash and excluding non-ODA eligible departmental and administered expenditure. The adjustments also exclude non-ODA eligible administered expenditure such as miscellaneous receipts and GST payments.

Note: This table contains minor rounding differences.



APPENDIX 5: INQUIRIES BY PARLIAMENTARY COMMITTEES

During the reporting period the department provided submissions and/or gave evidence to the following parliamentary committees:

JOINT STANDING COMMITTEE ON TREATIES

- Agreement between Australia and the European Union Establishing a Framework for the Participation of Australia in European Crisis Management Operations, hearing 10 August 2015.
- Free Trade Agreement between the Government of Australia and the Government of The People's Republic of China, hearings 17 August and 7 September 2015.
- Articles of Agreement for the Asian Infrastructure Investment Bank, hearing 14 September 2015.
- Australia's denunciation of the Convention relating to International Exhibitions, and Protocol of Signature, hearing 14 September 2015.
- Treaty between Australia and the Federative Republic of Brazil on Mutual Legal Assistance in Criminal Matters, hearing 12 October 2015.
- Agreement between the Government of Australia and the Government of the Republic of India Concerning Transfer of Sentenced Persons, hearing 9 November 2015.
- Trans-Pacific Partnership Agreement, hearing 22 February 2016.
- Treaty on Extradition between Australia and The People's Republic of China, hearing 2 May 2016.

JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

- Human rights issues confronting women and girls in the Indian Ocean—Asia Pacific Region (supplementary submissions 13 and 27 July 2015).
- A world without the death penalty: Australia's Advocacy for the Abolition of the Death Penalty, hearing 9 December 2015.
- The role of development partnerships in agriculture and agribusiness in promoting prosperity, reducing poverty and enhancing stability in the Indo-Pacific region, hearing 22 February 2016.
- (Australia's trade and investment relationships with countries of the Middle East. [The committee tabled its report 4 May 2016. The department provided a submission and gave evidence in May and November 2014 respectively.])

SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES COMMITTEE

- Inquiry into Australia's relationship with Mexico, hearing 29 October 2015.
- The delivery and effectiveness of Australia's bilateral aid program in Papua New Guinea, hearing 27 November 2015.
- Partial suspension of sanctions against Iran, hearing 27 April 2016.

JOINT SELECT COMMITTEE ON TRADE AND INVESTMENT GROWTH

- Inquiry into Business Utilisation of Australia's Free Trade Agreements, hearing 21 July 2015.

JOINT SELECT COMMITTEE ON NORTHERN AUSTRALIA

- Inquiry into Opportunities for Expanding Aquaculture in Northern Australia, hearing 15 September 2015.

JOINT STANDING COMMITTEE ON MIGRATION

- Inquiry into the Seasonal Worker Programme, hearing 13 November 2015.

SENATE ECONOMICS REFERENCES COMMITTEE

- Third party certification of food, hearing 21 August 2015.
- Inquiry into foreign bribery (input into a 15 September 2015 cross-agency submission coordinated by Attorney-General's Department).

PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS

- Fit-out of the Australian Embassy in Doha, Qatar, hearing 3 March 2016.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON SOCIAL POLICY AND LEGAL AFFAIRS

- Inquiry into the regulatory and legislative aspects of international and domestic surrogacy arrangements, hearing 3 March 2016.



APPENDIX 6: MATTERS BEFORE COURTS AND ADMINISTRATIVE TRIBUNALS

During the reporting period the department was involved in the following matters before courts and administrative tribunals:

COURTS

One action seeking judicial review of a passport-related decision was dismissed by the Federal Court. A further action seeking judicial review of a passport-related decision was discontinued. The department successfully pursued two debt recovery actions in court and a further one is ongoing.

The department successfully defended one employment action brought in a foreign court by a former locally engaged employee. We continue to defend one further employment action in a foreign court.

The department complied with discovery, subpoena and other document production obligations in a range of matters. This includes matters brought against the Commonwealth and other Australian government agencies.

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*.

TRIBUNALS

The department continued to be involved in applications before the Administrative Appeals Tribunal (AAT) concerning passports matters. At the end of the financial year, there were 16 active applications before the AAT for review:

- 15 for review of passports decisions; and
- one for review of an FOI decision.

APPENDIX 7:

WORKPLACE HEALTH AND SAFETY

The following information is provided in accordance with Schedule 2, Part 4 of the *Work Health and Safety Act 2011* (Cth).

HEALTH AND SAFETY MANAGEMENT IN THE DEPARTMENT

The department prioritises the health and safety of its people and has established systems that promote wellbeing and prevent workplace injury, including the Work Health and Safety (WHS) and Rehabilitation Management Systems and Anti-Bullying and Harassment framework.

WORK HEALTH AND SAFETY INITIATIVES AND OUTCOMES

In 2015–16, the department launched a bespoke WHS e-learning program, available to all worker categories across the global network, which includes instruction on WHS best practice in a readily accessible portal. The program received two 2016 LearnX Impact Awards: Gold Winner—Best Talent (Learning Partnership); and Silver Winner—Best Learning Project (Occupational Health and Safety). We were also a finalist in the Best Learning Model (Bespoke) category.

During 2015–2016, 211 WHS incidents were reported. In response, where appropriate, remedial actions were implemented to eliminate or control the risk and prevent further occurrences. The level of reporting and WHS response rate indicate a proactive safety response culture.

The department delivered over 80 individual and group WHS briefings to crisis response teams, members of the Australian Civilian Corps and staff deploying overseas and also delivered targeted WHS training sessions to locally engaged managers in Australia, Amman, Auckland and Hong Kong. We also completed a WHS support visit to Baghdad and coordinated extensive

Provide First Aid and Health and Safety Representative training.

The department has developed a WHS Strategic Plan for launch in 2016–17. This plan identifies key objectives and provides a three-year focus for delivery of WHS services, compliance with legislative requirements and continuous improvement of safety management.

REHABILITATION MANAGEMENT

The Rehabilitation Management System (RMS) was re-established as a stand-alone system based on recommendations from an independent audit (2014–15). Results from the 2015–16 RMS audit demonstrate continuous improvement against rehabilitation best practice criteria.

The department introduced a number of proactive strategies to improve management of injury claims (compensable and non-compensable), focusing on early intervention and targeted case management. These strategies have improved rehabilitation outcomes and costs to the department as evidenced by the department's 2015–16 Comcare premium (*Table 21*) which demonstrates a continued reduction.

ANTI-BULLYING, HARASSMENT AND DISCRIMINATION

The department has a zero-tolerance to bullying, harassment and discrimination and is committed to providing a workplace that is fair, flexible, safe and rewarding. In circumstances where a report of bullying, harassment or discrimination has occurred, the department acted promptly to address the issues.



Over 2,500 employees have attended information sessions on anti-bullying, harassment and discrimination in Australia and overseas. Employees have access to a number of support options including a network of over 180 Workplace Diversity Contact Officers across the global network.

The department has developed a new anti-bullying, harassment and discrimination e-learning program to better reflect the APS values and respectful and courteous behaviours expected in the workplace.

REPORTING REQUIREMENTS
UNDER THE *WORK HEALTH
AND SAFETY ACT 2011* (CTH
(THE ACT)

- Ten 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.
- No external investigations were commenced under Part 9 of the Act.
- No notices were issued under Part 10, Section 191 of the Act.

Table 21: *Workplace health and safety statistics*

Comcare claims accepted	2013-14	2014-15	2015-16
Total departmental staff covered by Comcare*	4,121	4,030	4,065
Number of claims accepted by Comcare:			
falls, trips and slips	12	9	11
hitting objects	1	2	3
sound and pressure	1	0	0
body stressing	18	9	11
heat, radiation and electricity	1	0	0
chemicals and other	2	0	2
biological factors	3	1	1
mental stress	1	3	6
other and unspecified	1	0	1
Total	40	24	35
Departmental premium for Comcare coverage (as a percentage of total departmental wages and salaries)	1.25/1.70**	1.39	1.07

* Includes employees located in Australia, Australia-based employees overseas and, where applicable, locally engaged staff overseas.

** The Comcare premium 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. Departmental premium for Comcare coverage prior to integration was 1.25 for DFAT and 1.70 for AusAID.

APPENDIX 8:

ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

This appendix comprises the department's report on its ecologically sustainable development and environmental performance as required by Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (the EPBC Act).

The department continued to ensure that policy activities, administration of legislated activities and other operations accorded with and enacted ecologically sustainable development principles. We pursued these principles through a combination of multilateral environmental agreements, international legal frameworks, foreign, trade and development policies and property and corporate management policies. These principles were also applied in the department's public diplomacy.

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.

Working with other countries, the department helped secure the UN Framework Convention on Climate Change Paris Agreement in December 2015. The agreement provides a universal, legally-binding framework for countries to reduce their emissions consistent with holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C. The department worked closely with international partners in UN negotiations for a new global treaty to improve the conservation and sustainable use of marine biological diversity in areas beyond national jurisdictions.

With the Australian Antarctic Division of the Department of the Environment, we continued to build international support for the establishment of a network of marine protected areas in East Antarctica. We also supported whole-of-government efforts to deter and prevent illegal, unregulated and unreported fishing in the Southern Ocean and Indo-Pacific.

The department's international development assistance program was delivered in accordance with the principles of ecological sustainability underpinned by Commonwealth environmental legislation and regulations, including the EPBC Act, Australia's development policy, environmental laws and regulations of partner governments, and relevant multilateral environment agreements.

Australia's development policy *Australian aid: promoting prosperity, reducing poverty, enhancing stability* commits to actively managing risks to people and their environment by applying mandatory safeguards policies. The department's *Environment Protection Policy for the Aid Program*, November 2014, provides a framework for the management of environmental safeguards in aid investments. All investments, regardless of the monetary value or delivery approach, must be assessed for potential environmental and social impacts in accordance with the policy.

The department worked with multilateral donor partners, including the World Bank and the Asian Development Bank, to ensure the principles of ecologically sustainable development are implemented internationally by improving developing country safeguard systems, and by working with donor partners to develop a common approach to environment and social safeguards across the Pacific.



Environmental management services to all properties in the domestic leased estate are delivered under the department's Property Management Services contract with Cushman and Wakefield (C&W). Under the contract C&W provides:

- monitoring and reporting on the impact of the department's business on the environment;
- identifying, costing and, where cost effective, implementing environmental initiatives;
- preparing business cases to obtain funding for the implementation of major environmental initiatives;
- preparing information for mandatory departmental reporting including Energy Efficiency in Government Operations (EEGO), National Waste Policy, Australian Packaging Covenant and WaterMAPS; and
- providing strategic advice on environmental management policy and government direction that will benefit departmental strategies.

C&W 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. We collated energy usage according to the metrics outlined in EEGO policy and utilised this information to target initiatives and energy efficiency works. The department maintained involvement in the Government Agency Environment Network.

The department's leased headquarters in the RG Casey Building in Canberra has recently undergone refurbishment by the owner. The work was completed in April 2016 and was scoped to contribute to improved environmental performance. The department's leased premises at 255 London Circuit Canberra holds an accredited 4.5 star National Australian Built Environment Rating System energy rating for offices based on a number of features including an environmentally sustainable cooling system and grey water recycling.

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.

All Australian passports issued during the reporting period were printed on Australian Paper's 100 per cent carbon neutral, environmentally friendly paper range.

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

In the overseas estate, environmental performance is a core part of all major new construction projects. A key component is the environmental management of the construction activities through development of project-specific environmental management plans and environmental monitoring units. Environmental monitoring and management through the construction phase includes air quality, noise levels, and waste water management. Contractors are also required to recycle to the fullest extent possible, manage all diesel and lubricant storage, and provide environmental protection in the form of site hoarding, fences and screens to minimise impact on the surrounding area.

The department is actively pursuing various environmentally sustainable initiatives in the delivery of its overseas projects such as energy efficient lighting, daylight and motion sensors, rain water harvesting, and zoned air-conditioning systems and building management systems to lower energy consumption.

APPENDIX 9:

PURCHASER-PROVIDER ARRANGEMENTS

Financial, office, human resources, property and fleet management services

The department provides financial, office, human resources, property and fleet management services, on a cost-recovery basis, to other government departments and agencies with overseas representation, and to the New Zealand Government under a Service Level Agreement (SLA). This ensures consistency and efficient use of resources and avoids duplication of effort (in accordance with the *Prime Minister's Directive: Guidelines for the Management of the Australian Government Presence Overseas*).

The SLA sets out the obligations of the department and other agencies for management services and determines service delivery standards in the areas of financial, office, human resources, property and fleet management for Australia-based employees and locally engaged staff at posts managed by the department. The SLA was due to expire on 30 June 2016; however, by agreement with attached agencies, the department has extended the SLA on a month-to-month basis to allow final negotiations of the review of SLA services to be concluded in the 2016–17 financial year.

The main purchasers of services under the SLA are the Department of Immigration and Border Protection, Department of Defence, Australian Trade and Investment Commission and Australian Federal Police.

In 2015–16, the department provided services under the SLA to:

Attorney-General's Department

Australian Centre for International Agricultural Research

Australian Crime Commission

Australian Federal Police (also includes the Australian Federal Police Protective Service)

Australian Maritime Safety Authority

Australian National University

Australian Nuclear Science and Technology Organisation

Australian Taxation Office

Australian Trade and Investment Commission (Austrade)

Commonwealth Scientific and Industrial Research Organisation

Department of Agriculture

Department of Defence

Department of Education and Training

Department of Employment

Department of the Environment

Department of Health

Department of Immigration and Border Protection

Department of Industry, Innovation and Science

Department of Infrastructure and Regional Development

Department of Prime Minister and Cabinet

Department of Veterans' Affairs

National Library of Australia

New Zealand Government

Office of National Assessments

Reserve Bank of Australia

The Treasury



Information and communications technology (ICT) services

The department also has purchaser–provider arrangements to provide ICT services to government agencies with staff at our overseas missions and at a number of agency locations within Australia.

In 2015–16, 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 Competition and Consumer Commission
 Australian Crime Commission
 Australian Electoral Commission
 Australian Federal Police
 Australian Fisheries Management Authority
 Australian Human Rights Commission
 Australian Maritime Safety Authority
 Australian National University
 Australian Nuclear Science and Technology Organisation
 Australian Public Service Commission
 Australian Radiation Protection and Nuclear Safety Agency
 Australian Research Council
 Australian Taxation Office
 Australian Trade and Investment Commission (Austrade)
 Australian Transaction Reports and Analysis Centre
 Bureau of Meteorology
 Civil Aviation Safety Authority

Commonwealth Scientific and Industrial Research Organisation
 Department of Agriculture
 Department of Communications
 Department of Defence
 Department of Education and Training
 Department of Employment
 Department of the Environment
 Department of Finance
 Department of Health
 Department of Human Services
 Department of Immigration and Border Protection
 Department of Industry, Innovation and Science
 Department of Infrastructure and Regional Development
 Department of Prime Minister and Cabinet
 Department of Social Services
 Department of the House of Representatives (International and Parliamentary Relations Office)
 Department of Veterans’ Affairs
 Export Finance and Insurance Corporation
 Food Standards Australia—New Zealand
 Geoscience Australia
 IP Australia
 National Library of Australia
 New Zealand Ministry of Foreign Affairs and Trade
 Office of National Assessments
 Reserve Bank of Australia
 The Treasury
 Wine Australia

APPENDIX 10:

ADVERTISING AND MARKET RESEARCH

During 2015–16, the department conducted the Smartraveller advertising campaign. Further information on this campaign is available at www.dfat.gov.au and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available at www.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 \$12,700 (GST inclusive).

Table 22: Advertising and market research

Account name	Service provided	Program	Amount(\$)
Advertising agencies			
Arnold Furance Pty Ltd	Smartraveller advertising	2.1	1,788,493
Christian Outreach Centre	Red Frogs advertising	2.1	22,000
Australian Federation of Travel Agents	@mail advertising	2.1	15,180
Market research organisations			
Taylor Nelson Sofres Australia Pty Ltd	Smartraveller market research	2.1	73,788
IPSOS Public Affairs Pty Ltd	Smartraveller market research	2.1	108,460
Media advertising organisations			
Telstra Corporation	White Pages advertising	1.1, 2.1 & 2.2	237,611
Dentsu Mitchell Media Australia Pty Ltd	Smartraveller advertising	2.1	3,017,635



APPENDIX 11:

GRANTS AND CONTRIBUTIONS

Information on grants awarded by the department since 1 July 2007 is available at <http://dfat.gov.au/about-us/business-opportunities/grant-opportunities/Pages/grants-programs.aspx>

Table 23 lists payments made by the department totalling \$375.9 million, consisting of \$142.5 million to 28 international organisations and international treaty secretariats, including the United Nations, and \$233.4 million to 15 UN peacekeeping operations.

Table 23: Contributions to international organisations and peacekeeping operations*

International organisations	Total (\$)
ABAC Secretariat	49,607
Antarctic Treaty Secretariat	88,032
APEC Secretariat	501,451
Asia Europe Foundation	50,032
Biological Weapons Convention	60,372
Commission for the Conservation of Antarctic Marine Living Resources	923,281
Commonwealth Secretariat	4,415,199
Comprehensive Nuclear-Test-Ban Treaty	3,275,412
Convention on Cluster Munitions	11,099
Convention on Certain Conventional Weapons	46,355
Energy Charter Conference	322,419
International Atomic Energy Agency	13,635,632
International Bureau of the Permanent Court of Arbitration	32,312
International Centre for the Study of the Preservation and Restoration of Cultural Property	119,473
International Humanitarian Fact Finding Commission	12,296
International Seabed Authority	217,797
International Tribunal for the Law of the Sea	409,338
International Tribunals for War Crimes	3,050,981
Organisation for Economic Co-operation and Development	13,888,373
Organisation for the Prohibition of Chemical Weapons	2,446,558
Ottawa Convention	17,118
Other International Organisation contributions	803,517
Pacific Economic Cooperation	32,326

International organisations	Total (\$)
UN Educational, Scientific and Cultural Organization	10,421,050
United Nations—assessed contribution	83,689,846
Voluntary Principles on Security and Human Rights	32,511
Wassenaar Arrangement	68,250
World Trade Organization	3,841,602
Subtotal international organisations	142,462,239
International peacekeeping operations	Total (\$)
UN Disengagement Observer Force	1,548,969
UN Hybrid Operation in Darfur	31,292,305
UN Interim Mission in Kosovo	1,031,828
UN Interim Force in Lebanon	15,616,318
UN Mission for the Referendum in West Sahara	1,466,635
UN Mission in Liberia	9,858,770
UN Mission in South Sudan	33,443,593
UN Multidimensional Integrated Stabilization Mission in Central African Republic	25,436,361
UN Multidimensional Integrated Stabilization Mission Mali	28,928,771
UN Operations in Cote d'Ivoire	11,418,149
UN Organization Stabilisation Mission in Democratic Republic of Congo	39,881,158
UN Peacekeeping Force in Cyprus	834,491
UN Security Force for Abyei	6,132,620
UN Stabilization Mission in Haiti	10,611,729
UN Support Office for African Union Military Observer Mission Somalia	15,923,201
Subtotal UN peacekeeping operations	233,424,898
Total	375,887,137

* 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 13. Reporting of payments under the Outcome structure provides consistency with the reporting of these items in the *Portfolio Budget Statements 2015–2016* and the *Portfolio Additional Estimates Statements 2015–2016*.



APPENDIX 12:

LIST OF SPONSORS

The following is a list of sponsors who supported projects or programs undertaken by the department during the year. The list includes sponsorship equivalent to \$1,500 and above (GST inclusive).

Table 24: List of sponsors

Sponsor	Project/Event	Program	Amount (\$)
Australian Trade Commission	A Taste of Australia (Colombo)	1.1	1,501
Kingsbury Hotel	A Taste of Australia (Colombo)	1.1	7,688
Qantas Airways	A Taste of Australia (Colombo)	1.1	1,501
Victorian Government	A Taste of Australia (Colombo)	1.1	5,500
New Zealand Ministry of Foreign Affairs & Trade	Anzac Day 2016 (Bandar Seri Begawan)	1.1	2,714
ANZ (Dubai)	Australia Day 2016 (Abu Dhabi)	1.1	5,219
Austal Ships	Australia Day 2016 (Abu Dhabi)	1.1	5,219
GHD Global	Australia Day 2016 (Abu Dhabi)	1.1	5,219
Leighton Group (Al Habtoor)	Australia Day 2016 (Abu Dhabi)	1.1	5,219
Meat and Livestock Australia	Australia Day 2016 (Abu Dhabi)	1.1	1,740
Modelcraft	Australia Day 2016 (Abu Dhabi)	1.1	5,219
Murdoch University	Australia Day 2016 (Abu Dhabi)	1.1	5,219
National Bank of Abu Dhabi	Australia Day 2016 (Abu Dhabi)	1.1	3,479
Pierlite Middle East	Australia Day 2016 (Abu Dhabi)	1.1	5,219
Raine & Horne	Australia Day 2016 (Abu Dhabi)	1.1	1,740
Servcorp	Australia Day 2016 (Abu Dhabi)	1.1	5,219
University of Wollongong	Australia Day 2016 (Abu Dhabi)	1.1	5,219
University of Wollongong	Australia Day 2016 (Abu Dhabi)	1.1	5,219
VFS Global	Australia Day 2016 (Abu Dhabi)	1.1	5,219
Orica Argentina	Australia Day 2016 (Buenos Aires)	1.1	1,994
Qantas Airways	Australia Day 2016 (Buenos Aires)	1.1	1,994
QBE Seguros La Buenos Aires	Australia Day 2016 (Buenos Aires)	1.1	1,994
Sales de Jujuy	Australia Day 2016 (Buenos Aires)	1.1	1,994
ANZ	Australia Day 2016 (Hong Kong)	1.1	7,414
Aristocrat	Australia Day 2016 (Hong Kong)	1.1	7,414
Australian Federal Police	Australia Day 2016 (Hong Kong)	1.1	1,977

Sponsor	Project/Event	Program	Amount (\$)
Australian Trade Commission	Australia Day 2016 (Hong Kong)	1.1	4,119
Cheung Kong Group	Australia Day 2016 (Hong Kong)	1.1	7,414
CPA Australia	Australia Day 2016 (Hong Kong)	1.1	7,414
Department of Education and Training	Australia Day 2016 (Hong Kong)	1.1	1,977
Department of Immigration and Border Protection	Australia Day 2016 (Hong Kong)	1.1	4,119
Far East Consortium	Australia Day 2016 (Hong Kong)	1.1	7,414
Goodman Japan	Australia Day 2016 (Hong Kong)	1.1	7,414
Macquarie	Australia Day 2016 (Hong Kong)	1.1	7,414
MTR Corp	Australia Day 2016 (Hong Kong)	1.1	7,414
My Wine Man	Australia Day 2016 (Hong Kong)	1.1	7,414
QBE	Australia Day 2016 (Hong Kong)	1.1	7,414
Sino Group	Australia Day 2016 (Hong Kong)	1.1	7,414
Tourism Australia	Australia Day 2016 (Hong Kong)	1.1	7,414
Ambank	Australia Day 2016 (Kuala Lumpur)	1.1	7,071
Blackmores (Kuala Lumpur)	Australia Day 2016 (Kuala Lumpur)	1.1	7,071
Lend Lease Projects	Australia Day 2016 (Kuala Lumpur)	1.1	7,071
Lynas	Australia Day 2016 (Kuala Lumpur)	1.1	3,535
Malindo Airways	Australia Day 2016 (Kuala Lumpur)	1.1	7,071
Monash University	Australia Day 2016 (Kuala Lumpur)	1.1	7,071
NS Bluescope (Kuala Lumpur)	Australia Day 2016 (Kuala Lumpur)	1.1	7,071
Ramsay Sime Darby Health Care	Australia Day 2016 (Kuala Lumpur)	1.1	3,535
Servcorp	Australia Day 2016 (Kuala Lumpur)	1.1	1,768
Sportlight Stores	Australia Day 2016 (Kuala Lumpur)	1.1	1,768
Victorian Government	Australia Day 2016 (Kuala Lumpur)	1.1	2,643
MMG Las Bambas	Australia Day 2016 (Lima)	1.1	3,306
Clean Seas	Australia Day 2016 (London)	1.1	1,975
Negociants UK	Australia Day 2016 (London)	1.1	5,789
Austal (Riyadh)	Australia Day 2016 (Riyadh)	1.1	1,704
Australian Business Group of Saudi Arabia	Australia Day 2016 (Riyadh)	1.1	5,111
Box Hill Institute	Australia Day 2016 (Riyadh)	1.1	5,111
Modelcraft	Australia Day 2016 (Riyadh)	1.1	1,704
Monash University	Australia Day 2016 (Riyadh)	1.1	1,692
Servcorp (Riyadh)	Australia Day 2016 (Riyadh)	1.1	3,407



Sponsor	Project/Event	Program	Amount (\$)
Victorian Government	Australia Day 2016 (Riyadh)	1.1	5,111
Western Australian Government	Australia Day 2016 (Riyadh)	1.1	1,704
Worley Parsons Arabia	Australia Day 2016 (Riyadh)	1.1	5,111
Australian Trade Commission	Australia Day 2016 (Santiago)	1.1	3,000
BHP Chile	Australia Day 2016 (Santiago)	1.1	7,859
Harris Gómez Group	Australia Day 2016 (Santiago)	1.1	1,506
Orica Chile	Australia Day 2016 (Santiago)	1.1	6,188
Pacific Hydro Chile	Australia Day 2016 (Santiago)	1.1	2,063
Worley Parsons Chile	Australia Day 2016 (Santiago)	1.1	2,063
Pepper Savings Bank	Australia Day 2016 (Seoul)	1.1	2,318
Woodside Energy	Australia Day 2016 (Seoul)	1.1	4,868
Australian International School (Singapore)	Australia Day 2016 (Singapore)	1.1	9,408
BHP Billiton Marketing Asia	Australia Day 2016 (Singapore)	1.1	9,408
James Cook University	Australia Day 2016 (Singapore)	1.1	9,408
Lendlease Asia Holdings	Australia Day 2016 (Singapore)	1.1	9,408
National Australia Bank	Australia Day 2016 (Singapore)	1.1	9,408
QBE Insurance (Singapore)	Australia Day 2016 (Singapore)	1.1	4,704
Servcorp Serviced Offices	Australia Day 2016 (Singapore)	1.1	4,704
VISY	Australia Day 2016 (Singapore)	1.1	9,408
Westpac	Australia Day 2016 (Singapore)	1.1	4,704
Air Aroma Japan	Australia Day in Spring 2016 (Tokyo)	1.1	5,370
All Nippon Airways	Australia Day in Spring 2016 (Tokyo)	1.1	5,370
ANZ (Tokyo)	Australia Day in Spring 2016 (Tokyo)	1.1	13,425
Ashurst Australia	Australia Day in Spring 2016 (Tokyo)	1.1	3,652
BHP Billiton (Japan)	Australia Day in Spring 2016 (Tokyo)	1.1	3,652
Commonwealth Bank	Australia Day in Spring 2016 (Tokyo)	1.1	13,425
Goodman Japan	Australia Day in Spring 2016 (Tokyo)	1.1	3,652
IFM Investors	Australia Day in Spring 2016 (Tokyo)	1.1	5,370
Impex Corporation	Australia Day in Spring 2016 (Tokyo)	1.1	5,370
Itochu Corporation	Australia Day in Spring 2016 (Tokyo)	1.1	2,148
Japan Airlines	Australia Day in Spring 2016 (Tokyo)	1.1	2,148
Jetstar Group	Australia Day in Spring 2016 (Tokyo)	1.1	5,370
Macquarie Capital Securities (Japan)	Australia Day in Spring 2016 (Tokyo)	1.1	13,425
Mars Japan	Australia Day in Spring 2016 (Tokyo)	1.1	2,148

Sponsor	Project/Event	Program	Amount (\$)
Marubeni Corporation	Australia Day in Spring 2016 (Tokyo)	1.1	3,652
Mitsubishi Japan	Australia Day in Spring 2016 (Tokyo)	1.1	3,652
Mitsui & Co	Australia Day in Spring 2016 (Tokyo)	1.1	5,370
National Australia Bank	Australia Day in Spring 2016 (Tokyo)	1.1	13,425
NEC Corporation	Australia Day in Spring 2016 (Tokyo)	1.1	2,148
Nikko Asset Management Australia	Australia Day in Spring 2016 (Tokyo)	1.1	13,425
North West Shelf Liaison Company	Australia Day in Spring 2016 (Tokyo)	1.1	5,370
PriceWaterhouseCoopers (Tokyo)	Australia Day in Spring 2016 (Tokyo)	1.1	5,370
Pro Global	Australia Day in Spring 2016 (Tokyo)	1.1	3,222
Qantas Airways	Australia Day in Spring 2016 (Tokyo)	1.1	5,370
Queensland Government	Australia Day in Spring 2016 (Tokyo)	1.1	3,222
Rio Tinto (Japan)	Australia Day in Spring 2016 (Tokyo)	1.1	3,652
Servcorp (Japan)	Australia Day in Spring 2016 (Tokyo)	1.1	3,652
Smile and Associates	Australia Day in Spring 2016 (Tokyo)	1.1	2,954
Sojitz Corporation	Australia Day in Spring 2016 (Tokyo)	1.1	3,652
Sumitomo Corporation	Australia Day in Spring 2016 (Tokyo)	1.1	3,652
Telstra International	Australia Day in Spring 2016 (Tokyo)	1.1	13,425
Toll Express Japan	Australia Day in Spring 2016 (Tokyo)	1.1	13,425
Tourism Australia	Australia Day in Spring 2016 (Tokyo)	1.1	5,370
Victorian Government	Australia Day in Spring 2016 (Tokyo)	1.1	3,222
Western Australian Government	Australia Day in Spring 2016 (Tokyo)	1.1	3,222
Docus Yayincilik	Australia in Turkey 2015 - Flying Fruit Fly Circus (Ankara)	1.1	8,242
Karnaval Radio	Australia in Turkey 2015 - Flying Fruit Fly Circus (Ankara)	1.1	11,000
Caixa	Australia Now Cultural Festival 2016 (Brasilia)	1.1	72,001
Catalyst	Australia Now Cultural Festival 2016 (Brasilia)	1.1	64,900
Centros Culturais Banco do Brasil	Australia Now Cultural Festival 2016 (Brasilia)	1.1	16,500
Council on Australia Latin America Relations	Australia Now Cultural Festival 2016 (Brasilia)	1.1	22,000
Etihad Airways	Australia Now Cultural Festival 2016 (Brasilia)	1.1	39,600
Karoon Gas	Australia Now Cultural Festival 2016 (Brasilia)	1.1	16,322



Sponsor	Project/Event	Program	Amount (\$)
PH1 Cine Video e Eventos	Australia Now Cultural Festival 2016 (Brasilia)	1.1	62,082
Prefeitura de São Paulo	Australia Now Cultural Festival 2016 (Brasilia)	1.1	96,000
Serviço Social da Indústria	Australia Now Cultural Festival 2016 (Brasilia)	1.1	357,530
Serviço Social do Comércio	Australia Now Cultural Festival 2016 (Brasilia)	1.1	1,733,345
Virada	Australia Now Cultural Festival 2016 (Brasilia)	1.1	364,200
Australia Israel Chamber of Commerce	Australian Film Festival in Israel (Tel Aviv)	1.1	32,024
Australia Israel Cultural Exchange	Australian Film Festival in Israel (Tel Aviv)	1.1	32,024
Park Hotel	Australian Indigenous Creativity Showcase (New Delhi)	1.1	3,788
Woolmark	Australian Women's Cricket Team Reception (London)	1.1	9,876
P Vijaykumar Reddy	Australian World Orchestra (Chennai)	1.1	27,156
Copyright Agency	Australian Writers Week 2016 (Beijing)	1.1	22,000
ANZ	Bangarra Dance Theatre Reception (Paris)	1.1	9,408
ANZ	Celebrate Australia 2016 (Manila)	1.1	3,473
Aureon Philippines	Celebrate Australia 2016 (Manila)	1.1	3,473
Austal Philippines	Celebrate Australia 2016 (Manila)	1.1	3,473
Australian International School (Manila)	Celebrate Australia 2016 (Manila)	1.1	3,473
Cardno Emerging Markets	Celebrate Australia 2016 (Manila)	1.1	3,473
Crone Partners	Celebrate Australia 2016 (Manila)	1.1	3,473
IDP Education	Celebrate Australia 2016 (Manila)	1.1	3,473
Macquarie Offshore Services (Manila)	Celebrate Australia 2016 (Manila)	1.1	3,473
Meat and Livestock Australia	Celebrate Australia 2016 (Manila)	1.1	2,315
Ocean Gold Philippines	Celebrate Australia 2016 (Manila)	1.1	3,473
QBE Group (Manila)	Celebrate Australia 2016 (Manila)	1.1	3,473
Red 5	Celebrate Australia 2016 (Manila)	1.1	3,473
SM Supermalls	Celebrate Australia 2016 (Manila)	1.1	197,844
SMEC Philippines	Celebrate Australia 2016 (Manila)	1.1	3,473
Telstra International	Celebrate Australia 2016 (Manila)	1.1	3,473
Horticulture Innovation Australia	Horticulture Innovation Australia and Indian Council of Agricultural Research Reception (New Delhi)	1.1	2,182
Bollere Africa Logistics	Melbourne Cup 2015 (Accra)	1.1	2,199

Sponsor	Project/Event	Program	Amount (\$)
Newmont Mining	Melbourne Cup 2015 (Accra)	1.1	3,664
Perseus Mining	Melbourne Cup 2015 (Accra)	1.1	1,832
Trans-Tasman Business Circle	Melbourne Cup 2015 (Wellington)	1.1	3,851
Woodside Energy (New Zealand)	Melbourne Cup 2015 (Wellington)	1.1	1,925
Hong Kong Fringe Club	My Australian Christmas Card Competition 2015 (Hong Kong)	1.1	494,250
ANZ (Noumea)	NAIDOC Reception (Noumea)	1.1	1,632
Digicel Vanuatu	Namatan Short Film Festival 2016 (Port Vila)	1.1	2,448
South Australian Government	South Australia Ministerial Visit Reception (New Delhi)	1.1	1,750
Commonwealth Bank	The Queen's Young Leaders Dinner (London)	1.1	19,751
CPA Australia	Trans-Tasman Dinner (Wellington)	1.1	9,627
Progressive Enterprises	Trans-Tasman Dinner (Wellington)	1.1	7,221
Trans-Tasman Business Circle	Trans-Tasman Dinner (Wellington)	1.1	11,553
Westpac (New Zealand)	Trans-Tasman Dinner (Wellington)	1.1	19,255
Woodside Energy (New Zealand)	Trans-Tasman Dinner (Wellington)	1.1	7,221
Austal USA	Various Cultural Programs (Washington)	1.1	6,549
Australia America Association	Various Cultural Programs (Washington)	1.1	6,549
Bectech	Various Cultural Programs (Washington)	1.1	6,549
Boeing	Various Cultural Programs (Washington)	1.1	6,549
Chevron	Various Cultural Programs (Washington)	1.1	26,195
Fluor Corporation	Various Cultural Programs (Washington)	1.1	6,549
Macquarie Group (Sydney)	Various Cultural Programs (Washington)	1.1	6,549
Macquarie Group (Washington DC)	Various Cultural Programs (Washington)	1.1	6,549
Northrop Grumman	Various Cultural Programs (Washington)	1.1	65,488
Rio Tinto	Various Cultural Programs (Washington)	1.1	26,195
TOTAL			4,594,573



APPENDIX 13:

SUMMARY OF THE OVERSEAS NETWORK

Following is a summary of the overseas network as at 30 June 2016.

More information about our overseas network is available at the department’s website at www.dfat.gov.au/missions and at www.smartraveller.gov.au.

Table 25: Embassies, high commissions, consulates and multilateral missions managed by the Department of Foreign Affairs and Trade (100 posts)

Country of location	City	Post 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
Brunei Darussalam	Bandar Seri Begawan	High Commission
Cambodia	Phnom Penh	Embassy
Canada	Ottawa	High Commission
Chile	Santiago	Embassy
China	Beijing	Embassy
	Chengdu	Consulate-General
	Guangzhou	Consulate-General
	Hong Kong	Consulate-General
	Shanghai	Consulate-General
Croatia	Zagreb	Embassy
Cyprus	Nicosia	High Commission
Denmark	Copenhagen	Embassy
Egypt	Cairo	Embassy
Ethiopia	Addis Ababa	Embassy
Federated States of Micronesia	Pohnpei	Embassy
Fiji	Suva	High Commission
France	Paris	Embassy*
	Paris	Delegation to the OECD
Germany	Berlin	Embassy
Ghana	Accra	High Commission
Greece	Athens	Embassy

Country of location	City	Post type
India	New Delhi	High Commission
	Chennai	Consulate-General
	Mumbai	Consulate-General
Indonesia	Jakarta	Embassy
	Jakarta ASEAN	Mission
	Bali (Denpasar)	Consulate-General
	Makassar	Consulate-General
Iran	Tehran	Embassy
Iraq	Baghdad	Embassy
Ireland	Dublin	Embassy
Israel	Tel Aviv	Embassy
Italy	Rome	Embassy and Permanent Mission to the FAO
Japan	Tokyo	Embassy
Jordan	Amman	Embassy
Kenya	Nairobi	High Commission
Kiribati	Tarawa	High Commission
Korea, Republic of	Seoul	Embassy
Kuwait	Kuwait City	Embassy
Laos	Vientiane	Embassy
Lebanon	Beirut	Embassy
Malaysia	Kuala Lumpur	High Commission
Malta	Malta	High Commission
Mauritius	Port Louis	High Commission
Mexico	Mexico City	Embassy
Mongolia	Ulaanbaatar**	Embassy
Myanmar	Yangon	Embassy
Nauru	Nauru	High Commission
Nepal	Kathmandu	Embassy
Netherlands	The Hague	Embassy
New Caledonia (France)	Noumea	Consulate-General
New Zealand	Wellington	High Commission
Nigeria	Abuja	High Commission
Pakistan	Islamabad	High Commission
Papua New Guinea	Port Moresby	High Commission
Peru	Lima	Embassy
Philippines	Manila	Embassy
Poland	Warsaw	Embassy



Country of location	City	Post type
Portugal	Lisbon	Embassy
Russia	Moscow	Embassy
Samoa	Apia	High Commission
Saudi Arabia	Riyadh	Embassy
Serbia	Belgrade	Embassy
Singapore	Singapore	High Commission
Solomon Islands	Honiara	High Commission
South Africa	Pretoria	High Commission
Spain	Madrid	Embassy
Sri Lanka	Colombo	High Commission
Sweden	Stockholm	Embassy
Switzerland	Geneva	Permanent Mission to the United Nations
	Geneva	Permanent Mission to the WTO and Consulate-General
Thailand	Bangkok	Embassy and Permanent Mission to ESCAP
	Phuket	Consulate-General
Timor-Leste	Dili	Embassy
Tonga	Nuku'alofa	High Commission
Trinidad and Tobago	Port of Spain	High Commission
Turkey	Ankara	Embassy
	Çanakkale	Consulate
Ukraine	Kyiv	Embassy#
United Arab Emirates	Abu Dhabi	Embassy
United Kingdom	London	High Commission
United States of America	Washington DC	Embassy
	Chicago	Consulate-General
	Honolulu	Consulate-General
	Los Angeles	Consulate-General
	New York	Consulate-General
	New York	Permanent Mission to the United Nations
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

* The Australian Permanent Delegation to UNESCO is located within the embassy in Paris.

** The consulate-general managed by Austrade in Ulaanbaatar was upgraded to an embassy in December 2015.

The Australian Embassy in Kyiv, Ukraine, is an interim establishment.

Notes:

In Ramallah, the Australian Government maintains the Australian Representative Office.

In Taipei, the Australian Office represents Australian interests in Taiwan in the absence of formal relations. The office includes staff seconded from the Department of Foreign Affairs and Trade, and Austrade.

Table 26: Consulates managed by Austrade (16 posts)

Country of location	City	Post type
Brazil	São Paulo	Consulate-General
Canada	Toronto	Consulate-General
	Vancouver*	Consulate
Colombia	Bogotá	Consulate-General
Czech Republic	Prague*	Consulate
Germany	Frankfurt	Consulate-General
Italy	Milan	Consulate-General
Japan	Fukuoka	Consulate-General
	Osaka	Consulate-General
	Sapporo	Consulate
New Zealand	Auckland	Consulate-General
Russia	Vladivostok*	Consulate
Turkey	Istanbul	Consulate-General
United Arab Emirates	Dubai	Consulate-General
United States of America	Houston	Consulate-General
	San Francisco	Consulate-General

* These consulates are managed by an honorary consul.

Table 27: Consulates headed by honorary consuls (76 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



Region	Country of Location	City	Responsible Post
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
	Phillippines, The	Cebu***	Manila
	Thailand	Chiang Mai***	Bangkok
		Koh Samui***	Bangkok
		Phuket	Bangkok
Pacific	French Polynesia (France)	Papeete	Noumea
	Papua New Guinea	Lae	Port Moresby
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

Region	Country of Location	City	Responsible Post
North America	Ukraine	Kyiv	Warsaw
	United Kingdom	Edinburgh**	London
	Canada	Calgary ***	Ottawa
		Vancouver *	Ottawa
	United States of America	Boston **	New York CG
		Denver	Los Angeles
		Miami	Washington DC
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 2016.

*** Pending appointment of honorary consul.



Table 28: 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
Kazakhstan	Astana	Moscow
Mali	Bamako	Accra
Morocco	Rabat	Paris Embassy
Panama	Panama City	Mexico City
Senegal	Dakar	Accra
Tunisia	Tunis	Malta
Venezuela	Caracas	Santiago de Chile

Table 29: 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 14:

LIST OF CORRECTIONS

The following errors appeared in *DFAT Annual Report 2014–15*:

• **Consular services**

Table 11: Consular services provided to Australian travellers, line 7

As printed on p. 200:

Cases of Australians arrested overseas	1,069	1,181	1,136	1,185	1,257
--	-------	-------	-------	-------	-------

Correct entry

Cases of Australians arrested overseas	1,069	1,181	1,136	1,185	1,256
--	-------	-------	-------	-------	-------

• **Appendix 6—Inquiries by parliamentary committees**

Omission on p. 264:

Additional text:

Joint Standing Committee on Foreign Affairs, Defence and Trade

Departmental officers appeared before the Joint Standing Committee on Foreign Affairs, Defence and Trade as witnesses in relation to:

Australia’s trade and investment relationships with countries of the Middle East, hearing 26 November 2014.

• **Appendix 14—Table 35: Embassies, high commissions, consulates and multilateral missions managed by the Department of Foreign Affairs and Trade (96 posts)**

As printed on p. 282:

Table 35: Embassies, high commissions, consulates and multilateral missions managed by the Department of Foreign Affairs and Trade (96 posts)

Correct text:

Table 35: Embassies, high commissions, consulates and multilateral missions managed by the Department of Foreign Affairs and Trade (97 posts)

As printed on p. 283:

Country of location	City	Post type
Indonesia	Jakarta	Embassy
	Bali (Denpasar)	Consulate-General

Correct entries:

Country of location	City	Post type
Indonesia	Jakarta	Embassy
	Jakarta ASEAN	Mission
	Bali (Denpasar)	Consulate-General

- **Table 23: Employees covered by the Enterprise Agreement, determinations, individual flexibility agreements and remuneration supplementation agreements as at the 30 June 2015 (excluding locally engaged employees overseas)**

As printed on p. 251, rows 6, 7 & 10:

Enterprise Agreement			Determinations, individual flexibility agreements and remuneration supplementation agreements			Total
APS Level	Salary Min	Salary Max	No. of staff	Salary Min	Salary Max	No. of staff
Medical Officers		n.a.		175,170	213,654	9
Subtotal non-SES			3,425			42
SES ***		n.a.		177,457	428,075	265
Subtotal SES			0			265
Total			3,425			307

Correct rows:

Enterprise Agreement			Determinations, individual flexibility agreements and remuneration supplementation agreements			Total
APS Level	Salary Min	Salary Max	No. of staff	Salary Min	Salary Max	No. of staff
Medical Officers	175,170	213,654	9			9
Subtotal non-SES			3,434			33
SES ***		n.a.		177,457	428,075	265
Subtotal SES			0			265
Total			3,434			298



APPENDIX 15:

LIST OF REQUIREMENTS

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	v	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)	viii–ix	Table of contents.	Mandatory
17AJ(b)	350–61	Alphabetical index.	Mandatory
17AJ(c)	341	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	252	List of requirements.	Mandatory
17AJ(e)	iv	Details of contact officer.	Mandatory
17AJ(f)	iv	Entity's website address.	Mandatory
17AJ(g)	iv	Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	3–4	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	5–6, 14	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	7	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	8	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	5, 14	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(b)	9	An outline of the structure of the portfolio of the entity.	Portfolio departments mandatory
17AE(2)	n.a.	Where the outcomes and programmes administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
17AD(c)	Report on the Performance of the entity		
	Annual performance Statements		
17AD(c)(i); 16F	13–182	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	183–5	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	216–21	A table summarising the total resources and total payments of the entity.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
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		
	<i>Corporate Governance</i>		
17AG(2)(a)	v	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	v	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	v	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)	v	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)	190–4	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 noncompliance with Finance law and action taken to remedy noncompliance.	If applicable, Mandatory
	<i>External Scrutiny</i>		
17AG(3)	195–6	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	195, 226	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)	195–6	Information on any reports on operations of the entity by the AuditorGeneral (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
	<i>Management of Human Resources</i>		
17AG(4)(a)	197–9	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(b)		Statistics on the entity's APS employees on an ongoing and nonongoing basis; including the following:	Mandatory
	210	• Statistics on staffing classification level;	
	211	• Statistics on fulltime employees;	
	211	• Statistics on parttime employees;	
	210–3	• Statistics on gender;	
	213	• Statistics on staff location;	
	198	• Statistics on employees who identify as Indigenous.	



PGPA Rule Reference	Part of Report	Description	Requirement
17AG(4)(c)	199, 214	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)	214	Information on the number of SES and nonSES employees covered by agreements etc identified in paragraph 17AD(4)(c).	Mandatory
17AG(4)(c)(ii)	214	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	199	A description of nonsalary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	215	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	215	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	215	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	215	Information on aggregate amount of performance payments.	If applicable, Mandatory
Assets Management			
17AG(5)	200	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)	200-01	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory
Consultants			
17AG(7)(a)	201	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)	201	A statement that "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]".	Mandatory
17AG(7)(c)	201	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)	201	A statement that "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."	Mandatory
Australian National Audit Office Access Clauses			
17AG(8)	n.a.	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 AuditorGeneral 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

PGPA Rule Reference	Part of Report	Description	Requirement
Exempt contracts			
17AG(9)	201	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)	201	A statement that "[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."	Mandatory
17AG(10)(b)	201	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	201	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that "[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."	If applicable, Mandatory
Financial Statements			
17AD(e)	259–337	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)	233	If the entity conducted advertising campaigns, a statement that "During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."	If applicable, Mandatory
17AH(1)(a)(ii)	n.a.	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	234	A statement that "Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity's website]."	If applicable, Mandatory
17AH(1)(c)	198	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	195	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)	250–1	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	227–30, 233	Information required by other legislation	Mandatory



SECTION 05

FINANCIAL STATEMENTS





FINANCIAL STATEMENTS

Independent auditor's report	259
Statement by the Secretary and Chief Finance Officer	261
Financial Statements	
Statement of comprehensive income	262
Statement of financial position	263
Statement of changes in equity	264
Cash flow statement	265
Administered items	266
Notes to and forming part of the financial statements, including a summary of significant accounting policies	270



INDEPENDENT AUDITOR'S REPORT

**To the Minister for Foreign Affairs
To the Minister for Trade and Investment**

I have audited the accompanying annual financial statements of the Department of Foreign Affairs and Trade for the year ended 30 June 2016, which comprise: 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.

Opinion

In my opinion, the financial statements of the Department of Foreign Affairs and Trade:

- (a) comply with Australian Accounting Standards 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 2016 and its financial performance and cash flows for the year then ended.

Accountable Authority's Responsibility for the Financial Statements

The Secretary of the Department of Foreign Affairs and Trade 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 and the rules made under that Act and 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.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Australian National Audit Office



Serena Buchanan
Executive Director

Delegate of the Auditor-General

Canberra
14 September 2016

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 2016 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

14 September 2016

Signed 

Paul Wood
Chief Financial Officer

14 September 2016



Department of Foreign Affairs and Trade
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2016

		2016	2015	Original Budget
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	2A	781,733	725,252	730,089
Suppliers	2B	700,842	636,431	682,839
Depreciation and amortisation	5A	147,678	147,490	117,579
Write-off and impairment of assets	2C	11,458	17,950	-
Grants		4,614	7,929	5,000
Finance costs - unwinding of discount		462	349	-
Total expenses		1,646,787	1,535,401	1,535,507
Own-Source Income				
Own-source revenue				
Sale of goods and rendering of services	3A	123,856	104,953	101,539
Other revenue	3B	9,456	10,602	8,300
Total own-source revenue		133,312	115,555	109,839
Gains				
Gains on sale of assets	3C	348	536	-
Other gains	3D	2,492	2,154	687
Foreign exchange gains - non-speculative		558	6,280	-
Total gains		3,398	8,970	687
Total own-source income		136,710	124,525	110,526
Net cost of services		(1,510,077)	(1,410,876)	(1,424,981)
Revenue from Government - departmental appropriations		1,381,749	1,303,974	1,347,819
(Deficit) attributable to the Australian Government		(128,328)	(106,902)	(77,162)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve		241,943	473,709	-
Total other comprehensive income		241,943	473,709	-
Total comprehensive income attributable to the Australian Government		113,615	366,807	(77,162)

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 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	4A	57,295	84,556	73,716
Trade and other receivables	4B	801,089	755,178	834,902
Total financial assets		858,384	839,734	908,618
Non-financial assets				
Land and buildings	5A	3,039,304	2,883,632	2,548,563
Property, plant and equipment	5A	263,413	208,468	424,853
Intangibles	5A	106,628	89,611	81,868
Inventories	5B	47,586	39,641	28,326
Assets held for sale	5C	106,014	671	-
Other non-financial assets	5D	94,439	85,210	91,608
Total non-financial assets		3,657,384	3,307,233	3,175,218
Total assets		4,515,768	4,146,967	4,083,836
LIABILITIES				
Payables				
Suppliers	6A	117,924	121,472	115,943
Other payables	6B	60,811	62,468	36,193
Total payables		178,735	183,940	152,136
Provisions				
Employee provisions	7A	227,468	212,482	244,934
Other provisions	7B	18,763	22,422	23,096
Total provisions		246,231	234,904	268,030
Total liabilities		424,966	418,844	420,166
Net assets		4,090,802	3,728,123	3,663,670
EQUITY				
Contributed equity/capital		2,402,445	2,153,381	2,406,397
Asset revaluation reserve		1,483,437	1,241,494	813,011
Retained surplus		204,920	333,248	444,262
Total equity		4,090,802	3,728,123	3,663,670

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 2016

	Retained surplus			Asset revaluation reserve			Contributed equity/capital			Total equity		
	2016 \$'000	2015 \$'000	Original Budget \$'000	2016 \$'000	2015 \$'000	Original Budget \$'000	2016 \$'000	2015 \$'000	Original Budget \$'000	2016 \$'000	2015 \$'000	Original Budget \$'000
Opening balance												
Balance carried forward from previous period	333,248	440,150	521,424	1,241,494	767,785	777,915	2,153,381	2,086,006	2,148,985	3,728,123	3,293,941	3,448,324
Adjusted opening balance	333,248	440,150	521,424	1,241,494	767,785	777,915	2,153,381	2,086,006	2,148,985	3,728,123	3,293,941	3,448,324
Comprehensive income												
Revaluation adjustment	-	-	-	239,050	473,709	35,096	-	-	-	239,050	473,709	35,096
Makegood revaluation adjustment	-	-	-	2,893	-	-	-	-	-	2,893	-	-
(Deficit) for the period	(128,328)	(106,902)	(77,162)	-	-	-	-	-	-	(128,328)	(106,902)	(77,162)
Total comprehensive income	(128,328)	(106,902)	(77,162)	241,943	473,709	35,096	-	-	-	113,615	366,807	(42,066)
Transactions with owners												
Distribution to owners												
Returns of capital:												
Other	-	-	-	-	-	-	(4,618)	(106,721)	-	(4,618)	(106,721)	-
Contributions by owners												
Equity injection - Appropriations	-	-	-	-	-	-	201,511	121,064	205,241	201,511	121,064	205,241
Departmental capital budget	-	-	-	-	-	-	52,171	53,032	52,171	52,171	53,032	52,171
Total transactions with owners	-	-	-	-	-	-	249,064	67,375	257,412	249,064	67,375	257,412
Closing balance as at 30 June	204,920	333,248	444,262	1,483,437	1,241,494	813,011	2,402,445	2,153,381	2,406,397	4,090,802	3,728,123	3,663,670

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and departmental capital budgets (DCBs) are recognised directly in contributed equity in that year.

Other Distributions to Owners

The *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)* requires that distributions to owners be debited to contributed equity unless in the nature of a dividend. These represent amounts appropriated to the department that were subsequently returned to Government.

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
CASH FLOW STATEMENT
for the period ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		1,495,558	1,509,118	1,347,819
Sale of goods and rendering of services		120,845	86,898	109,839
Special account cash transferred from Official Public Account (OPA)		108,000	183,000	-
Net GST received		42,204	37,798	-
Other		9,024	9,236	-
Total cash received		1,775,631	1,826,050	1,457,658
Cash used				
Employees		781,715	722,668	728,870
Suppliers		751,834	661,344	723,685
Section 74 receipts transferred to OPA		192,077	97,699	-
Special account cash transferred to OPA		5,800	116,000	-
Other		4,614	7,731	5,103
Total cash used		1,736,040	1,605,442	1,457,658
Net cash from operating activities	8	39,591	220,608	-
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of land and buildings		691	731	-
Proceeds from sales of property, plant and equipment		925	930	-
Total cash received		1,616	1,661	-
Cash used				
Purchase and development of land and buildings		126,555	282,202	-
Purchase and development of property, plant and equipment		89,938	60,621	535,016
Purchase and development of intangibles		37,677	36,032	-
Total cash used		254,170	378,855	535,016
Net cash (used by) investing activities		(252,554)	(377,194)	(535,016)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		185,144	159,345	230,404
Other		-	-	304,612
Total cash received		185,144	159,345	535,016
Net cash from financing activities		185,144	159,345	535,016
Net (decrease) / increase in cash held		(27,819)	2,759	-
Cash and cash equivalents at the beginning of the reporting period		84,556	75,517	73,716
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period		558	6,280	-
Cash and cash equivalents at the end of the reporting period	4A	57,295	84,556	73,716

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 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
International development assistance	13A	3,116,868	4,123,826	3,105,723
Multilateral replenishments and other loans	13B	110,837	126,550	-
Other contributions	13C	425,431	361,937	466,256
Export Finance and Insurance Corporation (Efic)	13D	21,532	16,370	15,528
Other expenses	13E	7,525	29,301	4,007
Payments to corporate Commonwealth entities - Tourism Australia		144,018	138,865	137,290
Depreciation and amortisation	16A	1,460	1,322	1,507
Total expenses		3,827,671	4,798,171	3,730,311
Income				
Fees and charges	14A	465,092	402,558	455,127
Multilateral replenishments and other loans	14B	55,295	392,696	-
Efic National Interest Account (NIA)	14C	35,686	32,876	1,109
Efic Dividends		13,654	18,153	9,000
Return of prior year administered expenses	14D	34,954	33,099	52,414
Other revenue and gains	14E	6,433	8,881	158
Total income		611,114	888,263	517,808
Net cost of services		(3,216,557)	(3,909,908)	(3,212,503)
OTHER COMPREHENSIVE INCOME				
Re-measurements of defined benefit plans		(8,618)	(7,108)	-
Changes in asset revaluation surplus		(1,074)	-	-
Movement in the carrying amount of investments		8,540	14,053	-
Total other comprehensive income		(1,152)	6,945	-
Total comprehensive (loss)		(3,217,709)	(3,902,963)	(3,212,503)

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 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash on hand or on deposit		257	1,832	16,414
Trade and other receivables	15A	185,512	175,633	2,139,685
Investments	15B	2,451,526	2,392,373	1,987,084
Total financial assets		2,637,295	2,569,838	4,143,183
Non-financial assets				
Leasehold improvements	16A	62	1,661	3,759
Property, plant and equipment	16A	6	18	26
Computer software internally developed	16A	4,094	4,586	5,118
Prepayments		572	151	2,089
Total non-financial assets		4,734	6,416	10,992
Total assets administered on behalf of Government		2,642,029	2,576,254	4,154,175
LIABILITIES				
Payables				
Grants	17A	509,767	590,449	692,234
Other payables	17B	965,376	1,072,018	1,234,543
Total payables		1,475,143	1,662,467	1,926,777
Provisions				
Employee provisions	18	89,711	80,749	20,447
Total provisions		89,711	80,749	20,447
Total liabilities administered on behalf of Government		1,564,854	1,743,216	1,947,224
Net assets		1,077,175	833,038	2,206,951

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 2016

	2016 \$'000	2015 \$'000
Opening assets less liabilities as at 1 July	833,038	66,153
Net (cost of)/contribution by services		
Income	611,114	888,263
Expenses		
Payments to entities other than corporate Commonwealth entities	(3,683,653)	(4,659,306)
Payments to corporate Commonwealth entities - Tourism Australia	(144,018)	(138,865)
Other comprehensive income		
Movement in the carrying amount of investments	8,540	14,053
Administered asset revaluations taken to/from reserves	(1,074)	-
Actuarial (losses) on defined benefit plans	(8,618)	(7,108)
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account		
Administered assets and liabilities appropriations	362,075	568,245
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	3,615,886	4,501,727
Payments to corporate Commonwealth entities - Tourism Australia	144,018	138,865
Special accounts		
Payments to entities other than corporate Commonwealth entities	25,881	41,483
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	831	945
Appropriation transfers to Official Public Account		
Transfers to Official Public Account	(686,845)	(581,417)
Closing assets less liabilities as at 30 June	1,077,175	833,038

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

Revenue collected by DFAT for use by the Government rather than by DFAT is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the Government. These transfers to and from the OPA are adjustments to the administered cash held by DFAT on behalf of the Government and reported as such in the Administered Cash Flow Statement and in the Administered Reconciliation Schedule.

Payments to Corporate Commonwealth Entities

Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans of the relevant portfolio department. The appropriation to DFAT is disclosed in Note 24A: 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 2016

	Notes	2016 \$'000	2015 \$'000
OPERATING ACTIVITIES			
Cash received			
Fees and charges		441,983	404,858
Net GST received		59,074	84,460
Return of prior year administered expenses		34,954	33,099
Efic - Dividends & NIA		45,996	41,652
Other		4,448	13,694
Total cash received		586,455	577,763
Cash used			
International development assistance		3,224,642	4,207,842
Other contributions		425,431	381,944
Payments to corporate Commonwealth entities - Tourism Australia		144,018	138,865
Efic - NIA		21,532	16,989
Other		7,042	13,197
Total cash used		3,822,665	4,758,837
Net cash (used by) operating activities	19	(3,236,210)	(4,181,074)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of property, plant and equipment		8	-
Total cash received		8	-
Cash used			
Purchase of intangibles		730	291
Purchase of concessional financial instruments		227,021	292,043
Investment in Efic		-	200,000
Total cash used		227,751	492,334
Net cash (used by) investing activities		(227,743)	(492,334)
Net (decrease) in cash held		(3,463,953)	(4,673,408)
Cash and cash equivalents at the beginning of the reporting period		1,832	16,414
Cash from Official Public Account			
Appropriations		4,122,810	5,209,782
Special Accounts		25,881	41,483
Total cash from official public account		4,148,691	5,251,265
Cash to Official Public Account			
Appropriations		(686,845)	(581,417)
Total cash to official public account		(686,845)	(581,417)
Effect of exchange rate fluctuations		532	(11,022)
Cash and cash equivalents at the end of the reporting period		257	1,832

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**

Note 1: Overview	271
Note 2: Expenses	274
Note 3: Income	275
Note 4: Financial Assets	277
Note 5: Non-Financial Assets	279
Note 6: Payables	284
Note 7: Provisions	285
Note 8: Cash Flow Reconciliation	287
Note 9: Contingent Assets and Liabilities	288
Note 10: Senior Management Personnel Remuneration	289
Note 11: Fair Value Measurements	290
Note 12: Financial Instruments	295
Note 13: Administered - Expenses	298
Note 14: Administered - Income	299
Note 15: Administered - Financial Assets	300
Note 16: Administered - Non-Financial Assets	304
Note 17: Administered - Payables	306
Note 18: Administered - Employee Provisions	307
Note 19: Administered - Cash Flow Reconciliation	308
Note 20: Administered - Contingent Assets and Liabilities	309
Note 21: Administered - Fair Value Measurements	310
Note 22: Administered - Financial Instruments	314
Note 23: Administered - Defined Benefit Pension Schemes	320
Note 24: Appropriations	323
Note 25: Special Accounts	329
Note 26: Reporting of Outcomes	333
Note 27: Budgetary Reporting - Explanation of Major Variances	335

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Overview

1.1 Objectives of the Department of Foreign Affairs and Trade

The Department of Foreign Affairs and Trade (DFAT) is an Australian Government controlled entity. It is a not-for-profit, non-corporate Commonwealth entity. The continued existence of DFAT in its present form and with its present outcomes and programs is dependent on Government policy and on continuing funding by Parliament for DFAT's administration and programs.

DFAT's role is to advance the interests of Australia and Australians internationally, providing foreign, trade and investment, development and international security policy advice to the Government. DFAT works with other Government agencies to ensure that Australia's pursuit of its global, regional and bilateral interests is coordinated effectively. DFAT's role involves working to strengthen Australia's security, enhancing Australia's prosperity, delivering an effective and high quality aid programme and helping Australian travellers and Australians overseas. DFAT is structured to meet three outcomes:

- **Outcome 1:** The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities,
- **Outcome 2:** The protection and welfare of Australians abroad and access to secure international travel documentation through timely and responsive travel advice and consular and passport services in Australia and overseas, and
- **Outcome 3:** A secure Australian Government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas property estate.

DFAT's activities that contribute towards these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by DFAT in its own right. Administered activities involve the management or oversight by DFAT, on behalf of the Government, of items controlled or incurred by the Government.

DFAT conducts the following administered activities on behalf of the Government:

- Official development assistance,
- Consular and passport services,
- Public information services and public diplomacy,
- International climate change engagement,
- The New Colombo Plan,
- Programmes to promote Australia's international tourism interests, and
- Payments to international organisations.

Official development assistance administered by DFAT includes international development assistance and multilateral replenishments and other loans. Appropriation funding is allocated through country, regional and global programs, and includes payments to international organisations, emergency and humanitarian programs, contributions to non-Government organisations (NGOs) and volunteer programs. These programs are focussed on providing assistance to developing countries to reduce poverty and improve living standards.

The department uses an attribution model consistent with the basis used for the 2015-16 Budget to determine allocations for departmental outcomes and direct allocations for administered outcomes reported in Note 26: Reporting of Outcomes. Net costs shown include intra-Government costs that are eliminated in calculating the actual Budget Outcome. Payments to corporate Commonwealth entities are not related to the outcomes of DFAT.

1.2 Basis of Preparation of the Financial Report

The financial statements and notes are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements and notes have been prepared in accordance with:

- a) the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015, and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.



Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified. Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current at end of the reporting period. Exchange gains and losses are reported in the Statement of Comprehensive Income. DFAT does not enter into hedging arrangements for its foreign currency transactions and all foreign exchange gains or losses are considered non-speculative in nature.

DFAT is exempt from all forms of Australian taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Overseas, DFAT may be subject to Value Added Tax (VAT) on the purchase of goods and services. Revenues, expenses, assets and liabilities are recognised net of GST except:

- a) where the amount of GST or VAT incurred is not recoverable from the Australian Taxation Office or overseas taxation authority, and
- b) for receivables and payables.

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes. Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

There have been no events after 30 June 2016 which will affect the financial position of DFAT materially at the reporting date.

1.3 New Australian Accounting Standard Requirements

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. When transitional provisions apply, all changes in accounting policy are made in accordance with their respective transitional provisions.

No new/revised/amending standards/interpretations that were issued by the AASB prior to the signing of the statement by the Secretary and Chief Financial Officer had a material effect, and are not expected to have a future material effect, on DFAT’s financial statements.

Future Australian Accounting Standard Requirements

The following new, revised and/or amending standards and interpretations were issued by the AASB prior to the signing of the statement by the Secretary and Chief Financial Officer, which are expected to have a material impact on DFAT’s financial statements for future reporting periods:

Standard/ Interpretation	Application date for DFAT	Nature of impending change in accounting policy and likely impact on initial application
AASB 9 Financial Instruments	1 July 2017	This revised standard represents the first phase of a three phase project to replace AASB 139 Financial Instruments: Recognition and Measurement. The amendments reduce the four categories of financial instruments to two – amortised cost and fair value. Under AASB 9, assets are to be measured at fair value unless they are held to collect cash flows and solely comprise the payment of interest and principal on specified dates. Gains and losses on assets carried at fair value are taken to profit and loss, unless they are equity instruments not held for trading and/or the entity initially elects to recognise gains/losses in other comprehensive income. Financial liabilities are measured at amortised cost unless they are measured at fair value through profit or loss.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

AASB 9 Financial Instruments		Likely impact: The standard may result in changes in Administered financial instrument disclosures. The application of the standard may have an impact on the recognition and measurement of Administered financial instruments currently classified as “available for sale”. The impact may relate to whether changes in fair value resulting from value changes and allowances for credit losses are recognised in either the Administered Schedule of Comprehensive Income or the Administered Reconciliation Schedule.
AASB 15 Revenue from Contracts with Customers	1 July 2018	<p>The standard provides a single revenue recognition model and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers, with revenue recognised as ‘performance obligations’ are satisfied.</p> <p>Likely impact: May have an impact on the timing of the recognition of revenue.</p>
AASB 16 Leases	1 January 2019	<p>The standard removes the distinction between operating and financing leases, leases are a contract that conveys the right to use an asset for a period in exchange for consideration. This will result in recording right-of-use assets for applicable leases (there are some exceptions) and a lease liability in the Statement of Financial Position.</p> <p>Likely impact: Will require major changes given the volume of leases (particularly property leases) entered into by DFAT. It will also need to be applied to subleases we have with other Government agencies overseas. There will likely need to be changes to the capture and storage of supporting documentation and lease accounting processes. If application is retrospective, there will be a significant workload either to calculate opening balance adjustments, or corrections to comparative disclosures. There are also likely to be substantial additional disclosures (e.g. assumptions, judgements).</p>

DFAT’s expected initial application date is when the accounting standard becomes operative at the beginning of DFAT’s reporting period. All other new, revised and/or amending standards and interpretations that were issued prior to the sign off date and are applicable to future reporting periods are not expected to have a future material impact on DFAT’s financial statements.

1.4 Significant Accounting Judgements and Estimates

Departmental

In the process of applying the accounting policies detailed in these statements, DFAT has made the following estimates and judgements that have a significant impact on the amounts recorded in the Departmental financial statements:

- The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer. In some instances, DFAT’s buildings are purpose built and may in fact realise more or less in the market.
- The fair value of property, plant and equipment has been taken to be the market value of similar assets or depreciated replacement value as determined by an independent valuer.
- The employee provisions have been determined by reference to advice from the Australian Government Actuary and standard parameters provided by the Department of Finance.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

Administered

In the process of applying the accounting policies detailed in these statements, DFAT has made the following estimates and judgements that have a significant impact on the amounts recorded in the Administered financial statements:

- The fair value of the administered financial instruments in 2015-16 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 are impaired, with the impairment assessment based on judgement of the risks to repayment of the debts. For some debts the judgement is discussed and agreed between DFAT and Efic, and is informed by assessment of the economic and political environment and previous repayment history.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting period.



Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2: Expenses

	2016 \$'000	2015 \$'000
Note 2A: Employee Benefits		
Wages and salaries	524,936	505,563
Superannuation		
Defined contribution plans	34,587	27,585
Defined benefit plans	50,594	47,488
Leave and other entitlements	66,302	51,954
Fringe benefits expense	98,350	88,696
Separation and redundancies	3,950	1,437
Other employee expenses	3,014	2,529
Total employee benefits	781,733	725,252

Accounting Policy

Accounting policies for employee benefits are included in Note 6B: Other Payables and Note 7A: Employee Provisions.

Note 2B: Suppliers

Goods and services supplied or rendered

Passport expenses	103,972	90,781
Property related expenses (excluding rent)	95,627	86,194
Security expenses	88,991	89,212
Information and communication technology	78,724	74,789
Travel expenses	59,786	56,552
Staff related expenses	44,084	35,871
Office expenses	26,179	18,830
Legal and other professional services	16,701	15,766
Contractors	14,813	14,660
Consultants	7,162	7,184
Remuneration of auditors	635	680
Other expenses	19,678	12,999
Total goods and services supplied or rendered	556,352	503,518
Goods supplied	74,252	58,733
Services rendered	482,100	444,785
Total goods and services supplied or rendered	556,352	503,518

Other suppliers

Operating lease rentals in connection with		
Minimum lease payments	142,101	122,959
Workers compensation expenses	2,389	9,954
Total other suppliers	144,490	132,913
Total suppliers	700,842	636,431

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	105,083	118,881
Between 1 to 5 years	291,832	233,645
More than 5 years	397,983	359,416
Total operating lease commitments	794,898	711,942

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 \$50.5m (2015: \$47.6m).

DFAT has in place a number of sub-lease arrangements for the above operating lease commitments. Sub-lease revenue expected to be received is \$48.6m (2015: \$34.6m).

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2016	2015
	\$'000	\$'000
<u>Note 2C: Write-off and Impairment of Assets</u>		
Write-off of leasehold improvements	2,312	2,003
Write-off of property, plant and equipment	3,717	1,052
Write-off of intangibles	566	13,702
Write-off of assets under construction	4,844	1,148
Write-off of financial assets	29	350
Movement in impairment allowance	(10)	(305)
Total write-down and impairment of assets	11,458	17,950

Accounting Policy

Accounting policies for financial assets are included at Note 4: Financial Assets. Accounting policies for non-financial assets are included at Note 5: Non-Financial Assets.

Note 3: Income

Note 3A: Sale of Goods and Rendering of Services

Sale of goods	688	285
Rendering of services	123,168	104,668
Total sale of goods and rendering of services	123,856	104,953

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 3B: Other Revenue

Foreign tax refunds	4,571	4,379
Sponsorship revenue	3,596	1,566
Resources received free of charge - remuneration of auditors	635	680
Resources received free of charge - other	2	-
Other revenue	652	3,977
Total other revenue	9,456	10,602

Accounting Policy

Resources received free of charge are recorded as either revenue or gains depending on their nature. 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

	2016 \$'000	2015 \$'000
<u>Note 3C: Gains on Sale of Assets</u>		
Land and buildings:		
Proceeds from sale	-	730
Carrying value of assets sold	-	(774)
Selling expenses	-	(83)
Property, plant and equipment:		
Proceeds from sale	925	930
Carrying value of assets sold	(199)	(259)
Leasehold Improvements:		
Proceeds from sale	-	1
Carrying value of assets sold	-	(9)
Non-financial assets held for sale		
Proceeds for sale	691	-
Carrying value of assets sold	(671)	-
Selling expenses	(398)	-
Net gain from sale of assets	348	536

Accounting Policy

Accounting policies for non-financial assets are included at Note 5: Non-Financial Assets.

Note 3D: Other Gains

Gain on restoration obligation	2,439	2,120
Assets previously expensed	16	27
Reversal of inventory write-down	-	7
Non-financial assets received free of charge	37	-
Total other gains	2,492	2,154

Accounting Policy

Accounting policies for gain on restoration obligation are included at Note 7B: 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

Note 4: Financial Assets

	2016	2015
	\$'000	\$'000
Note 4A: Cash and Cash Equivalents		
Overseas Property Special Account	2,028	1,371
Cash on hand or on deposit	55,267	83,185
Total cash and cash equivalents	57,295	84,556

Accounting Policy

Cash is recognised at its nominal amount.

Note 4B: Trade and Other Receivables

Goods and services receivables

Goods and services	86,436	82,107
Total goods and services receivables	86,436	82,107

Appropriations receivables

Departmental - Operating	398,152	319,884
Departmental - Capital	190,305	126,385
Overseas Property Special Account	103,889	206,089
Total appropriations receivable	692,346	652,358

Other receivables

Advances	14,625	12,922
Statutory receivables	5,400	5,732
Cash held by outsiders	647	164
Other	1,668	1,938
Total other receivables	22,340	20,756

Total trade and other receivables (gross)

801,122	755,221
----------------	----------------

Less impairment allowance

Other receivables	(33)	(43)
Total impairment allowance	(33)	(43)

Total trade and other receivables (net)

801,089	755,178
----------------	----------------

Trade and other receivables (net) expected to be recovered

No more than 12 months	782,382	744,084
More than 12 months	18,707	11,094
Total trade and other receivables (net)	801,089	755,178

Trade and other receivables (gross) aged as follows

Not overdue	797,484	752,910
Overdue by:		
0 to 30 days	362	246
31 to 60 days	179	456
61 to 90 days	918	127
More than 90 days	2,179	1,482
Total trade and other receivables (gross)	801,122	755,221

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 4B: Trade and Other Receivables (continued)

Reconciliation of the Impairment Allowance Account:

Movements in relation to 2016

	Goods and services \$'000	Other receivables \$'000	Total \$'000
Opening balance	-	43	43
Amounts written off	-	(64)	(64)
Increase recognised in net cost of services	-	54	54
Closing balance	-	33	33

Movements in relation to 2015

	Goods and services \$'000	Other receivables \$'000	Total \$'000
Opening balance	11	337	348
Amounts written off	-	(331)	(331)
Amounts recovered and reversed	(11)	(6)	(17)
Increase recognised in net cost of services	-	43	43
Closing balance	-	43	43

Accounting Policy

Aside from cash, financial assets are all classified as loans and receivables. Receivables for goods and services have 30 day terms (2015: 30 days).

Loans and Receivables

Loans and receivables have fixed or determinable payments and are not quoted in an active market. Loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method less impairment.

Appropriations

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the entity gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Impairment

Financial assets are assessed for impairment at the end of each reporting period. Allowances are made when collectability of the debt is no longer probable. The loss is recognised in the Statement of Comprehensive Income.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5: Non-Financial Assets

Note 5A: Reconciliation of the Opening and Closing Balances of Land and Buildings, Property, Plant and Equipment and Intangibles

Reconciliation of the opening and closing balances for 2016

	Land \$'000	Buildings & leasehold improvements \$'000	Total land and buildings \$'000	Property, plant equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total intangibles \$'000	Grand total \$'000
As at 1 July 2015								
Gross book value	1,575,435	1,128,916	2,704,351	250,167	64,423	56,541	120,964	3,075,482
Accumulated depreciation, amortisation and impairment	-	(149,282)	(149,282)	(83,116)	(38,714)	(39,533)	(78,247)	(310,645)
Work in progress	-	328,563	328,563	41,417	23,637	23,257	46,894	416,874
Total as at 1 July 2015	1,575,435	1,308,197	2,883,632	208,468	49,346	40,265	89,611	3,181,711
Additions:								
By purchase or internally developed	-	126,555	126,555	89,975	28,763	8,914	37,677	254,207
Revaluations and impairments recognised in other comprehensive income	84,253	142,429	226,682	12,368	-	-	-	239,050
Write-offs and impairments recognised in net cost of services	-	(2,686)	(2,686)	(3,923)	(4,563)	(267)	(4,830)	(11,439)
Reversal of impairments recognised in net cost of services	-	-	-	16	-	-	-	16
Assets held for sale	(98,459)	(7,864)	(106,323)	-	-	-	-	(106,323)
Depreciation/amortisation expense	-	(88,517)	(88,517)	(42,588)	(8,282)	(8,291)	(16,573)	(147,678)
Other movements	-	-	-	-	-	-	-	-
Asset transfers	-	(39)	(39)	(704)	-	743	743	-
Disposals:								
Other disposals	-	-	-	(199)	-	-	-	(199)
Total as at 30 June 2016	1,561,229	1,478,075	3,039,304	263,413	65,264	41,364	106,628	3,409,345
Net book value as of 30 June 2016 represented by:								
Gross book value	1,561,229	1,421,628	2,982,857	271,839	58,094	58,656	116,750	3,371,446
Accumulated depreciation, amortisation and impairment	-	(53,996)	(53,996)	(58,008)	(33,048)	(43,351)	(76,399)	(188,403)
Work in progress	-	110,443	110,443	49,582	40,218	26,059	66,277	226,302
Total	1,561,229	1,478,075	3,039,304	263,413	65,264	41,364	106,628	3,409,345



Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5A: Reconciliation of the Opening and Closing Balances of Land and Buildings, Property, Plant and Equipment and Intangibles (continued)

Reconciliation of the opening and closing balances for 2015

	Land \$'000	Buildings & leasehold improvements \$'000	Total land and buildings \$'000	Property, plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total intangibles \$'000	Grand total \$'000
As at 1 July 2014								
Gross book value	1,213,361	978,344	2,191,705	277,230	45,183	56,502	101,685	2,570,620
Accumulated depreciation, amortisation and impairment	-	(95,125)	(95,125)	(133,659)	(35,183)	(32,337)	(67,520)	(296,304)
Work in progress	-	124,631	124,631	48,923	18,745	29,647	48,392	221,946
Net book value 1 July 2014	1,213,361	1,007,850	2,221,211	192,494	28,745	53,812	82,557	2,496,262
Additions:								
By purchase or internally developed	-	282,202	282,202	60,621	35,218	814	36,032	378,855
Revaluations and impairments recognised in other comprehensive income	362,799	108,785	471,584	2,125	-	-	-	473,709
Write-offs and impairments recognised in net cost of services	-	(3,014)	(3,014)	(1,189)	(12,170)	(1,532)	(13,702)	(17,905)
Reversal of impairments recognised in net cost of services	-	-	-	27	-	-	-	27
Assets held for sale	(380)	(325)	(705)	-	-	-	-	(705)
Depreciation/amortisation expense	-	(86,863)	(86,863)	(45,351)	(7,115)	(8,161)	(15,276)	(147,490)
Other movements	-	-	-	-	-	-	-	-
Asset transfers	-	-	-	-	4,668	(4,668)	-	-
Other disposals	(345)	(438)	(783)	(259)	-	-	-	(1,042)
Net book value 30 June 2015	1,575,435	1,308,197	2,883,632	208,468	49,346	40,265	89,611	3,181,711
Net book value as of 30 June 2015 represented by:								
Gross book value	1,575,435	1,128,916	2,704,351	250,167	64,423	56,541	120,964	3,075,482
Accumulated depreciation, amortisation and impairment	-	(149,282)	(149,282)	(83,116)	(38,714)	(39,533)	(78,247)	(310,645)
Work in progress	-	328,563	328,563	41,417	23,637	23,257	46,894	416,874
Total	1,575,435	1,308,197	2,883,632	208,468	49,346	40,265	89,611	3,181,711

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5A: Reconciliation of the Opening and Closing Balances of Land and Buildings, Property, Plant and Equipment and Intangibles (continued)

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.

Besides those disclosed in Note 5C, no other land and building assets are expected to be sold within the next 12 months.

Asset Recognition Threshold

Purchases are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000 (2015: \$2,000), which are expensed in the year of acquisition (other than where they form part of a group of similar items that 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 7: Provisions.

Depreciation and Amortisation

Non-financial assets are written-down to their estimated residual values over their estimated useful lives to DFAT on a straight-line basis. 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 and amortisation rates applying to each class of asset are based on the following typical useful lives:

Asset Class	2016	2015
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
Other Property, Plant and Equipment	3 to 25 years	3 to 25 years
Intangibles	5 to 10 years	5 to 10 years

Revaluations

Following initial recognition at cost, land buildings and property, plant and equipment are carried at fair value less accumulated depreciation (where relevant). 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.

Revaluation adjustments are made on a class basis. Any revaluation adjustment is accounted for in equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation adjustment of the same asset class that was previously recognised in the surplus/deficit.

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 in to Australian dollars at the exchange rates current at balance date.



Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Land and buildings managed by the Overseas Property Special Account were independently valued by Savills as at 30 June 2016. Other land and buildings, leasehold improvements, plant and equipment, furniture and fittings and office equity were independently valued by Australian Valuation Solutions as at 31 March 2016.

Revaluation increments of \$84,253,000 for land (2015: \$362,799,000), \$74,769,000 for buildings (2015: \$108,785,000), \$67,660,000 for leasehold improvements (2015: nil) and \$12,368,000 for property, plant and equipment (2015: \$2,125,000) were recorded to the asset revaluation reserve.

Restrictions on Title

Due to the diplomatic nature of the overseas property portfolio, some properties have restrictions on title. Restrictions on title vary depending on local Government rules and regulations, such as long term title that prohibits the Commonwealth of Australia from profiting from sale of land. Whilst the effect of restrictions on some titles can be quantified there are others than cannot, such as those titles held in limited or unsophisticated markets. As part of the valuation process, consideration is given to the restrictions on title.

De-recognition

Non-financial assets are derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Impairment

All assets were assessed for impairment at 30 June 2016. 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.

The following indicators of impairment were found in the current financial year:

Asset Class	2016	2015
Buildings and leasehold improvements	Nil	Nil
Other property, plant and equipment	Obsolescence/Physical damage	Obsolescence/Physical damage
Intangibles	Obsolescence/Technological changes	Obsolescence/Technological changes

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, property, plant, equipment and intangible assets, aged as follows:

	2016 (\$'000s)	2015 (\$'000s)
Within 1 year	79,962	114,077
Between 1 to 5 years	17,586	5,900
More than 5 years	-	-
Total commitments	97,548	119,977

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 Special Account.

Commitments are GST or VAT inclusive where relevant. Total GST / VAT included in the total contractual commitments in place for the purchase and/or development of property, plant, equipment and intangible assets 2016: \$2,971,000 (2015: \$3,462,000).

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2016 \$'000	2015 \$'000
Note 5B: Inventories		
Inventories held for sale		
Finished goods	47,586	39,372
Total inventories held for sale	47,586	39,372
Inventories held for distribution	-	269
Total inventories	47,586	39,641

During 2016, \$44,315,464 of inventory held for sale was recognised as an expense (2015: \$36,422,659).

During 2016, \$997,907 of inventory held for distribution was recognised as an expense (2015: \$915,266).

Accounting Policy

Inventories held for sale are valued at the lower of cost and net realisable value. Inventories held for distribution are valued at cost, adjusted for any loss of service potential. 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.

No items of inventory were recognised at fair value less cost to sell (2015: nil), and all inventories are expected to be sold or distributed in the next 12 months.

Note 5C: Assets Held for Sale

Land	98,181	362
Buildings	7,833	309
Total assets held for sale	106,014	671

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.

The land and buildings held for sale above relate to properties held in Jakarta and Bangkok, where new properties have or are currently being constructed to replace the older properties. The properties were revalued prior to classification as held for sale with losses due to estimated disposal costs for the properties of \$309,648 included within the selling expense as part of Note 3C: Gains on Sale of Assets. The properties are expected to be disposed of via orderly market transactions within the forward estimates period.

Note 5D: Other Non-Financial Assets

Property prepayments	36,302	27,651
Other prepayments	58,137	57,559
Total other non-financial assets	94,439	85,210
Other non-financial assets expected to be recovered		
No more than 12 months	86,282	77,544
More than 12 months	8,157	7,666
Total other non-financial assets	94,439	85,210

No indicators of impairment were identified for other non-financial assets (2015: nil).



Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6: Payables

	2016 \$'000	2015 \$'000
Note 6A: Suppliers		
Trade creditors and accruals	117,924	121,472
Total suppliers	117,924	121,472
Suppliers expected to be settled		
No more than 12 months	117,924	121,472
Total suppliers	117,924	121,472

Accounting Policy

Supplier payables are classified as other financial liabilities and are recognised and measured at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Settlement terms for suppliers were within 30 days (2015: 30 days).

Note 6B: Other Payables

Wages and salaries	6,421	17,928
Superannuation	283	2,334
Separations and redundancies	-	831
Prepayments received/unearned income	38,509	33,877
Leases	15,320	7,477
Other	278	21
Total other payables	60,811	62,468
Other payables expected to be settled		
No more than 12 months	34,580	45,160
More than 12 months	26,231	17,308
Total other payables	60,811	62,468

Accounting Policy

Other payables are classified as other financial liabilities and are recognised and measured at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

The liability for wages and salaries and superannuation recognised as at 30 June 2016 represents outstanding amounts and contributions for the final payroll fortnight of the financial year.

Operating lease payments are recognised on a straight-line basis, which is representative of the pattern of benefits derived from the leased assets, with the associated lease straight-line liability is recognised as other payables. Lease incentives, typically in the form of a rent-free period, are also recognised as other payables and amortised over the period of the lease on a straight-line basis.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7: Provisions

	2016 \$'000	2015 \$'000
Note 7A: Employee Provisions		
Leave	166,233	148,991
Separations and redundancies	20,606	21,057
Superannuation	16,087	16,340
Other employee provisions	24,542	26,094
Total employee provisions	227,468	212,482
Employee provisions expected to be settled		
No more than 12 months	80,805	80,941
More than 12 months	146,663	131,541
Total employee provisions	227,468	212,482

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 30 June 2014. 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 it has developed a detailed formal plan and has informed those employees affected that it will carry out those terminations of employment.

Superannuation

The majority of Australian-based staff of DFAT are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the Public Sector Superannuation accumulation plan (PSSap). The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

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 contributions 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

	2016 \$'000	2015 \$'000
Note 7B: Other Provisions		
Provision for restoration obligations	18,763	22,422
Total other provisions	18,763	22,422
Other provisions expected to be settled		
No more than 12 months	2,986	3,599
More than 12 months	15,777	18,823
Total other provisions	18,763	22,422
Provision for restoration	2016 \$'000	2015 \$'000
As at 1 July	22,422	22,981
Additional provisions made	985	221
Amounts used	-	(380)
Amounts reversed	(527)	(1,432)
Revaluation of provision	(2,893)	(688)
Movements due to foreign exchange	(70)	1,371
Unwinding of discount	462	349
Change in discount rate	(1,616)	-
As at 30 June	18,763	22,422

Accounting Policy

For a number of property leases, DFAT has obligations to restore to their original value or makegood leasehold improvements. These are assessed on a site-by-site basis in line with the relevant clauses of the underlying lease, with fair value calculated based on estimated costs per square metre at the time the makegood obligation falls due, discounted to present value.

DFAT engages an independent expert to assist in the valuation of the estimated costs to makegood. The total provision is reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the adjustment relates to the revaluation of the provision and there is sufficient related asset revaluation reserve for the associated leasehold improvement assets, the adjustment is recorded against the asset revaluation reserve. All other adjustments are recognised in the Statement of Comprehensive Income.

The department currently has 73 agreements (2015: 78) 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.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8: Cash Flow Reconciliation

	2016 \$'000	2015 \$'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Cash and cash equivalents as per		
Cash flow statement	57,295	84,556
Statement of financial position	57,295	84,556
Discrepancy	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net cost of services	(1,510,077)	(1,410,876)
Revenue from Government	1,381,749	1,303,974
Adjustments for non-cash items		
Depreciation/amortisation	147,678	147,490
Write-off and impairment of assets	11,458	17,950
Effect of foreign exchange on cash	(558)	(6,280)
Gain on sale of assets - excluding assets held for sale	(746)	(536)
Assets held for sale selling costs	309	-
Other gains	(2,492)	(2,154)
Movements in assets and liabilities		
Assets		
Decrease in net receivables (excl. capital appropriation receivable)	18,009	151,858
Less: Write-off and impairment of financial assets	(19)	(45)
(Increase) in inventories	(7,945)	(11,308)
Increase / (Decrease) in other non-financial assets	(9,229)	15,547
Liabilities		
(Decrease) / Increase in supplier payables	(3,548)	4,385
(Decrease) / Increase in other payables	(1,657)	16,923
Increase / (Decrease) in employee provisions	14,986	(7,881)
(Decrease) in other provisions	(3,659)	(559)
Less: Makegood provision revaluation adjustment	2,893	-
Less: Makegood provision gains	2,439	2,120
Net cash from operating activities	39,591	220,608



Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 9: 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.

	Guarantees		Claims for damages or costs		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Contingent liabilities						
Balance from previous period	98	15	539	314	637	329
New contingent liabilities recognised	-	98	-	166	-	264
Re-measurement	3	-	199	59	202	59
Obligations expired	-	(15)	(166)	-	(166)	(15)
Total contingent liabilities	101	98	572	539	673	637
Net contingent assets/(liabilities)	(101)	(98)	(572)	(539)	(673)	(637)

Quantifiable Contingencies

The above table reports contingent liabilities in respect of claims for damages/costs of \$571,600 (2015: \$538,779). This amount represents an estimate of DFAT's liability based on precedent cases and on advice from DFAT's external legal service providers. DFAT is defending the claims.

The above table also reports contingent liabilities in respect of bank and residential lease guarantees made by DFAT of \$100,777 (2015: \$98,326)

Unquantifiable Contingencies

At 30 June 2016, DFAT was involved in a number of litigation matters for losses allegedly suffered by claimants. DFAT is defending these claims. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these claims.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 10: Senior Management Personnel Remuneration

	2016	2015
	\$	\$
Short-term employee benefits		
Salary and allowances	60,111,777	57,758,287
Other benefits	2,550,107	2,668,479
Total short-term employee benefits	62,661,884	60,426,766
Post-employment benefits - superannuation	12,307,810	11,430,373
Other long-term benefits		
Annual leave accrued	4,405,165	4,452,628
Long-service leave accrued	1,364,068	1,427,182
Total other long-term benefits	5,769,233	5,879,810
Termination benefits	183,898	-
Total senior management personnel remuneration expense	80,922,825	77,736,949

The total number of senior management personnel that are included in the above table are 278 (2015: 285).

Salary and allowances includes the following allowances paid to staff working for the department at overseas posts:

- hardship allowance in recognition of the difficulties faced at certain posts including the security environment, medical facilities, climate, pollution and access to essential services,
- cost of living adjustment and cost of posting allowance to compensate officers for the differences such as costs of purchasing goods and services at an overseas post and separation from family and wider support networks, and
- language proficiency allowance, to assist employees with the costs associated with maintaining their proficiency level in foreign languages.



Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 11: 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 Special Account were independently valued by Savills as at 30 June 2016. Other land and buildings, leasehold improvements, plant and equipment, furniture and fittings and office equity were independently valued by Australian Valuation Solutions (AVS) as at 31 March 2016.

An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from their fair value. DFAT engaged AVS undertake this review, and AVS 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:

Leasehold improvements - Physical depreciation and obsolescence

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all leasehold improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

Investment in the Export Finance and Insurance Corporation Commercial Account and Tourism Australia

DFAT has determined that the reported net asset values represent fair value at the end of the reporting period.

Financial Liabilities at Fair Value Through Profit and Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 11A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period			Valuation Technique(s) and Inputs Used
	2016 \$'000	2015 \$'000	Category (Level 1, 2 or 3)	
Non-financial assets:				
Land	1,209,671	1,423,359	2	Market Approach: This approach seeks to estimate the current value of an asset with reference to recent market transactions involving identical or comparable assets. Inputs: Prices and other relevant information generated by market transactions involving land assets were considered.
Land	351,558	152,076	3	Market Approach Inputs: Prices and other relevant information generated by market transactions involving land assets were considered. Significant professional judgement has been utilised.
Buildings	451,778	700,398	2	Market Approach Inputs: Prices and other relevant information generated by market transactions involving building assets were considered.
Buildings	19,234	33,371	3	Market Approach Inputs: Prices and other relevant information generated by market transactions involving building assets were considered. Significant professional judgement has been utilised.
Buildings	347,307	318,404	2	Income Approach: Converts future amounts (cash flows or income and expenses) to a single current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts. Inputs: Market rental transaction of comparable assets, adjusted to reflect differences in price sensitive characteristics. Capitalisation rates as represented by the income produced by an investment, expressed as a percentage of the assets value.
Buildings	5,709	45,091	3	Income Approach Inputs: Market rental transaction of comparable assets, adjusted to reflect differences in price sensitive characteristics. Capitalisation rates as represented by the income produced by an investment, expressed as a percentage of the assets value. Significant professional judgement.
Buildings	375,587	66,639	3	Depreciated Replacement Cost: The amount a market participant would be prepared to pay to acquire or construct a substitute asset of comparable utility, adjusted for physical depreciation and obsolescence. Inputs: Current prices for substitute assets. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the assets under consideration.



Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 11A: Fair Value Measurements, Valuation Techniques and Inputs Used (continued)

	Fair value measurements at the end of the reporting period			Valuation Technique(s) and Inputs Used
	2016 \$'000	2015 \$'000	Category (Level 1, 2 or 3)	
Leasehold Improvements	278,460	144,294	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.
Property, Plant and Equipment	179,277	103,276	2	Market Approach Inputs: Prices and other relevant information generated by market transactions involving property, plant and equipment assets were considered.
Property, Plant and Equipment	2,620	8,488	3	Market Approach Inputs: Prices and other relevant information generated by market transactions involving property, plant and equipment assets were considered. Significant professional judgement has been utilised.
Property, Plant and Equipment	81,516	96,704	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	3,302,717	3,092,100		
Total fair value measurement of assets in the statement of financial position	3,302,717	3,092,100		

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 11A: Fair Value Measurements, Valuation Techniques and Inputs Used (continued)

Assets not measured at fair value in the statement of financial position:

	2016 \$'000	2015 \$'000	
Land ¹	98,181	362	Market Approach Inputs: Prices and other relevant information generated by market transactions involving land assets were considered.
Buildings ¹	7,833	309	Market Approach. Inputs: Prices and other relevant information generated by market transactions involving build assets were considered.
Total non-financial assets	106,014	671	
Total assets not measured at fair value in the statement of financial position	106,014	671	

1. Two (2) former Chancery land and building assets located in Jakarta, Indonesia and Bangkok, Thailand were measured at fair value on a non-recurring basis as at 30 June 2016 (2015: A residential property located in Johannesburg, South Africa was measured at fair value on a non-recurring basis and has now been disposed).



Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 11B: Reconciliation for Recurring Level 3 Fair Value Measurements

	Non-Financial assets				
	Land	Buildings	Leasehold improve- ments	Property, plant and equipment	Total
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Opening balance - 1 July 2015	152,076	145,101	144,294	105,192	546,663
Total gains/(losses) recognised in other comprehensive income ¹	(2,961)	8,198	29,723	(22,128)	12,832
Reclassifications	-	-	-	(773)	(773)
Purchases	201,993	246,846	115,253	929	565,021
Disposals	-	-	(10,810)	(1,072)	(11,882)
Transfers into Level 3 ²	450	385	-	1,988	2,823
Closing balance - 30 June 2016	351,558	400,530	278,460	84,136	1,114,684

	Non-Financial assets				
	Land	Buildings	Leasehold improve- ments	Property, plant and equipment	Total
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Opening balance - 1 July 2014	135,619	128,032	166,675	89,835	520,161
Total gains/(losses) recognised in other comprehensive income ¹	26,531	12,381	(54,233)	(30,010)	(45,331)
Reclassifications	-	-	633	(49)	584
Purchases	-	8,599	33,231	40,462	82,292
Disposals	-	-	(2,012)	(642)	(2,654)
Transfers into Level 3 ²	-	622	-	8,839	9,461
Transfers out of Level 3	(10,074)	(4,533)	-	(3,243)	(17,850)
Closing balance - 30 June 2015	152,076	145,101	144,294	105,192	546,663

1. These gains/(losses) are presented in the Statement of Comprehensive Income under Depreciation and Amortisation and Write-off and Impairment of Assets.

2. There have transfers of land, buildings and property, plant and equipment 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 a Market Approach to Depreciated Replacement Cost approach.

3. There have been no transfers out of Level 3 in the current year.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 12: Financial Instruments

		2016 \$'000	2015 \$'000
Note 12A: Categories of Financial Instruments			
Financial assets	Notes		
Loans and receivables			
Cash and cash equivalents	4A	57,295	84,556
Goods and services receivable (gross)	4B	86,436	82,107
Advances receivable	4B	14,625	12,922
Cash held by outsiders	4B	647	164
Other receivables	4B	1,668	1,938
Total loans and receivables		160,671	181,687
Total financial assets		160,671	181,687
Financial liabilities			
Financial liabilities measured at amortised cost			
Trade creditors and accruals	6A	117,924	121,472
Wages and salaries	6B	6,421	17,928
Superannuation	6B	283	2,334
Other payables	6B	278	21
Total financial liabilities measured at amortised cost		124,906	141,755
Total financial liabilities		124,906	141,755

Accounting Policy

Accounting policies for financial assets can be found in Note 4: Financial Assets. Accounting policies for financial liabilities can be found in Note 6: Payables.

Note 12B: Net Gains or Losses on Financial Assets

Loans and receivables			
Foreign exchange (loss) / gain		(3,849)	5,584
Write-off of financial assets	2C	(29)	(350)
Movement in impairment allowance	2C	10	305
Net (loss) / gain on loans and receivables		(3,868)	5,539
Net (loss) / gain on financial assets		(3,868)	5,539

Note 12C: Net Gains or Losses on Financial Liabilities

Financial liabilities measured at amortised cost			
Foreign exchange gains		4,407	696
Net gains on financial liabilities measured at amortised cost		4,407	696
Net gains on financial liabilities		4,407	696

Note 12D: Fair Value of Financial Instruments

As DFAT only holds basic financial instruments the carrying amounts are a reasonable approximation of fair value.

Note 12E: Liquidity Risk

It is highly unlikely that DFAT will encounter difficulty in meeting its obligations associated with DFAT's basic financial liabilities given that it is a Commonwealth entity and has funding mechanisms available to ensure default does not occur. In addition, DFAT has internal policies and procedures in place to ensure there are sufficient resources to make payments and it has no history of default. All non-derivative financial liabilities are expected to mature within the next 12 months. The department had no derivative financial liabilities in either 2016 or 2015.



Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 12F: Credit Risk

Credit risk is the possibility that a debtor will not repay some or all of a loan or receivable in a timely manner, causing loss to DFAT. DFAT is exposed to minimal credit risk as cash and cash equivalents, goods and services receivable and other receivables comprise all financial assets and these are largely held with reputable institutions and other government organisations. The maximum exposure DFAT has to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets indicated in the Statement of Financial Position.

DFAT has assessed the risk of default on payment and has allocated \$33,210 (2015: \$43,172) to an impairment allowance for doubtful debts account. DFAT has no collateral to mitigate against credit risk.

Credit quality of financial assets not past due or individually determined as impaired					
	Not past due nor impaired		Not past due nor impaired		Past due or impaired
	2016	2015	2016	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	57,295	84,556	-	-	-
Goods and services receivable	84,327	80,319	2,109	1,788	1,788
Advances receivable	14,625	12,922	-	-	-
Cash held by outsiders	647	164	-	-	-
Other receivables	957	1,415	711	523	523
Total	157,851	179,376	2,820	2,311	2,311

Ageing of financial assets that were past due but not impaired for 2016									
	0 to 30 days		31 to 60 days		61 to 90 days		90+ days		Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not impaired									
Goods and services receivables	73	78	889	1,069	2,109	2,109	1,069	2,109	2,109
Other receivables	96	42	23	517	678	678	517	678	678
Total	169	120	912	1,586	2,787	2,787	1,586	2,787	2,787

Ageing of financial assets that were past due but not impaired for 2015									
	0 to 30 days		31 to 60 days		61 to 90 days		90+ days		Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not impaired									
Goods and services receivables	176	282	104	1,226	1,788	1,788	1,226	1,788	1,788
Other receivables	70	174	23	213	480	480	213	480	480
Total	246	456	127	1,439	2,268	2,268	1,439	2,268	2,268

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 12G: Market Risk

Currency risk

Currency risk refers to the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in foreign currency exchange rates. DFAT is exposed to foreign currency exchange risk primarily through undertaking certain transactions denominated in a wide range of foreign currency through its overseas operations. The following table illustrates the effect on DFAT's operating result (profit or loss) and equity as at 30 June 2016 from a 10.5% (2015: 10.9%) increase or decrease against the AUD in the currencies in which financial instruments were held by the department, with all other variables held constant.

Sensitivity analysis of the currency risk that the entity is exposed to for 2016						
	Risk variable \$'000	Change in risk variable %	+ Effect on		- Effect on	
			Net cost of services \$'000	Equity \$'000	Net cost of services \$'000	Equity \$'000
Cash and cash equivalents	36,997	10.5%	(3,885)	(3,885)	3,885	3,885
Goods and services receivable	2,814	10.5%	(295)	(295)	295	295
Advances receivable	12,660	10.5%	(1,329)	(1,329)	1,329	1,329
Other receivables	1,306	10.5%	(137)	(137)	137	137
Trade creditors	(19,424)	10.5%	2,040	2,040	(2,040)	(2,040)
Sensitivity analysis of the currency risk that the entity is exposed to for 2015						
	Risk variable \$'000	Change in risk variable %	+ Effect on		- Effect on	
			Net cost of services \$'000	Equity \$'000	Net cost of services \$'000	Equity \$'000
Cash and cash equivalents	53,027	10.9%	(5,775)	(5,775)	5,775	5,775
Goods and services receivable	3,620	10.9%	(394)	(394)	394	394
Advances receivable	10,987	10.9%	(1,197)	(1,197)	1,197	1,197
Other receivables	1,300	10.9%	(142)	(142)	142	142
Trade creditors	(21,698)	10.9%	2,363	2,363	(2,363)	(2,363)

Interest Rate Risk and Other Price Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The department holds basic financial instruments that do not expose it to interest rate risk or other price risk.



Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13: Administered - Expenses

	2016 \$'000	2015 \$'000
Note 13A: International Development Assistance		
International development assistance	3,116,868	4,029,216
Other aid program	-	94,610
Total international development assistance	3,116,868	4,123,826

Note 13B: Multilateral Replenishments and Other Loans

Unwinding costs - multilateral grants and contributions	45,314	59,165
Loss from measuring multilateral financial liabilities - at fair value through profit & loss	58,335	49,645
Concessional cost for Australia-Indonesia Partnership for Reconstruction and Development (AIPRD) loans	7,188	17,740
Total multilateral replenishments and other loans	110,837	126,550

Accounting Policy

Accounting policies for other loans and multilateral replenishments are included in Note 15: Administered - Financial Assets and Note 17: Administered - Payables.

Note 13C: Other Contributions

Payments to international organisations	375,887	322,010
New Colombo Plan	27,302	11,179
Tourism Australia - Asia Marketing Fund	14,000	13,500
Other	8,242	15,248
Total other contributions	425,431	361,937

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 13D: Export Finance and Insurance Corporation (Efic)

Indonesia Debt 2 Health Swap	19,787	13,949
National Interest Account NIA Administration Expenses	1,745	2,421
Total Export Finance and Insurance Corporation	21,532	16,370

Accounting Policy

Accounting policies for the Export Finance and Insurance Corporation are included in Note 15: Administered - Financial Assets.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2016	2015
	\$'000	\$'000
<u>Note 13E: Other Expenses</u>		
Defined benefit pension schemes	6,536	6,505
Australia Network	-	10,588
Passport fee refunds	785	1,003
Consular services refunds	10	21
Write-off and impairment of financial assets	186	159
Write-off of non-financial assets	8	3
Other foreign exchange losses (non-speculative)	-	11,022
Total other expenses	7,525	29,301

Note 14: 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.

Note 14A: Fees and Charges

Passport fees	455,680	393,564
Consular fees	8,676	8,510
Nuclear safeguard charges	736	484
Total fees and charges	465,092	402,558

Accounting Policy

Passport and consular income is based on a fee arrangement, collected both domestically and internationally, for the processing of new passport applications, registering lost or stolen passports, issuing emergency passports, and for other travel related documents and endorsements. Fees are determined under the *Australian Passports (Application Fees) Act 2005*, 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 14B: Multilateral Replenishments and Other Loans

AIPRD loan interest	11,305	10,485
Reversals of impairment on financial instrument - 'available for sale' financial asset	43,990	382,211
Total multilateral replenishments and other loans	55,295	392,696

Accounting Policy

Accounting policies for multilateral replenishments and other loans are included in Note 15: Administered - Financial Assets and Note 17: Administered - Payables.

Note 14C: Efic - National Interest Account (NIA)

NIA Interest	972	2,190
NIA Premiums	14,403	12,010
NIA Repayments of Interest Subsidies and Recoveries	20,311	18,676
Total Efic - National Interest Account (NIA)	35,686	32,876

Accounting Policy

Accounting policies for the Export Finance and Insurance Corporation are included in Note 15: Administered - Financial Assets.



Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2016	2015
	\$'000	\$'000
<u>Note 14D: Return of Prior Year Administered Expenses</u>		
Return of prior year administered expenses	34,954	33,099
Total return of prior year administered expenses	34,954	33,099

Accounting Policy

Return of prior year administered expenses 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 14E: Other Revenue and Gains

Defined benefit pension schemes - contributions	4,079	8,239
Other interest	1,676	614
Other revenue	146	28
Other foreign exchange gains (non-speculative)	532	-
Total other revenue and gains	6,433	8,881

Accounting Policy

Accounting policies for the defined benefit schemes - contributions are included in Note 15: Administered - Employee Provisions.

Note 15: Administered - Financial Assets

	2016	2015
	\$'000	\$'000
<u>Note 15A: Trade and Other Receivables</u>		
Goods and services receivable	5,066	2,192
Total goods and services receivable	5,066	2,192
Advances and loans		
Concessional loan receivable - AIPRD	145,338	141,221
Other - travellers emergency loans	1,330	1,289
Total advances and loans	146,668	142,510
Other receivables		
Statutory receivables	10,942	12,368
Net position of Efic - NIA	11,635	8,291
Passport fees, passport act fines and consular fees	1,711	1,547
Other	10,493	9,582
Total other receivables	34,781	31,788
Total trade and other receivables (gross)	186,515	176,490
Less impairment allowance		
Advances and loans - travellers emergency loans	(529)	(266)
Other receivables - passport act fines	(38)	(40)
Other receivables - external parties	(436)	(551)
Total impairment allowance account	(1,003)	(857)
Total trade and other receivables (net)	185,512	175,633

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2016 \$'000	2015 \$'000
Note 15A: Trade and Other Receivables (continued)		
Trade and other receivables (net) are expected to be recovered		
No more than 12 months	39,503	33,658
More than 12 months	146,009	141,975
Total trade and other receivables (net)	185,512	175,633
Trade and other receivables (gross) aged as follows		
Not overdue	181,536	174,515
Overdue by		
0 to 30 days	2,099	107
31 to 60 days	3	2
61 to 90 days	6	15
More than 90 days	2,871	1,851
Total trade and other receivables (gross)	186,515	176,490

The impairment allowance account is all aged more than 90 days.

Reconciliation of the impairment allowance account

Movements in relation to 2016				
	Advances and loans \$'000	Receivables - passports \$'000	Receivables - external parties \$'000	Total \$'000
Opening balance	266	40	551	857
Amounts impaired	263	-	-	263
(Decrease) recognised in net surplus	-	(2)	(115)	(117)
Closing balance	529	38	436	1,003
Movements in relation to 2015				
	Advances and loans \$'000	Receivables - passports \$'000	Receivables - external parties \$'000	Total \$'000
Opening balance	405	31	440	876
Amounts impaired	-	9	165	174
Amounts recovered and reversed	(139)	-	(54)	(193)
Closing balance	266	40	551	857



Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Policy

Loans and Receivables

Consistent with DFAT's outcomes, long-term loans are provided to other entities at concessional rates. On payment of the loan funds, differences between the nominal value of the loan subscription and the fair value of the associated assets are recorded in the Schedule of Administered Items as an expense administered on behalf of Government.

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, de-recognition and amortisation are recognised through profit or loss.

Export Finance and Insurance Corporation – National Interest Account (NIA)

Part 5 of the *Export Finance and Insurance Corporation Act 1991* (Efic Act) provides for the Minister for Trade, Tourism and Investment to give an approval or direction to Efic to undertake any transaction that the Minister considers is in the national interest. Such transactions may relate to a class of business which Efic is not authorised to undertake, or involve terms and conditions Efic would not accept in the normal course of business on its Commercial Account. Efic manages these transactions on the NIA.

For these transactions the credit risk is borne by the Government and the funding risk is borne by Efic on the Commercial Account. Accordingly, premium or other incomes arising from these transactions are paid by Efic to the Government. Efic recovers from the Government the costs of administration and any losses incurred in respect of such business.

Loans on the NIA are funded from the Efic Commercial Account at fair value. The amount disclosed above reflects the Commonwealth's exposure on business undertaken on the NIA. It reflects the net amount of:

- a) Assets in the form of loans and rescheduled credit insurance debts to overseas governments, commitment fees on loans received by Efic but not yet paid to the Commonwealth, bond premiums receivable from exports.
- 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.

Indonesia Debt-2-Health Swap

The Indonesia Debt-2-Health Swap is a tripartite agreement between the Government of Indonesia, Efic and the Global Fund (through the International Bank for Reconstruction and Development – World Bank) whereby the Australian Government has agreed to cancel \$75 million 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 \$37.5 million in the Global Fund to fight AIDS, Tuberculosis and Malaria for approved tuberculosis programs. The expense recognised in Note 13D 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

	2016 \$'000	2015 \$'000
Note 15B: Investments		
Non-monetary 'available for sale' IDA and ADF Subscriptions - fair value	1,986,684	1,936,071
Efic - Commercial Account	444,793	436,800
Tourism Australia	20,049	19,502
Total other investments	2,451,526	2,392,373
Investments are expected to be recovered in		
More than 12 months	2,451,526	2,392,373
Total other investments	2,451,526	2,392,373

Accounting Policy

Administered investments are classified as available-for-sale and are measured at their fair value as at 30 June 2016. Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the whole-of-Government level. Financial instruments are recognised on a trade date basis.

Multilateral subscriptions

The Australian Government holds these investments long term for policy reasons, with the issuers being partner foreign governments and multilateral aid organisations including the Asian Development Fund (ADF) and the International Development Association (IDA). The investment represents subscription-based membership rights held by the Australian Government in accordance with the articles of association for the International Development Association and the Asian Development Fund.

The AASB 139 Financial Instruments: Recognition and Measurement technical definition of 'available for sale' does not indicate an intention to trade these investments, as there is no observable market value for these investments. DFAT, based on independent expert valuation advice, values the investment on a discounted cash flow basis. The basis assumes the redemption of the Commonwealth's pro-rata share of the outstanding loan principal for each fund. The redemption basis is consistent with the withdrawal provisions of the articles of association with the IDA and the ADF.

The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. The discount rate range uses the "build up method" based on the following components: risk free rate (20 year US Government bond rate), currency risk premium, sovereign risk premium and liquidity risk premium.

Efic – Commercial Account

Efic's principal activity is the provision of competitive finance and insurance services to Australian exporters and Australian companies investing in new projects overseas. The Australian Government guarantees to Efic's creditors for 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 1991. 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

Note 16: Administered - Non-Financial Assets

Note 16A: Reconciliation of the opening and closing balances for 2016

	Leasehold improvements \$'000	Property, plant and equipment \$'000	Computer software internally developed \$'000	Total \$'000
As at 1 July 2015				
Gross book value	2,576	44	11,319	13,939
Accumulated depreciation, amortisation & impairment	(915)	(26)	(7,399)	(8,340)
Work in progress	-	-	666	666
Net book value 1 July 2015	1,661	18	4,586	6,265
Additions				
By purchase or internally developed	-	-	730	730
Revaluations and impairments recognised in other comprehensive income	(1,071)	(3)	-	(1,074)
Depreciation & amortisation expenses	(528)	(1)	(931)	(1,460)
Other movements				
Asset transfers	-	-	(291)	(291)
Disposals				
Other Disposals	-	(8)	-	(8)
Net book value 30 June 2016	62	6	4,094	4,162
Net book value as of 30 June 2016 represented by				
Gross book value	590	30	12,359	12,979
Accumulated depreciation, amortisation & impairment	(528)	(24)	(8,330)	(8,882)
Work in progress	-	-	65	65
Net book value 30 June 2016	62	6	4,094	4,162

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16A: Reconciliation of the opening and closing balances for 2015

	Leasehold improvements \$'000	Property, plant and equipment \$'000	Computer software internally developed \$'000	Total \$'000
As at 1 July 2014				
Gross book value	2,592	32	11,319	13,943
Accumulated depreciation, amortisation & impairment	(465)	(14)	(6,540)	(7,019)
Work in progress	-	-	375	375
Net book value 1 July 2014	2,127	18	5,154	7,299
Additions				
By purchase or internally developed	-	-	291	291
Depreciation & amortisation expenses	(453)	(10)	(859)	(1,322)
Other movements				
Asset transfers	(13)	13	-	-
Disposals				
Other disposals	-	(3)	-	(3)
Net book value 30 June 2015	1,661	18	4,586	6,265
Net book value as of 30 June 2015 represented by:				
Gross book value	2,576	44	11,319	13,939
Accumulated depreciation, amortisation & impairment	(915)	(26)	(7,399)	(8,340)
Work in progress	-	-	666	666
Net book value 30 June 2015	1,661	18	4,586	6,265

Leasehold improvements

There were no revaluation increments or decrements for leasehold improvements in 2015.

Property, plant and equipment

There were no revaluation increments or decrements for property, plant and equipment in 2015.

Accounting Policy

Accounting policies are included in Note 5: Non-Financial Assets



Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 17: 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. Other financial liabilities 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.

	2016 \$'000	2015 \$'000
Note 17A: Grants		
Multilateral grants payable - fair value through profit and loss	509,767	590,449
Total grants	509,767	590,449
Grants are expected to be settled in		
No more than 12 months	130,011	112,146
More than 12 months	379,756	478,303
Total grants	509,767	590,449
Note 17B: Other Payables		
Multilateral contributions - fair value through profit and loss	741,041	892,360
International development assistance	201,179	147,620
Unearned income - passports revenue	-	20,638
Other	23,156	11,400
Total other payables	965,376	1,072,018
Total other payables are expected to be settled in		
No more than 12 months	435,719	345,556
More than 12 months	529,657	726,462
Total other payables	965,376	1,072,018

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 18: Administered - Employee Provisions

	2016	2015
	\$'000	\$'000
Leave	9,163	8,304
Superannuation	520	537
Defined benefit pension schemes	80,028	71,908
Total employee provisions	89,711	80,749
Employee provisions are expected to be settled in:		
No more than 12 months	5,868	4,878
More than 12 months	83,843	75,871
Total employee provisions	89,711	80,749

Accounting Policy

DFAT administers defined benefit pension schemes for some locally engaged staff in North America, the United Kingdom and India on behalf of the Australian Government. DFAT recognises an administered liability for the present values of the Government's expected future payments arising from the unfunded components of the North American Pension Scheme, London Pension Scheme and the New Delhi Gratuity Scheme.

Increases in the accrued benefits liability, pursuant to regular estimates of the liability taking account of actuarial reviews, are recognised as an expense and classified as employee superannuation expense. Re-measurement of the net defined benefit obligation is recognised in other comprehensive income as outlined in AASB 119 Employee Benefits. DFAT engages actuaries to estimate the unfunded provisions and expected future cash flows as at end of the reporting period each year. More details on the defined benefit pension schemes are included in Note 23: Administered Defined Benefit Pension Schemes.



Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 19: Administered - Cash Flow Reconciliation

	2016 \$'000	2015 \$'000
Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement		
Cash and cash equivalents as per		
Administered Cash Flow Statement	257	1,832
Schedule of Administered Assets and Liabilities	<u>257</u>	<u>1,832</u>
Discrepancy	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash (used by) operating activities		
Net cost of services	(3,216,557)	(3,909,908)
Adjustments for non-cash items		
Unwinding costs - multilateral contributions	27,579	59,165
Net loss from measuring multilateral contribution financial liabilities	41,500	21,342
Write-off and impairment of financial assets	186	159
Write-off of non-financial assets	8	3
Net AIPRD concessional loan adjustment	(4,117)	10,863
Depreciation and amortisation	1,460	1,322
Non-cash asset transfer	(291)	-
Reversals of impairment on financial instrument - 'available for sale' financial asset	(43,990)	(391,236)
Other foreign exchange gains (non-speculative)	(532)	-
Movements in assets and liabilities		
Assets		
(Increase) in trade and other receivables	(5,872)	(19,389)
(Increase) / decrease in prepayments	(421)	501
Liabilities		
(Decrease) in grants payable	(80,682)	(76)
Increase in other payables	44,677	26,520
Increase in employee provisions	8,962	19,673
Defined benefit pension schemes adjustment through equity	<u>(8,120)</u>	<u>(13)</u>
Net cash (used by) operating activities	<u>(3,236,210)</u>	<u>(4,181,074)</u>

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 20: Administered - Contingent Assets and Liabilities

The department has no Administered contingent assets or liabilities (2015: 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 2016, the department 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.

	2016	2015
	\$'000	\$'000
Contracts of insurance and guarantees	690,600	818,200
Statement of financial position liabilities	2,313,400	2,014,700
NIA contracts of insurance, guarantees and statement of position liabilities	608,300	684,900
Total	3,612,300	3,517,800

Guarantees to Subsidiaries

At the time of completion of the financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.

Indemnities

At the time of the completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no recognition of any liability was therefore required.



Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 21: 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 11 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 21A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period using		Level (1, 2 or 3)	For Levels 2 and 3 fair value measurements	
	2016 \$'000	2015 \$'000		Valuation technique(s) ¹	Inputs used ²
Financial assets:					
Other investments:					
Non-monetary 'available for sale' IDA and ADF subscriptions	1,986,684	1,936,071	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	444,793	436,800	3	Net asset position	Balance sheet of the Export Finance and Insurance Corporation's Commercial Account
Tourism Australia	20,049	19,502	3	Net asset position	Balance sheet of Tourism Australia
Total financial assets	2,451,526	2,392,373			
Non-financial assets:					
Leasehold Improvements	62	1,661	3	Depreciated replacement cost	Replacement cost
Property, Plant and Equipment	6	18	2	Market approach	Consumed economic benefits and obsolescence Adjusted market transactions
Total non-financial assets	68	1,679			
Total fair value measurements of assets in the administered schedule of assets and liabilities	2,451,594	2,394,052			

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 21A: Fair Value Measurements, Valuation Techniques and Inputs Used (continued)

	Fair value measurements at the end of the reporting period using		Valuation technique(s) ¹	For Levels 2 and 3 fair value measurements
	2016	2015		
	\$'000	\$'000	Level (1, 2 or 3)	Inputs used ²
Financial liabilities:				
Multilateral grants	509,767	590,449	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	741,041	892,360	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	1,250,808	1,482,809		
Total fair value measurements of liabilities in the administered schedule of assets and liabilities	1,250,808	1,482,809		

There have been no transfers between levels during the year (2015: nil). DFAT's policy for determining when transfers between levels are deemed to have occurred can be found in Note 11.

Fair value measurements - highest and best use differs from current use for non-financial assets

The department's Administered assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all controlled assets is considered their highest and best use.

1. There have been no changes to valuation techniques used.
2. There were no significant inter-relationships between unobservable inputs that materially affect fair value.
3. The future economic benefits of the department'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 21B: Reconciliation for recurring Level 3 fair value measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Financial assets		Non-financial assets	
	Other investments	Total	Leasehold improvements	Total
	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000
Opening balance - 1 July 2015	2,392,373	2,392,373	1,661	1,661
Total gains recognised in net cost of services ¹	50,613	50,613	(528)	(528)
Total gains recognised in other comprehensive income ²	8,540	8,540	(1,071)	(1,071)
Closing balance - 30 June 2016	2,451,526	2,451,526	62	62
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period ³	-	-	-	-

	Financial assets		Non-financial assets	
	Other investments	Total	Leasehold improvements	Total
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
Opening balance - 1 July 2014	1,787,084	1,787,084	2,127	2,127
Total gains recognised in net cost of services ¹	391,236	391,236	(453)	(453)
Total gains/(losses) recognised in other comprehensive income ²	14,053	14,053	-	-
Reclassification	-	-	(13)	(13)
Purchases	200,000	200,000	-	-
Closing balance - 30 June 2015	2,392,373	2,392,373	1,661	1,661
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 21B: Reconciliation for recurring Level 3 fair value measurements (continued)

Recurring Level 3 fair value measurements - reconciliation for liabilities

	Financial Liabilities		
	Multilateral grants 2016 \$'000	Multilateral contributions payable 2016 \$'000	Total 2016 \$'000
Opening balance - 1 July 2015	590,449	892,360	1,482,809
Total gains recognised in net cost of services ⁴	34,569	75,702	110,271
Settlements	(115,251)	(227,021)	(342,272)
Closing balance - 30 June 2016	509,767	741,041	1,250,808
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period ³	-	-	-

	Financial Liabilities		
	Multilateral grants 2015 \$'000	Multilateral contributions payable 2015 \$'000	Total 2015 \$'000
Opening balance - 1 July 2014	590,525	1,068,853	1,659,378
Total gains/(losses) recognised in net cost of services ⁴	18,109	87,468	105,577
Purchases	106,868	-	106,868
Settlements	(125,053)	(263,961)	(389,014)
Closing balance - 30 June 2015	590,449	892,360	1,482,809
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 Notes 13B, 13E and 14B.

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 2016 and 30 June 2015.

4. These gains/(losses) are represented in the Administered Schedule of Comprehensive Income and in Notes 13B and 14B.



Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22: Administered - Financial Instruments

	2016	2015
	\$'000	\$'000
Note 22A: Categories of Financial Instruments		
Financial Assets		
Cash and cash equivalents	257	1,832
Loans and receivables		
Goods and services receivables	15,123	11,223
Concessional loan receivable	145,338	141,221
Net position of Efic - NIA	11,635	8,291
Traveller Emergency Loans	801	1,023
Passport fee, Passport Act fines and consular fees	1,673	1,507
Total loans and receivables	174,570	163,265
Available-for-sale financial assets		
Non-monetary available for sale debt instrument - fair value	1,986,684	1,936,071
Efic - Commercial Account	444,793	436,800
Tourism Australia	20,049	19,502
Total available for sale	2,451,526	2,392,373
Total financial assets	2,626,353	2,557,470
Financial Liabilities		
Financial liabilities measured at amortised cost		
International development assistance and other payables	224,335	159,020
Total financial liabilities measured at amortised cost	224,335	159,020
Financial liabilities at fair value through profit or loss		
Multilateral grants payable	509,767	590,449
Multilateral contributions payable	741,041	892,360
Total financial liabilities at fair value through profit or loss	1,250,808	1,482,809
Total financial liabilities	1,475,143	1,641,829

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2016 \$'000	2015 \$'000
<u>Note 22B: Net Gains or Losses on Financial Assets</u>		
Loans and receivables		
Interest revenue	13,953	13,289
Concessional costs for AIPRD loans	(7,188)	(17,740)
Impairment	(263)	19
Write-off	(186)	(159)
Net gain / (loss) on loans and receivables	6,316	(4,591)
Available-for-sale financial assets		
Dividend revenue	13,654	18,153
Gains recognised in profit or loss for reversal of impairment	43,990	382,211
Revaluation gain recognised in equity	8,540	14,053
Net gain on available for sale financial assets	66,184	414,417
Net gain on financial assets	72,500	409,826
<u>Note 22C: Net Gains or Losses on Financial Liabilities</u>		
Financial liabilities measured at amortised cost		
Other revenue	-	30,686
Exchange gains/(loss)	532	(11,022)
Interest expense	-	(1,784)
Administered costs	-	(629)
Net gain on financial liabilities measured at amortised cost	532	17,251
Financial liabilities at fair value through profit or loss (held for trading)		
Unwinding of discount	(45,314)	(59,165)
Loss on remeasuring at fair value through profit or loss	(58,335)	(49,645)
Net (loss) on financial liabilities at fair value through profit or loss (held for trading)	(103,649)	(108,810)
Net (loss) on financial liabilities	(103,117)	(91,559)



Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22D: Fair Value of Financial Instruments

	Carrying amount 2016 \$'000	Fair value 2016 \$'000	Carrying amount 2015 \$'000	Fair value 2015 \$'000
Financial Assets				
Cash and cash equivalents	257	257	1,832	1,832
Receivables for goods and services	15,123	15,123	11,223	11,223
Concessional loans receivable	145,338	145,338	141,221	141,221
Net position of Efic - NIA	11,635	11,635	8,291	8,291
Traveller emergency loans	801	801	1,023	1,023
Accrued Revenue - Passport fees, Passport Act fines and consular fees	1,673	1,673	1,507	1,507
Investments - available for sale	1,986,684	1,986,684	1,936,071	1,936,071
Investments - Efic	444,793	444,793	436,800	436,800
Investments - Tourism Australia	20,049	20,049	19,502	19,502
Total financial assets	2,626,353	2,626,353	2,557,470	2,557,470
Financial liabilities				
Trade creditors	224,335	224,335	159,020	159,020
Grants payable - at fair value through profit or loss	509,767	509,767	590,449	590,449
Multilateral contributions payable IDA/ADF at fair value through profit or loss	741,041	741,041	892,360	892,360
Total financial liabilities	1,475,143	1,475,143	1,641,829	1,641,829

Fair value measurements categorised by fair value hierarchy

The table at Note 21A 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 22E: Credit Risk

Recognised in the DFAT Administered Accounts

The department'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 the department. The department 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 the department 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.

The department has assessed the risk of default on payment and has allocated \$1,003 (2015: \$857) to an impairment allowance for doubtful debts account. The department has no collateral to mitigate against credit risk.

Maximum exposure to credit risk (excluding any collateral or credit enhancements)

Financial assets carried at amount not best representing maximum exposure to credit risk

Loans and receivables
Available for sale

	2016 \$'000	2015 \$'000
	174,570	163,265
	2,451,526	2,392,373
	2,626,096	2,555,638

Total financial assets carried at amount not best representing maximum exposure to credit risk

Financial liabilities carried at amount not best representing maximum exposure to credit risk

At amortised cost
Through profit or loss

	2016 \$'000	2015 \$'000
	224,335	159,020
	1,250,808	1,482,809
	1,475,143	1,641,829

Total financial liabilities carried at amount not best representing maximum exposure to credit risk

Credit quality of financial assets not past due or individually determined as impaired

	Not past due or impaired 2016 \$'000	Not past due or impaired 2015 \$'000	Past due or impaired 2016 \$'000	Past due or impaired 2015 \$'000
Loans and receivables	169,591	161,290	4,979	1,975
Available for sale	2,451,526	2,392,373	-	-
Total	2,621,117	2,553,663	4,979	1,975

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22E: Credit Risk (continued)

Ageing of financial assets that were past due but not impaired for 2016

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90 + days \$'000	Total \$'000
Not impaired					
Loans and receivables	2,099	3	6	1,868	3,976
Total	2,099	3	6	1,868	3,976

Ageing of financial assets that were past due but not impaired for 2015

	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	107	2	15	994	1,118
Total	107	2	15	994	1,118

Note 22F: Liquidity Risk

The continued existence of the department in its present form and with its present programs is dependent on government policy and on continuing appropriations by Parliament for the department'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 2016

	On demand \$'000	Within 1 year \$'000	Between 1 to 2 years \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Financial liabilities measured at amortised cost	-	224,335	-	-	-	224,335
Financial liabilities at fair value through profit or loss	-	341,395	230,450	511,063	167,900	1,250,808
Total	-	565,730	230,450	511,063	167,900	1,475,143

Maturities for non-derivative financial liabilities 2015

	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	-	159,020	-	-	-	159,020
Financial liabilities at fair value through profit or loss	-	278,043	335,667	594,594	274,505	1,482,809
Total	-	437,063	335,667	594,594	274,505	1,641,829

The department 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 22G: 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 the department's administered income and expenses.

The following table illustrates the effect on the department's administered net income less expenses and equity as at 30 June 2016 from 10.5% (2015: 10.9%) increase or decrease against the AUD in the currencies in which the financial instruments were administered by the department with all other variables held constant.

Sensitivity analysis of the risk that the entity is exposed to for 2016

Risk variable	Change in risk variable %	Effect on	
		Profit and loss \$'000	Equity \$'000
Currency risk	\$/USD + 10.5%	(189,364)	(189,364)
Currency risk	\$/USD - 10.5%	233,700	233,700
Interest rate risk	* + 0.3%	(20,524)	(20,524)
Interest rate risk	* - 0.3%	28,316	28,316

Sensitivity analysis of the risk that the entity is exposed to for 2015

Risk variable	Change in risk variable %	Effect on	
		Profit and loss \$'000	Equity \$'000
Currency risk	\$/USD + 10.9%	(191,076)	(191,076)
Currency risk	\$/USD - 10.9%	237,827	237,827
Interest rate risk	* + 0.4%	(33,320)	(33,320)
Interest rate risk	* - 0.4%	40,033	40,033

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

Note 23: Administered - Defined Benefit Pension Schemes

	2016	2015
	\$'000	\$'000
<i>The amounts recognised in the Administered Schedule of Assets and Liabilities are as follows:</i>		
Present value of funded obligations	54,447	58,043
Fair value of plan assets	(36,095)	(41,886)
	18,352	16,157
Present value of unfunded obligations	61,676	55,751
Net liability in schedule of administered assets and liabilities	80,028	71,908
<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	71,908	57,997
Exchange differences on foreign plans	(254)	10,878
Net expense recognised in the Administered Schedule of Comprehensive Income	3,683	3,998
Net actuarial losses	8,618	7,108
Contributions by employers	(3,927)	(8,073)
Net liability at the end of the year	80,028	71,908
<i>Reconciliation of opening and closing balance of the defined benefit obligation:</i>		
Opening liability	113,793	88,666
Exchange differences on foreign plans	(5,168)	14,955
Service cost	1,100	1,359
Interest cost	3,828	4,119
Contributions by plan participants (funded schemes)	70	80
Actuarial (gains) due to experience	(1,919)	(163)
Actuarial losses due to changes in financial assumptions	1,630	1,739
Actuarial losses due to changes in demographic assumptions	7,561	7,062
Benefits paid	(4,773)	(4,024)
Closing liability	116,122	113,793
<i>Reconciliation of opening and closing balance of the fair value of plan assets:</i>		
Opening assets	41,886	30,669
Exchange differences on foreign plans	(4,915)	4,078
Expected return on plan assets	1,245	1,480
Contributions by plan participants (funded schemes)	70	80
Contributions by employer	858	5,478
Actuarial (gains) / losses	(1,346)	1,530
Benefits paid	(1,703)	(1,429)
Closing liability	36,095	41,886

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2016 \$'000	2015 \$'000
Note 23: Administered - Defined Benefit Pension Schemes (continued)		
<i>The amounts recognised in the Administered Schedule of Comprehensive Income are as follows:</i>		
Current service cost	1,100	1,359
Net interest on net defined benefit (asset)/liability	2,583	2,639
Total included 'employee benefit expense account'	3,683	3,998
<i>Amounts recognised directly in administered equity</i>		
Financial year ended	2016 \$'000	2015 \$'000
Actuarial (losses)	(8,618)	(7,108)
<i>Cumulative amounts of gains and losses recognised in administered equity</i>		
Financial year ended	2016 \$'000	2015 \$'000
Actuarial (losses)	(47,055)	(38,437)
<i>Pension Scheme Assets</i>		
<i>The fair value of scheme assets is represented by:</i>		
Financial year ended	2016 \$'000	2015 \$'000
UK equities	0.0%	0.0%
Overseas equities	0.0%	0.0%
Long dated UK corporate bonds	12.1%	12.3%
Long dated UK gilts	11.0%	10.8%
Cash	0.2%	0.3%
Insured Pensioner	1.5%	1.4%
Investment in LIC India	3.3%	2.4%
Diversified Growth Fund	71.9%	72.8%
<i>Fair Value of pension scheme assets</i>		
The fair value of scheme assets does not include amounts relating to:		
- any of the Department's (and the Australian Government's) own financial instruments, and		
- any property occupied by, or other assets used by, the Department (or the Australian Government).		
<i>Principal actuarial assumptions at the reporting date (expressed as weighted averages):</i>		
Financial year ended	2016 \$'000	2015 \$'000
Discount rate at 30 June	3.09%	3.58%
Expected return on assets at 30 June		n/a
Salary growth	2.72%	3.29%
Price inflation	2.98%	3.09%
Pension growth	2.80%	2.94%



Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 23: Administered - Defined Benefit Pension Schemes (continued)

Historical Information

Financial year ended	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
Present value of defined benefit obligations	(116,122)	(113,794)	(88,666)	(76,459)	(64,347)
Fair value of scheme assets	36,095	41,886	30,669	27,307	24,075
(Deficit) in the scheme	(80,028)	(71,908)	(57,997)	(49,152)	(40,272)
Actuarial (losses) - net liabilities	(8,618)	(7,108)	(7,069)	(5,133)	(6,155)
Effect of exchange rate gains (losses)	254	(10,877)	(453)	(3,380)	(1,538)

Expected Employer Contributions

Financial year ended	2017 \$'000	2016 \$'000
Expected employer contributions ¹	3,709	3,615

Notes

1. This represents the employer contributions, which will be paid into the schemes' funds.

Scheme information

The Department 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	2016	2015
Weighted average duration of defined benefit obligation (years)	14.43	10.48

Sensitivity to assumptions

The Department'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 the Department's defined benefit obligation at the reporting date are as follows:

Increase/(decrease) in defined benefit obligation

Financial year ended	2016 \$'000	2015 \$'000
Discount rate		
Increase of 0.5%	(7,840)	(8,014)
Decrease of 0.5%	8,220	8,376
Future salary increases		
Increase of 0.5%	461	510
Decrease of 0.5%	(445)	(494)
Future inflation increases		
Increase of 0.5%	7,814	7,745
Decrease of 0.5%	(7,516)	(7,489)

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24: Appropriations

Note 24A: Annual Appropriations ('Recoverable GST exclusive')

	<i>Appropriation Act</i>		<i>PGPA Act</i>		Appropriation applied in 2016 (current and prior years) \$'000	Variance ² \$'000
	Annual Appropriation ¹ \$'000	AFM \$'000	Section 74 \$'000	Section 75 \$'000	Total appropriation \$'000	
Departmental						
Ordinary annual services	1,368,915	-	192,077	-	1,560,992	49,921
Capital budget	52,171	-	-	-	52,171	1,925
Other services						
Equity	205,241	-	-	-	205,241	70,344
Total departmental	1,626,327	-	192,077	-	1,818,404	122,190
Administered						
Ordinary annual services						
Capital budget	2,325	-	-	-	2,325	1,595
Administered items ³	3,601,101	-	-	-	3,601,101	88,773
Payments to corporate Commonwealth entities						
Commonwealth entities	144,018	-	-	-	144,018	-
Other services						
Administered assets and liabilities	13,527	-	-	-	13,527	(348,548)
Total administered	3,760,971	-	-	-	3,760,971	(258,180)



Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24A: Annual Appropriations ('Recoverable GST exclusive') (continued)

1. In 2015-16, there were adjustments that met the recognition criteria of a formal addition or reduction in revenue or in equity but at law the appropriations had not been amended before the end of the reporting period as Departmental appropriations do not lapse at financial year end. The adjustments were:
- a \$51 reduction to equity of \$3,730,000 relating to the change in scope of the diplomatic accommodation project in Kabul,
 - a reduction to revenue of \$321,000 relating to portfolio efficiencies as published in the 2016-17 Portfolio Budget Statement,
 - an addition to revenue of \$6,258,261 relating to the Passport Funding Agreement,
 - an addition to revenue of \$804,789 relating to no-win/no-loss funding for FBT payable on living away from home allowance, and
 - an addition to revenue of \$24,119,702 relating to no-win/no-loss funding for foreign exchange.
- The net increase in operating appropriations of \$30,861,752 is expected to be applied to Appropriation Act (No 3) 2016-17.
2. Variances in appropriation may result from using prior year non-lapsed appropriations to fund operating and capital expenditure incurred in the current financial year, making payments for benefits to be received in future years and where obligations in the current financial year are not settled by financial year end.
3. Commonwealth Superannuation Corporation (CSC) spends money from the Consolidated Revenue Fund on behalf of DFAT in accordance with the Papua New Guinea (Staffing Assistance) Act 1973. In 2015-16 CSC drew down \$6,883,284 from DFAT's administered appropriation. This is included in the appropriation applied amount above.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24A: Annual Appropriations ('Recoverable GST exclusive') (continued)

	Appropriation Act		PGPA Act		Appropriation applied in 2015 (current and prior years) \$'000	Variance ² \$'000
	Annual Appropriation ¹ \$'000	AFM \$'000	Section 74 \$'000	Section 75 \$'000	Total appropriation \$'000	
Departmental						
Ordinary annual services ¹	1,377,404	-	97,699	-	1,475,103	(76,387)
Capital budget	53,032	-	-	-	53,032	(5,476)
Other services						
Equity	121,064	-	-	-	121,064	20,227
Total departmental	1,551,500	-	97,699	-	1,649,199	(61,636)
Administered						
Ordinary annual services						
Capital budget	2,293	-	-	-	2,293	2,109
Administered items ⁴	4,532,643	-	-	-	4,532,643	117,216
Payments to corporate						
Commonwealth entities	138,865	-	-	-	138,865	-
Other services						
Administered assets and liabilities	212,698	-	-	-	212,698	(355,547)
Total administered	4,886,499	-	-	-	4,886,499	(236,222)



Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24A: Annual Appropriations ('Recoverable GST exclusive') (continued)

1. In 2014-15, 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 \$1,240,276 relating to the Passport Funding Agreement,
 - a reduction to revenue of \$3,136,493 relating to no-win/no-loss funding for FBT payable on living away from home allowance, and
 - an addition to revenue of \$23,015,091 relating to no-win/no-loss funding for foreign exchange.The net increase in appropriations of \$18,638,322 is expected to be applied to Appropriation Act (No 3) 2015-16.
2. Variances in appropriation may result from using prior year non-lapsed appropriations to fund operating and capital expenditure incurred in the current financial year, making payments for benefits to be received in future years and where obligations in the current financial year are not settled by financial year end.
3. The reduction of \$88,000 against departmental ordinary annual services is the net effect against revenue in 2014-15 comprised of a reduction of \$643,000 relating to the Passport Funding Agreement offset against an increase in revenue of \$555,000 for the Intercountry Adoption - national support service measure included in 2014-15 Appropriation Act (No 5). The reduction of \$7,809,000 against departmental equity relates to the change in scope of the diplomatic accommodation project in Kabul. The reduction of \$1,878,000 against administered items is the net effect of an approved movement of funds and transfer of the Tasmanian Regional Tourism Package to Austrade offset by an increase in expenditure on Australia's payments to international organisations.
4. Consuper spends money from the Consolidated Revenue Fund on behalf of DFAT in accordance with the Papua New Guinea (Staffing Assistance) Act 1973. In 2014-15 Consuper drew down \$7,771,622 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 24B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2016 \$'000	2015 \$'000
Departmental		
Appropriation Act (No. 1) 2013-14 ¹	801	801
Appropriation Act (No. 2) 2013-14	-	4,564
Appropriation Act (No. 1) 2014-15 ²	88	234,674
Appropriation Act (No. 1) 2014-15 - Departmental Capital Budget	-	4,092
Appropriation Act (No. 2) 2014-15 ³	7,809	80,816
Appropriation Act (No. 3) 2014-15	-	53,420
Appropriation Act (No. 4) 2014-15	-	40,104
Appropriation Act (No. 1) 2014-15 - Cash at bank and on hand	-	84,556
Appropriation Act (No. 1) 2015-16	353,439	-
Appropriation Act (No. 1) 2015-16 - Departmental Capital Budget	6,017	-
Appropriation Act (No. 2) 2015-16 ⁴	188,018	-
Appropriation Act (No. 1) 2015-16 - Cash at bank and on hand	57,295	-
Total departmental	613,467	503,027

1. 2013-14 includes quarantined amount of \$0.801 million under Appropriation Act (No.1) 2013-14.

2. 2014-15 includes quarantined amount of \$0.088 million under Appropriation Act (No.1) 2014-15.

3. 2014-15 includes quarantined amount of \$7.809 million under Appropriation Act (No.2) 2014-15.

4. 2015-16 includes quarantined amount of \$3.730 million under Appropriation Act (No.2) 2015-16.

5. 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 4B 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.

	2016 \$'000	2015 \$'000
Administered		
Appropriation Act (No. 1) 2013-14 - Administered Capital Budget	1,029	1,322
Appropriation Act (No. 3) 2013-14	265,089	286,637
Appropriation Act (No. 4) 2013-14	1,822,447	2,174,844
Appropriation Act (No. 1) 2014-15 ⁶	1,878	120,459
Appropriation Act (No. 1) 2014-15 - Administered Capital Budget	2,287	2,293
Appropriation Act (No. 3) 2014-15	617	617
Appropriation Act (No. 1) 2014-15 - Cash at bank and on hand	-	1,832
Appropriation Act (No. 1) 2015-16	228,902	-
Appropriation Act (No. 1) 2015-16 - Administered Capital Budget	1,894	-
Appropriation Act (No. 2) 2015-16	3,848	-
Appropriation Act (No. 1) 2015-16 - Cash at bank and on hand	257	-
Total administered	2,328,248	2,588,004

6. 2014-15 includes quarantined amount of \$1.878 million under Appropriation Act (No.1) 2014-15.



Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2016 \$	2015 \$
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 s. 77, Administered ¹	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment	831,002	944,683
Total special appropriation applied			831,002	944,683

1. DFAT uses s. 77 of the PGPA Act to make refunds of passport 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

Note 25: Special Accounts

	Consular Services Special Account ¹ (Administered)		Consular Services Special Account ² (Administered)		Administered Payments and Receipts for Other Entities Special Account ³ (Administered)		Expositions Special Account ⁴ (Administered)	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	-	-	-	34	5,000	5,000	994	994
Increases								
Other increases	124	-	16	196	266,303	272,309	-	-
Total increases	124	-	16	196	266,303	272,309	-	-
Available for payments	124	-	54	230	271,303	277,309	994	994
Decreases								
Administered	(92)	-	(54)	(192)	(266,334)	(272,309)	(994)	-
Total decreases	(92)	-	(54)	(192)	(266,334)	(272,309)	(994)	-
Total balance carried to the next period	32	-	-	38	4,969	5,000	-	994
	Australia-Indonesia Partnership Reconstruction and Development Special Account (Loans) ⁵ (Administered)							
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	-	-	-	38,057	7,399	443	-	6,535
Increases								
Other increases	-	18,775	-	-	29,356	11,703	-	2,078
Total increases	-	18,775	-	-	29,356	11,703	-	2,078
Available for payments	-	18,775	-	38,057	36,755	12,146	-	8,613
Decreases								
Administered	-	(18,775)	-	(38,057)	(16,330)	(4,747)	(8,613)	(8,613)
Total decreases	-	(18,775)	-	(38,057)	(16,330)	(4,747)	-	(8,613)
Total balance carried to the next period	-	-	-	-	20,425	7,399	-	-



Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 25: Special Accounts (continued)

	Overseas Property Special Account ⁹ (Departmental)	
	2016 \$'000	2015 \$'000
Balance brought forward from previous period	207,460	281,327
Increases		
Other increases	72,522	201,748
Total increases	72,522	201,748
Available for payments	279,982	483,075
Decreases		
Departmental	(174,065)	(275,615)
Total decreases	(174,065)	(275,615)
Total balance carried to the next period	105,917	207,460

1. 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.

2. Appropriation: Financial Management and Accountability Act 1997 section 20
Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2005/38
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.

This special account sunsetted on 1 October 2015 and was replaced with the above special account established under the PGPA Act effective from 1 September 2015.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 25: Special Accounts (continued)

3. Appropriation: Financial Management and Accountability Act 1997 section 20
 Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2009/25
 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.

4. Appropriation: Financial Management and Accountability Act 1997 section 20
 Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2007/14
 Purpose:
 - a) to acquire, lease, hire, construct, manage, operate, repair, maintain, identify and advise on, and undertake any other activities in relation to Australia's participation at international expositions
 - b) activities that are incidental to a purpose mentioned in paragraph (a)
 - c) to reduce the balance of the Special Account (and, therefore, the available appropriation for the Special Account) without making a real or notional payment
 - d) to repay amounts where an Act or other law requires or permits the repayment of an amount received.

This special account determination is scheduled to be revoked by 31 December 2016.

5. Appropriation: Financial Management and Accountability Act 1997 section 20
 Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2005/03
 Purpose:
 - a) loans for relief, rehabilitation and reconstruction assistance to areas in the Republic of Indonesia directly affected by the Tsunami and economic and social development assistance to all areas of the Republic of Indonesia
 - b) activities that are incidental to and directly related to a purpose mentioned in paragraph (a)
 - c) to reduce the balance of the Special Account (and, therefore, the available appropriation for that Account) without making a real or notional payment
 - d) to repay amounts where an Act or other law required or permits the repayment of an amount received.
 - e) to credit amounts to the Australian-Indonesia Partnership for Reconstruction and Development (Loans) Special Account 2015.

This special account sunsetted on 1 April 2015 and was replaced with the below special account established under the PGPA Act.

6. 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 is scheduled to be revoked by 31 December 2016.



Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 25: Special Accounts (continued)

7. Appropriation: Financial Management and Accountability Act 1997 section 20

Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2009/25

Purpose:

- a) disburse amounts held in trust or otherwise for the benefit of a person other than the Commonwealth
- b) disburse amounts in connection with services performed on behalf of other governments and bodies that are not FMA agencies
- c) repay amounts where an Act or other law requires or permits the repayment of an amount received
- d) reduce the balance of the Special Account (and, therefore, the available appropriation for the Account) without making a real or notional payment.

8. Appropriation: Financial Management and Accountability Act 1997 section 20

Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2011/05

Purpose:

- a) disburse amounts held in trust or otherwise for the benefit of a person other than the Commonwealth
- b) disburse amounts in connection with services performed on behalf of other governments and bodies that are not FMA agencies
- c) repay amounts where an Act or other law requires or permits the repayment of an amount received
- d) reduce the balance of the Special Account (and, therefore, the available appropriation for the Account) without making a real or notional payment.

This account ceased on 1 July 2014 under the Public Governance, Performance and Accountability (Consequential and Transitional Provision) Act 2014.

9. Appropriation: Financial Management and Accountability Act 1997 section 20

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.

The above determinations that were originally made under subsection 20(1) of the Financial Management and Accountability Act 1997 are taken from 1 July 2014 to have been made under subsection 78(1) of the Public Governance, Performance and Accountability Act 2013.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26: Reporting of Outcomes

	Outcome 1		Outcome 2		Outcome 3		Payments to corporate Commonwealth entities		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental expenses:										
Employee benefits	555,536	537,609	123,385	102,709	102,812	84,934	-	-	781,733	725,252
Supplier	357,336	292,945	205,642	195,214	137,863	148,272	-	-	700,841	636,431
Depreciation and amortisation	109,460	77,237	-	4,991	38,218	65,262	-	-	147,678	147,490
Other expenses	15,911	26,228	-	-	623	-	-	-	16,534	26,228
Total Departmental expenses	1,038,243	934,019	329,027	302,914	279,516	298,468	-	-	1,646,786	1,535,401
Departmental own-source income:										
Sale of goods and rendering of services	87,038	55,489	-	-	36,818	49,464	-	-	123,856	104,953
Other revenue and gains	11,526	19,315	-	-	1,328	257	-	-	12,854	19,572
Total Departmental own-source income	98,564	74,804	-	-	38,146	49,721	-	-	136,710	124,525
Administered expenses										
International development assistance	3,116,868	4,123,826	-	-	-	-	-	-	3,116,868	4,123,826
Multilateral replenishments and other loans	110,837	126,550	-	-	-	-	-	-	110,837	126,550
Other contributions	425,431	361,937	-	-	-	-	-	-	425,431	361,937
Effic, depreciation, amortisation and other expenses	29,722	45,969	795	1,024	-	-	-	-	30,517	46,993
Payments to corporate Commonwealth entities	-	-	-	-	-	-	144,018	138,865	144,018	138,865
Total Administered expenses	3,682,858	4,658,282	795	1,024	-	-	144,018	138,865	3,827,671	4,798,171
Administered income										
Fees and Charges	736	484	464,356	402,074	-	-	-	-	465,092	402,558
Multilateral replenishments and other loans	55,295	392,696	-	-	-	-	-	-	55,295	392,696
Return of prior year administered expenses	34,954	33,099	-	-	-	-	-	-	34,954	33,099
Effic dividends and NIA	49,340	51,029	-	-	-	-	-	-	49,340	51,029
Other revenue and gains	6,433	8,881	-	-	-	-	-	-	6,433	8,881
Total Administered income	146,758	486,189	464,356	402,074	-	-	-	-	611,114	888,263
Net (cost)/contribution of outcome delivery	(4,475,779)	(5,031,308)	134,534	98,136	(241,370)	(248,747)	(144,018)	(138,865)	(4,726,633)	(5,320,784)



Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26: Reporting of Outcomes (continued)

	Outcome 1		Outcome 2		Outcome 3		Payments to corporate Commonwealth entities		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental assets:										
Cash and cash equivalents	55,267	83,185	-	-	2,028	1,371	-	-	57,295	84,556
Trade and other receivables	642,485	508,051	-	-	158,604	247,127	-	-	801,089	755,178
Land and buildings and assets held for sale	302,900	204,577	-	1,121	2,842,418	2,678,605	-	-	3,145,318	2,884,303
Property, plant and equipment and intangibles	369,337	53,851	-	47,591	704	196,637	-	-	370,041	298,079
Inventories	-	74	47,586	39,372	-	195	-	-	47,586	39,641
Other non-financial assets	77,575	61,353	-	-	16,864	23,857	-	-	94,439	85,210
Total Departmental assets	1,447,564	911,091	47,586	88,084	3,020,618	3,147,792	-	-	4,515,768	4,146,967
Departmental liabilities:										
Suppliers	104,498	89,049	-	-	13,426	32,423	-	-	117,924	121,472
Other payables	27,857	33,875	-	-	32,954	28,593	-	-	60,811	62,468
Employee provisions	225,379	210,927	-	-	2,089	1,555	-	-	227,468	212,482
Other provisions	18,763	22,422	-	-	-	-	-	-	18,763	22,422
Total Departmental liabilities	376,497	356,273	-	-	48,469	62,571	-	-	424,966	418,844
Administered assets										
Cash and cash equivalents	257	1,832	-	-	-	-	-	-	257	1,832
Trade and other receivables	183,038	173,103	2,474	2,530	-	-	-	-	185,512	175,633
Investments	2,451,526	2,392,373	-	-	-	-	-	-	2,451,526	2,392,373
Non-financial assets	4,734	6,416	-	-	-	-	-	-	4,734	6,416
Total Administered assets	2,639,555	2,573,724	2,474	2,530	-	-	-	-	2,642,029	2,572,254
Administered liabilities										
Grants payable	509,767	590,449	-	-	-	-	-	-	509,767	590,449
Other payables	965,376	1,051,380	-	20,638	-	-	-	-	965,376	1,072,018
Employee provisions	89,711	80,749	-	-	-	-	-	-	89,711	80,749
Total Administered liabilities	1,564,854	1,722,578	-	20,638	-	-	-	-	1,564,854	1,743,216

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27: Budgetary Reporting - Explanation of Major Variances

Note 27A: Explanation of Major Departmental Variances

The main variance for DFAT in 2015-16 between the original estimates published in the 2015-16 Portfolio Budget Statements (PBS) and the actual results was the increase in employee benefits expenses reported in the Statement of Comprehensive Income (7.1%), with matching impacts on employees operating cash used reported in the Cash Flow Statement (7.3%). The increase was due to number of factors including:

- the impacts of the Enterprise Agreement payrise for APS staff in December 2015,
- increased superannuation contribution rates to the CSS and PSS superannuation funds,
- increases in the valuation of long-term employee leave provisions resulting from decreases in Government bond rates (which also resulted in an increase in the balance of employee provisions reported in the Statement of Financial Position),
- increased costs of locally engaged staff overseas in line with the devaluation of the Australian dollar, and
- increased FBT expenses due to increased living away from home allowances and accommodation payments for staff posted overseas, which were similarly affected by the devaluation of the Australian dollar.

DFAT has in place a strong budget management and reporting framework. Following the emergence of the above factors, and identification of a likely increase in full year expenses, the re-allocation of funding between expense categories was taken to ensure DFAT finished the year within the total funding allocation.

Revenue from Government reported in the Statement of Comprehensive Income was higher than originally estimated (2.5%) primarily due to no-win/no-loss (NWNL) agreements for foreign exchange and living away from home allowance movements, along with a variable funding agreement for passport applications processed. As a result of the devaluation of the Australian dollar versus budgeted exchange rates, more passport issues than estimated (over 88,000 more) and a minor adjustment for increased living away from home allowance expenses, DFAT recorded \$30.9m of additional accrued appropriation revenue. The cash appropriation for this is expected to be received by DFAT as part of 2016-17 Additional Estimates.

Estimated own-source revenues reported in the Statement of Comprehensive Income (23.7% above estimates) and operating cash receipts for sale of goods and rendering of services reported in the Cash Flow Statement (10.0% above estimates) were based on 2014-15 actuals, which were similar to previous years. In 2015-16, DFAT experienced increased rental revenues received by the Overseas Property Special Account and increased service level agreement fees and other cost recoveries from attached Australian Government agencies that DFAT provides services to at posts overseas. These were in part driven by the devaluation of the Australian dollar, where rents are based on the local market or where DFAT was cost recovering for administration expenses incurred in foreign currencies, along with increases in the number of attached agency staff supported. This also contributed to increased suppliers expenses reported in the Statement of Comprehensive Income (2.6%).

There is also a flow on impact of the above movements in revenues and expenses to the deficit for the current financial year reported in the Statement of Comprehensive Income and Statement of Changes in Equity.

There are a number of items that are not incorporated into PBS estimates due to the unpredictable, uncontrollable and/or unplanned nature of the transactions and adjustments. This includes:

- the write-down and impairment of assets reported in the Statement of Comprehensive Income,
- gains or losses from foreign exchange differences reported in the Statement of Comprehensive Income and Cash Flow Statement,
- proceeds and gains or losses from the sale of assets reported in the Statement of Comprehensive Income and Cash Flow Statement, and
- accounting adjustments for DFAT's provision for the future makegood of leasehold improvements in leased properties reported in the Statement of Comprehensive Income and Statement of Changes in Equity.

Additionally, DFAT does not estimate or factor in revaluation adjustments for land and buildings and property, plant and equipment assets into the PBS as these movements are beyond DFAT's control and are difficult to predict. This impacts other comprehensive income reported in the Statement of Comprehensive Income and Statement of Changes in Equity and non-financial asset balances reported in the Statement of Financial Position.



Department of Foreign Affairs and Trade**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

The estimate for depreciation and amortisation expenses in the Statement of Comprehensive Income was not updated at the time of the PBS to reflect increases in the net book value of DFAT's land and buildings and property, plant and equipment assets (25.6%). This was subsequently updated in the 2015-16 Additional Estimates, with differences between this estimate and actual depreciation and amortisation impacting non-financial asset balances reported in the Statement of Financial Position, which were further impacted by write-downs and impairments of assets and the impact of the normal review and update of useful life estimates on accumulated depreciation.

Other material variances between actual figures reported in the Statement of Financial Position and the PBS estimates include:

- › cash and cash equivalents, which decreased (22.3%) as the estimates were based on previous years and the 30 June 2016 balance did not include cash at bank in anticipation of the regular fortnightly payroll, with the last payroll in 2015-16 disbursed on Thursday 30 June,
- › inventories, with increases (68%) due to bringing stock on hand of the new P series passports up to the levels required for business continuity purposes, and
- › other payables, with the estimated reduction in unearned income not eventuating and DFAT maintaining a similar balance to the previous year (68.0%), largely due to prepayments received from tenants of properties held by the Overseas Property Special Account.

The Cash Flow Statement also includes variances for items that are not included in PBS estimates. This includes no estimates for section 74 receipts transferred to the Official Public Account (OPA) and subsequently re-drawn as appropriations, estimated cash transfers to and from the OPA for the Overseas Property Special Account, and GST payments to suppliers and subsequent refunds received from the Australian Taxation Office. In addition, estimated cash flows for asset purchases included amounts that represented the completion of work in progress assets and transfer of the balance to a depreciating asset, with a proportion of the cash flows actually occurring in prior years.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27B: Explanation of Major Administered Variances

There were lower than expected returns of prior year administered expenses reported in the Administered Schedule of Comprehensive Income (33.3%), which relate to unspent monies from funding arrangements. The PBS estimate was based on historical trends and forecast movements in future years, with levels in 2015-16 lower than in previous years.

The 2015-16 actual cash on hand or on deposit balance reported in the Administered Schedule of Assets and Liabilities is lower than estimated (98.4%) as the original 2015-16 estimate was based on the 2013-14 balance, which included late receipts that weren't transferred back to the Official Public Account (OPA) prior to 30 June. Similar events did not re-occur in 2014-15 or 2015-16. There are a number of items that are not incorporated into the estimates published in the PBS, due to the unpredictable, uncontrollable and/or unplanned nature of the transactions and adjustments. This includes the other expenses, other revenue and gains, and Efic NIA income line items in the Administered Schedule of Comprehensive Income, with only Efic dividends and interest income included in estimates.

Additionally, DFAT does not estimate or factor in adjustments for re-measurement of the net liability for defined benefit pension schemes, revaluation of land and buildings and property, plant and equipment assets or movements in the carrying amount of investments, reported in the Administered Schedule of Assets and Liabilities, into the PBS estimates. Similar to above, this is because the main factors that drive these movements are beyond DFAT's control, such as movements due to changes in the value of the Australian Dollar on currency markets.

Note the estimate for the balance of employee provisions reported in the Administered Schedule of Assets and Liabilities did not include the net liability for defined benefit pension schemes, which was valued at \$71.9m at 30 June 2015, and \$80.0m at 30 June 2016 (including valuation adjustments and other movements during 2015-16). This was included in other payables.

The timing of the preparation of estimates included in the PBS 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 that financial year. Significant movements and adjustments that occur late in a financial year are not able to be incorporated into the estimates which are usually finalised in late April.

The impacts of the timing differences is most pronounced for investments administered on behalf of Government reported in the Administered Schedule of Assets and Liabilities (23.4% above estimates), in particular non-monetary 'available for sale' IDA and ADF subscriptions financial instruments. In 2014-15, valuation adjustments of \$382.2m were included in the administered financial statements, but were not factored into the PBS estimates. 2015-16 valuation adjustments resulted in a further \$53.0m increase in the value of the financial instruments. These balances were updated in the 2015-16 Additional Estimates, and actual balances for 2015-16 are close to the updated estimates. The remaining movements are due to movements in the carrying amount of other administered investments, which are recorded through other comprehensive income and reported in the Administered Schedule of Comprehensive Income and Administered Reconciliation Schedule.

Included in the estimated balance for trade and other receivables reported in the Administered Schedule of Assets and Liabilities (91.3% above estimates) are amounts appropriated for multilateral agreements which are drawdown in line with the agreed encashment schedules. As these are administered on behalf of Government the appropriations not yet drawdown 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. Cash amounts drawdown and paid are included in the estimates as reductions in this appropriation receivable, with the remaining differences due to unwinding and valuation adjustments which are not estimated in the Schedule of Administered Comprehensive Income either.



SECTION 06
REFERENCE MATERIAL





REFERENCE MATERIAL

Glossary of terms	341
Acronyms and abbreviations	342
List of figures	345
List of tables	346
List of images	347
Index	350

GLOSSARY OF TERMS

additional estimates	Where amounts appropriated at budget time are insufficient, Parliament may approve additional funds to agencies through additional appropriation legislation.
administered items	Revenues, expenses, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
agency	Agencies are Commonwealth entities as defined under Section 10 of the <i>Public Governance, Performance and Accountability Act 2013</i> .
appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
APS employee	A person engaged under section 22, or a person who is engaged as an APS employee under section 74, of the <i>Public Service Act 1999</i> .
average staffing level	The average number of employees receiving salary over the financial year, with adjustments for part-time and casual employees to show the full-time equivalent.
core funding	Contributions to the regular budgets of organisations to support agreed activities in their strategic plans.
corporate governance	The process by which agencies are directed and controlled. It encompasses authority, accountability, stewardship, leadership, direction and control.
departmental items	Revenue, expenses, assets and liabilities that are controlled by the agency in providing its programs.
economic diplomacy	Economic diplomacy is the use of Australia's international diplomatic assets to advance Australia's prosperity and global prosperity. It is guided by four key pillars: promoting trade; encouraging growth; attracting investment; and supporting Australian business.
grant	Commonwealth financial assistance as defined under the <i>Commonwealth Grants Rules and Guidelines</i> (paragraphs 2.3 – 2.5).
key performance indicators (KPIs)	Annual program performance targets that are outlined in the Foreign Affairs and Trade Portfolio Budget Statements.
memorandum of understanding (MOU)	A document outlining the terms and details of a non-binding arrangement between parties including each party's requirements and responsibilities.
non-core funding	Funding for organisations for specific programs with a clearly identified purpose.
non-ongoing APS employee	A person engaged as a non-ongoing APS employee under subsection 22(2)(b) or 22(2)(c) of the <i>Public Service Act 1999</i> .
ongoing APS employee	A person engaged as an ongoing APS employee under subsection 22(2)(a) of the <i>Public Service Act 1999</i> .
performance pay	A payment in recognition of performance.
Portfolio Budget Statements	Inform the public and Parliament of the proposed allocation of resources by program to achieve the agency's outcomes.
program	An activity or a group of activities that deliver benefits, services or transfer payments to individuals, industry/business or the community as a whole and are the primary vehicles for government agencies to achieve the intended results of their outcome statements.
purchaser-provider arrangements	Arrangements under which the services of one agency are purchased by another agency to contribute to outcomes.
service charter	A public statement about the service that a department will provide and what customers can expect from the department. It is government policy that departments which provide services directly to the public have service charters in place.



ACRONYMS AND ABBREVIATIONS

AACES	Australia Africa Community Engagement Scheme
ACC	Australian Civilian Corps
ADB	Asian Development Bank
ADF	Australian Defence Force
ADF	Asian Development Fund (ADB)
AGAG	Australia–Germany Advisory Group
ANAO	Australian National Audit Office
ANCP	Australian NGO Cooperation Program
APEC	Asia–Pacific Economic Cooperation (Forum)
APO	Australian Passport Office
APPRs	aid program performance reports
APS	Australian Public Service
ARC	Australian Red Cross
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
AUKMIN	Australia–United Kingdom Ministerial Consultations
AUSFTA	Australia – United States Free Trade Agreement
AUSMIN	Australia – United States Ministerial Consultations
Austrade	Australian Trade and Investment Commission
AVID	Australian Volunteers for International Development
CECA	Comprehensive Economic Cooperation Agreement (Australia–India)
ChAFTA	China–Australia Free Trade Agreement
COP 21	UNFCCC 21st Conference of Parties
CRT	Crisis Response Team
CSIRO	Commonwealth Scientific and Industrial Research Organisation
CSP	Comprehensive Strategic Partnership (Australia–Singapore)
DFAT	Department of Foreign Affairs and Trade
EAS	East Asia Summit
Efic	Export Finance and Insurance Corporation
EITI	Extractive Industries Transparency Initiative
EL	executive level
EU	European Union
FOI	freedom of information
FTA	free trade agreement
GCF	Green Climate Fund
GST	goods and services tax
G20	Group of Twenty (19 member countries and the European Union) – Forum for international economic cooperation

HOM	head of mission
HR	human resources
IA-CEPA	Indonesia–Australia Comprehensive Economic Partnership Agreement
ICN	international communications network
ICT	information and communications technology
IORA	Indian Ocean Rim Association
iXc	innovationXchange
JSCOT	(Parliamentary) Joint Standing Committee on Treaties
LES	locally engaged staff
MC10	WTO 10th Ministerial Conference
MDF	market development facility
MIKTA	Mexico, Indonesia, Republic of Korea, Turkey and Australia
MOU	memorandum of understanding
NATO	North Atlantic Treaty Organization
NCP	New Colombo Plan
NGO	non-government organisation
ODA	Official Development Assistance
ODE	Office of Development Effectiveness
OECD	Organisation for Economic Co-operation and Development
OPO	Overseas Property Office and Services
P5+1	China, France, Russia, United Kingdom and United States (UN Permanent Five) + Germany
PACER	Pacific Agreement on Closer Economic Relations
PBS	Portfolio Budget Statements
PGPA	Public Governance, Performance and Accountability (Act)
PIF	Pacific Islands Forum
PNG	Papua New Guinea
RCEP	Regional Comprehensive Economic Partnership
SAFTA	Singapore–Australia Free Trade Agreement
SATIN	Secure Australian Telecommunications and Information Network
SES	senior executive service
SLA	Service Level Agreement
SME	small to medium enterprise
SWF	sovereign wealth fund
UAE	United Arab Emirates
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
UNSC	United Nations Security Council



UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
US	United States of America
USAID	United States Agency for International Development
WASH	water, sanitation and hygiene
WBG	World Bank Group
WMD	weapons of mass destruction
WTO	World Trade Organization
'2+2'	Meeting of foreign and defence ministers from two countries

LIST OF FIGURES

Figure 1	Organisational structure (as at 30 June 2016)	7
Figure 2	Outcomes and programs structure 2015–16	8
Figure 3	Foreign affairs and trade portfolio structure and outcomes (as at 30 June 2016)	9
Figure 4	Australia's trade in goods and services with Oceania	29
Figure 5	Pacific aid program highlights	31
Figure 6	Australia's trade in goods and services with North Asia	36
Figure 7	Australia's trade in goods and services with Southeast Asia	41
Figure 8	Southeast Asia aid program highlights	46
Figure 9	Australia's trade in goods and services with South and West Asia	54
Figure 10	South and West Asia aid program highlights	54
Figure 11	Syria and Iraq humanitarian assistance	59
Figure 12	Middle East and Africa aid program highlights	62
Figure 13	Australia's trade in goods and services with the Americas	67
Figure 14	AUSFTA—10 years on	69
Figure 15	Australia's trade in goods and services with Europe	74
Figure 16	KAFTA and JAEPA	77
Figure 17	Australia's total two-way trade and investment, 2015	92
Figure 18	Services to the Australian Parliament	114
Figure 19	Estimated department ODA by sector, 2015–16	123
Figure 20	AVID program, 2015–16	132
Figure 21	Australian Government response to Tropical Cyclone Winston	142
Figure 22	Global social media coverage, 2015–16	153
Figure 23	Foundations, councils and institutes	156
Figure 24	Australia Awards, 2016	158
Figure 25	Departmental expenses, 2015–16	184
Figure 26	Assets and liabilities, 2011–12 to 2015–16	185



LIST OF TABLES

Table 1	Services to diplomatic and consular representatives in Australia	121
Table 2	Travellers' emergency loans	163
Table 3	Consular services provided to Australian travellers	164
Table 4	Travel documents issued, 2013–14 to 2015–16	171
Table 5	Security and ICT statistics	176
Table 6	Employees by classification, gender and location	210
Table 7	Ongoing and non-ongoing employees, full-time and part-time	211
Table 8	Employees by categories of employment	211
Table 9	SES by level and location	211
Table 10	SES by gender	212
Table 11	SES: New starters and separations during the year	212
Table 12	SES: Inter-agency mobility during the year	212
Table 13	Employees by location and gender as at 30 June 2016	213
Table 14	Employees covered by the Enterprise Agreement, determinations, individual flexibility agreements and remuneration supplementation agreements as at 30 June 2016	214
Table 15	Performance bonus payments by level, 2015–16	215
Table 16	Department of Foreign Affairs and Trade resource statement 2015–16	216
Table 17	Expenses for Outcome 1	218
Table 18	Expenses for Outcome 2	220
Table 19	Expenses for Outcome 3	221
Table 20	Estimated departmental ODA by country and region, 2015–16	222
Table 21	Workplace health and safety statistics	228
Table 22	Advertising and market research	233
Table 23	Contributions to international organisations and peacekeeping operations	234
Table 24	List of sponsors	236
Table 25	Embassies, high commissions, consulates and multilateral missions managed by the Department of Foreign Affairs and Trade (100 posts)	242
Table 26	Consulates managed by Austrade (16 posts)	245
Table 27	Consulates headed by honorary consuls (76 consulates)	245
Table 28	Places where Canada provides consular services to Australian citizens	248
Table 29	Places where Australia provides consular services to Canadian citizens	249

LIST OF IMAGES

1.	The executive	6
2.	ANCAP fisheries project, Papua New Guinea	25
3.	Ms Bishop, University of PNG, November 2015	27
4.	Mr Ciobo, Seasonal Worker Programme MOU with Fiji	28
5.	Anthea Smits, The Difference Incubator, Port Vila, November 2015	30
6.	Tess Connolly (Canberra–profile)	31
7.	Ms Bishop, Australia–ROK ‘2+2’, Sydney, September 2015	33
8.	Gary Quinlan, Ms Bishop, Australia–Japan ‘2+2’, Sydney, November 2015	35
9.	John Langtry with Australian Alumni, Ulaanbaatar, March 2016	37
10.	Jan Adams, Australian Writers Week, Beijing, March 2016	38
11.	Peter Varghese, CT MOU signing with Indonesia, Sydney, December 2015	39
12.	Kyaw Kyaw, Myanmar general elections, Yangon, November 2015	43
13.	Singapore–Australia Joint Ministerial Committee Meeting, Sydney, March 2016	44
14.	Peter Doyle, launch Nabilan program baseline study, Dili, May 2016	45
15.	Richard Mathews (Makassar–profile)	47
16.	MDF initiative, chilli harvesting, Pakistan	49
17.	Ms Bishop, 15th IORA Council of Ministers, Padang, October 2015	51
18.	Mr Robb, IIT Madras Research Park, Chennai, October 2015	52
19.	Hannah Birks and Shoaib Tayyab, SRSP project, Nowshera, June 2016	53
20.	Warren Hauck, Australian Food Festival, Salmiya, January 2016	56
21.	Arthur Spyrou, Gerard Seeber, John Cavanagh, Abu Dhabi, June 2016	60
22.	AACES rural and remote health services, Rwanda	61
23.	Joe Hockey and President Obama, Washington DC, January 2016	64
24.	Ms Bishop, AUSMIN, Boston, October 2015	66
25.	Robert Curtis (Mexico City–profile)	67
26.	Damien Miller, Women Deliver Conference, Copenhagen, May 2016	70
27.	David Ritchie, AGAG members, Canberra, October 2015	72
28.	Gerald Thomson, Eurovision, Stockholm, May 2016	73
29.	Jan Adams, ChAFTA entry into force, Sydney, December 2015	75
30.	Hugh Boylan, final TPP text, Auckland, February 2016	79
31.	Nicola Campion (Canberra–profile)	80
32.	Australian delegation, WTO MC10, Nairobi, December 2015	81
33.	MDF partner business, drying apricots, northern Pakistan	82
34.	Michael Mugliston, Jessica Allen, RCEP round, Perth, April 2016	83
35.	Andrea Gleason, Australian–German LNG cooperation, Perth, April 2016	85
36.	Brendan Berne, MICTA meeting, Canberra, January 2016	88
37.	Adam Coin, Emily Sandilands, launch FTA Portal, Sydney, March 2016	89



38.	Fairtrade project, Tonga	91
39.	Peter Varghese, Gender Equality & Women's Empowerment Strategy, 2016	95
40.	Lisa Gittos (Canberra-profile)	97
41.	Andrew Goledzinowski, Paul Grigson, Bali Process, Bali, March 2016	98
42.	Katrina Cooper, Antarctic Treaty meeting, Santiago, May 2016	99
43.	Michael Bliss, Kate Smith, MH17 meeting, Malaysia, March 2016	100
44.	Peter Woolcott, Ms Bishop, climate change negotiations, Paris, December 2015	101
45.	Four Corners of the World, Emma Kerslake, 2016	102
46.	Ian Biggs, DFAT staff, ADF demonstration, Puckapunyal, October 2015	105
47.	Arms Trade Treaty workshop, Bangkok, April 2016	107
48.	Miles Armitage, DFAT staff, MIKTA meeting, Melbourne, April 2016	108
49.	Prime Minister Turnbull and President Widodo, Jakarta, November 2015	111
50.	Mr Ciobo, Australia Week in China, Beijing, April 2016	113
51.	Lucy Du (LES Shanghai-profile)	114
52.	Justin Brown, Lyndall Sachs, credentials presentation, Canberra, June 2016	117
53.	Peter Varghese, Lyndall Sachs with Diplomatic Corps, Tasmania, April 2016	119
54.	Ric Wells, opening Estonian embassy, Canberra, February 2016	120
55.	DFAT-funded Skills for Economic Growth Program, Vanuatu	122
56.	David Kelly, innovationXchange meeting, Sydney, May 2016	127
57.	Matt Steine (Contractor Canberra-profile)	128
58.	WASH Fund supported training, Vietnam	129
59.	innovationXchange tests methods of global communication, March 2016	130
60.	ANCAP training, Afghanistan	131
61.	Sustainable Development Goals projection, UN New York, September 2015	134
62.	Ms Fierravanti-Wells, ADB Annual Meeting, Frankfurt, May 2016	136
63.	Ewen McDonald, GCF Board Meeting, Songdo, ROK, June 2016	137
64.	Brek Batley, Crisis Response Team, Koro Island, Fiji, February 2016	139
65.	Cameron Noble, aid distribution, Koro Island, Fiji, March 2016	141
66.	ACC specialist Gail Owen, food aid, Daru PNG, March 2016	144
67.	New Colombo Plan alumni, Canberra, September 2015	145
68.	NCP scholar, Asher Taccori, Bangkok, November 2015	147
69.	Australia now performance, Brazil, May 2016	149
70.	Ms Bishop, Sen. Colbeck, Global Alumni strategy, Launceston, April 2016	151
71.	International media visit, Cairns, November 2015	152
72.	Hugh Borrowman, Taste of Australia Vietnam, Hanoi, April 2016	155
73.	Janette Lynagh, Lyndon Christie, consular training, June 2016	159
74.	Smartraveller television advertisement	161
75.	Simon Mamouny, Exercise Sea Raider, Atherton, September 2015	162
76.	Caitlin Bell (Canberra-profile)	165

77.	Australian passport security features	167
78.	New passport website, December 2015	169
79.	Craig Ferguson issues first passport, Phuket, June 2016	170
80.	Adrian Jenz (Canberra–profile)	171
81.	Mauro Kolobaric, Kabul, May 2016	173
82.	External view, new chancery, Jakarta, March 2016	178
83.	Internal courtyard, new chancery, Jakarta, March 2016	181
84.	Peter Varghese, Gary Quinlan, Women in Leadership, Canberra, March 2016	189
85.	Linda Hein (Canberra–profile)	196
86.	Craig Ferguson and LES staff, Phuket	197



INDEX

A

- AACES, 61
- AANZFTA, 76
- Abu Dhabi, 60
- accountability and management, 189–201
 - see also* transparency
- ACIAR, 9, 190
- administered program, *see* aid program
- administrative tribunal matters, 226
- advertising and market research, 233
 - Smarttraveller campaign, 161
- Advisory Group on Australian African Relations, 57
- Afghanistan, 50, 54, 55, 103
 - Kabul, 174
- Africa, 22, 57, 61, 62, 63
 - diplomatic and consular agreements, 118
 - financial services, 131
 - humanitarian programs, 57, 128
 - Indian Ocean region, 51, 127
 - posts in, 180, 182; OPO tenants' satisfaction, 180
 - posts in Australia, 118
 - terrorist prisoners program trial, 108
- Africa Down Under Mining conference, 57
- African Union, 51
- agency resource statement, 216–21
- Agenda for Sustainable Development, 133, 138
- agriculture and agricultural markets, 76, 81, 82, 124
 - Africa, 61
 - Cambodia, 46
 - China, 78
 - India, 52
 - Indonesia, 46
 - Japan, 77
 - Laos, 131
 - Pakistan, 50
 - Papua New Guinea, 102
 - Republic of Korea, 77
 - Seasonal Worker Programme, 28
 - Sri Lanka, 50
 - Timor-Leste, 45
 - United States, 68
 - see also* food and food security
- aid for trade, *see* trade facilitation programs
- Aid Investment Committee, 191
- Aid Investment Plans, 123, 126
- aid program, 18, 97, 122–33, 150, 222–3, 229
 - financial performance, 185
 - Middle East and Africa, 56, 57, 59, 61–2, 128, 131
 - multilateral replenishments and global development partnerships, 134–8
 - North Asia, 33, 34, 37
 - Office of Development Effectiveness evaluations, 192
 - Pacific, 25, 26–32, 124, 129, 131, 136; climate change responses, 26, 29, 103, 137
 - senior management committees, 191
 - South and West Asia, 49, 50, 53, 54, 124
 - Southeast Asia, 39, 40, 45–7, 124, 125, 129; Laos, 129, 131, 135; Myanmar, 46, 103, 124, 131
 - trade and investment, tourism and private sector engagement, 85, 86, 87, 91
 - trade negotiations, 75, 76, 82–3
 - United States cooperation, 65
 - see also* humanitarian programs
- aid program performance reports (APPRs), 126
- aid quality checks, 126
- AIDS/HIV, 135
- Ambassador for People Smuggling and Human Trafficking, 98
- Ambassador for Women and Girls, 51, 103
- Americas, 64–9
 - Caribbean, 22, 65
 - OPO tenants' satisfaction, 180
 - see also* Canada; Latin America; United States
- Amman, 176, 227
- ANCP, 131
- Andaman Sea, 98
- Ankara, 73
- annual performance statement, 13–185
- Annual Report
 - corrections to errors in 2014–15, 250–1
 - list of requirements, 252–5
- Antarctica, 99, 229
- anti-bullying, harassment and discrimination, 227–8
- APEC, 26, 86, 102, 103, 106
- appropriations, *see* finance
- aquaculture, 51, 127
- armoured vehicle training, 176
- Arms Trade Treaty, 107
- ASEAN, 41, 98, 156
 - Secretariat, 42
- ASEAN–Australia–New Zealand Free Trade Agreement (AANZFTA), 76
- ASEAN Regional Forum (ARF), 106
- Asia, *see* Middle East and Africa; North Asia; South and West Asia; Southeast Asia
- Asia–Europe Ministerial Meeting, 71
- The Asia Foundation, 43
- Asialink Business, 146
- Asian Development Bank (ADB), 124, 137, 192
 - Asian Development Fund, 135, 136, 185
 - Pacific Business Investment Facility, 30
- Asian Infrastructure Investment Bank, 135
- ASIS, 9, 190
- assets and assets management, 185, 200
 - depreciation and amortisation expenses, 183, 184
 - property services, 178–82, 180
- Association of Southeast Asian Nations, *see* ASEAN
- asylum seekers, *see* refugees and displaced persons
- Attorney-General's Department, 118
- Auckland, 227
- Audit and Risk Committee, 191
- audits, 194, 196, 200, 201
 - workplace health and safety, 227
- AUSFTA, 68–9
- AusIndustry, 89
- AUSMIN, 65, 66, 109
- Austrade, 9, 86, 151, 190
 - China, 34
 - consulates managed by, 245
 - FTA information seminars, 89
 - India, 52
 - Indonesia, 40
 - United Arab Emirates (UAE), 60
 - United States, 65
- Australia Africa Community Engagement Scheme, 61
- Australia–ASEAN Council, 41, 156
- Australia–ASEAN summits, 41

Australia–Asia Program to Combat Trafficking in Persons, 46, 98
 Australia Awards, 20, 150, 158, 192
 Africa, 62
 South and West Asia, 54
 Australia–China Council, 156
 Australia–China High-Level Dialogue, 34
 Australia–EU Crisis Management Agreement, 71
 Australia–EU Framework Agreement, 71
 Australia–Germany Advisory Group, 71, 72
 Australia Global Alumni Engagement Strategy, 151
 Australia Group, 106
 Australia–India Civil Nuclear Cooperation Agreement, 50
 Australia–India Council, 156
 Australia–India–Japan trilateral meeting, 50
 Australia–India Leadership Dialogue, 50
 Australia–India Policy Forum, 156
 Australia–India Senior Officials’ Talks, 50
 Australia–Indonesia Institute, 156
 Australia–Japan Basic Treaty of Friendship and Cooperation, 15
 Australia–Japan Foundation, 157
 Australia–Korea Foundation, 157
 Australia–Pacific Technical College, 31
 Australia Papua New Guinea Business Forum, 26
 Australia–Papua New Guinea Ministerial Forum, 26
 Australia–UK Strategic and Economic Dialogues, 71
 Australia–Ukraine Nuclear Cooperation Agreement, 73
 Australia United States Business Week, 65
 Australia – United States Free Trade Agreement, 68–9
 Australia – United States Ministerial (AUSMIN) consultations, 65, 66, 109
 Australian aid, *see* aid program
Australian Aid Budget Summary 2016–17, 126
 Australian Antarctic Division, 229
 Australian Antarctic Strategy and 20 Year Plan, 99
 Australian Broadcasting Corporation (ABC), 151
Australian by Degree, 151
 Australian Centre for International Agricultural Research, 9, 190
 Australian Civilian Corps, 143, 227
 Australian Defence Force, *see* Department of Defence
 Australian Electoral Commission, 43
Australian Engagement with Developing Countries, 126
 Australian Federal Police, 118
 Australian Federation of Travel Agents, 160
 Australian Government Global Watch Office, 165
 Australian Government IT Awards, 89
 Australian Information Commissioner, 195
 Australian National Audit Office (Auditor-General), 191
 audits, 196, 200, 201
 Australian National University, 27, 83, 88
 Australian NGO Cooperation Program (ANCP), 131
 Australian Passport Information Service, 169, 170
 Australian Passport Office (passport services), 19, 167–72, 230
 Australian Red Cross, 143
 Australian Research Council grants, 172
 Australian Secret Intelligence Service, 9, 190
 Australian Trade and Investment Commission, *see* Austrade
 Australian Volunteers for International Development (AVID) program, 20, 132
 Australian Writers Week, 38
 autonomous sanctions, *see* sanctions
 Autonomous Sanctions Regulations 2011, 97
 aviation, 42
 Malaysia Airways Flight MH17, 73, 74, 100
 awards (recognition), 61, 89, 129, 181, 227
 awards (scholarships), *see* scholarships and awards

B

Baghdad, 174, 227
 Bali Process, 98
 Bangkok, 180, 182
 Bangladesh, 50, 124
 Dhaka, 176
 banking (financial) services, 46, 131, 135
 beef exports, 68, 77
 Beijing, 38, 86, 154
 Belgium, 21, 71, 100
 Belgrade, 73
 Bennelong Foundation NCP Cross-Cultural Training Program, 146
 Berlin, 73
 ‘Big Picture’ activities, 116
 biodiversity treaty, 96
 biological weapons, 106
 biometrics, 168, 172
 blogs, 116, 153, 154
 Bloomberg Philanthropies, 127
 Blue Economy Aquaculture Challenge, 51, 127
 BRAC, 54
 Brazil, 20, 65, 150, 157
 Britain, *see* United Kingdom
 broadening knowledge and understanding priority function, 22–3
 Brunei Darussalam, 40
 budget, *see* finance
 building personal networks and institutional links priority function, 19–20
 bullying, 227–8
 Burma, *see* Myanmar
 business continuity planning, 194
 business delegations, 40, 52
 to Australia, 71
Business Envoy, 90
 business involvement, *see* private sector investment
 Business Partnerships Platform, 87
 business satisfaction with support, 90
Business@dfat portal, 90

C

Cabinet submissions and briefings, 112
 cable network, 175
 Cairns Group, 81
 Cambodia, 40, 46, 125, 129
 New Colombo Plan, 146, 147
 Canada, 65
 consular services, 160, 248–9
 cancelled passports, 168
 Cao Lanh Bridge, Vietnam, 40, 124
 capacity building, 90
 APEC economy policymakers, 86
 corrections officers, 108
 first-aid training, 143
 Myanmar voters and poll workers, 43
 Pacific women negotiators, 29
 Papua New Guinea, 27, 31
 capital works projects, 118, 180–2
 CARE Australia, 131
 Caribbean, 22, 65
 cattle, 46
 beef exports, 68, 77
 chemical weapons, 106
 Chengdu, 38
 Chennai, 52
 children
 health, 45, 61, 127
 passports, 169, 170
 see also education



China, 16, 34, 146
 Antarctic talks, 99
 Beijing, 38, 86, 154
 coal testing procedures, 36
 consular agreement, 160
 consular posts in Australia, 118
 cyber security, 106, 109
 Free Trade Agreement (ChAFTA), 16, 78, 89–90
 G20, 86
 Hong Kong, 34; post, 38, 227
 public diplomacy programs, 38, 152, 154, 156
 cigarette plain packaging, 76
 Civil Society Water, Sanitation and Hygiene (WASH) Fund, 129
 classification of staff, 210, 211–12, 214–15
 client service charter, APO, 168
 climate change, 86, 101, 135
 Pacific responses, 26, 29, 103, 137
 cloud storage, 73
 co-location of diplomatic missions, 120
 coal, 36
 coal-fired power plants, 86
 coastal protection activities, 137
 cocoa, 102
 coffee, 131
 Colombia, 65, 118
 Colombo, 176
 Comcare, 227
 incidents notified to, 228
 Commission on the Status of Women, 103
 Commonwealth Director of Public Prosecutions referrals, 193
 Commonwealth Heads of Government Meeting, 96, 103
 Commonwealth Ombudsman, 195
 compensation for detriment caused by defective administration, 196
 complaints, 195
see also feedback
 Comprehensive Nuclear-Test-Ban Treaty, 22, 107
 computing, *see* information and communications technology; websites and web services
 conduct and ethics, 191, 193
 construction projects, 118, 180–2
 Consular Consultative Group, 160
 Consular Emergency Centre, 160
 Consular Information System, 161
 consular services, 159–66, 250
 Croatia, 73
 India, 52
 Indonesia, 47
 services to representatives in Australia, 115, 117–21
 Thailand, 40
see also honorary consuls
 Consular Strategy, 160
 consultancy services, 201
 contingency planning, 162
 contract services, *see* purchasing
 Copyright Agency Limited Cultural Fund, 38
 corporate governance, 190–4
Corporate Plan, 5, 14, 190, 192
 performance statement, 13–185
 correspondence, 112
 diplomatic mail, 179
 costs, *see* finance
 Council for Australian–Arab Relations, 157
 Council of Australian Tour Operators, 162
 Council on Australia Latin America Relations, 157
 counter-terrorism, *see* terrorism
 country and regional aid programs, assessment of, 126
 country (rules) of origin, 89
 court actions, 226
 court systems, *see* law and justice
 counselling for staff, 198
 credentials ceremonies, 118
 Crisis Action Plans, 162

Crisis Centre, 141
 crisis response teams, 141, 162, 197, 227
 Croatia, 73
 Cuba, 65
 cultural diplomacy, *see* public diplomacy and communication
 Cushman and Wakefield, 180, 230
 cyber activities, *see* information and communications technology
 Cyber Security Strategy, 106
 cyclones, *see* tropical cyclones
 Cyprus, 118

D

Daesh, 57, 58, 96, 106
 DCNS, 71
 death penalty, 96
 debt rescheduling agreement, Cuba, 65
 defective administration, compensation for, 196
 defence and security, 135
 Afghanistan, 50, 55
 against Daesh, 57
see also peacebuilding and peacekeeping; protective security; terrorism
 defence and security, bilateral discussions and cooperation
 Europe, 71
 India, 16
 Indonesia, 40
 Israel, 57
 Japan, 34, 35, 106
 Malaysia, 40
 Papua New Guinea, 26
 Republic of Korea, 34, 35
 Singapore, 44
 United States, 15, 66, 106
 defence exercises, 16, 162
 Defence Science and Technology Group, 172
 Defence White Paper, 106
 deliverables, 205–9
 delivering an innovative aid program priority function, 18
 democratic governance, 40
 elections, 26, 43
 dengue fever, 152
 Denmark, 73
 Department of Defence (Australian Defence Force), 15, 16, 34, 66, 106
 Defence Science and Technology Group, 172
 humanitarian programs, 140, 141, 162
 Department of Education and Training, 20, 151
 Department of Finance, 174, 195
 Department of Immigration and Border Protection, 40, 66, 168
 Department of Industry, Innovation and Science, 36
 Department of the Environment, 99, 229
 Department of the Prime Minister and Cabinet, 66, 101, 113
 Department of the Treasury, 16, 60, 86, 135
 Departmental Executive, 191
 Departmental Security Committee, 177, 192
 depreciation and amortisation expenses, 183, 184
 deputy secretaries, 6, 137, 190, 191
 detriment caused by defective administration, 196
 development assistance, *see* aid program
 Development Assistance Committee, 135
 development banks, 135, 136
see also Asian Development Bank; World Bank Group
 Development Policy Committee, 191
 Dhaka, 176
 The Difference Incubator, 30
 Digital Media Strategy, 23
see also social media
 digital passports, 168

Diplomatic Academy, 198, 199
 diplomatic and consular representatives in
 Australia, 115, 117–21
 diplomatic cable system, 175
 diplomatic leases, 118, 120
 diplomatic mail service, 179
 diplomatic relations, 34, 118
 Diplomatic Tradecraft Month, 198
 diplomatic visas, 118
 Direct Aid Program, 150
 Director of Public Prosecutions referrals, 193
 disability, people with, 18
 Fiji, 131
 staff, 198
 Disability-Inclusive Development Fund, 18
 disarmament, *see* non-proliferation and
 disarmament
 disaster preparedness and risk reduction, 140
 Pacific, 136, 143
 disaster response, *see* humanitarian programs
 discrimination, 227–8
 against women, 103
 see also human rights
 Doha, 180
 Doha Round, 81, 84
 domestic property, 180, 230
 domestic violence, *see* sexual and gender-based
 violence
 drugs, 97

E

e-learning programs, 198, 227
 earthquakes, 50
 East Asia, *see* North Asia; Southeast Asia
 East Asia Summit, 42
 East New Britain, 102
 East Timor, *see* Timor-Leste
 ecologically sustainable development, *see*
 environment
 economic governance, *see* governance
 economic growth and development, 41, 135
 Malawi, 131
 Mongolia, 37
 Pacific, 26
 South and West Asia, 50, 53, 54
 Timor-Leste, 45
 see also employment; infrastructure; private
 sector development
 education and education markets, 46, 124, 135,
 192
 Bangladesh, 50, 124
 India, 50, 52
 Laos, 135
 Pakistan, 50, 53
 school partnerships, 156, 157
 Sri Lanka, 50
 Timor-Leste, 45
 see also capacity building; higher education;
 scholarships and awards; vocational
 education and training
 Efic, 9, 65, 86, 89, 190
 elections, 26, 43
 to international organisations, 22, 96
 electricity generation and transmission, 47, 60, 86
 Embassy Productions, 160
 emergencies, *see* humanitarian programs
 emergency loans to travellers, 163
 emergency passports issued, 170
 emissions reduction target, 101
 employment
 diplomatic officers' dependants, 118
 migrant workers, 98
 Pakistani women, 53
 Seasonal Worker Programme, 28
 see also private sector development

*Enabling Women's Contributions to the Indian
 Ocean Rim Economies*, 51
 energy, *see* mining and energy sector
 Enterprise Agreement, 199, 214, 251
 environment, 229–30
 Antarctica, 99, 229
 Indian Ocean, 51
 Pacific, 31
 see also climate change
Environment Protection Policy for the Aid Program,
 229
 Environmental Goods Agreement, 76
 Estonian embassy, 72, 120
 ethics and conduct, 193
 Ethics Committee, 191
 Ethiopia, 57
 Europe, 70–4
 Antarctic collaborations, 99
 development partnerships, 108, 135, 137, 141
 diplomatic and consular agreements, 118
 diplomatic and consular corps in Australia, 72,
 120
 Malaysia Airways Flight MH17, 74, 100
 terrorist attacks, 21, 71, 163
 see also United Kingdom
 European Commission, 71
 European Council, 71
 European Union (EU), 71, 74, 135
 Eurovision, 73
 evaluation and planning, *see* plans and planning
 executive, 6, 190, 192
 exempt contracts, 201
 expenses, *see* finance
 Export Finance and Insurance Corporation (Efic), 9,
 65, 86, 89, 190
 exports, *see* trade
 external scrutiny and accountability, 195–6, 224–6
 Extractive Industries Transparency Initiative, 90

F

Facebook, 73, 153, 154, 163
 facial recognition technology (biometrics), 168,
 172
 Fairtrade Australia New Zealand, 91
 faulty passports, 170
 feedback, 90, 192
 Australia Awards recipients, 20
 consular services, 160, 163
 diplomatic and consular corps in Australia, 119
 FTA information seminars, 89
 ICT users, 175
 ministerial travel support, 113
 ministers, 112
 New Colombo Plan, 146
 passport services, 168
 property services, 180
 females, *see* women and girls
 Fields Group Pty Ltd, 201
 Fiji, 26, 31, 82
 Tropical Cyclone Winston, 125, 141–2, 143, 163
 water, sanitation and hygiene, 129, 137
 Fiji Red Cross, 143
 Fiji Spinal Injuries Association, 131
 film, 157
 television series, 151, 157, 160
 finance, 183–5, 200–1, 214–23, 231–41, 258–337
 compensation for detriment caused by
 defective administration, 196
 contributions to international organisations,
 134–8, 185, 234–5
 travellers' emergency loans, 163
 workers' compensation insurance premium,
 227
 see also grants; purchasing; remuneration



financial services, 46, 131, 135
 financial statements, 259–337
 Finland, 72, 118, 120
 fishing and fisheries, 229
 Indian Ocean aquaculture, 51, 127
 Pacific region, 26, 31, 124
 flexible work trial, 198
 food and food security, 127
 Africa, 61
 Australian cuisine, 73, 155, 157
 Syria and Syrian refugees, 59
 see also agriculture
 foreign aid, *see* aid program
 foreign fighters, 42
 foreign investment and foreign investment
 markets, 17, 86, 93, 152
 Africa, 57
 European Union, 71
 North Asia, 34
 United Arab Emirates (UAE), 60
 United States, 69
 foundations, councils and institutes, 41, 150,
 156–7
 France, 71, 141
 Paris terror attacks, 21, 71, 163
 FRANZ disaster relief arrangement, 141
 fraud control, 193
 passports, 168, 169, 172
 free trade agreements, 76, 77–80, 89, 154
 China, 16, 78, 89–90
 European Union, 71
 Gulf Cooperation Council, 63
 India, 50, 76, 152
 Indonesia, 46
 Japan, 15–16, 77, 89–90
 United States, 68–9
 see also regional trade negotiations
 freedom of information, 195
 fruit and vegetables, 77, 78, 82
 FTA hotline, 90
 FTA Portal, 89
 full-time employees, 211

G

G20, 50, 71, 86, 106
 gas, 87
 Gavi, 135
 G'Day USA, 65
 gender equality, *see* women and girls
 Gender Equality and Women's Empowerment
 Strategy, 103
 Gender Equality Fund, 103
 gender of staff, 210, 212, 213
 Geneva Group, 96
 Germany, 71, 72, 137
 Berlin, 73
 Glasgow–Burchell Declaration on Enhanced
 Diplomatic Network Cooperation, 65
 global aid programs, assessment of, 126
 global and regional environment priority function,
 15–16
 Global Blue Economy Challenge, 51, 127
 Global Consular Forum, 160
 Global Counter-Terrorism Forum, 106, 108
 Global Environment Facility, 135
 Global Fund to Fight AIDS, Tuberculosis and
 Malaria, 135
 Global Partnership for Education, 135
 Global Watch Office, 165
 governance, 124
 Afghanistan, 50, 54
 Palestinian Authority, 62
 Papua New Guinea, 27, 31
 see also democratic governance; law and justice
 Governor-General, 71, 72

grants, 234
 Australian NGO Cooperation Program, 131
 Australian Research Council, 172
 International Relations Grant Program, 156–7
 Great Barrier Reef, 71
 Green Climate Fund, 137
 greenhouse gas emissions reduction target, 101
 Guangzhou, 38
 Guest of Government visitors, 71, 72
 Gulf Cooperation Council, 57, 63
 Gulf States, *see* Middle East and Africa

H

Hanoi, 155
 harassment, 227–8
 health, 97, 124–5, 127, 135
 Africa, 61
 dengue fever, 152
 India, 52
 Pacific, 26, 29, 31
 Syrian refugees, 59
 Timor-Leste, 45, 46
 Uruzgan, 54
 see also food and food security; workplace
 health and safety
 Heart of Asia regional dialogue, 50
 higher education, 20
 Australian Studies, 157
 India, 52
 Mongolia, 37
 New Colombo Plan, 20, 145–8
 see also Australia Awards
 HIV/AIDS, 135
 Ho Chi Minh City, 155
 Hong Kong, 34
 post, 38, 227
 honorary consuls, 5, 160, 245–7
 in Australia, 118
 Horn of Africa, 57, 128
 horticulture, 77, 78, 82, 102, 131
 hospitals, 26
 Hostage UK, 162
 Howard, John, 68
 human resources, *see* staff
 human rights, 22, 96
 Brunei Darussalam, 40
 see also discrimination; women and girls
 Human Rights Council, 22, 96
 human trafficking (people smuggling), 46, 50, 98
 Humanitarian Operations Centre, 141
 humanitarian programs, 21, 125, 130, 139–44
 Middle East and Africa, 57, 128; Syria and Iraq,
 57, 59, 62, 128
 Nepal, 50
 Tropical Cyclone Winston, 125, 141–2, 143, 162,
 163
 Humanitarian Strategy and Strategy for Australia's
 Aid Investments in Social Protection, 125,
 128

I

i2i Development, 102
 ICAO, 19
 'ice', 97
 ICT Steering Committee, 191
 identity security, 168
 immigration, *see* migration
 imports, *see* trade
 improving market access priority function, 17
 income generation, 45, 53
 see also private sector development
 Independent Evaluation Committee, 192, 195

- India, 16, 50, 52, 55
 - Australia Group membership bid, 106
 - Comprehensive Economic Cooperation Agreement (FTA), 50, 76, 152
 - public diplomacy programs, 115, 152, 154, 156
 - Indian Ocean region, 51, 127
 - Indigenous Australians, 102, 150, 156
 - staff, 191, 198
 - Indigenous Peoples Strategy, 102
 - Indigenous Procurement Policy, 200–1
 - Indigenous Task Force, 191
 - Indonesia, 16, 40, 76, 98
 - Comprehensive Economic Partnership Agreement (IA-CEPA), 46
 - counter-terrorism cooperation, 106, 108
 - Jakarta, 175, 180, 181, 182
 - justice system, 22
 - Makassar, 47, 175, 180
 - MIKTA, 88
 - public diplomacy programs, 152, 154, 156
 - social protection system, 125
 - website visitors from, 154
 - women, 103, 192
 - Indonesia–Australia Business Partnership Group, 46
 - information and communications technology, 115
 - cyber security, 40, 106, 109, 110
 - mobile phones, 45; apps, 43, 161
 - WTO Agreement, 76
 - information and communications technology, departmental, 24, 173–7, 191
 - cloud storage, 73
 - Consular Information System, 161
 - eLearning programs, 198, 227
 - financial management information system, 200
 - innovationXchange, 127, 128, 194
 - passport services, 168, 169
 - services to attached agencies, 232
 - see also* social media; websites and web services
 - infrastructure and infrastructure markets, 60, 87, 124, 135
 - Cambodia, 40
 - Indonesia, 46
 - Pacific, 26, 31
 - Pakistan, 54
 - Sri Lanka, 50
 - Vietnam, 40, 124
 - see also* water, sanitation and hygiene
 - Innovation Strategy, 194
 - innovationXchange, 127, 128, 194
 - Instagram accounts, 154
 - inter-agency mobility, 212
 - internal audit, 194
 - internally displaced persons, *see* refugees and displaced persons
 - international agreements, *see* treaties and other international agreements
 - International Atomic Energy Agency, 107
 - International Civil Aviation Organization, 19
 - International Committee of the Red Cross (ICRC), 140
 - International Communications Network (ICN), 174
 - International Conference and Exhibition on Liquefied Natural Gas, 87
 - International Conference of the Red Cross and Red Crescent, 97
 - international crises priority function, 21
 - see also* consular services; humanitarian programs; terrorism
 - International Day of the Tropics, 96
 - International Development Association, 136, 185
 - International Energy Agency, 87
 - international environment priority function, 15–16
 - International Foundation for Electoral Systems, 43
 - international frameworks and norms priority function, 21–2
 - International Labour Organization, 96
 - international law, 96–7
 - Malaysian Airlines Flight MH17, 100
 - see also* treaties
 - International Media Visits program, 115, 150, 152
 - international organisations, 19, 87, 96, 107, 134–8, 140
 - APEC, 26, 86, 102, 103, 106
 - OECD, 86; Development Assistance Committee, 135
 - payments to, 134–8, 185, 234–5
 - posts in Australia, 118
 - World Trade Organization (WTO), 36, 76, 81, 84
 - see also* Asian Development Bank; United Nations; World Bank Group
 - International Relations Grant Program, 156–7
 - international security, nuclear disarmament and non-proliferation, 105–10
 - International Skills Development Program, 198
 - International Strategy to Combat Human Trafficking and Slavery, 98
 - International Syria Support Group, 58
 - International Women's Day, 103
 - International Women's Development Agency, 131
 - intranet, 116, 175
 - Investing in Women Initiative, 103
 - investment, *see* foreign investment
 - investment quality reporting (aid program), 126
 - IORA, 51
 - Iran, 57, 63, 97, 107
 - Tehran, 176
 - Iraq, 57, 58–9, 62
 - Baghdad, 174, 227
 - Daesh, 57, 58, 96, 106
 - Iraq and Syria Task Force, 57
 - Israel, 57
 - Italy, 71
- J**
- Jakarta, 175, 180, 181, 182
 - Japan, 34, 35
 - diplomatic premises in, 118
 - Economic Partnership Agreement (JAEPA), 15–16, 77, 89–90
 - public diplomacy programs, 152, 157
 - trilateral discussions, 50, 106
 - joint parliamentary committees, *see* parliamentary committees
 - Jones Lang LaSalle, 179
 - Jordan, 128
 - Amman, 176, 227
- K**
- Kabul, 174
 - keeping government communications secure, Australia's global assets in good order and ensuring the security and health of our staff priority function, 23–4
 - Kenya, 57, 108
 - Nairobi, 180, 182
 - key performance indicators, *see* performance indicators
 - kidnapping incidents, 160, 162
 - Kiribati, 26, 28, 29, 124, 125, 147
 - knowledge and understanding priority function, 22–3
 - see also* public diplomacy and communication
 - Korea, 34, 35, 42
 - see also* Republic of Korea
 - Korea–Australia Free Trade Agreement (KAFTA), 76, 77, 89–90
 - Kosovo, 118
 - Kuala Lumpur Declaration, 42
 - Kyiv, 120



L

Lae, 26
 Laos, 40, 129, 131, 135
 Latin America, 65, 88
 diplomatic premises in, 118
 public diplomacy programs, 20, 65, 150, 157
 Latin America Down Under mining conference, 65
 Launceston, 119
 law and justice, 22, 124
 abuses of diplomatic privileges and immunities, 118
 Brunei Darussalam, 40
 death penalty, 96
 terrorist prisoners, 106, 108
 see also sexual and gender-based violence
 Leaders' Summit on Strengthening UN Peacekeeping, 96
 leading the Government's response to international crises priority function, 21
 learning and development, *see* education; staff learning and development
 LearningX Impact Awards, 227
 leased estate, 178–82
 leasing arrangements, Canberra, 118, 120
 Lebanon, 128
 legislation, 196
 diplomatic leases, 120
 passports, 169, 196
 PGPA Act, 13, 190, 192
 sanctions, 97
 lesbian, gay, bisexual, transgender and intersex (LGBTI) staff, 198
 liabilities, 185
 LinkedIn accounts, 146, 151, 153
 liquefied natural gas, 87
 Lisbon, 73
 loans to travellers, 163
 locally engaged staff, 197, 213
 location of staff, 210, 211, 213
 lost passports, 169
 Lowy Institute, 157

M

Macau, 160
 Madrid, 73
 mail, 179
 ministerial correspondence, 112
 Makassar, 47, 175, 180
Making Performance Count aid performance framework, 18
 see also performance indicators
 malaria, 29, 135
 Malawi, 131
 Malaysia, 40, 100, 106
 Malaysia Airways Flight MH17, 73, 74, 100
 male staff, 210, 211, 212, 213
 Malta, 73
 management and accountability, 189–201
 see also transparency
 Manila, 174
 marine environment, 51, 229
 see also fishing and fisheries
 maritime-related incident response, 51
 maritime security, 26, 42, 50
 South China Sea, 35, 41, 42, 96
 Market Development Facility, 45, 82
 market research, 233
 markets and market access, 17, 75–94
 Africa, 57
 China, 36, 78
 Europe, 71
 Indonesia, 46
 Japan, 15–16
 Middle East, 57

Pacific, 28–9
 Singapore, 44, 80
 South and West Asia, 50, 52
 United Arab Emirates (UAE), 60
 see also free trade agreements
 Masdar, 60
 maternal and reproductive health, 45, 61, 127
 MC10, 76, 81
 meat exports, 68, 77
 media, 150–4
 international visits and exchanges, 115, 150, 152
 see also websites and web services
 media queries, 150, 154
 media releases and public statements, 150
 medical services, *see* health
 Medical Unit, 198
 Mekong region, 47
 Cao Lanh Bridge, 40, 124
 see also Cambodia; Laos; Vietnam
 memorandums of understanding (MOUs)
 attached agencies, 24
 Australia–Korea Foundation, 157
 Canada, 160
 China, 86
 IORA, 51
 Russia, 72
 mentoring programs, 199
 methamphetamines, 97
 Mexico, 65, 88
 Middle East and Africa, 56–63, 72
 Iran, 57, 63, 97, 107, 176
 posts in, 128, 176, 227
 public diplomacy programs, 157
 return of foreign fighters from, 42
 see also Africa; Iraq; Syria
 migration, 98
 people smuggling (human trafficking), 46, 50, 98
 see also refugees and displaced persons
 MIKTA, 86, 88
 mining and energy sector (extractive sector), 87, 90
 Africa, 57
 China, 36
 Latin America, 65
 Pacific, 29
 power generation and transmission, 47, 60, 86
 Republic of Korea, 157
 South and West Asia, 50, 52
 Timor Sea, 40, 104
 United States, 68
 Mining Indaba conference, 57
 ministerial correspondence, 112
 ministerial submissions, 112
 ministerial travel, 113
 ministers, 112, 113, 114
 mobile phones, 45
 apps, 43; Smartraveller, 161
 Mongolia, 34, 37
 Ulaanbaatar, 34, 175, 180
 Motivation Australia, 131
 multilateral organisations, *see* international organisations
 multilateral policy, development, legal and environment, 95–104
 multilateral replenishments and global development partnerships, 134–8
 Mumbai, 52
 Mundine, Warren, 102
 Myanmar, 46, 124, 140
 elections, 43
 women's empowerment and gender equality, 103, 131
 Myer Foundation, 146

N

Nairobi, 180, 182
 National Archives Australia, 157
 National Capital Authority, 120
 national day celebrations, 118
 national security, *see* defence and security
 natural disasters, *see* disaster preparedness and risk reduction; humanitarian programs
 natural gas, 87
 Nauru, 26, 28
 naval cooperation, 16, 65
 Nepal, 50
 Netherlands, 100, 108
 networks and links priority function, 19–20
 New Colombo Plan, 20, 145–8
 New Delhi, 52
 New South Wales, 52, 60
 Newcastle passport office, 168
 New Zealand, 26, 79, 91, 112, 141, 154
 Auckland, 227
 Nguyen, Luke, 155
 Nigeria, 118
 non-government organisations (NGOs), 131, 140, 192
 Africa, 61
 Middle East, 62
 non-ongoing employees, 211
 non-proliferation and disarmament, 106–7
 bilateral discussions and cooperation, 50
 Iran, 57, 107
 North Korea, 22, 34, 35, 106
 North America, *see* Canada; Latin America; United States
 North Asia, 33–8
 New Colombo Plan, 146
 OPO tenants' satisfaction, 180
 see also China; Japan; Republic of Korea
 North Korea, 22, 34, 35, 42, 106
 Northern Australia, 152
 White Paper, 28, 152
 Northern Territory, 152
 Norway, 99
 Nowshera District, 53
 NPM Industries, 45
 nuclear energy, 50, 73

O

objectives, 205–9
 OECD, 86
 Development Assistance Committee, 135
 Office of Development Effectiveness (ODE), 126, 128, 192–3
 Office of the Australian Information Commissioner, 195
 Official Development Assistance (ODA), *see* aid program
 oil stockholding, 87
 Ombudsman, 195
 1.5 track dialogues, 34
 ongoing employees, 211
 operating result, 183–5
 organisation and structure, 5–9
 passport services, 168
 security branches, 177
 Organisation of Islamic Cooperation, 57
 Organo Botanica, 82
 origin rules, 89
 ORIMA Research, 180
 outcomes and programs, 25–185, 205–9, 218–21, 229–30
 outer space, 107, 115
 overseas network, 5, 23–4, 178–82, 230, 242–9
 corrections to errors in 2014–15 Annual Report, 250

passports issued, 170
 staff, 128, 197, 210, 211, 213; locally engaged, 197
 websites and online services, 150, 154
 workplace health and safety, 227–8
see also consular services; public diplomacy and communication
 Overseas Property Office and Services, 177, 178–82

P

P5+1, 57
 PACER Plus, 26, 28
 Pacific, 25–32, 130, 150
 climate change responses, 26, 29, 103, 137
 cooperation strategy with Japan, 34, 35
 disaster preparedness and risk reduction, 136, 143
 Fairtrade revenue, 91
 Fijians with spinal injuries, 131
 fisheries, 26, 31, 124
 justice systems, 22
 Market Development Facility, 82
 New Colombo Plan locations, 147
 office services, 182; tenants' satisfaction, 180
 Tropical Cyclone Winston, 125, 141–2, 143, 162, 163
 water, sanitation and hygiene, 29, 129
 women and girls, 29, 30, 103, 125
 see also New Zealand; Papua New Guinea
 Pacific Humanitarian Challenge, 130
 Pacific Islands Forum (PIF), 26, 137, 141
 Pacific Leadership and Governance Precinct, 27, 31, 102
 Pacific National Disaster Management Offices, 143
 Pacific Regional Environment Programme, 29, 137
 Pacific Women Shaping Pacific Development program, 125
 Pakistan, 50, 118
 market development, 53, 54, 82
 Palaung Women's Organisation, 131
 Palestinians, 57, 62, 63, 176
 paper, passport services, 172, 230
 Papua New Guinea, 26, 82
 justice system, 22
 Pacific Leadership and Governance Precinct, 27, 31, 102
 small to medium-sized enterprise development, 102
 water, sanitation and hygiene, 129
 Papua New Guinea Institute of Public Administration, 27
 Paris Agreement, 101
 Paris Club negotiations, 65
 parliamentary committees, 65, 112, 224–5
 corrections to errors in 2014–15 Annual Report, 250
 treaties, 78, 79, 96, 224
 parliamentary delegations, 26, 113
 Parliamentary Document Management System, 112
 part-time employees, 211
 partner performance assessments, 126
 passport services, 19, 167–72, 230
 peacebuilding and peacekeeping, 96, 135, 185, 235
 Myanmar, 46, 124
 South Sudan, 57
 Sri Lanka, 50
 women and, 103
 peaceful uses of nuclear energy, 50, 73
 people smuggling (human trafficking), 46, 50, 98
 people-to-people links, *see* public diplomacy and communication; scholarships
 People's Republic of China, *see* China



- performance bonuses, 215
 - performance indicators
 - Americas, 64
 - consular services, 159
 - Europe, 70
 - humanitarian, 139
 - international security, nuclear disarmament and non-proliferation, 105
 - Middle East and Africa, 56
 - multilateral policy, development, legal and environment, 95
 - multilateral replenishments and global development partnerships, 134
 - New Colombo Plan, 145
 - North Asia, 33
 - Pacific, 25
 - passport services, 167
 - progress against Australia's development policy and performance framework, 122
 - property services, 178
 - public diplomacy and communication, 149
 - security and ICT services, 173
 - services to diplomatic and consular representatives in Australia, 117
 - services to other agencies, 111
 - South and West Asia, 49
 - Southeast Asia, 39
 - trade and investment, tourism and private sector engagement, 85
 - trade negotiations, 75
 - performance management, 199, 215
 - aid program, 125–6
 - Performance of Australian Aid* report, 18, 126, 192
 - performance statement, 13–185
 - Philip Morris Asia, 76
 - Philippines, 40, 103, 124
 - Manila, 174
 - Phuket, 40, 175, 180
 - plain packaging of tobacco products, 76
 - plans and planning, 192–3, 194
 - aid investment, 123, 126
 - crisis management, 162
 - Medical Unit, 198
 - property services, 179
 - reconciliation action, 198
 - workforce, 197
 - Policy Planning Branch, 116
 - portfolio, 9
 - Portfolio Budget Statements, 205–9
 - see also* performance indicators
 - Portugal, 73
 - power generation and transmission, 47, 60, 86
 - Prime Minister's Directive: Guidelines for the Management of the Australian Government Presence Overseas*, 111, 190, 197
 - priority functions, 14–24
 - priority passports, 170
 - prisoner radicalisation, 108
 - privacy, 195
 - Private Infrastructure Development Group, 87
 - private sector development, 82, 135
 - APEC, 86
 - Pacific, 30, 102
 - Pakistan, 53
 - Timor-Leste, 45
 - see also* financial services
 - private sector investment, 71, 87, 131
 - New Colombo Plan, 146
 - Pacific, 30
 - Philippines, 124
 - water, sanitation and hygiene, 129
 - procurement, *see* purchasing
 - professional qualifications, mutual recognition of, 68
 - programs and outcomes, 25–185, 205–9, 218–21, 229–30
 - progress against Australia's development policy and performance framework, 122–33
 - promoting a stable and prosperous regional and global environment priority function, 15–16
 - property services, 178–82, 230
 - protective security, 23–4, 173–7
 - diplomatic and consular missions in Australia, 118
 - ICT, 40, 106, 109
 - ICT, departmental, 174, 192; cable network, 175
 - passports, 168, 169, 172
 - protocol services, 115, 117–21
 - providing a secure, efficient and responsive passport service priority function, 19
 - public diplomacy and communication, 19–20, 22–3, 149–58
 - ASEAN, 41, 156
 - China, 38, 152, 154, 156
 - Europe, 73
 - India, 115, 152, 154, 156
 - Latin America, 20, 65, 150, 157
 - United States, 65, 154
 - see also* media; scholarships and awards
 - Public Diplomacy Strategy, 154
 - Public Governance, Performance and Accountability Act 2013* (PGPA Act), 13, 190, 192
 - public interest disclosure policy, 193
 - publications, 90
 - aid program, 123, 124, 126, 192
 - consular 'State of Play' report, 160
 - media releases and public statements, 150
 - see also* websites and web services
 - purchaser-provider arrangements, 231–2
 - purchasing (procurement), 184, 200–1
 - advertising and market research, 233
 - property management services contract, 230
 - security and ICT services, 174
 - termination of contractors' engagements, 193
 - United States market, 68
 - WTO Agreement, 76
 - purpose, 14
- Q
- Qatar Airways, 73
 - qualifications, mutual recognition of, 68
- R
- RG Casey Building, 180
 - Reconciliation Action Plan, 198
 - recruitment, 198, 212
 - Red Cross and Red Crescent, 97, 140, 143
 - ReDESIGN Strategy, 197
 - refugees and displaced persons, 140
 - Cambodian resettlement, 40
 - Syrian, 57, 59
 - refused passports, 168
 - regional and global environment priority function, 15–16
 - Regional Assistance Mission to Solomon Islands (RAMSI), 26
 - Regional Comprehensive Economic Partnership, 76, 83
 - regional security, *see* defence and security
 - regional trade negotiations, 76, 83
 - PACER Plus, 26, 28
 - Trans-Pacific Partnership (TPP) Agreement, 79, 154
 - Rehabilitation Management System, 227
 - remuneration, 184, 199, 214–15, 251
 - seasonal workers, 28
 - renewable energy, 29
 - Republic of Korea, 34, 35, 127
 - free trade agreement, 76, 77, 89–90
 - MIKTA, 88
 - public diplomacy programs, 152, 154, 157

Republic of Seychelles, 51, 71
 resilience building, 21, 31, 54, 62, 125
 see also climate change; disaster preparedness
 and risk reduction
 Review of Diplomatic Security, 177
 risk management, 193
 Medical Unit, 198
 rules of origin, 89
 Russia, 72, 74, 100

S

salt production, 45
 Samoa, 26, 30, 136, 137
 sanctions
 Iran, 57, 97
 North Korea, 34
 Russia, 74
 Sarhad Rural Support Programme, 53
 SATIN network, 24, 177
 Savills, 180
 scholarships and awards, 20
 Mongolia, 37
 New Colombo Plan, 20, 145–8
 see also Australia Awards
 science and innovation, 115, 150
 Antarctica, 99, 119
 Europe, 71
 India, 52
 Israel, 57
 Papua New Guinea, 26
 Republic of Korea, 157
 Singapore, 44
 Seasonal Worker Programme, 28
 Secretariat of the Pacific Community, 143
 Secretary, 6, 13, 190, 191, 199
 end-of-year reception, 118
 review of year, 3–4
 security, *see* defence and security; protective
 security
 security and ICT services, 173–7
 security breaches, 175
 security clearances, 174, 175
 Security Committee, 177
 Senate committees, 65, 224, 225
 senior executive service (SES) staff, 190, 198,
 211–12
 remuneration, 199
 senior management committees, 190–2
 Seoul, 154
 service charter, APO, 168
 Service Level Agreement, 112, 231
 services to diplomatic and consular
 representatives in Australia, 115, 117–21
 services to other agencies, 111–16, 231–2
 sex of staff, 210, 211, 212, 213
 sexual and gender-based violence, 97, 103
 DFAT guidance for staff, 198
 Myanmar, 131
 Pakistan, 53
 Timor-Leste, 45
 sexual equality, *see* women and girls
 Seychelles, 51, 71
 Shanghai, 38
 Singapore, 44, 106, 152
 free trade agreement (SAFTA), 80
 Singapore–Australia Joint Ministerial Committee,
 44
 slavery, 98
 small to medium enterprises (SMEs), 30, 86
 Indigenous, 102, 201
 procurement initiatives, 201
 Smartraveller campaign, 161
 social media, 150, 153, 154
 Australia Global Alumni Engagement Strategy,
 151
 Digital Media Strategy, 23
 New Colombo Plan, 146
 Policy Planning Branch, 116
 Smartraveller presence, 163
 Spanish promotional competition, 73
 see also Twitter
 social protection, 125
 Solomon Islands, 22, 26, 31, 129, 136
 Somalia, 57
 SoundCloud account, 154
 South Africa, 57
 South America, *see* Latin America
 South and West Asia, 49–55, 82, 103
 diplomatic premises in, 118
 Indian Ocean region, 51, 127
 posts in, 174
 see also India
 South Australia, 52
 South China Sea, 35, 41, 42, 96
 South Sudan, 57
 Southeast Asia, 39–48, 103
 humanitarian programs, 140
 New Colombo Plan, 146, 147
 people smuggling (human trafficking), 46, 98
 private sector investment, 124, 129, 146
 see also ASEAN; Cambodia; Indonesia; Malaysia;
 Myanmar; Philippines; Singapore;
 Thailand; Timor-Leste; Vietnam
 space, peaceful uses of, 107
 Spain, 73
 Special Envoy for Human Rights, 22
 Special Envoy for Trade, 44, 65
 Special Visits Program, 57, 65
 speeches drafted or contributed to, 112
 sponsors, 236–41
 sports, 73, 150, 156
 Sri Lanka, 50, 82
 Colombo, 176
 staff, 184, 191, 197–9, 210–15
 conduct and ethics, 191, 193
 humanitarian positions, 128
 security clearances and awareness, 24, 174, 175
 strategic thinking, encouragement of, 116
 see also workplace health and safety
 Staff and Family Support Office, 198
 staff learning and development, 193, 198–9
 anti-bullying, harassment and discrimination,
 228
 armoured vehicle training, 176
 consular services, 160
 ICT, 175
 passport provisions, policies and systems, 169
 security training, 24, 175
 Staff and Family Support Office sessions, 198
 technical capacity, 174
 workplace health and safety, 227
 staff recruitment, 198, 212
 staff welfare, 198
 state and territory offices, 23, 112, 115
 staff, 210, 211, 213
 'State of Play' report, 160
 Stockholm, 73
Strategic Framework, 190
 strategic thinking, 116
Strategy for Australia's Aid for Trade Investments,
 124
*Strategy for Australia's Investments in
 Infrastructure*, 124
 strengthening international frameworks and
 norms priority function, 21–2
 Studybank program, 198
 submarines, 71
 submissions, 112



suspended passports, 168
 Sustainable Development Agenda, 133, 138
 Sweden, 73
 Syria, 57, 58–9, 62, 72
 chemical weapons use, 106
 Daesh, 57, 58, 96, 106
 evaluation of humanitarian response, 128
 Syria Donors Conference, 71

T

Taiwan, 34, 146
 Taipei, 38
 tariffs, 89
 free trade agreement outcomes, 68, 77, 78
 Tasmania, 99, 119, 146
 tax concessions for construction or renovation, 118
 tax systems, 124
 teachers, 45, 192
 technical education, *see* vocational education and training
 Technical Officer Development program, 174
 Tehran, 176
 television series, 151, 157
 The Embassy, 160
 tenders, *see* purchasing
 terrorism, 96, 106, 110
 Africa, 57
 attacks in Paris and Brussels, 21, 71, 163
 bilateral discussions and cooperation, 26, 40, 72, 106
 Daesh, 57, 58, 96, 106
 EAS Leaders' Statement, 42
 terrorist prisoners, 106, 108
 Thailand, 40
 Bangkok, 180, 182
 Phuket, 40, 175, 180
 timeliness of passport issue, 170
 Timor-Leste, 28, 45, 46
 Timor Sea treaties, 40, 104
 tobacco plain packaging, 76
 Tonga, 26, 29, 30, 136, 163
 Torres Strait Treaty, 26
 tourism and tourism markets, 119
 China, 86
 Singapore, 44
 Sri Lanka, 50
 United States, 65
 see also consular services; travel documents
 Tourism Australia, 9, 190
 trade, 75–94
 Americas, 67
 Europe, 71, 74
 export controls, 106, 107
 Gulf Cooperation Council, 63
 North Asia, 34, 36
 Pacific (Oceania), 29
 South and West Asia, 54
 Southeast Asia, 41
 see also foreign investment; markets and market access
 trade and investment, tourism and private sector engagement, 85–94
 Trade and Investment Policy Committee, 192
 Trade Facilitation Agreement, 76
 trade facilitation programs, 86, 124, 192
 Fairtrade, 91
 Pakistan, 54
 Papua New Guinea, 102
 WTO agreement, 76
 trade finance, 86
 Cuban debt rescheduling, 65
 Trade in Services Agreement, 76
 trade negotiations, 75–84
Trade Talk, 90
 TradeStart, 89
 training, *see* capacity building; staff learning and development; vocational education and training
 Trans-Pacific Partnership (TPP) Agreement, 79, 154
 transnational crime (people smuggling), 46, 50, 98
 see also terrorism
 transparency, 126
 extractive industries, 90
 peace and security activities, 135
 transport infrastructure
 Pacific, 26, 31
 Vietnam, 40, 124
 travel, 113
 see also tourism; visits programs
 travel advice, 161, 163
 travel approvals, 175
 travel documents, 19, 167–72, 230
 visas, 26, 28, 118
 travellers' emergency loans, 163
 Treasury, 16, 60, 86, 135
 treaties and other international agreements, 96
 Antarctica, 99
 arms trade, 107
 climate change, 29, 101
 European Union, 71
 India, 50
 Japan, 15–16
 non-proliferation and disarmament, 22, 107
 Papua New Guinea, 26
 Ukraine, 73
 WTO agreements, 76
 see also free trade agreements
 tribunals, matters before, 226
 Trilateral Strategic Dialogue, 106
 Tripartite Action to Enhance the Contribution of Labour Migration to Growth and Development in ASEAN (TRIANGLE II), 98
 tropical cyclones, 143
 Pam, 26
 Winston, 125, 141–2, 143, 162, 163
 tuberculosis, 125, 135
 tuna fisheries, 124
 Turkey, 71, 86, 88, 106
 Ankara, 73
 Tuvalu, 28, 137
 Twitter, 23, 151, 153, 154
 Australian Writers Week hits, 38
 Smartraveller followers, 163
 '2+2' security talks, 35

U

Ukraine, 73, 74, 100
 Kyiv, 120
 Ulaanbaatar, 34, 175, 180
 Umbrella Group, 101
 UN Women, 51, 103
 UNESCO World Heritage Committee, 71
 United Arab Emirates (UAE), 57, 60
 United Kingdom, 71, 99, 108
 Brexit, 74
 public diplomacy programs, 152, 154
 United Nations, 22, 96, 103–4
 peacekeeping missions, 96, 185, 235
 United Nations Committee on the Peaceful Uses of Outer Space, 107
 United Nations Development Programme, 51, 96
 United Nations Framework Convention on Climate Change, 29, 101

United Nations General Assembly, 51, 96, 97
 United Nations Group of Governmental Experts on Cyber, 106, 109
 United Nations Human Rights Council, 22, 96
 United Nations Secretary-General, 96
 United Nations Security Council, 96
 resolutions, 96, 100, 103
 see also sanctions
 United Nations Trust Facility Supporting Cooperation on Arms Regulation, 107
 United States, 65, 66, 109
 Force Posture Initiatives, 15, 66
 free trade agreement, 68–9
 Trilateral Strategic Dialogue, 106
 Washington, 66, 180, 182
 website visitors from, 154
 University of New South Wales, 172
 University of Papua New Guinea, 27
 uranium exports, 50, 73
 urban management, 52
 Uruzgan, 54
 USAID, 127

V

Values Statement, 6, 190, 192
 Vanuatu, 26, 30, 129, 136, 163
 Vietnam, 40, 103, 129, 146
 Cao Lanh Bridge project, 40, 124
 public diplomacy programs, 155
 violence, *see* sexual and gender-based violence; terrorism
 visas, diplomatic, 118, 121
 Papua New Guinea, 26
 seasonal workers, 28
 visits programs, 150
 Australia–Indonesia Institute, 156
 business delegations, 40, 52; to Australia, 71
 Guest of Government visitors, 71, 72
 international media, 115, 150, 152
 parliamentary delegations, 26, 113
 Special Visits Program, 57, 65
 visual arts, 150, 156
 vocational education and training, 119
 Australia–Pacific Technical College, 31
 India, 50
 Pakistan, 53
 see also capacity building
 volunteers and volunteer programs, 20, 132

W

WASH Fund, 129
 Washington DC, 66, 180, 182
 water, sanitation and hygiene, 129, 135, 143
 Africa, 61
 India, 52
 Iraq, 59
 Mekong region, 47
 Myanmar, 124
 Pacific, 29, 129, 137
 weapons, conventional, 107
 weapons of mass destruction, *see* non-proliferation and disarmament
 weather services, 29

websites and web services, 150, 154
 aid program, 126
 Australia Global Alumni Engagement Strategy, 151
 Business@dfat portal, 90
 FTA Portal, 89
 New Colombo Plan, 146
 passport services, 168, 169, 170
 Smartraveller, 161, 163
 see also social media
 West Asia, *see* South and West Asia
 Western Australia, 52, 115, 146, 152
 white paper processes, contributions to, 28, 106
 White Ribbon Day, 103
 WiFi, 175
 wine, 76, 78
 women and girls (gender equality), 86, 103, 124, 125
 Afghanistan, 50, 103
 Africa, 61
 entrepreneurs, 30, 53, 86
 in film industry, 157
 in humanitarian efforts, 140
 Indian Ocean rim economies, 51
 Indonesia, 103, 192
 Mongolia, 37
 Myanmar, 103, 131
 Pacific, 30, 103, 125; climate change negotiators, 29
 Pakistan, 53
 Timor-Leste, 45
 WTO aid for trade work program, 76
 see also sexual and gender-based violence
 women and girls, education and training of, 124
 Women Deliver Conference, 103
 women staff, 210, 211, 212, 213
 Women in Leadership Strategy, 198
 Women 20 engagement group, 86
 Workforce Planning Framework, 197
 workplace arrangements, 199, 251
 workplace diversity, 198, 227–8
 workplace health and safety, 198, 227–8
 consular staff, 160
 e-learning program, 227
 Jakarta embassy construction, 181
 Workplace Relations Committee, 191
 World Bank Group, 22, 137
 International Development Association, 135, 185
 World Congress against the Death Penalty, 96
 World Heritage Committee, 71
 World Humanitarian Summit, 140, 144
 World Trade Organization (WTO), 36, 76, 81, 84
 World Wine Trade Group, 76

Y

Yangon, 43

Z

Zagreb, 73
 Zambia, 118
 zinc exports, 68



THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE HAS OFFICES IN EACH STATE AND TERRITORY CAPITAL CITY AND THURSDAY ISLAND. PLEASE CONTACT YOUR NEAREST OFFICE FOR MORE INFORMATION, OR ACCESS THE DEPARTMENT'S WEBSITE AT [DFAT.GOV.AU](http://dfat.gov.au).

Department Offices		
Australian Capital Territory	Queensland State Office	Tasmania State Office
RG Casey Building John McEwen Crescent Barton ACT 0221 T: (02) 6261 1111 F: (02) 6261 3111	150 Charlotte Street Brisbane QLD 4000 T: (07) 3405 4799 F: (07) 3405 4782 E: dfatbris@dfat.gov.au	Level 1 111 Macquarie Street Hobart TAS 7000 T: (03) 6238 4099 F: (03) 6238 4024 E: dfat.tasmania@dfat.gov.au
New South Wales State Office	Torres Strait Treaty Liaison Office	Victoria State Office
Level 10, Angel Place 123 Pitt Street Sydney NSW 2000 T: (02) 9356 6222 F: (02) 9356 4238 E: dfat.nsw@dfat.gov.au	Commonwealth Centre Victoria Parade Thursday Island QLD 4875 T: (07) 4069 1495 F: (07) 4069 1881	Level 14, 55 Collins Street Melbourne VIC 3000 T: (03) 9221 5555 F: (03) 9221 5455 E: vso@dfat.gov.au
Northern Territory Office	South Australia State Office	Western Australia State Office
5th Floor, Northern Territory House 22 Mitchell Street Darwin NT 0800 T: (08) 8982 4199 F: (08) 8982 4155 E: dfat.darwin@dfat.gov.au	5th Floor, Allianz House 55 Currie Street Adelaide SA 5000 T: (08) 8403 4899 F: (08) 8403 4873 E: adelaide.sa@dfat.gov.au	Level 17, Exchange Plaza Sherwood Court Perth WA 6000 T: (08) 9231 4499 F: (08) 9221 2827 E: dfat.wa@dfat.gov.au

Passport Offices		
Australian Passport Information Service	Darwin Passport Office	Hobart Passport Office
T: 131 232 E: passports.australia@dfat.gov.au W: passports.gov.au	5th Floor, Northern Territory House 22 Mitchell Street Darwin NT 0800	Level 1 111 Macquarie Street Hobart TAS 7000
Canberra Passport Office	Brisbane Passport Office	Melbourne Passport Office
RG Casey Building Sydney Avenue Barton ACT 0221	Level 17 150 Charlotte Street Brisbane QLD 4000	Level 2, Collins Square 747 Collins Street Docklands VIC 3008
Sydney Passport Office	Adelaide Passport Office	Perth Passport Office
Level 7, Gateway House Henry Deane Place 26 Lee Street Sydney NSW 2000	5th Floor 55 Currie Street Adelaide SA 5000	Level 17, Exchange Plaza Sherwood Court Perth WA 6000

