

# SECTION 02

## ANNUAL PERFORMANCE STATEMENT







# ANNUAL PERFORMANCE STATEMENT

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# INTRODUCTORY STATEMENT



Australian Government  
Department of Foreign Affairs and Trade

I, Frances Adamson, as the accountable authority of the Department of Foreign Affairs and Trade, present the 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*.<sup>1</sup>



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



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

<sup>2</sup> 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.

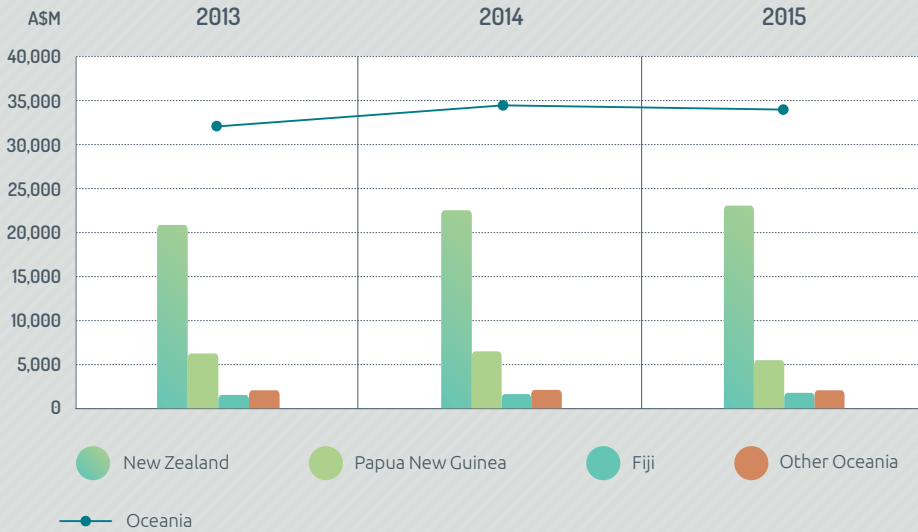
Pacific Island countries appreciate the program as it provides their workers with income, skills and experience. Since 2009, over 8,500 visas have been issued. The program strengthens people-to-people links and also supports economic growth in the region by providing employment opportunities lacking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

(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



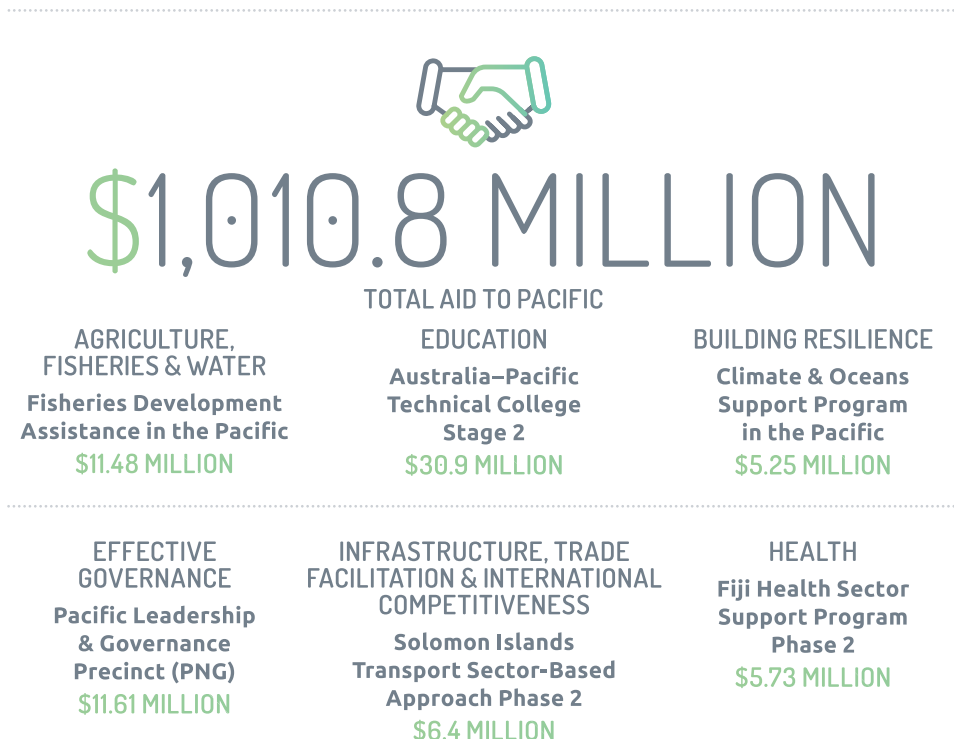
The Australian Government has a proud record of supporting gender equality through our aid program and, as a senior policy and program officer in the department's Pacific Division, I am privileged to work on Pacific Women Shaping Pacific Development.

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*.<sup>1</sup>



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



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

<sup>2</sup> 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.

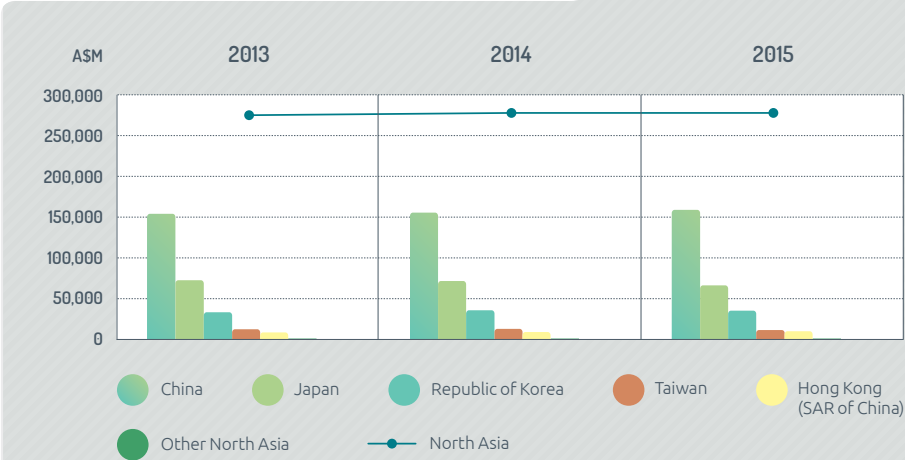
The department is exploring options with the Chinese Government and through the World Trade Organization to increase certainty and reduce costs.

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<sup>(a)</sup>



(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*.<sup>1</sup>



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

**Program 1.4<sup>3</sup>** (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.<sup>4</sup>



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

<sup>2</sup> New KPI for 2015-16.

<sup>3</sup> 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.

<sup>4</sup> 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.

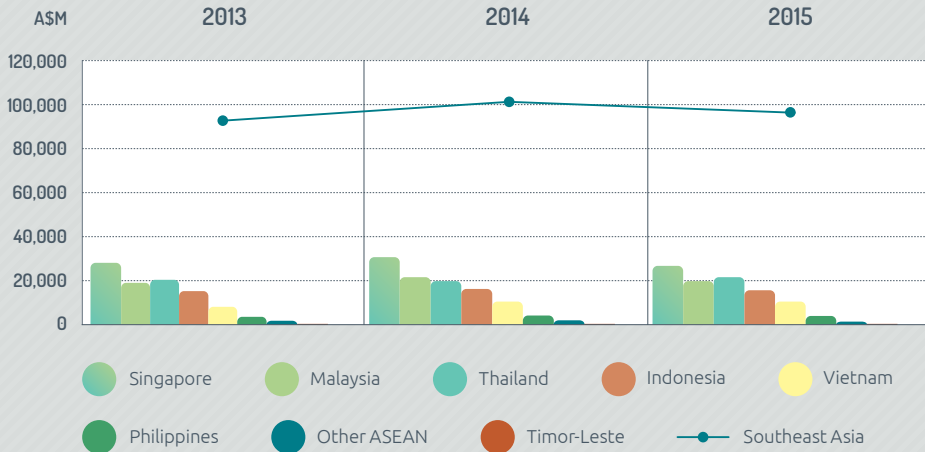
The department advanced Australia's interests in Timor-Leste's stability and prosperity by upholding the Timor Sea treaties and the sound management of shared petroleum resources. Despite significant differences on these issues, we remain committed to working with Timor-Leste to find a common solution. 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<sup>(a)</sup>**



(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.

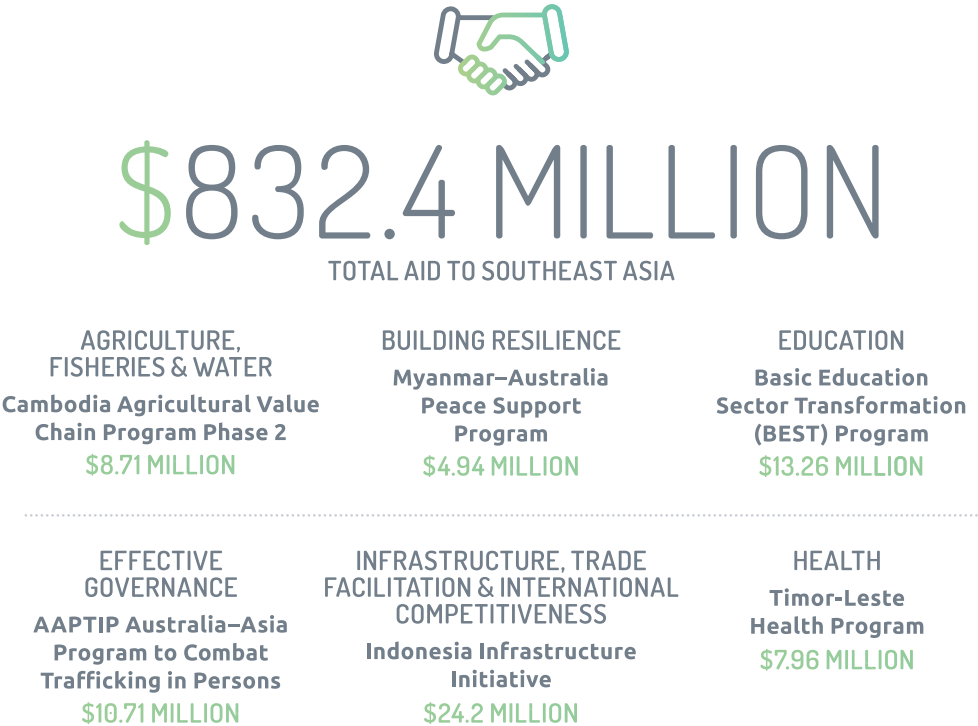
The department advanced economic diversification in Timor-Leste by supporting local businesses through the Market Development Facility (MDF). For example, MDF supported a salt production business, NPM Industries, to improve its marketing and quality assurance. NPM offers a higher quality product at a 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*.<sup>1</sup>



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



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

<sup>2</sup> 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 DEEPEINED 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<sup>(a)</sup>

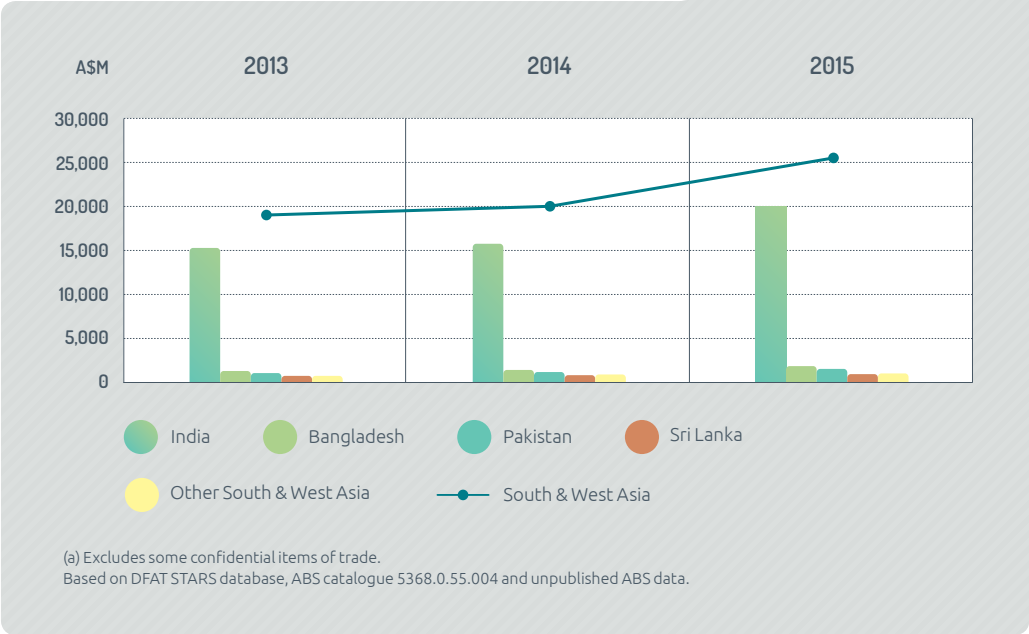


Figure 10: South and West Asia aid program highlights



## 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*.<sup>1</sup>



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



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

<sup>2</sup> 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



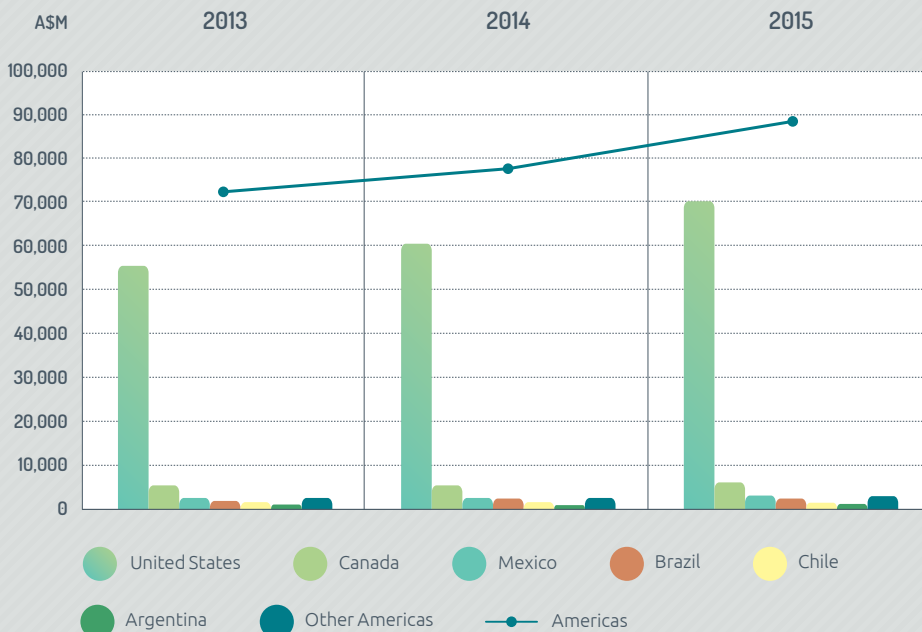
From my base in Mexico City, I work with colleagues at eight regional posts to deliver and improve our consular services and crisis preparedness in Latin America and the Caribbean—a part of the world that is increasingly popular with Australian travellers.

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<sup>(a)</sup>



(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.

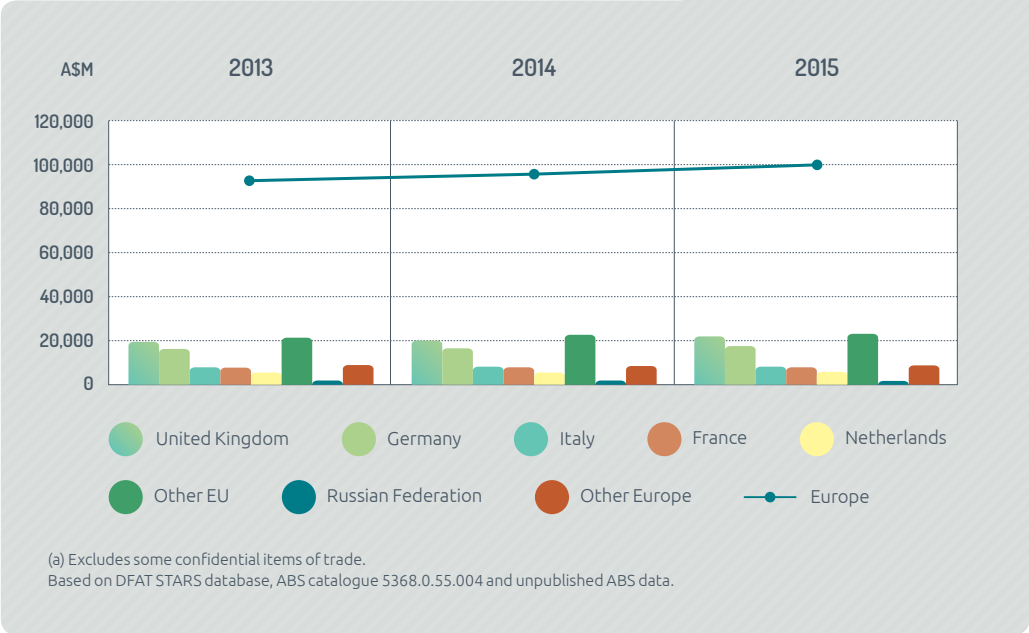
In Madrid, in partnership with Qatar Airways, the embassy used a promotional competition offering a trip to Australia to attract a large Facebook following. In Malta and Croatia our embassies used AFL football to promote people-to-people links and encourage indigenous and minority group participation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



## 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*.<sup>1</sup>



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



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

<sup>2</sup> 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 1.2<sup>1</sup> (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*.<sup>2</sup>

●

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

●

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

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

<sup>3</sup> 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](http://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
<b>Total</b>	<b>669,333</b>

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.

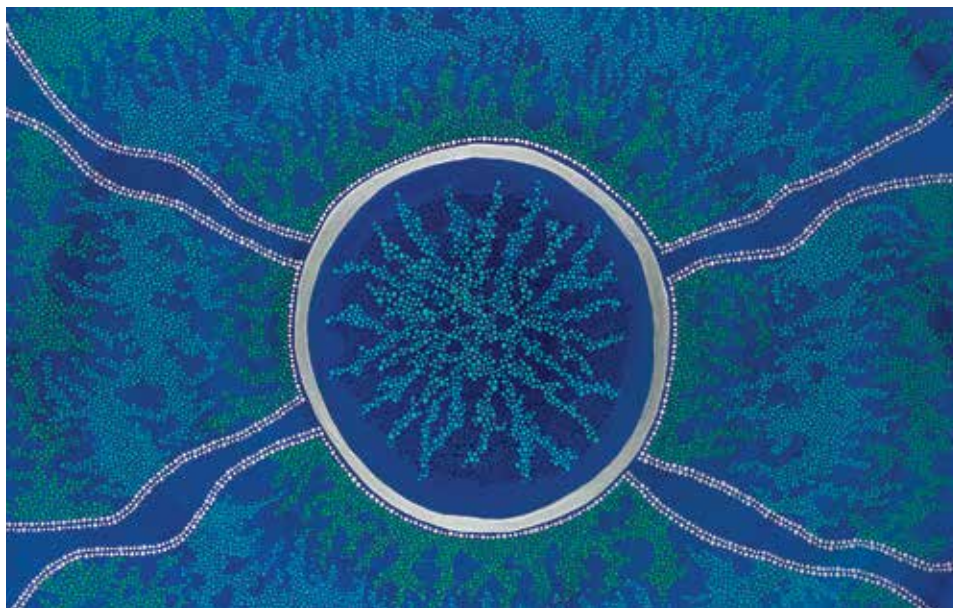
Domestically, we helped model climate targets for Australia and significant countries. This analysis informed our engagement with the UNFCCC taskforce in the Department of the Prime Minister and Cabinet and advice to Government on Australia's 2030 emissions reduction target.

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



## 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.

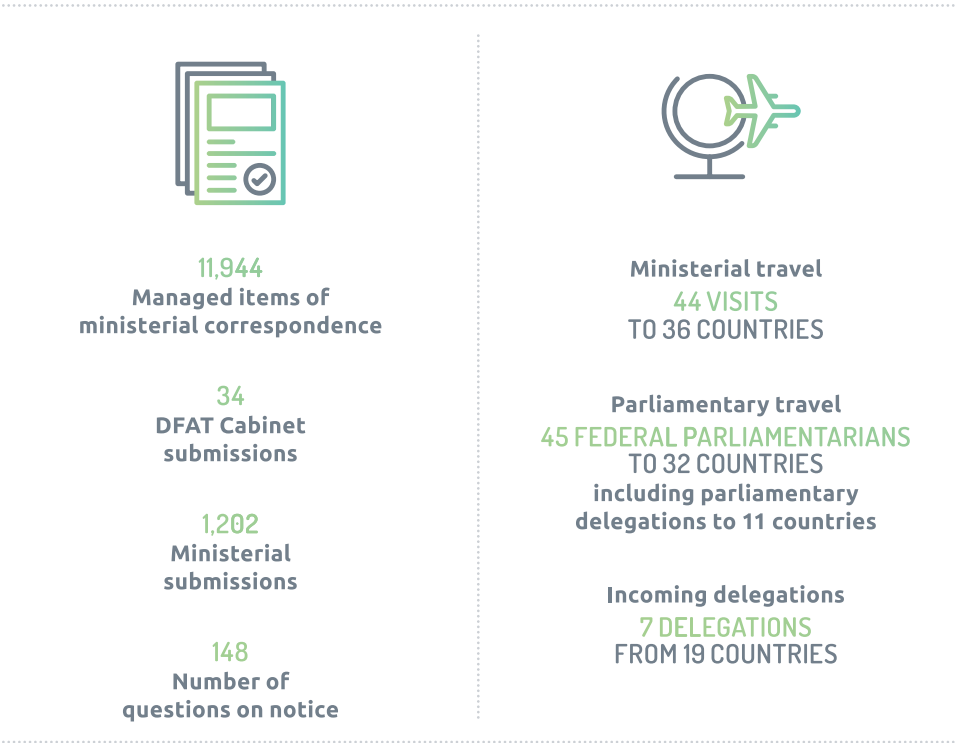
The department worked with the Department of the Prime Minister and Cabinet to support eight prime ministerial visits overseas to a total of 15 countries. In addition, we assisted 45 federal parliamentarians to travel to 32 countries. This included parliamentary delegations to 11 countries. We also assisted 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
<b>TOTAL</b>	<b>3,562</b>	<b>3,936</b>	<b>3,914</b>
<b>Number and category of services provided:</b>			
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*.<sup>1</sup>

●    ●    ●

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

●

<sup>1</sup> KPIs for 2013-14 and 2014-15 did not include reference to the framework 'Making Performance Count'.  
<sup>2</sup> 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*.

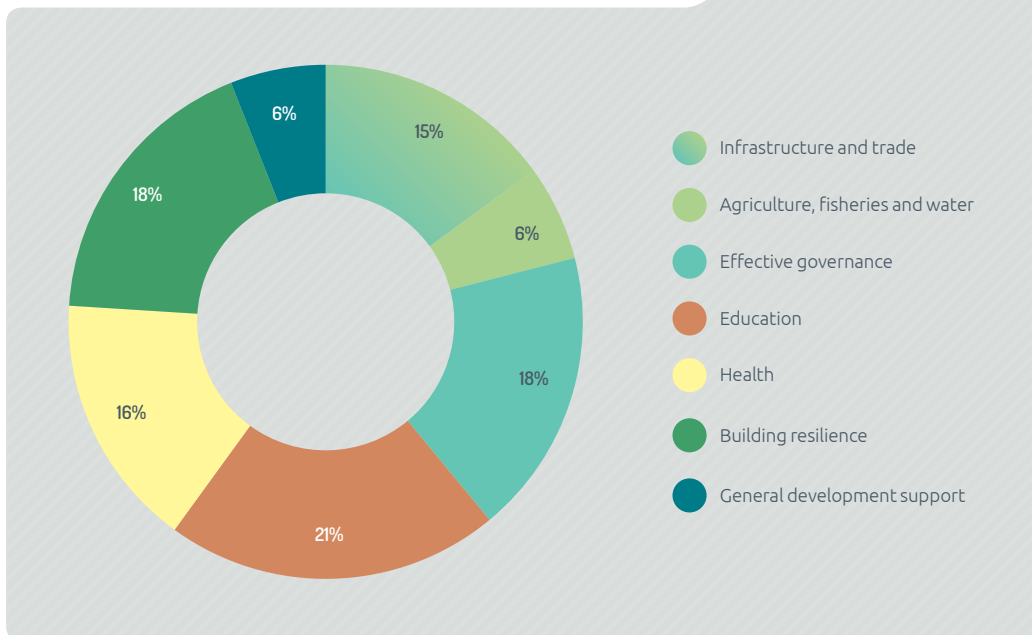
The department continued reshaping the aid program in accordance with the six priority areas of the aid policy framework. We developed new strategies to guide investments in aid for trade, economic

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.

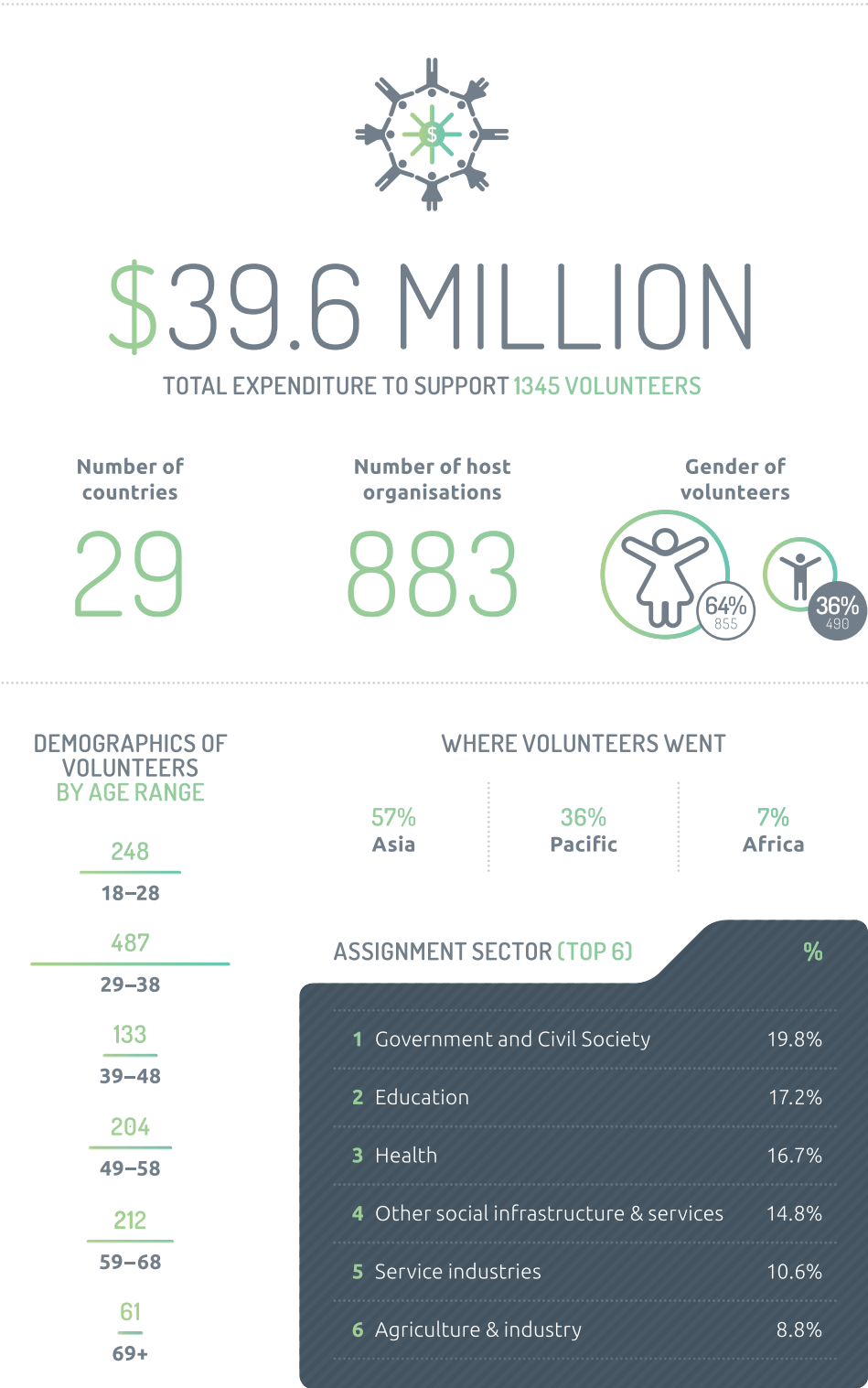
Through the ANCP, we effectively promoted gender equality at all levels but particularly with communities. For example, the International Women's Development Agency working with Palaung Women's Organisation in Myanmar operated four Women's Crisis and Resources Centres. It also raised awareness on gender 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 1.3<sup>1</sup> (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.



<sup>1</sup> 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*.<sup>1</sup>



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



<sup>1</sup> KPIs for 2013-14 and 2014-15 did not include references to demonstrated organisational effectiveness and the framework 'Making Performance Count'.

<sup>2</sup> 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.

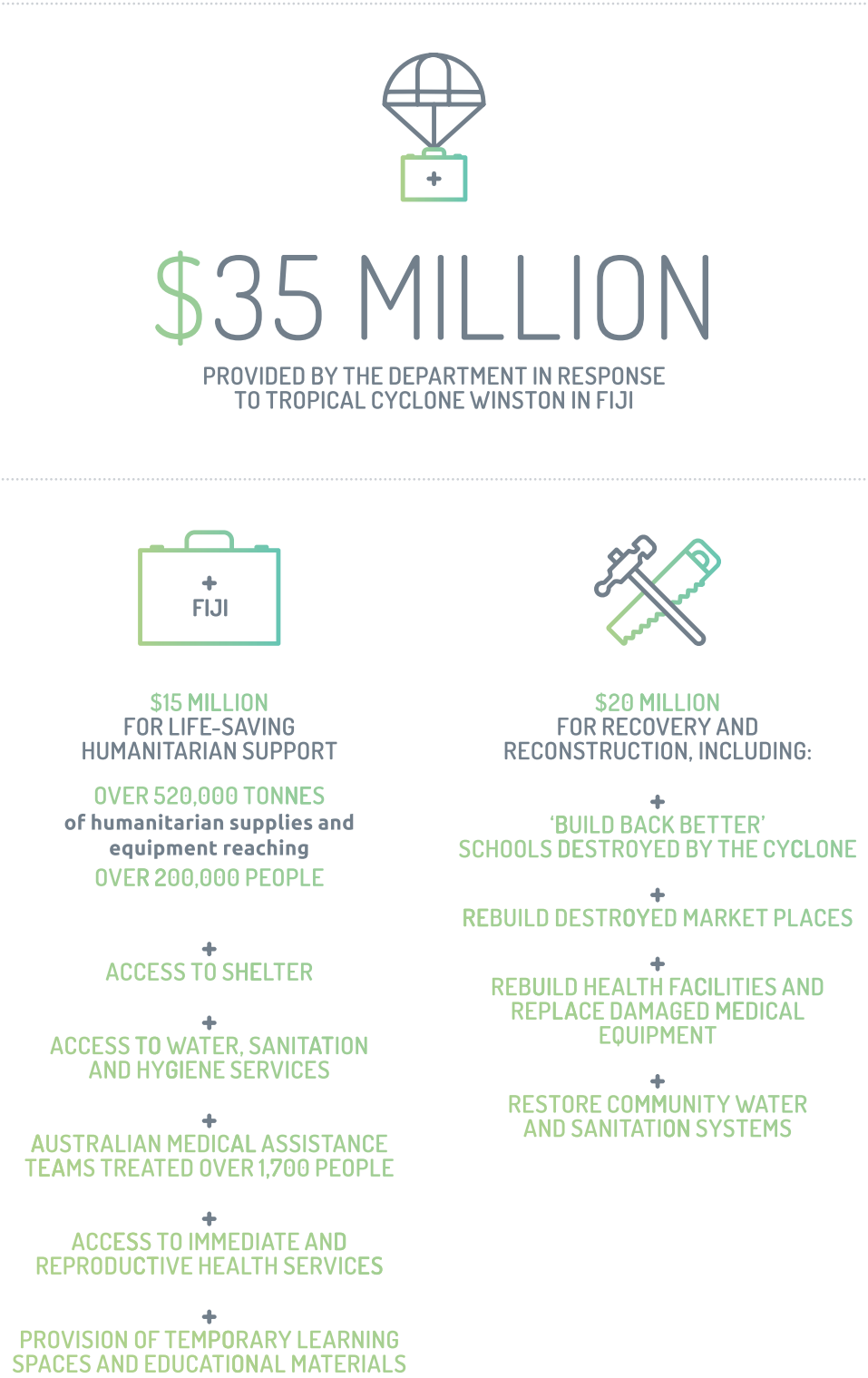
Tropical Cyclone Winston underlined the crucial role that the department plays in leading and coordinating the Australian Government's response to international crises. The department's contingency planning and crisis preparedness framework supported an effective whole-of-government response from Australia.

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 1.6<sup>1</sup> (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. ●

<sup>1</sup> 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*.<sup>1</sup>

●    ●    ●

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

●

### 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.<sup>3</sup>

●    ●    ◐

<sup>1</sup> KPI for 2014-15 did not include reference to the framework 'Making Performance Count'.

<sup>2</sup> New KPI for 2015-16.

<sup>3</sup> 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.

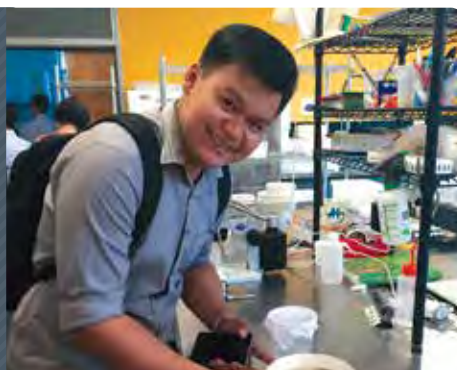
We developed a suite of e-diplomacy initiatives to support the strategy, including the Australia Global Alumni website, Twitter handle and LinkedIn presence. Since the launch of the strategy, the website has received nearly 4,000 hits from 134 countries and over 3,000 alumni have created accounts. The 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.

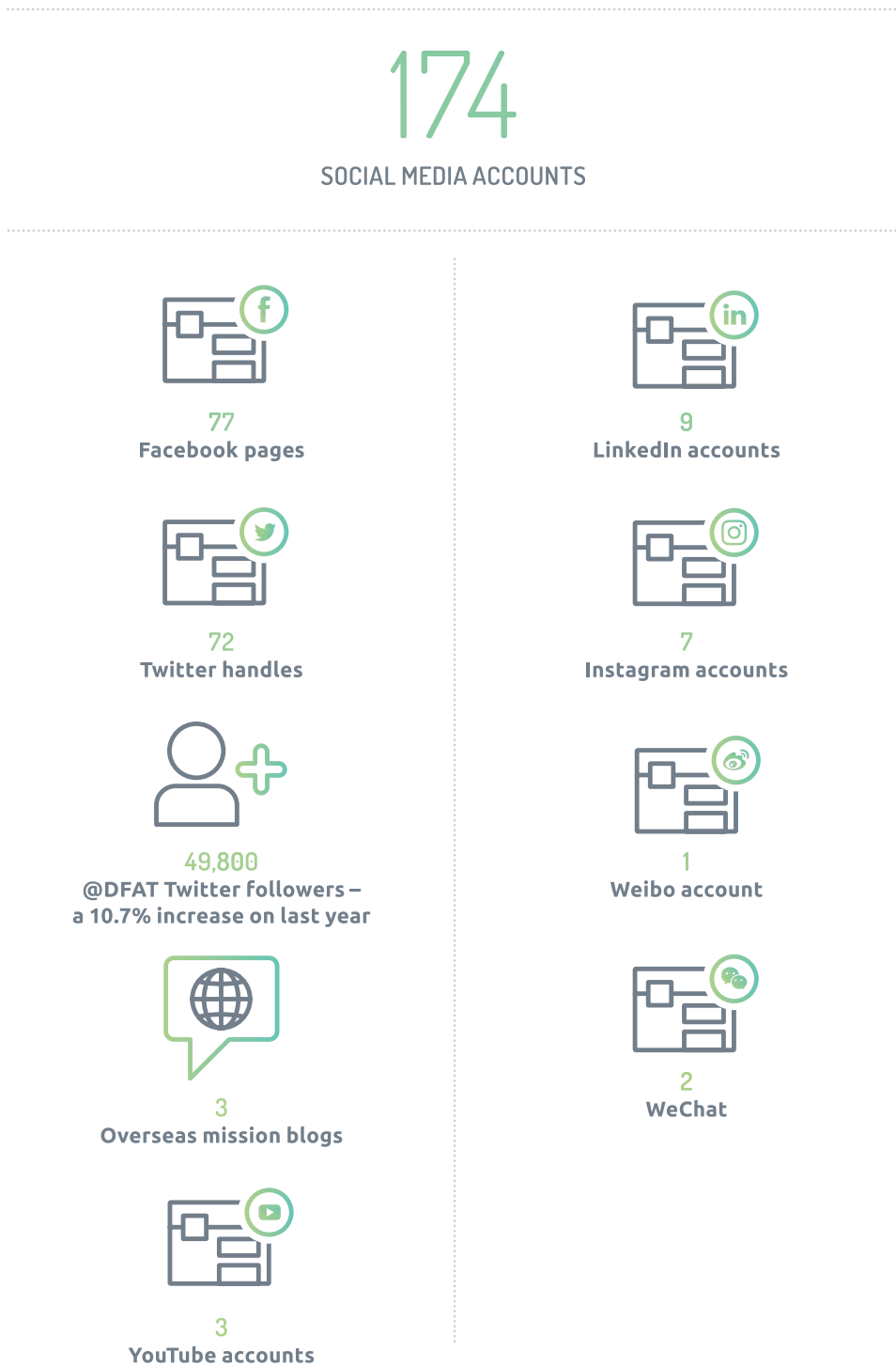
The week-long visit exposed journalists from China, India, Indonesia, Japan, Republic of Korea, Singapore and United Kingdom to Australia's capabilities in the gas and petroleum industries, opportunities in infrastructure, expertise in agribusiness and aquaculture, and our rich Indigenous culture.

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**



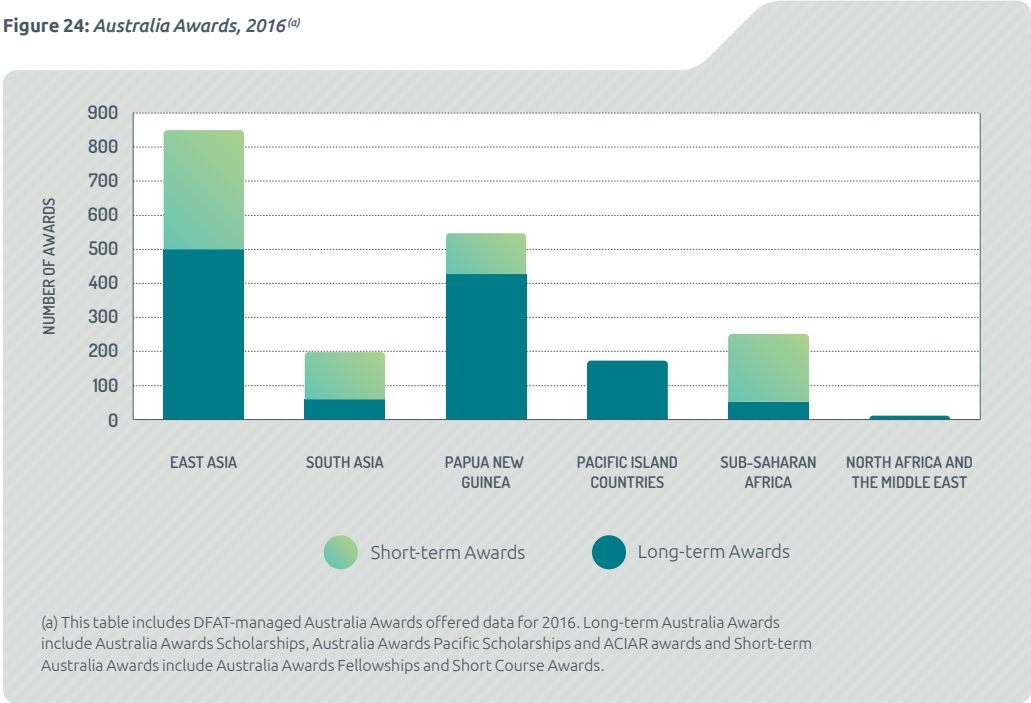
## COUNCIL ON AUSTRALIA LATIN AMERICA RELATIONS

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<sup>(a)</sup>



# 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 (Gilimbaa)]





## 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 <sup>1</sup>	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 <sup>2</sup>
Cases of Australians arrested overseas	1,181	1,136	1,185	1,256 <sup>3</sup>	1,551
Cases of Australians in prison	326	343	339	371 <sup>4</sup>	391
Cases of Australians given general welfare and guidance	6,440	5,919	5,621	5,704	4,957 <sup>5</sup>
<b>Total number of cases involving Australians in difficulty who received consular assistance</b>	<b>14,574</b>	<b>11,927</b>	<b>14,558</b>	<b>15,824</b>	<b>15,740</b>
Notarial acts	188,149	195,470	222,042	243,103	232,600 <sup>6</sup>
<b>Total number of cases of Australians provided with consular services</b>	<b>202,723</b>	<b>207,397</b>	<b>236,600</b>	<b>258,927</b>	<b>248,340</b>
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](http://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.<sup>1</sup>



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.



<sup>1</sup> 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](http://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.<sup>1</sup>

●	●	◐
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Reduced security risks to official information, through a strengthened security culture, evidenced by fewer security breaches.<sup>2</sup>

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

●	◐	◐
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Staged delivery of the International Communications Network – upgrade program within budget and against timelines.

	●	●
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<sup>1</sup> Modified in 2015-16 to include reference to threat analysis and risk assessment.  
<sup>2</sup> 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

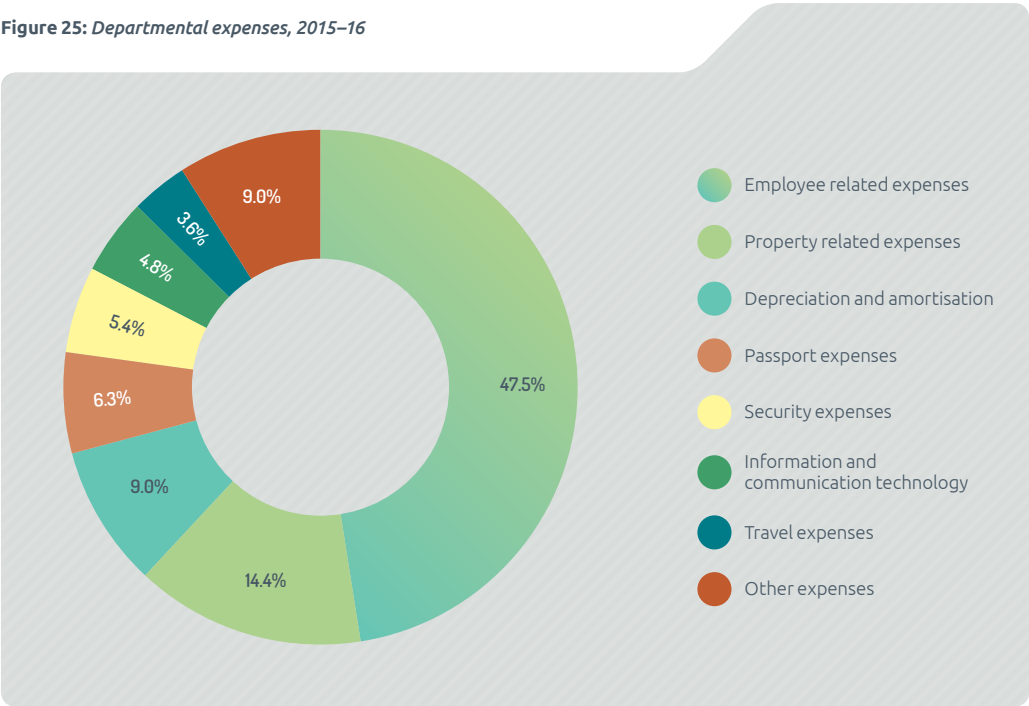


Figure 26: Assets and liabilities, 2011–12 to 2015–16



## 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.

