



Australian Government

Department of
Foreign Affairs and Trade

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ANNUAL
REPORT

Our posts and our people



Our people

6,078 staff

3,136 overseas—including 2,276 locally engaged staff in our overseas posts

Australian Public Service staff

18% from culturally and linguistically diverse backgrounds

2.9% report a disability

2.7% identify as Indigenous

Our staff are proficient in more than 30 languages

40% of our heads of mission are women

Our posts

Rolling out the largest expansion of Australia's diplomatic network in 40 years with 120 posts in 83 countries

Nine locations across Australia

Around half our posts and three quarters of our people overseas are in the Indo-Pacific

Our posts include embassies, high commissions, multilateral missions, consulates-general, consulates and representative offices*



Our beginnings

Established as the Department of External Affairs in 1901

First overseas post opened in London in 1910

First Australian trade commissioners appointed to Canada, New Zealand, Japan, China and the Netherlands East Indies (later Indonesia) 1934–35

Diplomatic posts established in the United States and Japan in 1940 and China in 1941

- DFAT posts
- State and territory offices
- Torres Strait Treaty Liaison Office
- Austrade-managed posts providing consular services

Highlights 2018–19



Promote a stable and prosperous Indo-Pacific
Priority 1

- **Strengthened Indo-Pacific relationships**
- **Stepped up support for the Pacific and Timor-Leste**
- **Celebrated five years of the New Colombo Plan—creating people-to-people links in our region with almost 50,000 Australian scholars since 2014**



Pursue our economic, trade and investment agenda for opportunity
Priority 2

- **Helped facilitate \$470 billion in Australian goods and services exports**
- **Free trade agreements signed with Indonesia and Hong Kong**
- **Secured new access for Australian businesses to government contracts worth \$2.3 trillion in 47 international markets**



Keep Australia and Australians safe and secure
Priority 3

- **Led international advocacy on counter-terrorism, cyber and international security**
- **Worked against modern slavery, human trafficking and nuclear proliferation**
- **Supported PM leadership at G20 to prevent the use of social media platforms by terrorists**



Deliver an innovative development assistance program
Priority 4

- **Delivered world class \$3.9 billion development assistance program**
- **A record \$1.2 billion to the Pacific**
- **Humanitarian assistance to Vanuatu, Indonesia and Laos for disaster response**



Advance global cooperation
Priority 5

- **Championed human rights in the United Nations Human Rights Council**
- **Shaped the world's institutions, rules and norms**
- **Flagship *Australia now* public diplomacy promotion in Japan and ASEAN**



Support Australians overseas
Priority 6

- **Issued a record 2.1 million passports**
- **Assisted 13,715 Australians in difficulty overseas, about 1,400 consular cases each day**



Provide a secure and effective overseas presence
Priority 7

- **Opened three new posts—Kolkata (India), Funafuti (Tuvalu) and Shenyang (China)**
- **Award-winning Post-in-a-Box mobile global communications capability**

Letter of transmittal



Australian Government
Department of Foreign Affairs and Trade

Secretary

File Number: D19/1228513

17 September 2019

Senator the Hon. Marise Payne
Minister for Foreign Affairs
Minister for Women

Senator the Hon. Simon Birmingham
Minister for Trade, Tourism and Investment

Dear Ministers,

I am pleased to present to you the Annual Report of the Department of Foreign Affairs and Trade for the financial year 2018–19.

The report has been prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013*, which requires that an annual report be given to the entity's responsible ministers for presentation to the Parliament.

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

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

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Frances Adamson'.

Frances Adamson

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WARNING: Aboriginal and Torres Strait Islander readers are warned that the following report may contain images of deceased persons.

Secretary Frances Adamson alongside
Australia's permanent representative
to the United Nations Gillian Bird
at UN headquarters in New York
[United Nations/Loey Felipe]



Overviews





Frances Adamson

Secretary

Department of Foreign Affairs and Trade

Secretary's review

A more contested and uncertain world

Australia's international environment is undergoing a profound transformation. Trends identified in the government's 2017 Foreign Policy White Paper are accelerating in ways that challenge our interests. Geopolitical competition in the Indo-Pacific region is intensifying as trade tensions between the United States and China deepen. Global growth is slowing and the risks to Australia's economy are rising. Institutions that have supported peace and prosperity since the end of World War Two are under strain. Around the world, trust in democratic institutions is declining, populism is gaining ground, and breakthrough technologies are presenting as many dilemmas as they are opportunities. These trends threaten to test the practice of diplomacy.

Despite these challenges, Australia is well placed to respond to and help shape our increasingly fluid international context. The department works to maximise our influence and impact. Advancing long-term objectives can be slow and buffeted by setbacks beyond Australia's control. When we rate the department's performance as 'on track' in this report it can reflect incremental progress, or holding the line against sliding backwards.

The year in review

In 2018–19 the Department of Foreign Affairs and Trade designed and delivered a range of policies and programs, implementing the White Paper and pursuing our core objective of an open, inclusive and prosperous Indo-Pacific region. We implemented policies that capitalised on our domestic strengths—our stable political system, flexible economy, resilient

institutions and liberal democratic values—and promoted the rules and principles that have enabled our country and many others to flourish. We invested in bilateral relationships, encouraged economic cooperation, and worked to shape an Indo-Pacific in which the rights of all states are respected.

Deeper engagement with the Pacific was at the forefront of the government's international strategy. Our new Office of the Pacific began implementing the government's ambitious Pacific Step-up. We worked with Pacific island nations to deliver a record \$1.2 billion in aid to address the region's development priorities and enhance security and sovereignty. We supported greater economic opportunities for more than 12,000 Pacific and Timor-Leste workers through the Seasonal Worker Programme and the Pacific Labour Scheme, and established the government's \$2 billion Australian Infrastructure Financing Facility for the Pacific to underpin sustainable growth in our region. Together with Japan and the United States, we signed a memorandum of understanding to mobilise private sector investment to help meet the Indo-Pacific's infrastructure needs.

Australia's alliance with the United States remained integral to the government's foreign policy and we reinforced our joint commitment to supporting an open and inclusive Indo-Pacific. We pursued deeper economic and security cooperation with the region's major democracies: Indonesia, Japan, India and the Republic of Korea. Our *Australia now* public diplomacy program showcased Australian innovation, diversity and creativity in Japan and Southeast Asian nations.

The department supported high-level interactions with Chinese counterparts. We began work to put in place the government's new National Foundation

for Australia–China Relations to deepen our important bilateral relationship with China. We worked to assist the government in elevating Australia’s relationship with Indonesia to a comprehensive strategic partnership and pave the way for economic gains with the conclusion of the Indonesia–Australia Comprehensive Economic Partnership Agreement.

Against a backdrop of rising protectionism, we spearheaded the government’s commitment to free trade. We worked with Austrade to help Australian companies of all sizes access a larger share of global markets, and led legislative change to provide Export Finance Australia with an additional \$1 billion to assist exporters and to finance infrastructure in our region. We opened markets for business and supported new jobs, with the Trade Minister’s signing of the Australia–Hong Kong Free Trade Agreement and associated Investment Agreement. The world’s most significant trade and investment agreement in more than two decades—the 11-nation Comprehensive and Progressive Agreement for Trans-Pacific Partnership—entered into force, with our support. We made good progress towards a Regional Comprehensive Economic Partnership and an Australia–European Union Free Trade Agreement.

The Australian-supported territorial defeat of ISIL in Iraq and Syria was an important breakthrough in the global fight against terrorism. Attacks closer to home in Sri Lanka and Christchurch reinforced the importance of the government’s commitment to countering violent extremism in all its forms. To this end, the department worked with the Department of the Prime Minister and Cabinet to support the Prime Minister in his successful efforts to secure an agreement by G20 leaders urging social media companies to guard against the weaponisation of their platforms. As part of the government’s efforts to ensure a free, open and secure cyberspace and prevent its exploitation, we worked with our partners in ASEAN and the Pacific to build resilience against cyber attacks.

Australia’s development assistance program is imbued with our values, driven by our interests and focused where we can make the most difference: the Indo-Pacific. In

2018–19 we supported Pacific partners to build stronger and more inclusive political, economic and social institutions to enhance security and prosperity. When natural disasters hit Vanuatu, Indonesia and Laos, Australia provided vital humanitarian assistance. When an outbreak of vaccine-derived poliovirus struck Papua New Guinea, we worked with global partners to immunise 3.3 million children. We concluded a five-year program to improve water, sanitation and hygiene for 5.3 million poor and vulnerable people in 19 countries, including more than 70,000 people with disabilities. We also supported 46 Australian community organisations in 15 countries to expand their valuable international development work through the government’s new Australian Aid: Friendship Grants.

Australia’s interests are strongly served by multilateral cooperation to solve global challenges. In 2018–19 we continued to help address tough cross-border issues that no one country can solve alone, including modern slavery, human trafficking, and nuclear proliferation. We played a central role in obtaining agreement on an international rulebook for implementing the Paris Agreement on climate change, and we provided humanitarian assistance for refugees fleeing conflicts in Syria and Myanmar. We assisted the government in drawing attention to human rights abuses around the world, advocating for fundamental freedoms and initiating joint statements to convey the views of traditionally underrepresented Pacific nations in the United Nations Human Rights Council. We supported the government in its advocacy for the abolition of the death penalty and in pursuing the prosecution of individuals alleged to have brought down flight MH17.

The department continued to provide high-quality, secure passport and consular services, and supported 13,715 Australians in difficulty overseas. We issued a record 2.1 million passports and developed bespoke facial recognition systems to stop fraud. The safe passage of eight Australian minors out of Syria and the return of an Australian citizen from North Korea were testament to the department’s ability to work in a cohesive and focused way across

our network and with our partners. During the reporting year, we upgraded our Crisis Centre with state-of-the-art facilities to better coordinate Australia's responses to emergencies overseas. The cave rescue of the Thai Wild Boars soccer team, for which the department provided logistical support, was a standout example of international cooperation in action.

As competition for influence in the international arena intensifies, Australia's soft power—our ability to affect the behaviour and thinking of others through the power of attraction and ideas—becomes more important. During 2018–19 we leveraged our nation's sporting excellence to build Friendships in the Pacific through a new sports linkages program. We consulted widely for the first review of Australia's soft power. We strengthened links between people and institutions by offering 3,161 Australia Awards scholarships and short courses to develop future leaders from more than 55 countries. We also awarded 11,600 scholarships and mobility grants to Australian undergraduates through the New Colombo Plan, strengthening people-to-people links and bringing to around 50,000 the number of awards made since the program's inception in 2014.

The department places a high priority on providing a secure and effective Australian presence overseas. We are upgrading our security network to ensure the security of our staff abroad. We also began a three-year program to modernise and streamline our corporate operations. Our Post-in-a-Box—a secure communications capability for quickly setting up new or temporary diplomatic posts—was successfully deployed for the first time in Rabat. We officially opened new diplomatic posts in Funafuti, Kolkata and Shenyang, bringing to 109 the number of overseas posts through which we advance Australia's interests, with an additional 11 managed by Austrade.

Throughout the reporting year, the department continued to build a workforce that reflects the vitality and diversity of the Australian community. An independent review found our strategy to improve gender equity had achieved strong results, with a higher number of female heads of mission than ever before and a more

inclusive organisational culture. We still seek to boost our cultural and linguistic diversity, disability and LGBTI inclusion. Under the department's Reconciliation Action Plan, our Diplomatic Academy offered Nggunawal language workshops to staff and reinforced Aboriginal and Torres Strait Islander cultures and heritage as part of our national identity.

The year ahead

In the face of a challenging budget environment in 2019–20, the department will need to become even more efficient and productive, without compromising its efforts to prosecute Australia's interests overseas. The capability of our workforce and our systems has at times been under strain, as we face growing and emerging challenges. In response we are focusing on agility, learning and innovation, building fit-for-purpose systems and directing our efforts where they are needed the most.

With the international system becoming more competitive, we will lead by example to help shape a stable and prosperous Indo-Pacific region. Managing our important but complicated relationship with China will be a challenge in the year ahead. We will advocate for open markets and strengthen the trade relationships that have supported global economic growth. We will bolster our neighbours' efforts to build democratic resilience and sovereignty, and we will foster respect for international law while supporting the modernisation of the institutions that underpin cooperation. Most importantly, we will ensure Australia's foreign policy remains agile and capitalises on our strengths as a nation to enhance our future security and prosperity.

Departmental overview

The department’s purpose is to make Australia stronger, safer and more prosperous, to provide timely and responsive consular and passport services, and to ensure a secure Australian Government presence overseas.

Our 2018–19 Corporate Plan is aligned with the 2017 Foreign Policy White Paper and outlines how the department will achieve its purpose. The plan also sets out the department’s efforts to reshape itself and align its capabilities to seize opportunities and protect Australia’s interests in the face of global complexity and uncertainty.

A case in point is our new Office of the Pacific which brings together expertise across government in support of Australia’s step-up agenda for the Pacific.

In support of our ministers, the Secretary, five deputy secretaries and the head of the Office of the Pacific lead the department’s work in Australia and overseas.

We work closely with our portfolio partners, colleagues across government, business and civil society to promote and protect Australia’s interests internationally and contribute to economic growth and global stability.

This report sets out how we advanced Australia’s interests during the year. It details what we did, why we did it, the challenges we faced, the impact we made and who benefited from our efforts. In particular, this report seeks to measure our performance in relation to indicators listed against each of our seven Corporate Plan priorities (see p. 15).

Measuring policy performance is inherently difficult and the dynamic international environment only adds to the complexity. The department seeks to ensure that our assessments of policy performance are supported by verifiable evidence.

The ratings we applied in the annual performance statement represent the following:

Achieved	We met our goal.
On track	The activity is ongoing and we have made progress towards our goal. In some cases we qualified our rating on the basis that progress towards our broader objective was under strain.
Not on track	We did not achieve our goal. The activity is ongoing but we have not made satisfactory progress towards our goal.

Figure 1 **Corporate Plan priorities****Purpose**

To make Australia stronger, safer and more prosperous, to provide timely and responsive consular and passport services, and to ensure a secure Australian Government presence overseas

Portfolio Budget Statements **Outcome 1**

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



Promote a stable and prosperous Indo-Pacific
Corporate plan priority 1

PBS 1.1, 1.2, 1.3, 1.4, 1.5, 1.6 Page 21



Pursue our economic, trade and investment agenda for opportunity
Corporate plan priority 2

PBS 1.1, 1.4 Page 39



Keep Australia and Australians safe and secure
Corporate plan priority 3

PBS 1.1, 1.2, 1.3, 1.4 Page 53



Deliver an innovative development assistance program
Corporate plan priority 4

PBS 1.2, 1.3 Page 63



Advance global cooperation
Corporate plan priority 5

PBS 1.1, 1.2, 1.3, 1.4, 1.6 Page 79

Portfolio Budget Statements **Outcome 2**

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



Support Australians overseas
Corporate plan priority 6

PBS 2.1, 2.2 Page 91

Portfolio Budget Statements **Outcome 3**

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



Provide a secure and effective overseas presence
Corporate plan priority 7

PBS 3.1, 3.2 Page 103

PBS 1.1 Foreign affairs and trade operations

PBS 1.2 Official Development Assistance

PBS 1.3 Official Development Assistance – multilateral replenishments

PBS 1.4 Payments to international organisations

PBS 1.5 New Colombo Plan

PBS 1.6 Public information services and public diplomacy

PBS 2.1 Consular services

PBS 2.2 Passport services

PBS 3.1 Foreign affairs and trade security and IT

PBS 3.2 Overseas property

**Department of Foreign Affairs and Trade Portfolio Budget Statements 2018–19 and Portfolio Additional Estimates Statements 2018–19.*

Figure 2 Foreign Affairs and Trade Portfolio Structure as at 30 June 2019

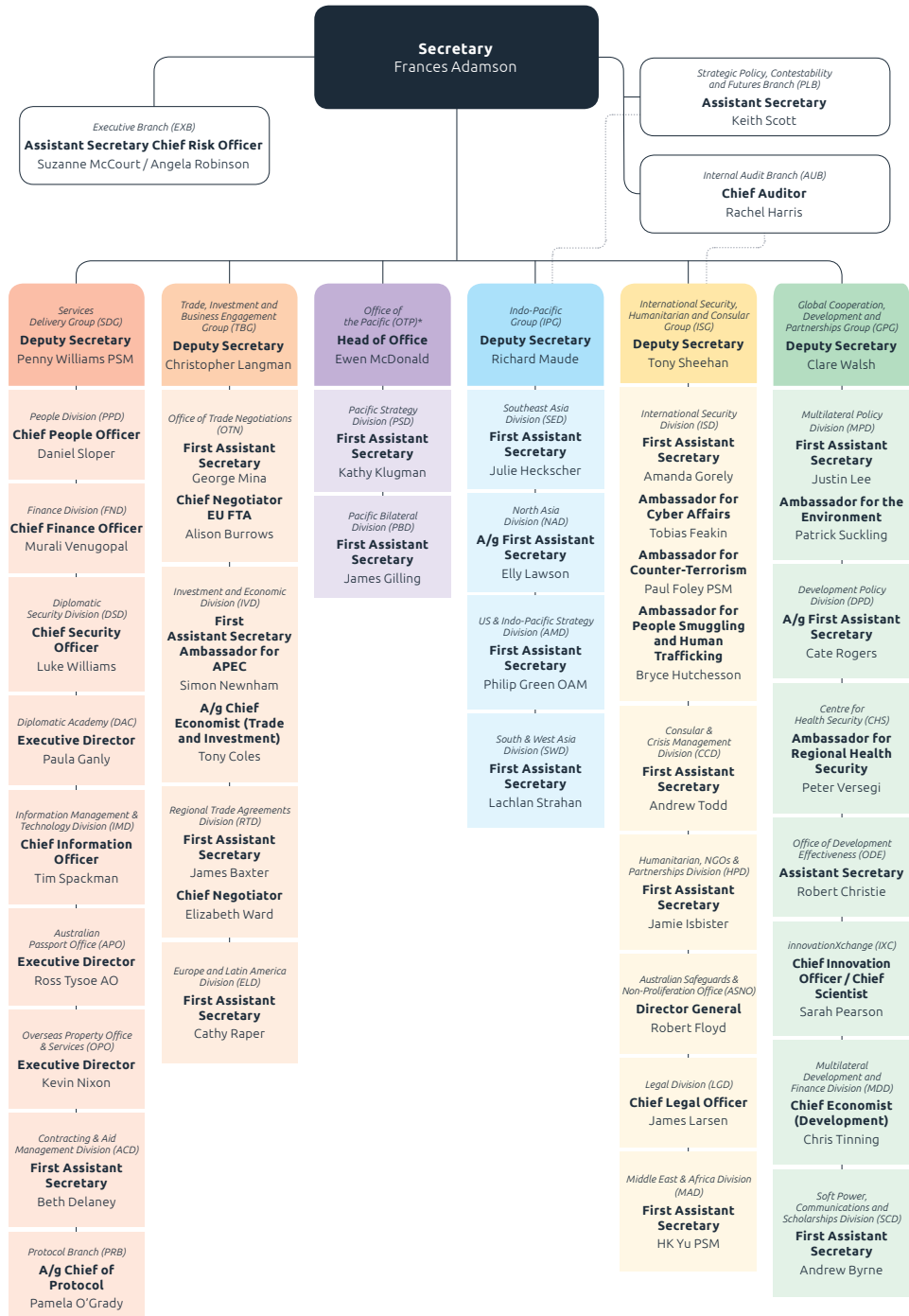


The executive of the Department of Foreign Affairs and Trade



(L to R) Deputy Secretaries Tony Sheehan, Richard Maude, Clare Walsh, Secretary Frances Adamson, Deputy Secretaries Christopher Langman, Penny Williams PSM and Head of the Office of the Pacific, Ewen McDonald [DFAT/Linda Roche]

Figure 3 Organisational Chart as at 30 June 2019



* Office of the Pacific is also responsible for enhancing whole-of-government coordination in the Pacific



The cable-laying vessel, the Ile de Brehat,
commencing the Coral Sea cable lay in Honiara
[DFAT/Qoriniasi Jr. Bale]

Report on performance





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 2018–19 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, appearing to read 'Frances Adamson', with a long horizontal flourish extending to the right.

Frances Adamson
Secretary
Department of Foreign Affairs and Trade

Promote a stable and prosperous Indo-Pacific

A photograph of two school students in the foreground, a girl on the left and a boy on the right, both wearing white short-sleeved shirts and blue bottoms. The girl is wearing a blue skirt and a backpack, while the boy is wearing blue shorts. They are walking on a dirt path. The boy is holding a small Australian flag above his head. In the background, other students in similar uniforms are visible, and there are green plants and trees. The image is part of a report on performance, with a vertical black bar on the right side.

School students from Bishop Epalle School in Honiara welcome Prime Minister Scott Morrison [DFAT/Qoriniasi Jr. Bale]

Promote a stable and prosperous Indo-Pacific



The Indo-Pacific is our home and the region that will have the greatest impact on Australia's future prosperity and security. It encompasses our major trading, strategic and development partners.

As the engine of global growth, the Indo-Pacific offers unparalleled opportunity. Australia is well placed to continue to benefit from the region's economic dynamism, which supports Australian jobs and standards of living. The economies of Australia and our key regional trade and investment partners are highly complementary. We have extensive and growing connections with the region, through business, education, tourism and migration.

At the same time, the Indo-Pacific is undergoing a profound transition, as economic and strategic weight shifts. Competition over the character of the future regional order continues to sharpen. Australia will need to navigate a more complex and contested region to maximise our economic opportunity and maintain our security.

The 2017 Foreign Policy White Paper identified no more important objective than ensuring the Indo-Pacific evolves peacefully, without an erosion of the fundamental principles on which regional prosperity and cooperation are based. The White Paper also emphasised the importance to Australia of stability and economic progress in Pacific island countries and Timor-Leste.

In 2018–19 the department designed and delivered a range of programs and initiatives to advance the Indo-Pacific agenda outlined in the White Paper. We strengthened Australia's cooperation with partners, bilaterally and in small groups, to support our vision for an open, inclusive and prosperous region. We worked to reinforce regional architecture, including by promoting greater collaboration on economic and security issues.

The department is delivering on the Prime Minister's vision for a new chapter in Australia's relationships with our Pacific island neighbours. Through the Pacific Step-up—and as the region's leading development assistance partner—we are working closely with Pacific communities to support their economic prosperity ambitions.

Advancing Australia's interests in the Indo-Pacific

Performance measures

The department's efforts in the Indo-Pacific advance the interests of Australia and Australians.

The step-up in Pacific and Timor-Leste engagement supports stronger and more resilient economies, capability and regional security.

How we rate our performance*

On track but progress towards advancing Australia's interests in the Indo-Pacific is under strain

On track

Source: Corporate Plan p. 10–11, PBS program 1.1 p. 28 | Funding: PBS programs 1.1, 1.2, 1.3 and 1.4

* Our assessment is informed by economic and trade data, tracking our implementation of government decisions, agreements with foreign governments, outcomes from dialogues with foreign governments and development results from the department's Aid Program Performance Reports.

Our performance

We assess that the department's activities in 2018–19 advanced Australia's prosperity and security and helped build our influence in a more competitive region.

It is more difficult to measure our achievement in the past year against our longer-term objective of shaping an open, inclusive and prosperous Indo-Pacific, given shifts in the regional order will play out over a long time period. It is clear however that the region faces significant headwinds, including intensifying strategic competition, trade differences that are disrupting economic growth and greater use of

power rather than rules to pursue national interests. Australia's foreign policy must be active and agile, and draw on all elements of our national power to advance our interests.

The step-up in Pacific and Timor-Leste engagement is also a step-up for the department. During this performance year, we made significant progress. We launched a series of innovative programs that are making a difference to our neighbours. The overall marker of our success in 'stronger and more resilient economies, capability and regional security' in the Pacific and Timor-Leste will take some time to measure. On balance, we rate our performance under this measure as 'on track'.



Minister for Foreign Affairs Senator Marise Payne and her counterpart US Secretary of State Michael Pompeo discussing the broad range of interests in our bilateral relationship at a meeting in Washington [US State Department/Michael Gross]

Engaging the United States

Australia's alliance with the **United States** is the bedrock of our security. We enjoy a mutually beneficial partnership anchored in shared interests and values. We contribute significantly to each other's prosperity—two-way investment reached \$1.7 trillion in 2018 and the United States ranks as Australia's third-largest trading partner.

Australia benefits from deep US engagement in the economic and security affairs of the Indo-Pacific. During the year the department led efforts to bring the Indo-Pacific to the centre of our alliance cooperation and to identify practical ways to address shared regional challenges. We led negotiations on the Indo-Pacific joint work plan—adopted at AUSMIN in July 2018—which sets out a clear roadmap for collaboration in the region.

In November we negotiated and signed a memorandum of understanding with US and Japanese agencies to operationalise our trilateral partnership for infrastructure

investment in the Indo-Pacific. In April trilateral partners undertook the first joint mission in the region—to Papua New Guinea—identifying several infrastructure projects to advance with the Papua New Guinea Government and the private sector.

Through frequent advocacy across the US administration, we positioned Australia as an informed and trusted voice on Indo-Pacific issues as the US approach to the region evolves. We organised four successful portfolio minister visits to the United States, facilitated the Prime Minister's meeting with President Trump at the G20 summit in June 2019 and provided detailed policy advice on the Indo-Pacific to US officials.

The department secured ongoing tariff exemptions for Australian steel and aluminium exports. Critical to this was our comprehensive advocacy on the mutual benefits of our commercial relationship and of our free trade agreement, in effect since 2005.



Minister for Foreign Affairs Senator Marise Payne with State Councillor and Foreign Minister Wang Yi at the conclusion of the 5th Australia–China Foreign and Strategic Dialogue at Diaoyutai State Guesthouse Beijing [DFAT/Chris Crerar]

Working with China

Australia's relationship with **China** is underpinned by our comprehensive strategic partnership and free trade agreement. China is our largest trading partner, with two-way trade increasing by 17 per cent to \$214.6 billion in 2018. Our communities are closely connected—Australia is proud to have hosted 205,000 Chinese students in 2018, a new record.

The department organised and supported ministerial engagements with China during the year. Australia's strong showing at the Shanghai trade expo in November 2018—with the Trade Minister leading a delegation of more than 200 firms—increased the visibility and reach of Australian business into the Chinese market. The Foreign Minister's subsequent visit to Beijing in November enhanced bilateral understanding and highlighted our cooperation on regional priorities. The Prime Minister met with the Chinese Premier at the East Asia Summit in November 2018. He also held discussions with the Chinese President at the APEC summit in November and in the margins of the G20 summit in June.

We are now delivering new mechanisms for bilateral engagement, including the National Foundation for Australia–China Relations, announced in March 2019. The foundation will provide practical support and advice to government, private sector and community

organisations in Australia on developing links with Chinese counterparts. In April 2019 the department opened a new consulate-general in Shenyang—our fifth diplomatic post in mainland China—providing new opportunities for Australian businesses in a major commercial and industrial hub.

The department also advocated for Australia's interests in areas of disagreement with China. We expressed our concerns about the human rights situation in the Xinjiang Uyghur Autonomous Region, and called on China to protect fully the right of individuals to practice their religion free from government interference. We consistently raised Australia's longstanding position that disputes in the South China Sea should be resolved peacefully in accordance with international law.

While working to ensure differences on some issues did not overshadow the many positives in our bilateral relationship with China, some elements of our agenda over the year in review faced difficulties. Australian coal exports experienced delays clearing some Chinese ports: the department supported the government in advocating the importance of non-discriminatory treatment of Australian trade. We also urged China to conclude its investigations into Australia's barley exports swiftly and in a manner consistent with WTO rules.

Working with major Indo-Pacific democracies

The major Indo-Pacific democracies of Japan, India, Indonesia and the Republic of Korea are of first-order importance to Australia. We are pursuing new economic, strategic and security cooperation with these countries—bilaterally and in small groupings—to support a favourable regional balance. Australia's cooperation with **Japan**—our special strategic partner and second-largest trading partner—continued to mature during the year, guided by our shared values and interests, and the close alignment of our priorities across the Indo-Pacific.

The department deepened high-level engagement to address shared strategic interests, including through the eighth Japan–Australia 2+2 Foreign and Defence Ministerial Consultations in October. We worked with the Department of Defence to advance negotiations on a bilateral agreement to facilitate defence exercises and operations. We also deepened officials' exchanges on shared challenges and opportunities in the Indo-Pacific.

The department laid the groundwork for the inaugural Ministerial Economic Dialogue in Tokyo in July 2018. This established a new framework for the bilateral economic relationship and for coordinating our approaches to regional economic integration, including expanding the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and finalising the Regional Comprehensive Economic Partnership (see p. 43). We also provided policy advice and support for Prime Minister Abe's historic visit to Darwin in November 2018 and for the subsequent leaders meeting in the margins of the G20 summit in Osaka in June.

Indonesia is vitally important to Australia as a close neighbour and a growing economic and strategic power. Over decades, we have invested in closer cooperation to enrich our political and economic relationship and to tackle common challenges.

The department led the conclusion of two landmark agreements with Indonesia during the year. Our comprehensive strategic partnership—announced during the Prime Minister's visit to Indonesia in August—

commits both sides to a more ambitious shared agenda, bilaterally and in the Indo-Pacific. Our comprehensive economic partnership agreement, signed in March 2019, will allow most Australian exports to enter Indonesia duty-free, improve conditions for our service providers and encourage more two-way investment.

Australia and Indonesia are true regional partners. We co-chair security meetings like the Bali Process and the sub-regional meeting on counter-terrorism, necessary for coordinating responses to transnational threats including people smuggling and terrorism. The Foreign Minister's attendance at the 11th Bali Democracy Forum demonstrated Australia's strong support for Indonesia's international advocacy for the principles of democracy.

Our development cooperation is targeting areas of strategic importance for the bilateral relationship. We partnered with Indonesian agencies to develop infrastructure, skills and institutions to promote economic growth and stability. We supported 15 Australian Government agencies to work alongside Indonesian counterparts to advise and share Australia's experience on key reforms. Our advice strengthened Indonesia's international anti-money laundering and counter-terrorist financing standards.

India sits in the front rank of Australia's bilateral and regional partnerships and is crucial to the long-term security and prosperity of the Indo-Pacific.

We supported a higher tempo of bilateral engagement with India in 2018–19, including the first state visit by an Indian President in November, and the opening of the new Australian Consulate-General in Kolkata in March. The Foreign Minister's address to India's signature strategic conference, the Raisina Dialogue, in January 2019, deepened India's appreciation of Australia as an Indo-Pacific partner.

We continued to build the economic relationship and to support Australian industry on trade issues, commencing WTO dispute settlement proceedings with Brazil and Guatemala against India's sugar subsidies, which are distorting world markets.

Implementing the India Economic Strategy

Over the next 20 years, no single market will offer more growth opportunities for Australian business than India. The department supported Peter Varghese AO to produce an India Economic Strategy, released in July 2018, which sets out a long-term roadmap for growing the economic relationship.

The Prime Minister announced the government's endorsement of the report, including its ambitious goals for the India relationship by 2035:

- lifting India into Australia's top three export markets
- making India the third-largest destination in Asia for Australian outward investment
- bringing India into the inner circle of Australia's strategic partnerships
- forming people-to-people ties as close as any in Asia.

Early outcomes include a new scholarship program for Indian students, training on biosecurity to improve the flow of agricultural products, air services arrangements that allow more direct flights and the launch of the Undiscover Australia tourism campaign.

The department promoted economic opportunities in India, including through a roadshow engaging business, state governments and the Indian diaspora around Australia, and board meetings with ASX 200 companies. We co-sponsored an India business summit hosted by the *Australian Financial Review* in November 2018, which was attended by 230 senior business leaders and media commentators.

The Indian Government has commissioned a counterpart strategy for Australia which will be completed in late 2019.

Australia continues to build on its mature economic relationship with the **Republic of Korea**—our fourth-largest trading partner—by pursuing a higher level of ambition for regional cooperation.

We engaged in high-level discussions on the regional security environment, including on North Korea, by hosting the Senior Officials 2+2 Strategic Dialogue in July 2018. In our high-level consultations on development in March, we identified further opportunities to support development in Southeast Asia and the Pacific and agreed to a secondment exchange between our innovation areas.

The Korea–Australia Free Trade Agreement (KAFTA) celebrated its fourth anniversary in December and a sixth round of tariff cuts in January. Thanks to KAFTA, more than 99 per cent of Australia's goods exports to the Republic of Korea are eligible to enter duty-free or with preferential access. As of 2017, over 92 per cent of eligible two-way trade between Australia and the Republic of Korea used FTA preferences.

Stepping up in the Pacific and Timor-Leste

The prosperity, stability and security of the Pacific is at the forefront of Australia's foreign policy. Building on our longstanding partnerships for economic and human development in the region, the department is coordinating the whole-of-government design and implementation of the Pacific Step-up, which will enhance our efforts to tackle the unique needs of Pacific island countries.

In 2018–19 the department delivered Australia's highest ever contribution to Pacific development of \$1.2 billion, providing high-quality, sustainable support in line with Pacific priorities. New development partners are also increasingly engaged in the region, creating a more complex backdrop to our efforts to support Pacific aspirations, and promote a secure, stable and prosperous region.

The department's response to these challenges is not business as usual. Establishing the **Office of the Pacific** with more staff—including from 10 agencies across government—is a major shift in how we engage with the Pacific. The office has driven greater whole-of-government coordination and renewed focus on our Pacific engagement, enabling us to work more closely and effectively with our Pacific partners.

To support these efforts, we continued to advance Pacific regionalism, led by the Pacific Islands Forum (PIF), including to secure a stronger collective Pacific voice on the international stage. In September we negotiated with Pacific partners on a new regional security declaration—the Boe Declaration—which established an expanded concept of regional security and set the framework for renewed cooperation. Our assistance for Papua New Guinea's hosting of APEC in 2018, including the leaders meeting in November, helped PNG showcase our region on the global stage.

Our relationship with **New Zealand** remains our closest and most comprehensive, and the department worked closely with our counterparts to coordinate the Pacific

Step-up with New Zealand's 'Pacific Reset'. Cooperation with New Zealand in the aftermath of the March 2019 Christchurch terror attacks demonstrated the strength of our relationship and joint commitment to combat terrorism.

Reaffirming the importance of the Pacific, the department facilitated a significant increase in high-level engagement between Australia and Pacific island countries during the year—including 35 ministerial visits—with landmark visits by the Prime Minister to Papua New Guinea, Vanuatu, Fiji and Solomon Islands. These significantly elevated our bilateral relationships and underscored the depth of Australia's commitment to the region.

The opening of Australia's high commission in Tuvalu in February (our 14th post in the Pacific) further bolstered our diplomatic network, already the largest in the region of any country. New posts planned in the Cook Islands, Niue, French Polynesia, Palau and the Republic of the Marshall Islands will help further improve our relationships across the Pacific. The department is also designing and implementing new programs to enhance our education, sports and church links, bringing our people even closer together.

Pacific workers in regional Australia

Tebeau Tioan is an aged care worker in Bundanoon, New South Wales, and one of 11 women from Kiribati employed in 2018 by an Australian aged care providers through the Pacific Labour Scheme.

Residents and staff refer to the i-Kiribati workers as hard-working, caring and genuine, with an inherent respect for older people.

Aged care provider Warrigal was one of the first approved employers on the Pacific Labour Scheme, employing the workers from Kiribati when no Australians were available.

The workers received training before leaving Kiribati and graduated with a Certificate III in Individual Support (Ageing, Home and Community) delivered by the Australia Pacific Training Coalition.

The Pacific Labour Scheme offers visas of up to three years for low to semi-skilled

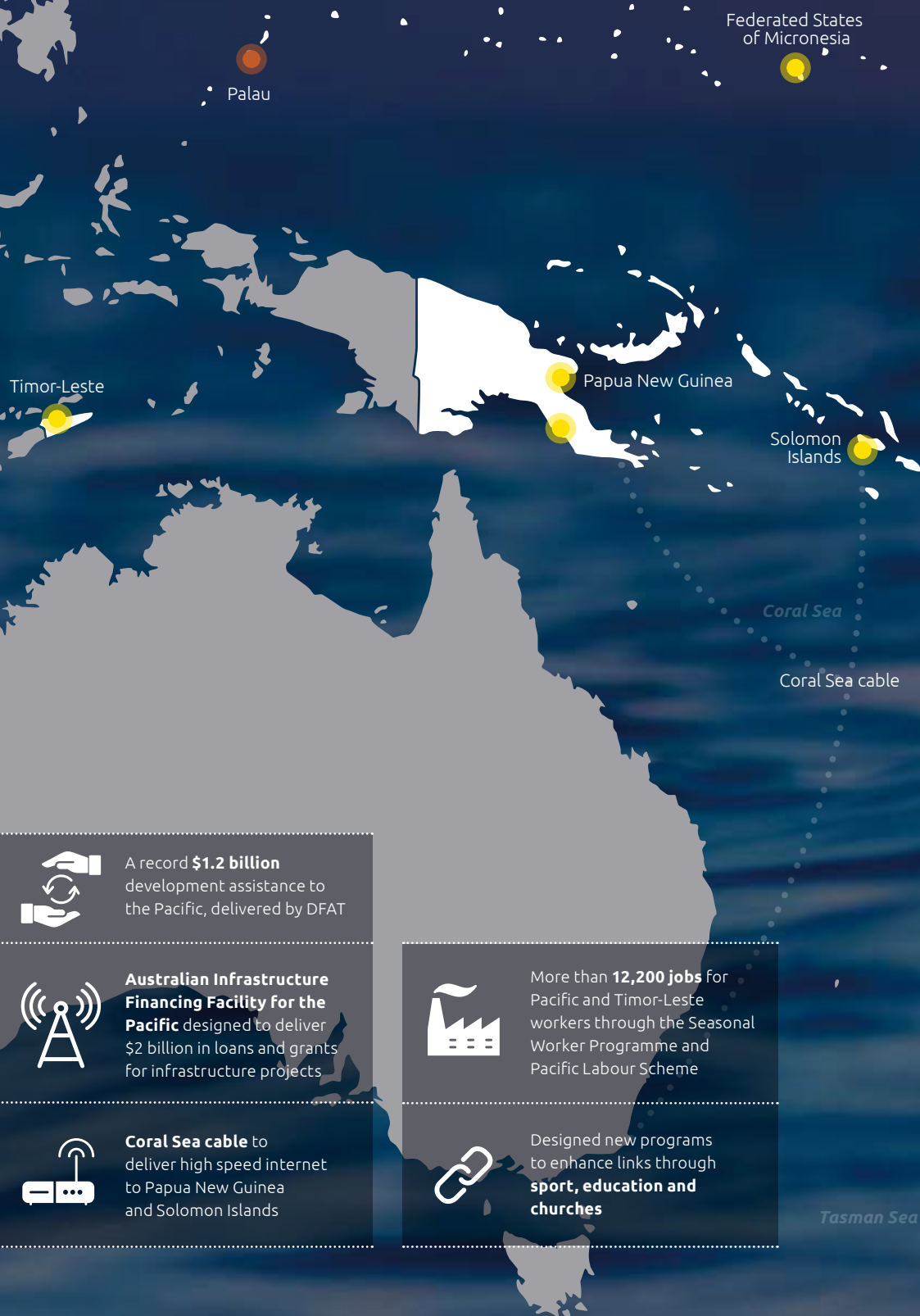
workers. In an industry like aged care, the longer-term visa allows stable ongoing relationships between residents and carers.

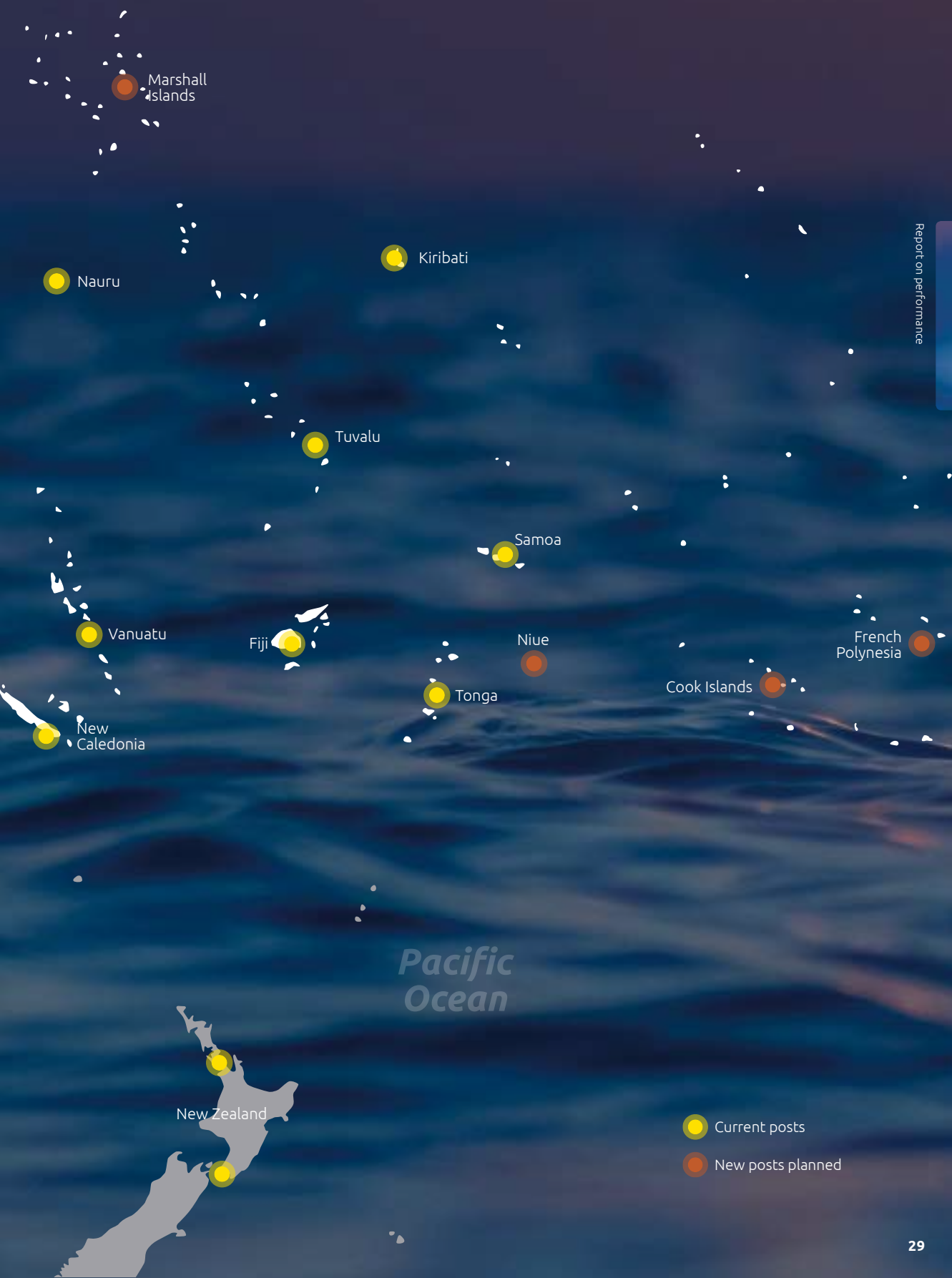
The scheme is providing workers from the Pacific with skills, experiences and income they can take home to their countries and helping Australian businesses to solve labour shortages.



I-Kiribati personal care worker Tebeau Tioan at Warrigal Aged Care in Bundanoon, with resident Nelly Lawrence [Karen Young/Pacific Labour Facility]

Figure 4 Pacific highlights 2018–19





As part of Australia's commitment to enhancing regional prosperity and economic opportunities, the department rolled out the new **Pacific Labour Scheme** to nine Pacific island countries (Fiji, Kiribati, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu) and Timor-Leste. In its first year, 50 employers were approved to recruit through the scheme and 203 Pacific workers were employed in Australia.

More than 12,000 Pacific and Timor-Leste workers were employed in Australia in 2018–19 through the Seasonal Worker Programme. Each worker remitted on average \$8,850 to their home country for each work placement. These demand-driven programs helped Australian businesses address labour shortages in rural and regional areas, where no Australian workers were available. They also provided a significant boost for Pacific economies and communities.

The Pacific Labour Facility, established in 2018, supports Australian businesses to use the Pacific Labour Scheme, helps source countries to increase the number of quality workers coming to Australia and provides vital pastoral care support to workers while in Australia.

To support transformative infrastructure development across the Pacific and Timor-Leste, the department designed the \$2 billion **Australian Infrastructure Financing Facility for the Pacific** (AIFFP). The facility will support the infrastructure priorities of our neighbours, including telecommunications, energy, transport and water. We expect that each infrastructure project financed by AIFFP will involve complex risks that will test the department's capability on an ongoing basis. To ensure the department is equipped to deliver the AIFFP we are building staff capacity—including through targeted training, contracting expertise, and working with multilateral development banks and others with established systems for loans.

New legislation passed during the year enables Export Finance Australia (formerly Efic) to help more Australian businesses capitalise on commercial opportunities in the Pacific. These new measures build on our significant contribution to infrastructure across the region, including the Coral Sea cable project with Papua New Guinea and Solomon Islands.

High-speed internet for Papua New Guinea and Solomon Islands

The people of Papua New Guinea and Solomon Islands will receive next generation internet connectivity when a submarine cable system is completed by the end of 2019.

The Coral Sea cable system will link Sydney, Port Moresby and Honiara, and connect four provinces within Solomon Islands.

The governments of Papua New Guinea and Solomon Islands are jointly contributing up to one third of the costs, with Australia to fund the majority of the project as a significant

investment in the future economic growth and prosperity of our region.

The department engaged Vocus Pty Ltd as the project manager to finalise the marine survey, the manufacture and installation of 5,500km of cable, and civil works in Australia, Papua New Guinea and Solomon Islands.

According to the World Bank, improving internet access and connectivity in the Pacific could increase the region's gross domestic product by USD5 billion by 2040 and create an extra 300,000 jobs.

The department facilitated Australia's ratification of the **Pacific Agreement on Closer Economic Relations Plus** (PACER Plus) in December—a significant milestone of greater regional economic integration. PACER Plus will provide commercial opportunities for exporters and investors across a range of sectors, and the department is supporting Pacific countries to complete arrangements to bring the agreement into force.

Security and stability are essential foundations for economic prosperity. The department responded to Pacific leaders' calls for better information sharing to tackle security threats (such as illegal fishing, people smuggling and narcotics trafficking) by developing new regional coordination and capacity mechanisms. This includes the Pacific Fusion Centre and Australia Pacific Security College, which have commenced working with the region to strengthen security responses.

As a region of large ocean states, the security of maritime areas is vitally important to Pacific island countries for cultural identity, food security and economic development. The department has created the Pacific Maritime Boundaries Section in the Office of the Pacific to help Pacific island countries establish their maritime zones. We are also supporting major Department of Defence-led investments in Papua New Guinea, Fiji and Vanuatu to strengthen their security, sovereignty and capacity.

Climate change is a key priority for our immediate region and the department is rolling out its four-year, \$300 million package to support Pacific climate and disaster resilience. A further \$500 million over five years has been pledged for the Pacific, starting in 2020–21. We are also mainstreaming climate and disaster resilience into Australia's aid investments across the Pacific, including through Pacific Step-up initiatives such as the AIFFP.

We are committed to supporting our Pacific family in times of crisis. The department coordinated Australia's assistance to Vanuatu to evacuate and resettle the residents of Ambae Island during major volcanic eruptions, and supported

Solomon Islands to prevent a major oil spill from devastating Rennell Island and its UNESCO-listed world heritage site.

This support builds on our longstanding commitment to human development in the Pacific, which is reflected in our record development contribution in 2018–19. We are continuing to focus on gender equality, health and governance, and redressing persistent challenges that undermine national and regional security. See p. 65 for more detail on our development program in the Pacific.

The Foreign Minister's visit to **Timor-Leste** in July 2018 reinforced Australia's commitment to revitalising our partnership, following the signing of the maritime boundary treaty. Both governments worked closely on the transitional arrangements needed to bring the treaty into force and to draft the implementing legislation. The high-level visits have continued, with Australia hosting a third of Timorese parliamentarians in 2019. In March 2019 Foreign Minister Payne signed a memorandum of understanding which welcomed Timor-Leste into Australia's new Pacific Labour Scheme.



A Timorese worker picking berries at Hillwood Berries in Tasmania as part of the Seasonal Worker Programme [Pacific Labour Facility/Karen Young]

Working with Southeast Asia

Southeast Asia lies at the heart of the Indo-Pacific and at the centre of our efforts to promote regional stability and prosperity. As a longstanding partner in Southeast Asia, Australia has increased efforts to ensure we remain a leading economic, development and strategic partner for the region.

With the Department of Defence, we hosted the joint ministerial committee meeting with Singapore, where ministers welcomed progress in implementing our comprehensive strategic partnership. We supported multiple visits to Singapore by the Prime Minister as well as foreign and trade ministers to catalyse new areas of cooperation, including on digital trade.

We are strengthening Australia's partnership with Malaysia as it pursues an ambitious reform agenda. Through two-way visits, new policy dialogues and Australian capacity building, we have deepened links between our democratic institutions. During secretary-level talks, we promoted Australia's economic and strategic priorities and discussed the next phase of regional cooperation under our strategic partnership.

The Foreign Minister's visit to Vietnam in June added further momentum to our new strategic partnership and deepened discussion of our converging interests in the Indo-Pacific. The first iteration of our Oceans Dialogue advanced our cooperation on maritime governance and international law. Our development program is helping Vietnam implement the Comprehensive and

Progressive Agreement for Trans-Pacific Partnership, providing more opportunities for exporters in both countries.

The department is supporting Myanmar's long-term democratic and economic transition, including through our development assistance. We continued to work with Myanmar, Bangladesh and other partners towards a long-term and durable solution to the Rohingya crisis. The Australian Government condemned atrocities committed in Rakhine State and other parts of Myanmar, and imposed targeted financial sanctions and travel bans on five members of the Myanmar military. We organised the Foreign Minister's visit to Myanmar in December, where she advocated for access by UN agencies to affected areas and for the needs of displaced people.

Thai cave rescue

When 12 Thai boys and their soccer coach were trapped in a flooded cave in northern Thailand in mid-2018, the department was quick to respond.

Working with the Australian Federal Police, Defence and Emergency Management Australia, we coordinated the Australian Government's response to support the rescue. This included the rapid deployment of Dr Richard Harris, an internationally recognised cave diver and anaesthetist, and his long-term dive partner, Dr Craig Challen, as members of the Australian Medical

Assistance Team. We also deployed three officers from our Crisis Response Team to provide extra resources to support this high-profile and complex operation. The team worked closely with Thai authorities and international counterparts.

Thailand recognised the important role played by Dr Harris and Dr Challen with the conferral of the Most Admirable Order of the Direkgunabhorn Award. The Thais regard Australia's contribution to this rescue as one of the most significant milestones in our bilateral relationship in recent years.



Officers from the Australian Embassy Bangkok and our Humanitarian Branch involved in the Australian efforts to assist Thai authorities with the rescue from Tham Luang Cave [DFAT]

We are working with Thailand to advance its priorities as ASEAN chair in 2019, including the conclusion of RCEP negotiations. We delivered a memorandum of understanding on cyber and digital cooperation, which was signed by the Foreign Minister in Bangkok in January. We are also working together to tackle cross-border challenges in the Mekong—Australia accepted Thailand's invitation to become an Ayeyawady–Chao

Phraya–Mekong Economic Cooperation Strategy Development Partner.

The department worked closely with the Philippines during the year to build effective counter-terrorism skills, assist civilians displaced by conflict and to support the transition to a new autonomous regional government in Muslim Mindanao.

Canberra fellowships

The Canberra Fellowships Program—launched in September—brings together current and emerging leaders from the Indo-Pacific to deepen their understanding of Australian perspectives and expertise in their field of work. Participants also learn about Australian people and our values. During the year, we designed and delivered 14 visits involving 93 participants from 20 countries. Each visit focused on a particular theme, from challenges facing the Indo-Pacific to managing telecommunications sectors.

Highlights included visits by:

- the Timor-Leste Foreign Affairs, Defence and National Security Parliamentary Committee, which focused on maritime issues

- senior representatives from Cambodia, Laos, Myanmar, Vietnam, Thailand and the Mekong River Commission. This group engaged with Australian experts on cross-boundary water management, as well as broader energy governance
- emerging female leaders from Papua New Guinea, focusing on women in leadership and building networks with the private sector, government and civil society in Australia.

We presented a diverse and contemporary experience of Australia. Women had a strong presence at meetings and events, held across the country, and visitors engaged with Indigenous leaders and participated in Indigenous cultural events.

Working with South and West Asia

We promote stability, economic growth and regional cooperation in **South and West Asia**—as a significant part of efforts in the Indo-Pacific to advance Australia's interests.

Australia maintained support for the NATO-led mission in Afghanistan to train, advise and assist Afghan security forces so that Afghanistan can defend itself and its people from terrorism. The department also responded to severe food and water shortages, working with development and humanitarian partners to provide food packages, and consulting with Afghan ministries on longer-term solutions. This is part of our long-term efforts to promote stability, security and prosperity in Afghanistan.

We were quick to assist Australian citizens and the Sri Lankan Government after terror attacks in April. This included coordinating support from the Australian Federal Police

to investigate the attacks and assisting to strengthen security arrangements at Sri Lanka's parliament. We also continued our close cooperation to counter people smuggling.

Australia supported the Maldives to enter the Indian Ocean Rim Association following elections in September. We held inaugural senior officials talks with Nepal to build cooperation on education services, tourism, development priorities and regional stability.

In Bangladesh we provided substantial humanitarian support to address the needs of nearly one million displaced Rohingya, amid the largest humanitarian crisis in our region.

We advocated consistently at senior levels on behalf of a Pakistani Christian sentenced to death for blasphemy in Pakistan. She left the country in May after her conviction was overturned.

Building regional collaboration

Regional architecture is taking on greater significance for Australia as the rules and norms that have underpinned stability in the Indo-Pacific come under greater pressure.

Australia is a strategic partner of ASEAN, which sits at the centre of our vision for the Indo-Pacific. By progressing the 15 initiatives from the 2018 ASEAN–Australia special summit, we are supporting Southeast Asia’s collective capacity in areas such as regional economic integration and counter-terrorism. We also developed new initiatives, announced by the Prime Minister in November, to support partners’ sovereignty and resilience in the areas of maritime security, economic governance and infrastructure, and our Greater Mekong Water Resources Program.

We helped strengthen the East Asia Summit (EAS) as the Indo-Pacific’s premier political and security forum. At the summit in November 2018, leaders adopted an Australian-initiated statement committing regional countries to expand cooperation on cyber security. In early 2019 Australia and Malaysia hosted an EAS seminar to increase understanding of—and support for—international law in the context of maritime security.

We are working with Pacific partners through the Pacific Islands Forum to advance the development, security and foreign policy priorities of the Pacific. The department is also leading whole-of-government efforts to strengthen the security and stability of the Indian Ocean region, including through the Indian Ocean Rim Association (IORA). We are helping to build IORA’s architecture, encouraging a sharper focus on maritime safety and security, and co-chairing meetings on women’s economic empowerment and trade modernisation.

Alongside our multilateral efforts, the department helped strengthen minilateral groupings that support the regional vision for a secure and prosperous Indo-Pacific.

Through cooperation under our trilateral strategic dialogue with Japan and the United States, we supported Southeast Asian countries to address maritime security and safety challenges, and increased our cooperation on sustainable infrastructure. Our engagement and collaboration on regional issues with India, Japan and the United States deepened through quadrilateral consultations.

Maritime security

As a major trading nation surrounded by three oceans, Australia’s security and prosperity rely on an open, stable and rules-based maritime domain. With the region’s seas becoming more congested and contested, we are stepping up efforts to build the capacity of regional partners to address challenges such as terrorism, people smuggling, maritime safety and illegal fishing.

We are reinforcing and increasing our longstanding support to Pacific island countries to define their maritime zones and secure their maritime rights.

In Southeast Asia we are delivering a new maritime cooperation package that will build countries’ resilience in their maritime domains, helping them to protect their sovereignty and sustain crucial livelihoods. Our diplomatic engagement has promoted adherence to international law, particularly the United Nations Convention on the Law of the Sea, maritime safety and respect for freedom of navigation and overflight, including in the South China Sea.

We worked closely with the Department of Defence to ensure the success of Indo-Pacific Endeavour in 2019—the largest peacetime deployment of Australian Defence Force personnel to South and Southeast Asia. Australian naval vessels called into ports in Sri Lanka, India, Malaysia, Thailand, Vietnam, Singapore and Indonesia, better preparing us to work together in the future.

Infrastructure investment

The Indo-Pacific has a substantial need for infrastructure—amounting to \$26 trillion from 2016 to 2030 according to Asian Development Bank estimates. Meeting this need in a sustainable way will help drive economic growth and stability across the region—vital to Australia's prosperity. The department is working to ensure regional countries have access to a range of sources of infrastructure financing and can make well-informed investment choices.

To support this, the department is designing and implementing initiatives—and establishing new infrastructure partnerships—that will significantly boost our contribution to infrastructure development in the Indo-Pacific.

These include:

- The **Australian Infrastructure Financing Facility for the Pacific**—a new loan and grant facility to support development of high-priority economic infrastructure in Pacific island countries and Timor-Leste
- The **Southeast Asia Economic Governance and Infrastructure Initiative**—a multi-country facility to support good government policy and provide technical advice on economic reform and infrastructure decision-making
- The **South Asia Regional Infrastructure Connectivity** initiative—to promote investment in high-quality infrastructure that better links the economies of South Asia
- The Australia–Japan–United States **Trilateral Infrastructure Partnership**—to cooperate with regional governments and the private sector in support of projects that adhere to international standards and principles

- The Australia–Japan–United States–New Zealand **PNG Electrification Partnership**—to help Papua New Guinea with its goal of connecting 70 per cent of its population to electricity by 2030.

Building and maintaining the capabilities required to deliver these programs to a high standard will continue to be a major focus of the department's risk management strategy.

Responding to the threat posed by North Korea

Australia remains committed to maintaining pressure on North Korea until it takes concrete steps towards complete, verifiable and irreversible denuclearisation as set out in UN Security Council resolutions.

In 2018–19 we continued implementing United Nations Security Council and Australia's autonomous sanctions against North Korea. We conducted regular advocacy on sanctions enforcement with Southeast Asian countries, and worked with New Zealand, the United States and Japan to build Pacific capacity on sanctions implementation.

We also supported the Department of Defence's deployment of maritime patrol aircraft to Japan, as well as a naval vessel to the region, to monitor and deter ships evading North Korea sanctions. We followed up with the states where vessels of concern were registered.

Building relationships through the New Colombo Plan

Under the New Colombo Plan (NCP) the department is supporting thousands of young Australians to study and undertake internships in the Indo-Pacific. We are building institutional links and developing

connections for a new generation of leaders to draw on in their future careers—growing cultural understanding and contributing to stability and prosperity in the Indo-Pacific.

Performance measure	How we rate our performance*
New Colombo Plan engagement delivers enduring people-to-people, institutional and business links.	On track
At least 10,000 Australian undergraduates supported to study in the Indo-Pacific region.	Achieved
NCP participants build relationships in the region and promote the value of the NCP experience.	On track
Universities, the private sector and partner governments support implementation of the NCP.	On track
Alumni are engaged through networks that foster professional development and ongoing connections with the region.	On track

Source: Corporate Plan p. 11, PBS program 1.5 p. 33 | Funding: PBS program 1.5

* Our assessments are informed by an independent evaluation of the New Colombo Plan, an analysis of our NCP and alumni databases, surveys of participants, and participation by and feedback from universities, business and partner governments.

Our performance

An independent evaluation of the NCP commissioned this year found that in its first five years, the initiative had ‘turbo-charged’ the number of Australian university students studying and doing internships in the Indo-Pacific. The NCP has provided awards for around 50,000 students to study overseas, and the evaluation confirmed that the initiative is growing a cohort of alumni with valuable regional experience and networks.

In 2018–19 the department awarded 11,660 NCP scholarships and short-term grants. Forty Australian universities and more than 300 private sector organisations are now participating, and are central to implementing the program and its success in delivering strong institutional, business and people-to-people links.

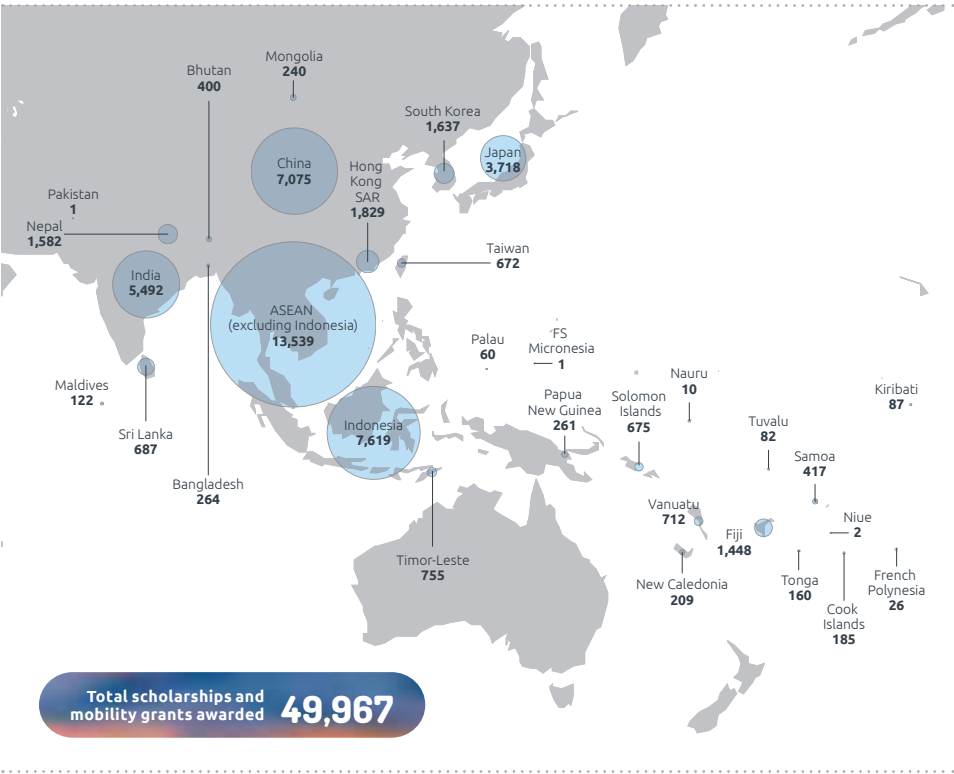
We have been working to increase the diversity of students and the range of host locations. This year—for the first time—scholarships were awarded for Cook Islands, French Polynesia and Samoa, and short-term grants for Niue and French Polynesia. In

the 2019 scholarship round, five per cent of students are Indigenous—up from less than one per cent in previous years and three times the percentage of Indigenous domestic university students. A total of 21 per cent of NCP students identify as coming from a lower socio-economic background, 17 per cent are the first in their family to attend university and 30 per cent are from regional Australia.

Australian businesses are increasingly recognising the value of the program and providing new opportunities for work experience. Five businesses provided sponsorship support for eight NCP scholarships in 2019, up from four scholarships the year before. More than 30 industry leaders with Indo-Pacific connections promoted the program as NCP business champions. In July global law firm King & Wood Mallesons co-hosted the first NCP industry symposium for business, government and universities on preparing legal graduates for international careers.

The department has established a growing community of active NCP alumni who

Figure 5 **Five years of the New Colombo Plan — scholarship & mobility grants 2014–2019**



promote the program. All states and territories now have alumni programs—with the launch of the initiative in the Northern Territory in July—as well as alumni ambassadors to promote the program in their universities and communities. The department partners with Asialink Business to deliver networking and development opportunities, and more than 1,900 alumni have taken part. There were 3,196 members

of the NCP alumni LinkedIn group during the year, up from 2,000 the year before, reflecting a strong and engaged alumni cohort.

Feedback is positive from governments in the region, universities, business and institutions. Surveys confirm 99 per cent of NCP scholars and 94 per cent of short-term students believe they are better prepared to engage with the Indo-Pacific after their NCP experiences.

Advising and supporting our ministers

Performance measure

High level of satisfaction of ministers and key stakeholders with the quality and timeliness of advice, briefing and support in relation to Australia's international objectives.

How we rate our performance*

On track

Source: Corporate Plan p. 10, PBS program 1.1 p. 29 | Funding: PBS program 1.1

* Our assessment is informed by a survey of portfolio ministers' offices, surveys of stakeholders for the department's internal divisional business reviews and regular feedback from our ministers and stakeholders.

Our performance

In 2018–19 the department arranged 52 visits for our four portfolio ministers to 39 countries for a combined duration of 247 days. We arranged travel logistics, identified strategic objectives, prepared briefs and speeches, and managed meetings and events.

We worked with the Department of the Prime Minister and Cabinet to support 10 prime ministerial visits to 12 countries. We worked across government to support visits by the Governor-General, federal government ministers and parliamentarians, as well as visits by state and territory representatives.

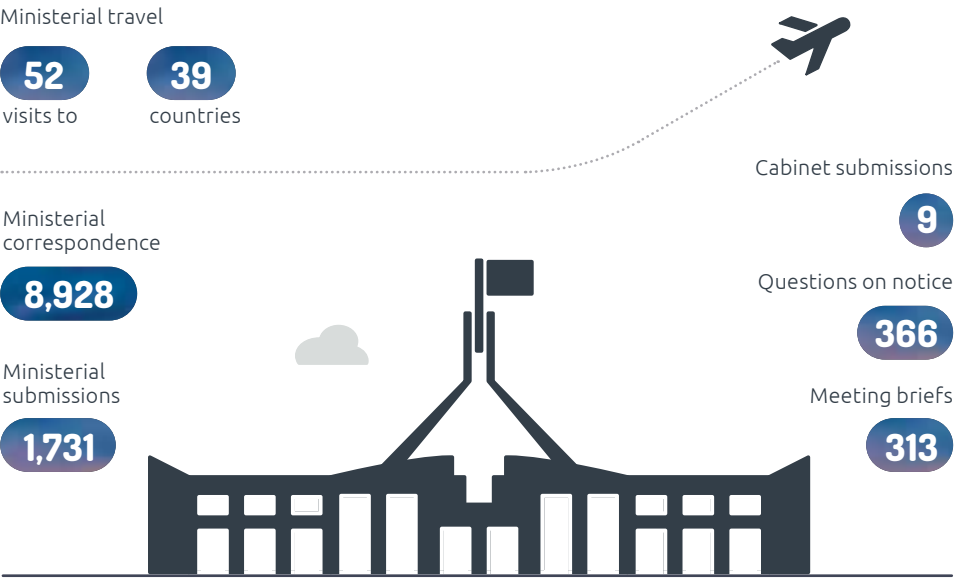
The department surveyed **portfolio ministers’ offices** in April to measure levels of satisfaction with our support.

They agreed or strongly agreed our cables, daily briefs, alerts and media summaries were valuable. The offices strongly agreed the department provided a high level of support, especially for portfolio ministers’ visits overseas and for their involvement in cabinet and parliament.

Ministers’ offices provided variable feedback on the quality and timeliness of the department’s briefings and submissions. To address this feedback we initiated several new internal campaigns during the year including to lift writing standards and improve records of conversation.

A survey of **key external stakeholders** rated our performance highly. Stakeholders, including other government agencies and industry groups, were surveyed for the annual divisional business reviews.

Figure 6 DFAT support for ministers, briefing and other products



Pursue our economic, trade and investment agenda for opportunity



Minister for Trade, Tourism and Investment Senator Simon Birmingham and Indonesian Minister for Trade Enggartiaso Lukita ahead of the signing of the Indonesia–Australia Comprehensive Economic Partnership Agreement [DFAT/Tim Tobing]

Pursue our economic, trade and investment agenda for opportunity



Australia is one of the most open and successful economies in the world. Our openness to trade and investment and the competitiveness of our businesses overseas have made a major contribution to Australia's 28 years of uninterrupted annual economic growth.

We are increasingly connected to global markets. In 2018 Australia's total trade in goods and services increased by 11.6 per cent to \$853 billion. The level of foreign investment in Australia increased 5.6 per cent to \$3.5 trillion and the level of outward investment from Australia increased 7.6 per cent to \$2.5 trillion.

This is good for our economy—one in every seven Australian jobs is with one of the more than 53,000 businesses that export goods and services. Compared with non-exporters, these businesses employ more staff, are more productive and pay more in average wages.

One in 10 Australian jobs is supported by foreign direct investment. This provides Australia with the capital needed to finance new productive capacity and to boost infrastructure.

Openness to global markets means household goods are cheaper and Australian consumers have greater choice. Over the past decade, the price of goods and services exposed to international trade rose by only 6.8 per cent, compared to a 23.6 per cent increase in prices overall.

In 2018–19 Australia's trade agenda was as ambitious as it has ever been, but our operating context grew increasingly difficult. Escalating trade tensions between the United States and China increased uncertainty and the risk of unintended consequences for third parties. There is growing pressure on the global trading system to modernise and respond to the rise of large emerging economies, changing patterns of trade and new technologies.

In this dynamic global environment, the department's efforts to advance Australia's prosperity are more important—and more challenging—than ever.

Figure 7 **Benefits of trade and investment for Australians**



More than **53,000**
Australian
businesses export



\$438b
Exports contributed
\$438 billion in
income in 2018



1 in 5 jobs
rely on trade



1 in 7 jobs
rely on exports



Trade liberalisation
delivered about **\$8,448**
in extra real income
to the average family



1 in 10 jobs is
supported by foreign
direct investment



Trade liberalisation
has **reduced the cost**
of household items by
up to **13 per cent** in the
past 10 years



Trade has contributed
almost **30 per cent of**
Australia's economic
growth over the
past six years

Promoting open markets and global trading rules

The department's efforts to increase Australia's prosperity, create new opportunities for our businesses and deliver benefits to Australian consumers are underpinned by international rules, particularly those of the World Trade Organization (WTO).

However the WTO faces a number of serious challenges. The past year saw growing anti-trade sentiment in some countries, more unilateral trade measures and intensified trade tensions—which risk damaging the multilateral trading system. Despite increased engagement on WTO

reform and progress on negotiations on e-commerce and other issues, agreement on significant outcomes remained out of reach. The WTO dispute settlement system—vital to enforcing our trade law rights and protecting Australian businesses—faces significant challenges and needs reform.

International economic forums such as the Asia-Pacific Economic Cooperation (APEC), the Group of Twenty (G20) and the Organisation for Economic Co-operation and Development (OECD) support an open global economy. Australia continued to use those forums to pursue our interests.

Performance measure

Effectiveness in supporting the global rules-based trading system and opening markets. Influential advocacy in favour of open markets, resisting protectionism and the rules-based trading system internationally and domestically.

How we rate our performance*

On track but progress towards promoting open markets and global trading rules is under strain

Source: Corporate Plan 2018–19 p. 12, PBS 2018–19 program 1.1 p. 29 | Funding: PBS 2018–19 program 1.1

* Our assessment is informed by WTO, APEC, G20 and OECD outcomes, diplomatic reporting on feedback from foreign governments and new trade agreements.

Our performance

We assess that we are 'on track' against this performance measure. Despite significant challenges to the open global trading system in 2018–19, Australia continued to be a key supporter of the WTO and an influential advocate for reform and open markets. We played a major role in leading the negotiations among WTO members on e-commerce and behind the border barriers to trade in services. We arranged for Australia to join the WTO Government Procurement Agreement and we completed negotiations on a number of free trade agreements (FTAs) that will open markets.

We continued to be a leading voice in the WTO on agricultural trade reform, both through our leadership of the Cairns Group (a coalition of 19 agricultural exporting countries) and our active defence of Australia's agricultural interests. We raised concerns in the WTO about the agricultural policies of China, the European Union, India, the United States and other countries, with

a focus on India's subsidies for sugar and trade-restricting measures on pulses.

Australia's participation in the WTO dispute settlement system advanced Australian interests and reinforced the system during a period of crisis. In 2018–19 we strongly defended ongoing disputes brought against Australia on tobacco plain packaging and on anti-dumping measures on A4 copy paper. We initiated two cases to enhance opportunities for Australian exporters of wine and sugar.

The department contributed to efforts to reform the WTO dispute settlement system, tabling proposals to resolve the impasse on appointments of new Appellate Body members. Without new members, the Appellate Body will not be able to hear appeals after December 2019. Despite our best efforts, WTO members failed to reach agreement in 2018–19, and work continues. Failure to resolve the issue will make it more difficult to enforce global trade law to the detriment of the multilateral rules-based trading system.

Over 2018–19 we helped bolster support for the global rules-based trading system in APEC, the G20 and the OECD, including at eight ministerial or leader-level meetings. Progress was difficult, as protectionist pressures and tensions among major economies continued to rise. In November APEC leaders were unable to agree to a leaders’ declaration, however agreement was reached in other forums, including by G20 leaders in June.

The department provided strong policy support for Papua New Guinea’s successful hosting of APEC in 2018. We worked closely with Papua New Guinea’s APEC team throughout the year to support its agenda. This included providing a digital economy expert to help Papua New Guinea develop its key theme as host: *harnessing inclusive opportunities, embracing the digital future*. We helped Papua New Guinea secure agreement from APEC economies to focus more strategically on building the region’s digital infrastructure and to develop better

rules governing digital trade. This will help Australian companies doing business online with these fast-growing economies. We also launched an APEC fund on digital innovation with the Republic of Korea to help APEC economies implement policies that expand e-commerce and digital trade in the Asia-Pacific.

We delivered a series of APEC workshops on services and investment to accelerate recognition of professional qualifications. Improving recognition of qualifications will make it easier for Australians to work across the region and help encourage APEC economies to liberalise investment policy settings.

We participated in multilateral reform efforts to strengthen transparency and improve safeguards in investor-state dispute settlement (ISDS) arrangements. We also pursued ISDS reform, signing an updated investment treaty with Uruguay in April, which contains modern safeguards and reaffirms governments’ right to regulate.

Supporting Australian businesses to secure opportunities globally

Australia is at the forefront of negotiating comprehensive FTAs and new WTO rules. These provide our firms with new market openings, reduce the cost of doing business overseas, and deliver greater choice and more affordable products to Australians.

The 2017 Foreign Policy White Paper set an ambitious target to expand Australia’s network of FTAs to account for 80 per cent of our two-way trade by 2020. Completing FTA negotiations with the European Union and Regional Comprehensive Economic

Partnership countries will see over 86 per cent of two-way trade covered by our FTAs. The government’s goal now is for FTAs to cover around 90 per cent of Australia’s two-way trade by 2022.

Trade agreements that link multiple economies help Australian businesses reduce transaction costs and better access global supply chains. We are working to increase the degree to which the major Indo-Pacific economies work together under common trade and investment rules.

Performance measures

Concluded free trade agreements with countries that account for over 80 per cent of Australia’s trade by 2020.

How we rate our performance*

On track

Increased opportunities for Australian businesses.

On track

Source: Corporate Plan 2018–19 p. 12 PBS program 1.1, p. 29 | Funding: PBS 2018–19 program 1.1

* Our assessment is informed by economic data, new market access for Australian firms, outcomes of FTA reviews with partner countries and progress in negotiations.

Our performance

It is challenging to negotiate, conclude and implement comprehensive trade agreements with multiple countries that have varying trade and economic interests and different priorities for economic development. We would have liked to conclude some agreements more quickly than we did. On balance, we rate our performance against these measures as 'on track' given the progress we made and the opportunities created for Australian businesses, despite the challenges.

On 31 October Australia ratified the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) which entered into force on 30 December. The agreement has already delivered two sets of tariff cuts for Australian goods exporters. This includes reductions on Japan's import tariffs on beef and numerous dairy products, and preferential access into Canada and Mexico.

Australia and Indonesia signed the Indonesia–Australia Comprehensive Economic Partnership (IA-CEPA) on 4 March 2019, launching a new chapter in our economic relations. Once ratified, this agreement will provide significant new market access and greater certainty for Australian exporters and investors in one of the fastest growing economies in the Indo-Pacific.

'IA-CEPA will cement the existing relationship between Australian and Indonesian milling wheat industries, whilst allowing new trade, investment and relationships to flourish between Australia's grain industry and Indonesia's food manufacturing, stockfeed and livestock sectors.'

Brett Hosking, Chairman of GrainGrowers

On 26 March Australia and Hong Kong signed the Australia–Hong Kong FTA and associated investment agreement. These agreements will guarantee duty-free access for Australian goods into Hong Kong, open services and investment settings, and help attract vital capital into new and existing industries in Australia.

The Peru–Australia FTA, signed in 2018, will give Australian industry immediate duty-free access to the Peru market for a range of goods, helping to diversify markets for Australian exporters.

We are working to ratify the FTAs with Indonesia, Hong Kong and Peru in the near future, and will bring these agreements into force.

We are negotiating a comprehensive and ambitious trade agreement with the European Union to give Australian exporters a competitive edge. An Australia–European Union FTA will open new opportunities for Australian companies in the very large European Union market, with its USD18.7 trillion GDP (2019) and population of 510 million (2018). It will also underline our shared commitment to supporting the global rules-based trading system.



We initiated a review to upgrade the ASEAN–Australia–New Zealand FTA, and deepened bilateral dialogue with Japan and the Republic of Korea on regional economic issues. We continued to pursue conclusion of Regional Comprehensive Economic Partnership (RCEP)—an FTA between the ten ASEAN member states, Australia, China, India, Japan, the Republic of Korea and New Zealand. Leaders of RCEP countries, including Prime Minister Morrison, have set 2019 as the deadline for concluding this agreement. We are negotiating with China on the RCEP and continuing to work towards the general review of the China–Australia FTA.

We were unable to reach the anticipated conclusion of the Pacific Alliance FTA (Chile, Colombia, Mexico and Peru) in 2018 due to changes of government in some Pacific Alliance countries that year; negotiations are ongoing.

We secured Australia’s accession to the WTO Agreement on Government Procurement, giving our businesses better access and certainty in bidding for government contracts in 47 new markets, including the European Union. The agreement covers around \$2.3 trillion of government procurement annually, which will grow as other countries join.

We led efforts to launch WTO e-commerce negotiations on new rules for trading goods and services online. These negotiations help address barriers to digital trade and provide appropriate consumer protection on issues such as privacy and security.

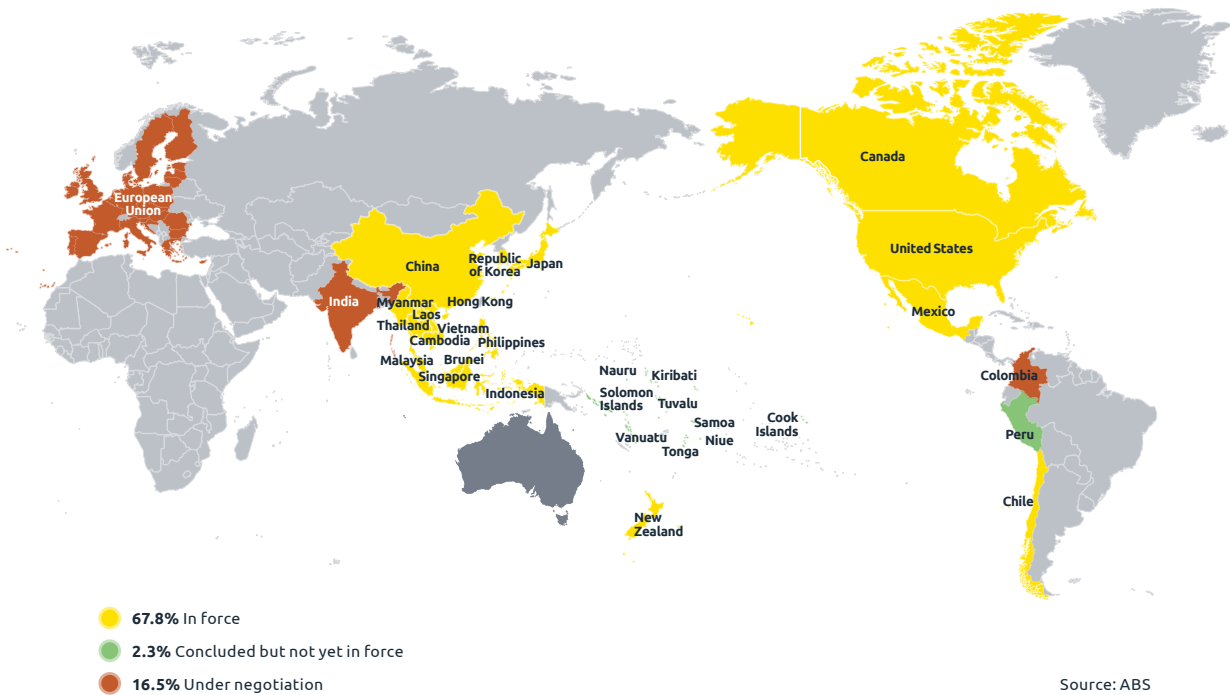
We secured the support of 60 WTO members (representing over 70 per cent of world trade) to negotiate new rules to eliminate behind the border barriers to trade in services. When concluded, these will give Australian service providers greater

regulatory certainty and transparency in overseas markets, including those delivering services online.

We led work on legislative changes to provide Export Finance Australia (formerly Efic) with an additional \$1 billion in capital and an expanded mandate to finance overseas infrastructure development. Export Finance Australia can now help more Australian businesses, including small and medium enterprises, to take advantage of commercial opportunities from Indo-Pacific infrastructure projects, and help drive stronger commercial links between Australia and our region.

We also helped Australia’s defence industry secure export opportunities through the first two transactions under the Defence Export Facility. A \$90 million loan to Canberra-based CEA Technologies will finance a new manufacturing facility to help grow the company’s exports. A loan of US\$80 million to the Government of Trinidad and Tobago will support its purchase of two Austal Cape Class Patrol Boats—the first overseas sale of this class of vessel by Austal.

Figure 8 **Percentage of Australia’s total two-way trade with FTA partners 2018**



Ensuring domestic policies support trade and investment

Australia's international competitiveness and economic resilience depend on our domestic policy settings, with significant implications for Australian firms doing business overseas and for our attractiveness as an investment destination. Decisions made as a result of our increasingly challenging national security environment can also have implications for our economic competitiveness. We worked to ensure that all relevant factors were considered by the government.

Public surveys, including the Lowy Institute's 2019 poll—as well as the department's own consultations—found most Australians support free trade, but also showed some increased community anxiety about globalisation. These concerns are closely linked to changing patterns of production, technology and its impact on wages growth and employment, and immigration and tax

issues. In 2018–19 we worked to explain how openness to trade and investment improves the welfare of Australia's economy and local communities.

'Three-quarters of Australians (75%) say free trade is 'good for [their] own standard of living', up eight points since 2017, and 71% agree free trade is good for the Australian economy. A majority say free trade is good for Australian companies (65%) and creating jobs in Australia (61%, up six points from 2017). While 72% of Australians say globalisation is 'mostly good' for Australia, this has fallen six points from 2017 in a return to 2008 levels.'

The Lowy Institute Poll 2019

Performance measure

Extent to which international competitiveness on trade and investment is factored into Australian economic policy settings.

Source: Corporate Plan 2018–19 p. 13 | Funding: PBS 2018–19 program 1.1

How we rate our performance*

On track

* Our assessment is informed by economic data, statistical analysis, diplomatic reporting on feedback from business, public polls and consultations, and contributions to whole-of-government policy.

Our performance

Over 2018–19 the department contributed to whole-of-government consultations and decisions relating to Australia's competitiveness. This included policies on foreign investment, visas and migration, and energy and resources. We engaged in domestic policy formulation processes to ensure issues affecting our economy were considered and to explain the benefits to Australia of open economic settings. We assess that we are 'on track' against this performance measure based on the outcomes detailed below.

We helped enable strong inward foreign investment flows by contributing to 664 Foreign Investment Review Board

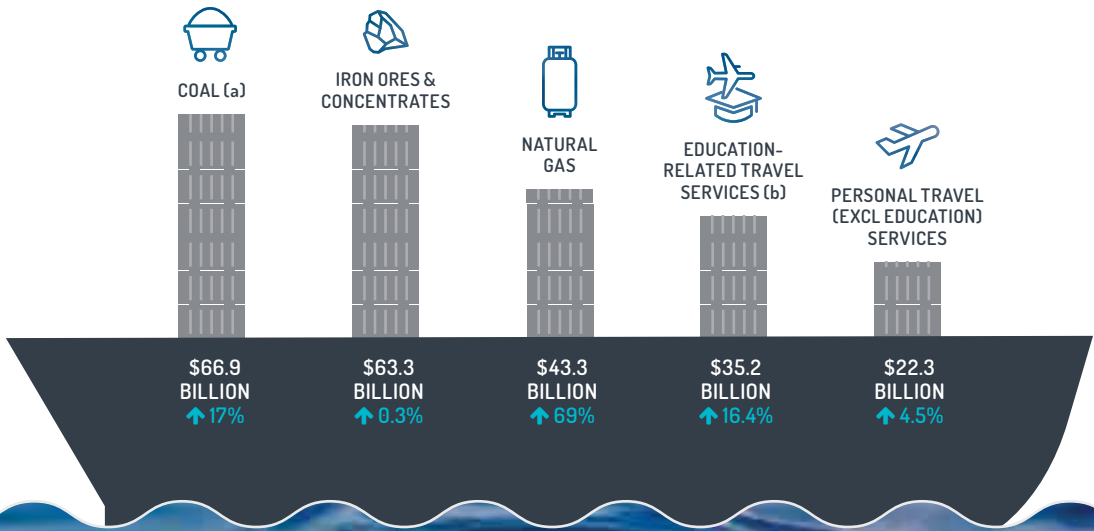
application assessments. This was a 45 per cent increase in applications compared to 2017–18 and represented hundreds of millions of dollars in potential investment to support more jobs for Australians, including in agriculture, mining and critical infrastructure.

We also worked with Austrade to lift Australia's profile as a destination for foreign investment, including through an annual investment statement to the parliament by the Trade Minister. Overseas investors continued to see Australia as an attractive destination, despite intense global competition for investment.

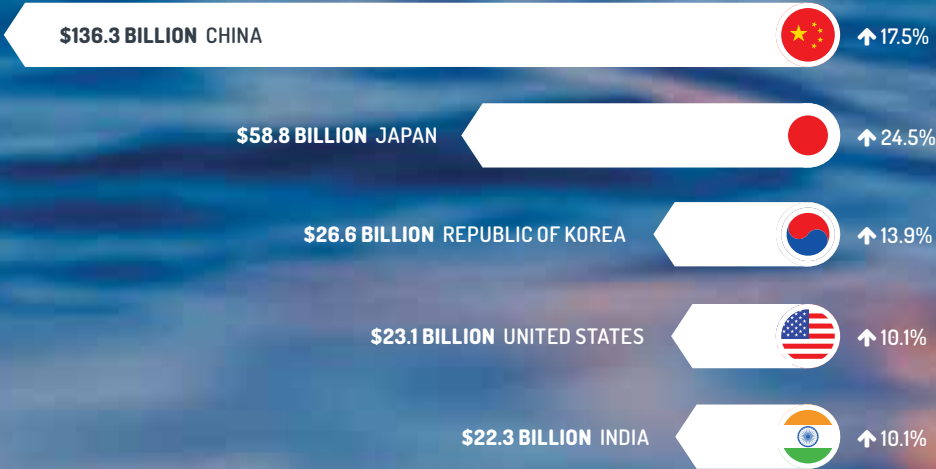
Figure 9 **Australia's trade with the world 2018**

TOTAL VALUE OF EXPORTS **\$438.1 BILLION** ↑ 13.2%

AUSTRALIA'S TOP 5 EXPORTS, GOODS & SERVICES



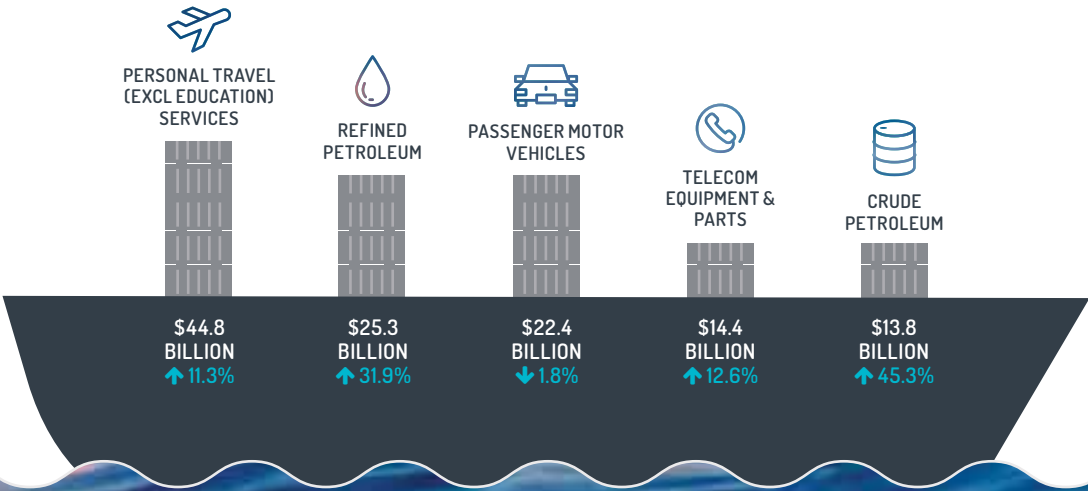
AUSTRALIA'S GOODS & SERVICES EXPORTS



(a) Includes balance of payments adjustments for 2018
(b) Includes student expenditure on tuition fees and living expenses
Source: ABS

TOTAL VALUE OF IMPORTS **\$415 BILLION** ↑ 9.9%

AUSTRALIA'S TOP 5 IMPORTS, GOODS & SERVICES



Report on performance

AUSTRALIA'S GOODS & SERVICES IMPORTS



Supporting business to unlock new opportunities

The department is helping Australian businesses navigate a contested world while keeping in touch with their views and experiences. We held three strategic dialogues during the year with leaders in business and education on foreign policy and security issues. The dialogues enabled frank exchanges between leaders and our Secretary. Business leaders shared their ideas about trade and investment, new

and emerging technologies and threats to business, all of which affect strategic commercial decision-making. Discussions ranged across critical infrastructure, defence industry, emerging technology and natural resources. Ninety per cent of the participants who provided feedback felt the dialogues had informed their thinking on foreign policy and security issues.

Our analysis helped inform the government's understanding of international economic developments and contributed to domestic policy settings designed to enhance Australia's competitiveness. For example, we helped build understanding of the factors that make Australia an attractive destination for skilled migrants, including by contributing to the population and migration policy reforms announced by the Prime Minister in March.

We helped build understanding of the benefits of trade and investment, and the value of an open economy for Australia, including through our new cross-agency dialogue on *Talking to the Australian Public about Globalisation*. We refreshed our physical and online advocacy products to ensure we were communicating effectively with Australian businesses and consumers.

Young Australians learn about trade

Young Australians are learning more about the benefits of free trade through the department's outreach activities. In March Year 10 students from South Australia and Queensland took part in an Australia–ASEAN Youth Forum. Through role-play, participants learned more about ASEAN member countries and Australia's relationship with the region. They shared what they had learnt about trade issues with the Trade Minister. A new interactive website—Australia's Trade through Time—was launched at the forum, allowing users to trace the history of our trade and its contribution to making Australia one of the world's most open and successful economies.



Minister for Trade, Tourism and Investment Senator Simon Birmingham with students at the Australia–ASEAN Youth Forum in South Australia [Asia Education Foundation/Andrew Beveridge]

Over 2018–19 we responded to more than 2,400 requests for trade and investment data from the public, ministers and government departments. Government, business and community organisations use our data to make informed, evidence-based decisions.

Together with Austrade, the department improved the Australian community's

understanding of the important role of foreign investment. We released the *Economic Activity of Foreign-owned Businesses in Australia* report in August, helping inform public debate on foreign investment in Australia and explaining its economic effects. We also worked with the Australian Bureau of Statistics to publish more than 60 fact sheets about investment flows.

Supporting Australian trade and investment outcomes

We are working hard to strengthen the department’s economic and commercial diplomacy in response to feedback from Australian companies about how we can better help them find global opportunities.

The 2018–19 Budget provided \$15 million over four years to increase support for Australian business. This includes

whole-of-government efforts to address non-tariff barriers more effectively and a partnership with business to strengthen the competitiveness of our services sector. It also involves using our posts more effectively to support business, and greater efforts to help businesses understand how to use our free trade agreements.

Performance measure

Positive trade and investment outcomes supported by the department’s economic and commercial diplomacy, and domestic advocacy efforts.

Source: Corporate Plan 2018–19 p. 13 | Funding: PBS 2018–19 program 1.1

How we rate our performance*

On track

* Our assessment is informed by surveys, statistical analysis, progress in negotiations, diplomatic reporting on feedback from business and customs data.

Our performance

A key priority for our diplomatic missions around the world is helping Australian businesses achieve commercial outcomes. With Austrade, the department helped Australian companies address challenges overseas, briefed them on local business conditions to pre-empt issues and inform decision-making, and helped them find commercial opportunities and make new partnerships. We also engaged with partner countries to address systemic issues impacting Australian businesses, improve trade and investment outcomes, and remove regulatory burdens for Australian businesses overseas. In doing so, we highlighted the benefits of open markets to other governments and the value Australian businesses add to their economies. We assess that we are ‘on track’ against this performance measure.

Australia’s Non-Tariff Barrier Action Plan, launched in December, is a whole-of-government strategy to reduce or remove unjustified trade restrictions hampering Australian exports. We developed systems to enhance whole-of-government efforts to respond to non-tariff barriers—including a dedicated non-tariff barrier gateway (tradebarriers.dfat.gov.au)—and established a multi-agency trade barrier coordination team. Since its launch, we have identified more than 200 potential non-tariff barriers and, working with partner agencies, have made progress toward addressing a number of them.



Assistant Trade and Investment Minister Mark Coulton in Tokyo checking out AEON's campaign promoting Australian beef following entry into force of the CPTPP [Australian Embassy Tokyo]

Million-dollar opportunity for Tasmanian seafood exporter

A Tasmanian seafood producer is preparing to sell up to \$4 million of seafood to China each season, after the department's efforts increased access to the Chinese market. The first query lodged through the Trade Barriers Gateway was from Huon Valley Seafood—a Tasmania-based seafood processing and packing business that employs 16 staff. Despite expanding export market access opportunities provided by the China–Australia Free Trade Agreement, one of Huon Valley Seafood's products—Gould Squid—was not on China's list of approved exports from Australia. In January—following long-term efforts by the department and other agencies—new seafood species, including Gould Squid, were granted market access.

'We are anticipating sales between three and four million dollars next season, which will substantially increase our turnover and direct employment. The flow-on effect to the fishing industry and transport sector is also very positive. All these factors are important to the continued viability of our company and the industry.'

Ambrose Coad, Managing Director,
Huon Valley Seafood

'Improved market access for Australian seafood products into a diversity of markets is a great win, as suppliers will be able to grow their business to fill increased international orders.'

Jane Lovell, Chief Executive Officer,
Seafood Industry Australia

In 2018–19 we helped Australian professional bodies establish 13 new mutual recognition agreements. These set the framework for two-way recognition of qualifications and registration, including with Canada, France, Hong Kong, Malaysia, Pakistan, the Philippines, Singapore, Sri Lanka and the United States. The agreements open new commercial opportunities for Australian accountants, engineers and quantity surveyors by allowing them to practice overseas without having to meet additional local registration or qualification requirements.

We initiated a partnership between Australia's services sector and government to develop an industry-led Services Export Action Plan. We are working with business leaders to identify and address

barriers faced by Australians offering services overseas. This will boost the competitiveness of Australia's services providers and grow our services exports.

We worked closely with the Australian beef industry to secure continued access for Australian beef exports into the European Union. A deal struck between the United States and the European Union jeopardised Australia's access to the valuable grain-fed high-quality beef quota. Although access will be reduced, our efforts—underpinned by WTO rules—secured a number of concessions, including an extended seven-year transition period for changes to the quota. We are working to improve access for our beef producers through the Australia–European Union FTA negotiations.

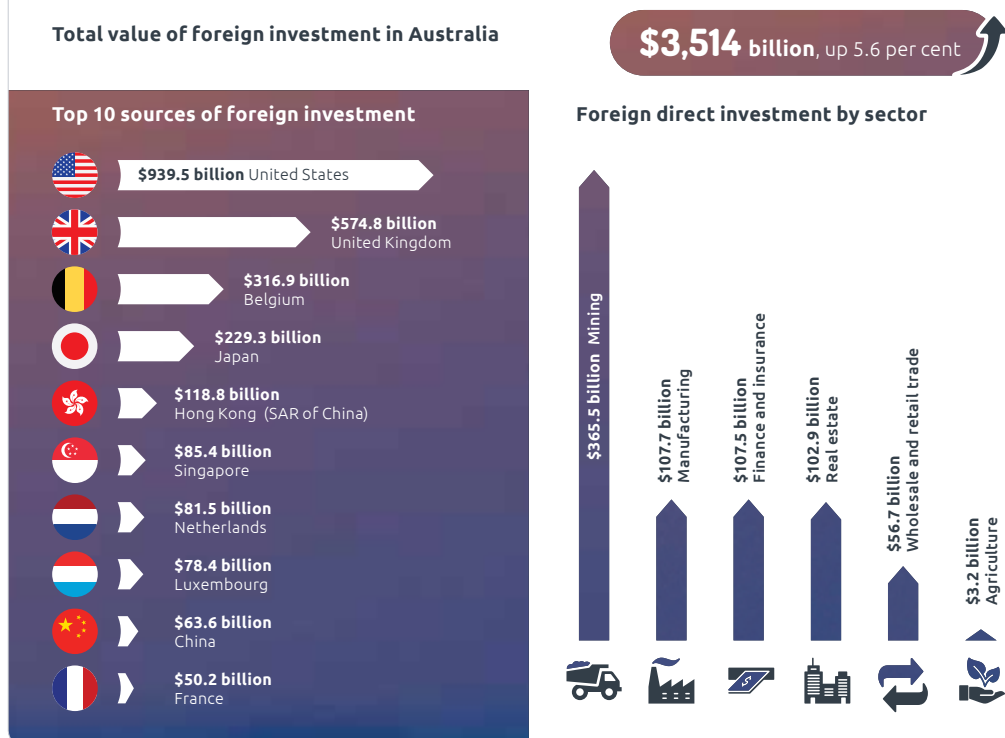
Our strong partnership with business in Europe

The department is fostering greater trade and investment links with Europe. During the 2019 European Australian Business Council mission to the region, we worked with Austrade to connect council members with trade and investment and public-private sector collaboration opportunities in France, Germany, Belgium, Denmark, Sweden and the United Kingdom.

We held the inaugural Australia–Germany Joint Economic Committee Meeting in Berlin. Participation from Australian and German ministers, senior officials and business leaders from Europe and Australia underscored the strong partnership and identified opportunities to enhance economic cooperation. This will build on the more than 700 German companies in Australia employing around 98,000 people in a range of sectors including advanced manufacturing, chemicals, financial services, infrastructure, and information and communication technologies. In 2018 Germany's total foreign investment stock in Australia was valued at \$49 billion, of which \$24.3 billion was foreign direct investment—the 10th largest source of foreign direct investment in Australia.



Ambassador to Italy Greg French with Paolo Zegna at Archill Farm in Armidale, NSW. Australian sheep from this farm provide first-class wool to make Italy's famous Zegna suits. There is a longstanding connection between Australia and the Ermenegildo Zegna Group which, since its foundation in 1910, has made all of its fabrics from Australian wool [Australian Embassy Rome]

Figure 10 **Foreign investment in Australia in 2018 (levels)**

We helped Australian business understand the potential economic implications of United States–China trade tensions for the Australian economy. We communicated this and other insights to inform business decision-making through briefings to Australian companies, and the Strategic Dialogue with Business on Foreign Policy and Security Issues.

We provided Australian businesses overseas with information on economic trends and commercial opportunities in foreign markets. In 2018–19 we released 50 new *Market Insights* reports to provide business with commercial intelligence—including political and economic analysis, and information about the business environment in key markets—to help them make informed decisions about their international operations. This information has been viewed online more than 4,000 times since November 2018.

To boost awareness and use of Australia's FTAs, the department and Austrade delivered 23 information seminars during the year. Seventeen of these were

in regional areas enabling us to reach small to medium-sized enterprises, and help them take advantage of our FTAs. Feedback from participants indicated a greater understanding about Australia's trade agenda and the benefits that may be derived from the agreements.

We expanded the FTA portal (ftaportal.dfat.gov.au) which provides valuable information for Australian exporters. It now includes commitments made under the CPTPP, as well as on services in all our in-force FTAs. In 2018–19 the portal attracted an average of 2,600 users each week.

Our advocacy and support helped business take advantage of tariff preferences under our FTAs with China, Japan and the Republic of Korea. Use of our bilateral FTAs with these important North Asian markets has continued to be strong since entry into force. On average, the use of these agreements to gain preferential access for Australian exports to China, Japan and the Republic of Korea increased from 87 per cent in 2016 to 93 per cent in 2017.

Keep Australia and Australians safe and secure



One of four detectors that make up the Davis Infrasound Array—Australia's final CTBT international monitoring station—located in the Australian Antarctic Territory [CTBTO]

Keep Australia and Australians safe and secure



The world presents many threats to the safety of Australians, both at home and overseas. These threats are diverse and evolving, from nuclear weapons proliferation to terrorist insurgency, cyber attack and transnational crime. The government has taken firm steps across these areas to protect Australians at home.

Australia cannot address any of these threats alone. The department works internationally to keep Australians safe, reinforcing and multiplying the impact of the resolute action the government has taken at home.

Those who wish to harm us can be clever and innovative. Effective defence is impossible without international

cooperation to keep one step ahead of malign actors and to deal with hostile new actors. The department ensures Australia is at the forefront of international engagement, advocacy and action to fight terrorism and violent extremism; reduce people smuggling, human trafficking and modern slavery; promote an open, free and secure cyberspace; and to counter the proliferation of nuclear and chemical weapons.

The department’s ambassadors for counter-terrorism, cyber affairs, and people smuggling and human trafficking enhance Australia’s leadership role internationally in these key areas. Our success hinges on seamless, whole-of-government collaboration and coordination.

Countering terrorism and violent extremism

Terrorist activity poses one of the most significant threats to Australians living and travelling overseas. Numerous terrorist groups and lone actors have demonstrated the capability and intent to undertake attacks anywhere in the world, as recent attacks in Sri Lanka and New Zealand have shown.

Australia’s contribution to international efforts in Afghanistan and Iraq aims to destroy and degrade major terrorist capabilities. The territorial defeat of Da’esh

(ISIL) in March 2019 was an important milestone in the international fight against terrorism, but the threat continues. Foreigners—including some Australians—who went to Syria and Iraq to fight for ISIL present a considerable ongoing threat. ISIL’s influence has already inspired terrorist attacks in Southeast Asia. A proliferation of ISIL inspired terrorism in our neighbourhood contributes to a less secure regional environment with direct implications for Australia.

Performance measure

Effective counter-terrorism outcomes delivered through international and domestic engagement that promote Australia’s security interests.

How we rate our performance*

On track

Source: Corporate Plan 2018–19 p. 14 | Funding: PBS 2018–19 programs 1.1, 1.2, 1.3 and 1.4

* Our assessment is informed by diplomatic reporting, results from development programs including Australia Awards, commitments made at international meetings and our sanctions database.

Our performance

The Ambassador for Counter-Terrorism led consultations with countries in our region to develop joint understanding of emerging transnational threats, implement measures to address them and build resilience.

This collaboration ensures that regional countries remain focused on the terrorist threat and have in place effective practices to deter, detect and prosecute terrorists. It enables Australia to track terrorist activity on our doorstep and boosts our capacity to counter threats before they reach our shores. As a result, we rate our performance against this measure as 'on track'.

Cooperation and information sharing with other countries maximises our collective ability to foil terrorist plots, and to capture and prosecute terrorists. At the centre of the Australian Government's concerns—and those of the department—is the surviving cohort of foreign terrorist fighters, some of whom may travel back from the Middle East to our region, bringing radicalised ideology and battlefield experience. During the year we worked with other government agencies to help innocent victims of foreign terrorist fighters by repatriating unaccompanied Australian children who were detained in camps in Syria.

Tackling terrorism with Indonesia

Since the 2002 Bali bombings, Indonesia has become one of Australia's closest partners for cooperation on counter-terrorism and countering violent extremism. Cooperation spans our respective law enforcement, security and police agencies.

We paved the way for even greater practical cooperation between Australia and Indonesia in December by renewing a memorandum of understanding on countering terrorism and violent extremism at the fifth annual counter-terrorism consultations with Indonesia. The department led Australia's delegation.

In November countries in our region agreed to strengthen legal responses to returning foreign terrorist fighters. Australia and Indonesia co-hosted the sub-regional meeting on counter-terrorism where

countries agreed to a series of practical measures to advance regional cooperation, including capacity building.

Under our joint leadership, the Global Counter-Terrorism Forum's working group on countering violent extremism delivered better practice guides on topics including:

- managing returning foreign terrorist fighters and their families
- gender and the role of civil society organisations
- countering violent extremism in prisons.

Our development program with Indonesia this year included projects to promote tolerance, combat hate speech and empower women's voices to prevent violent extremism.

Terrorism knows no borders, and beyond our immediate region we worked closely with a range of countries to improve security and counter terrorism. Some highlights of our work are outlined below. In Afghanistan we:

- enhanced security infrastructure in Kabul
- provided Afghan security forces with technology to counter improvised explosive devices
- provided diplomatic support to the NATO mission, which is working to strengthen the capacity of Afghan security forces to combat terrorist groups.

The Easter Sunday terrorist attacks on churches and hotels in Sri Lanka on 21 April 2019 killed 258 people, including two Australians. As well as providing consular support to Australians, we coordinated assistance from the Australian Federal Police, which helped the Sri Lankan authorities investigate the attacks and achieve justice for the victims. As the country grapples with the aftermath of the attacks, including the economic impact, we will continue to support the Sri Lankan Government efforts to counter terrorism and rebuild the devastated tourism industry.

Our strong collaboration with India was boosted at the 11th Australia–India joint working group on counter-terrorism. The Ambassador for Counter-Terrorism led Australia's delegation, and both sides agreed to capacity building and greater information sharing on:

- countering violent extremism
- warnings on terrorist threats
- mutual legal assistance.

Over 70 Bangladeshi government officials also completed courses funded through Australia Awards on countering terrorist

financing and extremist messaging on social media.

We deepened links with Australian companies operating overseas whose interests and personnel are vulnerable to terrorist activity. For example we hosted a West Africa mining security conference in Accra to help Australian mining companies better address security risks. More than 200 participants from 78 companies agreed they were better equipped to undertake critical security risk mitigation planning for regional operations and personnel.



People who do not feel hopeful about the future can be vulnerable to radical ideologies and recruitment by terrorists. Through our development program we supported a range of projects to build resilience and counter violent extremism. For example, we encouraged the Global Community Engagement and Resilience Fund to expand to Southeast Asia. It will now deliver a new program in the

Philippines to address radicalisation in Mindanao and other vulnerable parts of the country.

The department implemented targeted financial sanctions to prevent terrorists and terrorist organisations from raising, moving and using funds, including UN counter-terrorism sanctions against eight individuals and three entities.

G20 response to Christchurch terror attack

Prime Minister Morrison persuaded leaders of the world's major economies to take action against extremist content online after the live-streamed terrorist attack on a mosque in Christchurch, New Zealand in March.

In June Australia advanced and secured the G20 leaders' statement—urging online platforms to step up the ambition and pace of their efforts to prevent terrorist

and violent extremist content from being streamed, uploaded or reloaded.

We worked with the Department of the Prime Minister and Cabinet to consult member states, and supported the Trade Minister at the G20 Ministerial Meeting on Trade and the Digital Economy.

Australia continues to engage with member states through a variety of forums to ensure the G20 leaders' statement progresses collective action.

Advocating for an open, free and secure cyberspace

Australians depend on the internet for many aspects of everyday life, including access to government services, banking, education, commerce and entertainment. Cyberspace is an engine of economic growth and innovation. But it is also a contested domain that some countries seek to use for foreign interference, data theft and criminal activity, repression and control.

Australians' ability to reap the benefits of global connectivity depends on cyberspace remaining open, free and secure. Our international advocacy is important to ensure that Australians do not lose these

benefits and to enhance cyber security, including by improving the cyber security of our neighbouring countries.

Cyberspace can be misused in ways that undermine Australia's interests. Some actors conduct malicious attacks which can bring down critical systems with potentially disastrous consequences. International collaboration is necessary to reinforce the application of existing laws and agreed norms of behaviour in cyberspace, and to strengthen our collective capacity to deter and respond to these incidents.

Performance measure

Australia's advocacy for an open, free and secure cyberspace helps shape a peaceful and stable online environment, and enhances the ability of regional partners to take advantage of online opportunities.

Source: Corporate Plan 2018–19 p. 15 | Funding: PBS 2018–19 programs 1.1, 1.2 and 1.4

How we rate our performance*

On track

*Our assessment is informed by UN resolutions and tracking implementation of Australia's International Cyber Engagement Strategy.

Our performance

The Ambassador for Cyber Affairs is at the forefront of Australia's international advocacy on cyberspace, and has driven implementation of *Australia's International Cyber Engagement Strategy*. In March the

Minister for Foreign Affairs published a report (dfat.gov.au/cyber-affairs/2019_progress_report) marking the significant progress made to implement the strategy's comprehensive and ambitious agenda.

We stepped up our cyber cooperation program in the Indo-Pacific, increasing our investment from \$4 million to \$34 million out to 2023. We want to ensure the benefits of connectivity are realised across our region—including in the Pacific—and that all nations have an understanding of the risks. To this end, we have funded over 40 activities in ASEAN and Pacific countries to build their resilience against malicious

states and cybercriminals, and to enhance their digital capabilities. Early outcomes include new cybercrime legislation in Vanuatu and more than 200 police officers across the Pacific trained to deliver training on cybercrime. We rate our efforts to enhance the ability of regional partners to take advantage of online opportunities as ‘on track’.

Australia–Papua New Guinea cyber security partnership

When Papua New Guinea hosted APEC Leaders Week in November, it was able to successfully provide a network for world leaders and their delegations that was safe from malicious cyber activity.

The department helped establish the Papua New Guinea National Cyber Security Centre as part of our largest bilateral cyber

security support project, which is backed by a \$14.4 million commitment.

We are supporting Papua New Guinea to build on these achievements and for this increased capability to be sustainable—with ongoing training—to ensure the government can protect its sovereignty from cyber threats.

The department’s international advocacy has positioned Australia as a leading voice in multilateral forums advocating for existing international law and agreed norms of responsible state behaviour to be applied in cyberspace. We achieved affirmation by leaders, including at the East Asia Summit, that cyberspace is not ungoverned and that the same rules and principles that apply offline, apply online.

Australia’s significant expertise in cyber matters was recognised by our membership of the United Nations Group of Governmental Experts on Developments in the Field of Information and Telecommunications in the Context

of International Security—one of only 25 countries to do so. This will give Australia a greater voice as international deliberations on cyber issues evolve.

Australia demonstrated strong resolve in calling out malicious, state-sponsored cyber activity, particularly where it threatens to undermine global economic growth, national security and international stability. We publicly attributed malicious cyber behaviour to Russia, North Korea, Iran and China. Our close collaboration with other countries on public attributions set clear expectations for state behaviour in cyberspace.

Working to stop child sexual abuse online

Australia was at the forefront of international efforts this year to prevent sexual abuse and exploitation of children online by securing the passage of a new resolution at the United Nations in Vienna.

In May at the Commission on Crime Prevention and Criminal Justice, we were successful in having a resolution passed urging states to take stronger action to address child sexual exploitation and abuse online, including by:

- strengthening domestic legislation
- resourcing law enforcement
- increasing awareness and education
- disrupting distribution of online material.

We worked with the Department of Home Affairs to design, introduce and lead negotiations on the Resolution on Countering Child Sexual Exploitation and Sexual Abuse Online, which was co-sponsored by 17 member states.

Tackling irregular migration and human trafficking

People smuggling and human trafficking remain significant problems in many parts of the world, often driven by criminal organisations that operate across borders. Australia is not immune. No country

can effectively tackle these issues in isolation, and we work closely with as many governments as possible, in a range of international groupings, as well as the private sector and civil society.

Performance measure

Increased participation by states and United Nations agencies in the Bali Process, Alliance 8.7 and other multilateral migration organisations and agreements in line with Australia's interests.

How we rate our performance*

On track

Source: Corporate Plan 2018–19 p. 14 | Funding: PBS 2018–19 programs 1.1, 1.2, 1.3 and 1.4

* Our assessment is informed by membership and outcomes of the Bali Process and Alliance 8.7, diplomatic reporting and feedback from the UN, civil society and business partners.

Our performance

Participation by other states and international organisations in international forums that tackle people smuggling and/or modern slavery and human trafficking—the Bali Process we co-chair with Indonesia and Alliance 8.7 we chaired this year—has continued to increase. We rate our performance against this measure as 'on track'.

The Ambassador for People Smuggling and Human Trafficking led Australia's diplomatic work during the year on irregular migration, human trafficking and modern slavery. The department's international engagement formed an essential part of the government's efforts to maintain the integrity of Australia's borders and

to address transnational criminal activity, which undermines our security and the security of our region.

The Foreign Minister and her Indonesian counterpart co-chaired the Seventh Bali Process Ministerial Conference in August. This attracted record participation by ministers (24), business leaders (49) and the heads of UNHCR (the UN Refugee Agency) and the International Organization for Migration (IOM). Ministers confirmed the government and business forum as an additional new track of the Bali Process. They welcomed the forum's 'acknowledge, act and advance' recommendations to strengthen collaboration between governments and the private sector in tackling human trafficking and modern slavery.

The Bali Process

Australia and Indonesia co-chaired the first regional ministerial conference in Bali in 2002 to address the growing scale and complexity of irregular migration in the Asia-Pacific.

The Bali Process—a forum to share information, exchange policy ideas and undertake practical cooperation to combat smuggling and trafficking—has since grown to encompass 45 government members as well as the IOM, UNHCR, the UN Office on Drugs and Crime and the International Labour Organization.

Its geographic span ranges from the Middle East across Asia and the Pacific

to North America. Seventeen states and 10 organisations are observers.

Australia's participation in Bali Process working groups ensures members are better equipped to:

- respond to irregular migration challenges
- facilitate return and reintegration of persons not owed protection
- improve supply chain transparency to help eradicate trafficking and slavery.

A number of smuggling and trafficking networks have been disrupted through this collaboration. In 2018, 10 Bali Process countries launched nine joint investigations.

At the United Nations General Assembly (UNGA 73) in September, the Foreign Minister co-convened the Financial Sector Commission, which works to strengthen the global financial sector’s role in combating modern slavery and human trafficking.

At the same time the Foreign Minister—together with counterparts from Canada, New Zealand, the United Kingdom and the United States—issued a joint statement outlining principles to guide government action to combat trafficking in global supply chains.

The department organised the Asia-Pacific consultation of the Financial Sector Commission in Sydney in April, bringing modern slavery experts together to testify to the commissioners. Hosting the consultation ensured that Australia’s vanguard modern slavery legislation is at the heart of the global discussion.

The Ambassador for People Smuggling and Human Trafficking chaired the Alliance 8.7 initiative—a global grouping of governments, UN agencies, business and civil society. It has an active membership of more than 200, including 15 ‘pathfinder’ countries that are committed to going further or faster to achieve Sustainable Development Goal 8.7: to eradicate forced labour, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child

labour. During Australia’s period as chair, membership of the Alliance 8.7 Global Coordinating Group more than doubled.

We continued work with bilateral partner countries to deter people smugglers from undertaking illegal migration ventures to Australia. We also engaged a range of countries on refugee resettlement and regional processing. The department’s advocacy contributed to maintaining Australia’s strong border protection settings.

Australia has a strong interest in an effective, cohesive international response to mass movements of people. In December Australia supported the Global Compact on Refugees. Through effective advocacy and engagement with key partners, the department helped ensure:

- more predictable and equitable sharing of responsibility
- a focus on international obligations to protect and support refugees
- greater global responsibility for refugee crises.

We also engaged on the Global Compact for Safe, Orderly and Regular Migration, sharing best practice migration management policies. Australia did not support the final document because of concerns it would compromise our successful and well-managed national migration program.

Pursuing non-proliferation and disarmament

The spread of weapons of mass destruction (WMD) and conventional weapons threatens international peace and stability, and undermines Australia’s security.

Longstanding, carefully negotiated arms control and counter-proliferation regimes have generally curbed the spread of nuclear and chemical weapons. But these

systems are under strain. The international community needs to work harder to strengthen adherence to these regimes and to ensure new realities and technologies are addressed. Australia is playing its part, but this is not something we can achieve alone. We are working with other countries in a difficult international climate of heightened strategic competition.

Performance measure

Successful promotion of Australia’s strategic interests related to weapons of mass destruction and conventional weapon risks, including through our multilateral engagement, implementing our related treaty obligations, and effectively chairing the Australia Group.

How we rate our performance*

On track

Source: Corporate Plan 2018–19 p. 15, | Funding: PBS 2018–19 programs 1.1 and 1.4

* Our assessment is informed by statements in international organisations and forums, nuclear cooperation agreements with foreign governments, certification of international monitoring stations and diplomatic reporting.

Our performance

Throughout 2018–19 the department ensured Australia's support for arms control, disarmament and non-proliferation was pursued in international forums. This includes through our leadership of key international bodies that are focused on these outcomes. Australia has been an unflagging contributor to collective actions which continue to act as a brake on the spread of nuclear weapons, and hold to account those responsible for chemical weapons attacks. We rate our performance against this measure as 'on track', notwithstanding heightened international tensions around the threat of WMD proliferation.

Our diplomatic efforts were integral to establishing the Organisation for the Prohibition of Chemical Weapons (OPCW) attribution mechanism for the use of chemical weapons in Syria, and more broadly. Now the OPCW can both investigate whether a chemical attack has taken place and determine who was responsible. In March Australia contributed EUR100,000 to help resource the OPCW's

newly established investigation and identification team.

We also chaired the Australia Group, which coordinates national export control measures among 43 nations to contain the spread of WMD to countries of proliferation concern and non-state actors.

We coordinated the 12-country, cross-regional Non-Proliferation and Disarmament Initiative (NPDI) and led the dialogue with nuclear weapon states on key transparency and reporting initiatives. We also promoted the vital global interest in preserving the Nuclear Non-Proliferation Treaty (NPT) as the cornerstone of the non-proliferation and disarmament regime. Ongoing adherence to the treaty is critical to avoiding nuclear proliferation in the Indo-Pacific and beyond.

We maintained pressure on North Korea for complete and verifiable denuclearisation pending disarmament. We also urged Iran to maintain compliance with the Joint Comprehensive Plan of Action (JCPOA).

Space security and arms control

Australia is working within the United Nations to help shape rules and norms in space.

Security, arms control and what to do about the millions of pieces of space debris are all growing challenges in space, requiring international solutions.

The department was an active participant during the year on UN bodies such as the Committee on the Peaceful Uses of Outer Space. We advocated for responsible

behaviour in space, including the proper disposal of satellites, to promote a safe, stable and sustainable space environment. The department supported voluntary long term sustainability guidelines, approved in April, to be endorsed by the UN General Assembly later in 2019.

We collaborated with the Australian Space Agency and the Department of Defence, contributing to international debates on security and arms control in space.

We continued support for the Comprehensive Nuclear-Test-Ban Treaty which, while unlikely to enter into force in the short term, has strong normative value against nuclear testing. The Foreign Minister chaired the Group of Friends of the Comprehensive Nuclear-Test-Ban Treaty meeting in September, which resulted in 78 states issuing a joint statement.

Australia's Ambassador to the United Nations chaired the UN Disarmament

Commission and encouraged member states to reduce the risk of inadvertent nuclear weapons use.

We supported efforts to regulate the trade in conventional weapons by encouraging countries in the Indo-Pacific to sign on to the Arms Trade Treaty. We also co-hosted with New Zealand a conference in Brisbane. Palau has now ratified the treaty, joining the 103 other parties.

The Australian Safeguards and Non-Proliferation Office (ASNO) has provided strong technical leadership, and its international reputation has added strategic weight to Australia's non-proliferation policy.

ASNO helped the International Atomic Energy Agency (IAEA) deliver capacity building and training, including on nuclear safeguards in Timor-Leste. ASNO specialists chaired IAEA advisory groups and provided high-level access to enhance Australian and international security by improving nuclear safeguards and security architecture.

We signed a new Australia–United Kingdom nuclear cooperation agreement in August, which will enable exports of Australian uranium to continue to the United Kingdom if it formally withdraws from the European Union. Around a fifth (worth more than \$120 million annually) of all Australian uranium exports are supplied to the United Kingdom for use or processing on behalf of third countries within Australia's network of nuclear cooperation agreements.

The Australia–Ukraine nuclear cooperation agreement became operational in September, allowing Australian uranium to be used in Ukrainian nuclear power plants. Ukraine is among the world's top

10 generators of nuclear power and has 15 nuclear power plants that supply over half of the country's electricity. The nuclear cooperation agreement provides another avenue for Ukraine to diversify nuclear fuel services, currently largely dependent on Russia.

We undertook innovative policy development work to understand and promote Australia's interests in emerging technologies and their enablers, especially those with security implications. We worked closely with other government agencies to frame policy deliberations on sensitive technologies and the critical minerals inputs to these technologies. Internationally we collaborated with partners on frameworks that could apply to the use of artificial intelligence in autonomous weapons systems and on rapidly evolving, and potential dual-use, space technology.

The department complies with controls and restrictions on sanctioned items and technology, and provides advice on sensitive export applications related to dual-use technology of nuclear, chemical weapons and biological weapons proliferation concern, controlled missile and other technology, and military use items.

Our role monitoring nuclear explosions

In August, testing and certification was completed on Australia's final international nuclear monitoring system—an infrasound monitoring station at Davis Station in the Australian Antarctic Territory.

Australia's 21 facilities contribute to the Comprehensive Nuclear-Test-Ban Treaty Organization's ability to provide prompt and scientifically sound data for verifying nuclear explosions. They serve as a

deterrent to nuclear weapons testing and nuclear weapons development.

Geoscience Australia used data from some of the 321 international monitoring stations—including in Australia—to promptly identify the six nuclear explosions conducted in North Korea since 2006 and to estimate the yield and location of each explosion.

Deliver an innovative development assistance program

The department helped fund emergency sexual and reproductive healthcare to evacuees during the 2018 Ambae volcano response in Vanuatu [IPPF/Alana Holmberg]

Deliver an innovative development assistance program



Australia’s development assistance is essential to our vision of an open, inclusive and prosperous Indo-Pacific. It delivers results and serves our national interests by contributing to sustainable economic development and poverty reduction.

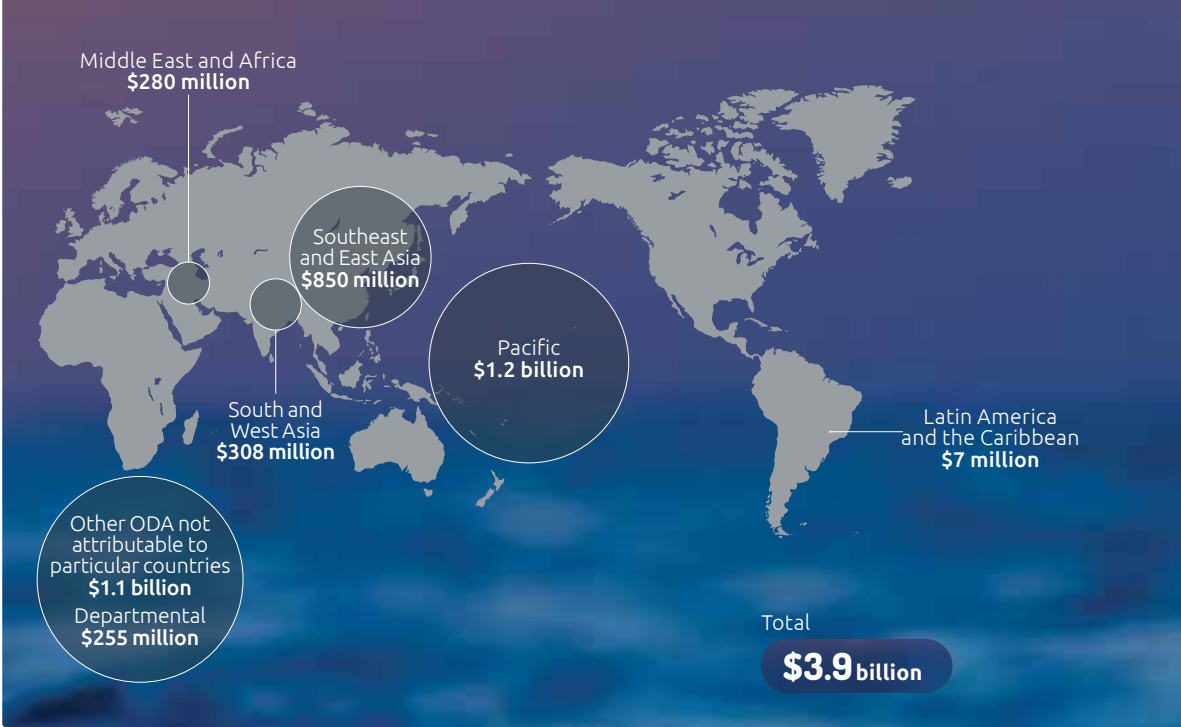
The majority of our neighbours are middle-income countries with enormous potential. Most are navigating the challenges, vulnerabilities and risks that

come with a growing economy. Each faces different challenges, so country context and their priorities shape our support.

We magnify Australia’s ability to affect pressing regional and global problems through our development program—bilaterally, regionally and in multilateral forums. This includes our efforts to meet the Sustainable Development Goals.

A rigorous performance framework—*Australian aid: promoting prosperity, reducing poverty, enhancing stability*—ensures our development assistance is effective, transparent and value-for-money.

Figure 11 **DFAT official development assistance**



Sustainable Development Goals

In July Australia delivered its first report to the United Nations on our progress towards meeting the Sustainable Development Goals (SDGs) by 2030. The 17 goals set out a global approach to reducing poverty, promoting sustainable development and ensuring peace and prosperity. Australia's Voluntary National Review was a 'whole-of-Australia' report that included

efforts made by business, civil society, academia, and communities, as well as by government. Our development program supports partners to make progress towards achieving the SDGs. Country and civil society representatives commended Australia's inclusion of Indigenous Australians and the business community in its presentation to the United Nations.

Growing economies and reducing poverty

While the Indo-Pacific is one of the most economically dynamic regions in the world, it is also home to almost half of the world's poorest people, with nearly 330 million living in extreme poverty in the Pacific and

Southeast Asia. We want our neighbours to do well, as prosperity and stability foster peace and security in our region, and contribute to increased two-way trade.

Performance measures

Australian interests are promoted by our development program, including enhanced sustainable economic growth and poverty reduction in the Indo-Pacific.

90 per cent of country attributable aid spent in the Indo-Pacific.

How we rate our performance*

On track

Achieved

Source: Corporate Plan 2018–19 p. 16 | Funding: PBS 2018–19 programs 1.2 and 1.3

* Our assessments are informed by independent evaluations, Aid Quality Checks, Aid Program Performance Reports, case studies and delivery of the 90% target using internal data sources.

Our performance

In 2018–19 the department delivered \$3.9 billion of the Australian Government's \$4.3 billion development assistance program, with other departments delivering the remainder. We delivered 91 per cent of country attributable aid in the Indo-Pacific, above our 90 per cent target. We rate our performance against these measures as 'on track', evidenced by rigorous program design, implementation and monitoring processes that ensure we deliver results that contribute to sustainable economic growth and reducing poverty.

Ensuring the department has the international development and aid management capability to deliver our development assistance efficiently and effectively remains a high priority—this is a work in progress.

Pacific

In 2018–19 we took our partnership with the Pacific to a new level. The department's \$1.2 billion investment was our largest annual development spend in the Pacific. A new, dedicated Office of the Pacific is leading our deeper engagement in the region.

Sustaining economic growth, boosting education and jobs, pursuing gender equality, preventing major disease, adapting to climate change and preparing for disasters are major challenges in the Pacific. Overcoming them requires effective, inclusive government, leadership and at times, difficult reforms. Strengthening governance and economic reform are a key focus of our partnerships in the region. Some highlights of our work are outlined in the following pages, but there are many more.

For example, we supported elections in Fiji and Solomon Islands, requested by their governments. Samoa has a new parliament house with Australia's assistance. The department is promoting the inclusion of women as leaders and decision-makers—and training and mentoring potential candidates—through our 10-year \$320 million dollar investment in the Pacific Women Shaping Pacific Development initiative.

Our support is strengthening governance in Papua New Guinea. Through our partnership, improvements to the tax system have allowed Papua New Guinea to increase tax revenue by \$130 million. In Vanuatu, our assistance with reforms has boosted government revenue with a 19 per cent increase in receipts from Value Add Tax. Results like these boost resources for partner governments to deliver services such as health and education—also improving the operating environment for the private sector, and laying the foundations for future economic growth.

Justice services have improved in Solomon Islands through the department's collaboration with local communities and the World Bank. Almost 7,000 Solomon Islanders across two provinces have access to informal justice services. Seventy-seven per cent of those surveyed said they had experienced improvements in community grievance mechanisms.

Another focus of our work is catalysing the private sector to drive economic growth. We are working with Australian businesses and others to develop infrastructure across the region with the establishment of the \$2 billion Australian Infrastructure Financing Facility for the Pacific. As the majority funder of the Coral Sea cable from Australia to Solomon Islands and Papua New Guinea, we are helping provide faster, cheaper and more reliable communications infrastructure for both countries. Due for completion in late 2019, this will enable entrepreneurship, digital skills and integration into the global marketplace.

Fiji's green bond

Around 43,000 Fijians in 120 rural communities now have clean water, more than 100 schools have been rebuilt and 170 bridges have been rehabilitated through projects funded in 2018–19 by the Fijian Government's green bond, developed with support from the department.

Fiji is the first developing country in the world to issue a sovereign green bond. It attracted \$26 million in climate finance

when the bond was listed on the London Stock Exchange in April 2018. Drawing finance to the Pacific is important to encourage economic growth and combat the impacts of climate change. Technical assistance to develop the green bond was provided through the \$13 million DFAT–International Finance Corporation Fiji Partnership. The bond received the 2018 Green Bond Pioneer Award.



Minister for International Development and the Pacific Alex Hawke with the Crown Prince of Tonga Tupouto'a 'Ulukalala in Perth at the handover of Tonga's Guardian Class Patrol Boat [Department of Defence]

We also focus on improving health and education to reduce poverty and underpin sustainable economic growth. For example, with our support, school grants in Vanuatu have expanded the number of years of education available to over 40,000 primary school children. Enrolment rates have increased, including a 12 per cent increase in kindergarten enrolments.

An example of our work to improve health was our partnership with the Global Polio Eradication Initiative, World Health Organization and UNICEF (\$16 million) to immunise 3.3 million children in Papua

New Guinea following an outbreak of vaccine-derived poliovirus. This helped prevent the further spread of the disease. We also supported the partnership between the Medicines for Malaria Venture and the private pharmaceutical company GSK, to develop a new single-dose cure for malaria caused by *Plasmodium vivax* through our Indo-Pacific Centre for Health Security. This strain of malaria affects some eight million people in the Indo-Pacific. The new cure will help relieve the enormous malaria burden felt in countries like Papua New Guinea and Solomon Islands.

Pacific Island Food Revolution

Pacific Island Food Revolution is the reality TV series and multimedia campaign that is encouraging healthy eating across the Pacific. Teams compete to create easy, delicious and healthy dishes, filmed in Fiji, Samoa, Tonga and Vanuatu.

The show is broadcast to over 24 stations across the Pacific and will also be available to Australian and New Zealand viewers. Since its launch in April, Pacific Island Food Revolution has attracted a steady following of more than 22,000 on Facebook.

Research indicates early signs of the program having impact—especially among women—with a 146 per cent increase in preference for healthy traditional options.

The initiative is co-funded by the department's innovationXchange and New Zealand's Ministry of Foreign Affairs and Trade, to help Pacific island countries reduce their high rates of chronic illnesses including diabetes, high blood pressure and coronary diseases.



Fijian chefs Shamim Ali and Manasa Bolawaqatabu plate up during an episode of the Pacific Island Food Revolution [PIFR]

Southeast Asia

Although Southeast Asia is one of the fastest-developing regions in the world, growth is uneven and often inequitable. Our \$850 million in development assistance in 2018–19 responded to the diverse needs of the region. In fast-growing economies such as Indonesia, the Philippines and Vietnam, we supported difficult governance reforms and facilitated finance for much needed infrastructure. In lower-income countries, we focused on service delivery and poverty reduction.

For example in Indonesia we provided specialist advisers to help improve government systems. Our investments with the World Bank and the Asian Development Bank catalysed an additional \$2 billion from international partners to build and maintain better infrastructure. To improve economic governance, we drew on Australian Treasury expertise to support Indonesia to develop its first tax expenditure statement, allowing greater public scrutiny of tax exemptions and creating a more transparent system. Indonesia is only the second ASEAN country to publish a tax expenditure report.



Village registration officers in South Sulawesi visit a villager in her home to collect information. Australia partners with local governments in Indonesia to improve civil registration and vital statistics so that poor and vulnerable people can access health, education and community services [KOMPAK/Yusuf Ahmad]

Our advocacy and support to policy makers in the Philippines assisted with the passage of a new universal health care law. As a result, the Philippines' population of 105 million now benefits from the national

health insurance system, receiving free primary health services. This will allow for early detection of illnesses, better chances of treatment and greater protection from financial hardship for poor households.

Transport in Vietnam

In early 2019 the Government of Vietnam asked the department's Aus4Transport infrastructure program (worth \$30 million over four years) to deliver detailed designs for the Central Highland Connectivity Improvement Project and the Northern Mountain Provinces Transport Connectivity Project. This helped Vietnam access

USD400 million from the World Bank and Asian Development Bank. This 350-kilometre network of critical roadways in four provinces will contribute to economic growth by connecting rural farmers to markets in Hanoi, and supporting the increased demand for tourism in these regions.

According to an independent evaluation, the department's focus on institutional governance in Asian middle-income countries has helped facilitate reforms where there is partner appetite (dfat.gov.au/investing-in-regional-partnerships). The evaluators recommended we more clearly articulate the objectives of our economic partnerships to make our development, trade and diplomatic efforts more consistent. They found more ambitious partnerships would be possible if the department had strengthened staff capabilities.

We contributed to the delivery of improved educational outcomes for our partners in

Southeast Asia's least-developed countries. Our funding in Myanmar supported more than 48,575 monastic and government schools in all states and regions across the country. It also helped more than nine million students get better access to schools, resources and facilities. In Timor-Leste, access to education has improved but teacher quality remains a challenge. We worked with the government to implement a teacher quality program, which is helping to improve the literacy and numeracy of primary school students, including 108 school leaders, 542 teachers and around 12,000 students.



First Assistant Secretary Julie Heckscher and Senior Program Officer Bounmy Souvannalath visiting the Somesavanh Primary School in Vientiane. Our funding supports improved primary education learning outcomes [DFAT]

South and West Asia

In collaboration with regional governments, civil society and the private sector we delivered \$308 million in development assistance in South and West Asia in 2018–19. We collaborated to build climate change resilience, improve food, energy and water resource management, facilitate increased trade and advance the empowerment of women.

For example, through our South Asia Regional Trade Facilitation Program, the department improved transport infrastructure to increase the flow of goods and services between Bhutan, Bangladesh, India and Nepal. It also enhanced access to markets for mostly rural populations. We expanded women's economic participation by improving river crossings and island

ferry services, delivering public information campaigns on safety issues for women traders, and developing educational programs for female traders on the law and their rights.

In Afghanistan, in the face of significant security and access challenges, we supported the Afghan Government to deliver basic services to its population. We supported efforts to change community perceptions on violence against women by partnering with The Asia Foundation to train 120 religious scholars and challenge harmful gender norms. Sermons on women's rights by religious scholars such as these have been instrumental in improving understanding and acceptance of women's rights, which can in turn help reduce violence against women.



Children in Madhya Pradesh, central India, where the department is helping to develop the world's largest grid-connected solar power facility. Around 300 million people in India have no access to electricity. We funded a new financing model, developed by the International Finance Corporation, which has mobilised USD576 million of private investment for the Rewa Ultra Mega Solar project [IFC/Sayantoni Palchoudhuri]

Gender equality and women's empowerment

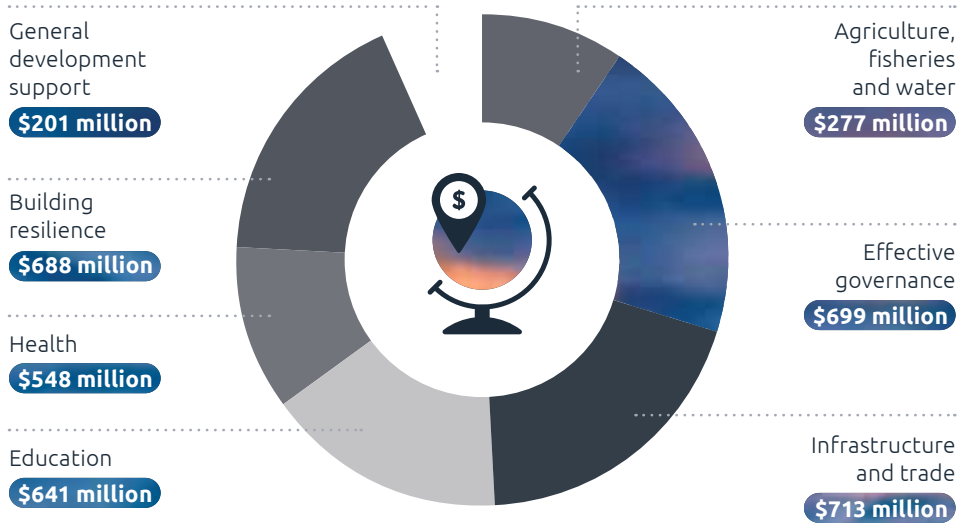
Across the development program, we spent \$1.3 billion on investments that helped promote gender equality and women's empowerment. We aim to incorporate gender equality measures into at least 80 per cent of all development activities. This enhances women's voices in decision-making and promotes their economic empowerment. We also supported a number of investments to promote gender equality including:

- awareness sessions on ending violence against women and children, which reached over 20,000 people across Vanuatu's six provinces. We helped develop the skills of 310 Vanuatu businesses (60 per cent operated by women) across four provinces, improving income generation in key productive sectors
- providing 49,515 women and girls in Myanmar in 2018 with gender-based violence support and response activities, and reproductive health services. This work is addressing protection concerns of the most vulnerable internally displaced people and host communities
- our investment in the Impact Investment Exchange Asia's Women's Livelihood Bond series—the world's first listed bond with a dual focus on financial and social returns—provides loans for social enterprises that are women-owned or have marginalised women beneficiaries. The initiative impacted 144,800 women in 2018
- our gender equality fund (\$55 million in 2018–19) which is contributing to innovative investment partnerships to promote women's economic empowerment.



A teacher from Mainohana Secondary School outside Port Moresby practices delivering a lesson from our Rights, Respect & Resilience project. The project includes lesson plans on basic sexual health knowledge and skills, gender rights and respectful relationships, self-care, peer support and access to health services [ChildFund]

Figure 12 **DFAT official development assistance priority sectors, estimated outcome**



(*) excludes departmental expenses and adjustments

Africa and the Middle East

While the Indo-Pacific is our primary focus, we deliver targeted development programs outside our neighbourhood to meet our national interests and those of our partners. In 2018–19 we delivered \$247 million to countries outside the Indo-Pacific.

Our programs in Africa build enduring people-to-people links with Australia, support economic engagement and promote gender equality. The Australia Awards are our largest African development investment, promoting capability, increasing awareness of Australia and building life-long relationships. In 2018–19 about 480 outstanding professionals from government, civil society and the private sector completed courses in Australia, gaining skills to contribute in their home countries and exposing them to Australian enterprises. An independent evaluation

in 2018 of Australia Awards in Africa (dfat.gov.au/australia-awards-in-africa-in-dependent-mid-term-evaluation) found the program is strengthening developing country capacity in line with Australia's foreign policy objectives.

We supported the Middle East peace process and aspirations for an agreed two-state solution to the conflict between Israel and the Palestinians through our development assistance to the Palestinian Territories. Our \$43 million program in 2018–19 supported basic services including health and education, and livelihoods for Palestinians, promoting stability and economic growth. This program also contributed to increasing the economic independence and self-sufficiency of women in the Palestinian Territories through projects that directly supported the economic power of women and girls.

Disability inclusion

People with disability are among the poorest and most marginalised of groups in developing countries. Their inclusion as active participants in development processes benefits families and communities, reduces the impacts of poverty and contributes to a country's economic growth.

Australia is an international leader in disability-inclusive development and was the first donor country to have a strategy to make development assistance disability-inclusive. An independent evaluation of our strategy (dfat.gov.au/development-for-all-evaluation) found progress is being made—about 40 per cent

of our investments are disability-inclusive—with important contributions to improving the lives of people with disabilities. Efforts in other areas have been less successful, reflecting the difficulty of the challenges to be addressed.

The department received an award from the International Disability Alliance for outstanding contributions for the advancement of the rights of persons with disabilities. Our international advocacy is credible, effective and influential. For example, with Australia's support, the United Nations launched a new disability inclusion strategy in June 2019.

Working with others

By collaborating with multilateral organisations, the private sector, non-government organisations and, importantly, leveraging the skills and know-how of Australians, we expand the reach and impact of our development program. We are selective in our choice of partners, working with those that can bring the greatest value to our region.

Multilateral partners

Our closest partners in the region rely on multilateral organisations for large-scale finance and infrastructure analysis and expertise. In 2018–19 we worked with the Asian Development Bank and World Bank Group to deliver more finance to the region. Asian Development Bank concessional finance to 12 Pacific countries increased by USD168 million, bringing the total value of its Pacific portfolio to USD2.9 billion. Fiji gained access to concessional funding from the World Bank this year—a change we have advocated for strongly—and will receive an extra USD21 million annually to recognise its vulnerability as a small island economy. This means Fiji will gain access to support from other funding sources too, including being eligible for rapid funds in the aftermath of a natural disaster to help with response and recovery.

In 2018–19 we invested \$584 million in economic infrastructure and access to infrastructure finance. This included support for the World Bank's Global Infrastructure Facility and the Private Infrastructure Development Group (PIDG). Our partnership with PIDG helped develop close to 30 projects across South and Southeast Asia, mobilising an additional USD170 million in private capital investments. This will support sustained economic growth in the region by boosting energy production, improving waste management and extending agriculture production.

In addition to leveraging financing and expertise, multilateral organisations can achieve economies of scale that no individual actor can achieve alone. This is most evident in the health sector where pooling procurement of health commodities has provided countries in our region with access to better prices. We provided \$220 million to the Global Fund to Fight AIDS, Tuberculosis and Malaria—the world's largest multilateral funder of health programs in developing countries. We also supported Gavi, the Vaccine Alliance, pledging \$250 million to its 2016–2020 replenishment. Independent reviews of Gavi activities show that every US dollar invested in vaccines saves USD18 in terms of healthcare costs, lost wages and lost productivity due to illness.



Registered nurse Miriam Nampil receives the first vaccine delivered by drone to Cook's Bay in Vanuatu in December 2018. The department's innovationXchange supported a project using drones to deliver vaccines to remote villages [UNICEF]

The private sector

We work with private sector partners in more diverse and varied ways, identifying opportunities for new forms of collaboration and innovative approaches to development challenges. For example, our Business Partnerships Platform has benefited 5.37 million people (54 per cent women) across 14 countries through 23 partnerships, and our investments through the innovationXchange continue to yield lessons on new ways of working.

In partnership with cruise ship company Carnival Australia and social business consultancy The Difference Incubator, the department aims to accelerate more than 10 tourism businesses in Vanuatu—creating jobs and investment—through a Pacific Tourism Development Pilot (marketed as YuMi Tourism Partners). The pilot won a national Shared Value Award and has the potential to generate \$1.5 million in economic impact annually in Vanuatu.

Another example is our partnership with the New Zealand Government and the International Finance Corporation to develop a new training and recruitment program for SolTuna, a large Solomon Islands company. SolTuna employs over 1,800 workers, 64 per cent of them women, but absenteeism and high staff turnover

held back the company's productivity. By addressing issues such as family health and violence, and low financial literacy, staff working conditions improved and absenteeism substantially reduced. Company earnings rose by \$1.58 million through increased productivity. The number of women in management or leadership roles more than tripled from nine to 32. The number of women in jobs traditionally held by men more than doubled.

Civil society

Non-government organisations (NGOs) are vital partners in our efforts to encourage greater prosperity and stability in our region. Australian, international and local NGOs have been key partners in the development program for more than 40 years, working together to support sustainable economic growth and reduce poverty. NGOs have strong connections to local communities, access to remote, fragile and conflict-affected areas, and deep development expertise.

Our Civil Society Water, Sanitation and Hygiene Fund supported 13 civil society organisations to deliver 29 water, sanitation and hygiene projects in 19 countries in Asia, the Pacific and southern Africa. Over five years, the fund improved services for 4.31 million poor and vulnerable people including

73,000 people living with disabilities. It did this by strengthening the capacity of people from communities, government and the private sector to deliver water, sanitation and hygiene services.

For example, iDE provided access to new toilets to 700,000 people in Cambodia—more than double the original target. iDE not only promoted the use of toilets in the community but also worked with businesses to provide affordable solutions such as producing Lego-like interlocking bricks that minimised the need for mortar and saved time and money.



Australian NGO Cooperation Program

The department's Australian NGO Cooperation Program (ANCP) provided \$132 million to 57 accredited NGOs to implement 454 projects in 2018–19. A total of 2,000 local partners in over 60 countries participated in project delivery. Eighty per cent of ANCP's work is in the Indo-Pacific, with the remainder predominantly in Africa. Projects included:

- teaching children about respectful relationships
- coordinating menstrual hygiene and family planning services to help girls stay in school
- empowering women to be involved in climate change decision-making
- supporting dignified and safe repatriation for refugee women.



Australian Aid: Friendship Grants

The \$3.5 million inaugural round of Australian Aid: Friendship Grants enabled 46 community organisations from across Australia to expand or enhance their international development work in 15 countries in the Indo-Pacific. We partnered with Australian community organisations, leveraging their influence and expertise to boost our program effectiveness. Friendship Grants support strong relationships in the Indo-Pacific and make a tangible difference to people and their communities. Outcomes from the first round include:

- disadvantaged women in Nepal received hospitality training to boost job opportunities
- women in Papua New Guinea were taught how to sew reusable and affordable sanitary kits to help generate income for local community groups
- improved water supply in Solomon Islands through drilling wells.



Australian Volunteers Program

In 2018–19 the Australian Volunteers Program continued delivering results. We deployed over 1,000 skilled Australians to support 600 partner organisations across 26 countries, helping communities and boosting strong people-to-people links. Fifty per cent of volunteers went to Asia, 41 per cent to the Pacific and Timor-Leste, and nine per cent to Africa. Australian volunteers are a tangible expression of Australia's engagement in the region.

Responding to humanitarian crises and building resilience

Humanitarian crises undermine growth, reverse hard-won development gains, increase poverty, and can result in long-term instability. Such crises can have profoundly negative consequences for regional trade and health security.

Our region is among the most disaster-prone in the world, and climate change is exacerbating this trend.

Australia is a leader in disaster response because of our capacity to quickly mobilise humanitarian relief supplies—including Department of Defence assets and personnel—as well as humanitarian expertise, shelter materials or emergency medical teams.

Performance measure

Timely and effective responses to humanitarian crises, including an enhanced Indo-Pacific ability to prepare, respond and recover from crises.

How we rate our performance *

On track

Source: Corporate Plan 2018–19 p. 17 | Funding: PBS 2018–19 programs 1.2 and 1.3

* Our assessment is informed by after action reviews, independent evaluations, partner reporting and feedback from partner governments.

Our performance

In 2018–19 the department provided approximately \$410 million to help communities affected by humanitarian crises and to boost the capacity of countries in our region to prepare for and become more resilient to disasters. We ensure Australia meets its commitment to respond to requests for assistance within 48 hours. We rate our performance against this measure as ‘on track’.

The department manages a \$50 million Disaster READY program that supports the preparedness of Pacific and Timor-Leste communities for natural disasters. The program helped establish safe evacuation centres across Solomon Islands, strengthened early warning systems in Timor-Leste, developed provincial preparedness plans in Papua New Guinea and supported tsunami drills in Vanuatu. Just two months after the drills, communities reacted to a real tsunami alarm, moving swiftly to higher ground.

Through our Australia Assists program, the department deployed 87 civilian specialists to support humanitarian efforts, including 38 working with Pacific governments and communities on issues such as disaster risk management, gender and disability, and election monitoring. For example, the department deployed 10 humanitarian

specialists to support the Vanuatu Government’s response to the Ambae Volcano disaster in August. Following significant volcanic activity the specialists helped to develop and implement a plan to evacuate 8,500 people from Ambae to neighbouring islands.

The department fosters a ‘Pacific supporting the Pacific’ approach where countries help their neighbours when disasters strike. Our support helped the Fiji Emergency Medical Assistance Team (FEMAT) become the first WHO-verified team in the Pacific. FEMAT can now mobilise a self-sustaining field hospital and team of 20 highly trained doctors, nurses and logisticians to be more agile, responding to Pacific emergencies within 48 hours.

We demonstrated the value of disaster preparedness when Super Typhoon Mangkhut struck the Philippines on 15 September. More than 1.5 million people were affected, with 127 fatalities. We responded rapidly when the Philippines Government asked for our help and released pre-positioned humanitarian supplies to the Philippines Red Cross. This supported 5,000 families in the 10 most affected provinces. Days later we released a further contribution of prepositioned sexual and reproductive health kits through the United Nations Population Fund to support over 1,000 pregnant and breastfeeding women.

Sulawesi earthquake

On the evening of 28 September, a 7.7 magnitude earthquake rocked the island of Sulawesi in Indonesia unleashing a tsunami that affected more than 2.4 million people. The Indonesian Government declared the death toll to be 4,340 people and at least 240,000 were displaced.

We were one of the first to respond. Within 24 hours, nine C-130 Australian Defence Force aircraft began transferring relief supplies from Darwin to Indonesia, providing shelter kits, tarpaulins, blankets and generators for around 30,000 people.

The department coordinated the whole-of-government effort, providing a \$10.25 million package of assistance delivered with the Indonesian Government, the ASEAN Coordinating Centre for Humanitarian Assistance and local civil society organisations such as the Indonesian Red Cross.

Our funding helped United Nations and non-government partners deliver health,

sanitation and hygiene solutions for more than 165,000 people. Under the department-led Australian Humanitarian Partnership, our NGOs worked with Indonesian partners to ensure the most vulnerable—including women, children and people with a disability—were not left behind.



A woman in Donggala District, Indonesia, waiting for the distribution of relief supplies supported by Australia, following the Sulawesi earthquake [CARE/PKPU Human Initiative/Wiwik Widyastuti]

Australia is working with Myanmar, Bangladesh, other regional partners and the broader international community towards a long-term and durable solution to the Rohingya crisis. With 700,000 Rohingya forcibly displaced from Myanmar since 2017, there are now over 900,000 Rohingya refugees in Bangladesh. The department provided \$60 million to Bangladesh and \$24 million for the Rohingya crisis and other crises in Myanmar in 2018–19. This funding supported counselling and medical services to women and girls who had experienced violence, food and nutrition focusing on children under five and breastfeeding women, and clean water, shelter and health and sanitation services.

The humanitarian situation in Afghanistan continued to deteriorate. In April 2018 a drought was declared across two thirds of the country, creating food security challenges for 13.5 million people, of whom 3.6 million face critical food shortages. In partnership with the World Food Programme, we provided lifesaving food and water to 5.25 million Afghans in drought-affected provinces. Working with the International

Organization for Migration, we assisted over 2,000 vulnerable families (11,536 individuals) who returned to Afghanistan in 2018–19. Our funding is governed by a three-year strategy, providing certainty to a small number of partners who are addressing the protracted crisis, principally along the Afghanistan–Pakistan border.

We are delivering our \$220 million, three-year Syria Crisis Humanitarian and Resilience Package. We assisted conflict-affected populations in Syria, and supported Lebanon and Jordan to promote more sustainable futures for the refugees and host communities within their countries. Support included food assistance, improved access to education, inclusion of people with disabilities, women's empowerment and protection from sexual and gender-based violence. A 2019 independent evaluation found our investment was well designed (dfat.gov.au/syria-humanitarian-response). It found our funding methods, geographic focus and inclusion of resilience programming—as well as our humanitarian assistance—was appropriate.

Effective, transparent and efficient

The department has a strong focus on performance reporting, evaluation, innovation and research, recognising that Australians want assurance that taxpayer funds are used appropriately and in ways

that are in our interests, and that funds are not diverted from their intended purpose. Our development program is subject to regular and extensive oversight of financial and program accountability.

Performance measures

How we rate our performance *

An effective, transparent and efficient aid program in line with the Australian aid program's performance framework, *Making Performance Count*.

On track

Source: Corporate Plan 2018–19 p. 17 | Funding: PBS 2018–19 programs 1.2 and 1.3

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

On track

Source: PBS 2018–19 programs 1.2 and 1.3 p. 30 and 31 | Funding: PBS 2018–19 programs 1.2 and 1.3

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

Acheived

Source: PBS 2018–19 programs 1.2 and 1.3 p. 30 and 31 | Funding: PBS 2018–19 programs 1.2 and 1.3

* Our assessments are informed by independent evaluations, Aid Quality Checks and Aid Program Performance Reports, Aggregated Development Results and delivery of the *Performance of Australian Aid* report.

Our performance

Our high-quality development program is underpinned by a comprehensive planning, management and reporting system. In its 2018 review of the Australian development program, the OECD Development Assistance Committee commended the program's clearly articulated and comprehensive performance monitoring system.

Assessment of our development program and the results we achieve is extensive, rigorous and systematic—with independent checks and balances. Every year, we produce Aid Quality Checks for investments worth more than \$3 million. We publish the results on our website in Aid Program Performance Reports (dfat.gov.au/aid-program-performance-reports) along with independent evaluations of investments. This reporting culminates in the annual *Performance of Australian Aid* report—detailing our progress towards the aid program's 10 strategic targets, the performance of country, regional and global programs, and presenting performance data for the six priority investment areas of the aid

policy framework. The 2017–18 *Performance of Australian Aid* report was published in April 2019 (dfat.gov.au/performance-of-australian-aid-2017-18). Results for 2018–19 will be published in the *Performance of Australian Aid* report in early 2020.

The department's Office of Development Effectiveness monitors the Australian aid program's performance, evaluates its impact and contributes to international evidence and debate about development effectiveness.

Aid investments are carefully designed and implemented, but are not always as successful as planned. Our monitoring and evaluation systems identify underperformance, and remediation plans are put in place. If these plans fail, investments are cancelled. In 2017–18 Aid Quality Checks, 17 investments were identified as underperforming. By 2018–19, 10 of these had improved their performance, two were completed and five investments had to be cancelled. This year of the 367 investments over \$3 million, 10 have been identified as underperforming. Six of these are continuing with remediation plans in place.

Figure 13 **Aggregate development results 2018–19**

Education

765,912
Additional
girls and boys
enrolled in school

58,381
Teachers trained to
improve learning
outcomes
(women and men)

4,290
Women and men
assisted to gain recognised
post-secondary
qualifications



Building resilience: humanitarian, disaster risk reduction and social protection

225,199
Additional poor women
and men able
to access social
transfers (e.g. cash or
in-kind transfers)

4,335,697
Vulnerable women,
men, girls and
boys provided with
life-saving assistance in
crisis and conflict

3,258,925
Poor women and
men with increased
incomes



Effective governance

9,388
Police and
law and justice
officials trained
(women and men)



Health

28,654
Additional births
attended by a skilled
birth attendant

2,009,903
Girls and boys
vaccinated

1,841,396
Women and men with
increased access to
basic sanitation

757,786
Women and men with
increased access to
safe water



Agriculture, fisheries and water

1,598,752
Poor women and men
who adopt innovative
agriculture and fisheries
practices

USD 240,423,340
Value of additional
agricultural and
fisheries
production



Gender equality and empowering women and girls

7,978
Management committees
in which women are
equally represented

52,137
Women survivors of
violence receiving
services such as
counselling



Infrastructure, trade facilitation and international competitiveness

2,897km
Distance of roads
constructed, rehabilitated
or maintained

3,968
Women and
men trained
in trade policy and
regulation

AUD 63,356,035
Value of exports
facilitated, including
new exports

1,925,802
Poor women and men
who increase their access
to financial services

Advance global cooperation



Minister for Foreign Affairs Senator Marise Payne addresses the 73rd session of the UN General Assembly in September 2018 [United Nations/Loey Felipe]

Advance global cooperation



The international rules-based order has served Australia’s national interests, promoting global stability, peace and prosperity. It is experiencing unprecedented pressure from shifts in global power and greater contestation. At the same time, the world faces critical economic, security and environmental challenges that need urgent attention and can only be solved collectively. Australia’s interests are strongly served by multilateral cooperation to solve global challenges.

In an uncertain world, the strength and diversity of our bilateral and regional

partnerships in the Indo-Pacific and beyond builds our influence and spreads our risk. The department works closely with other Australian Government agencies to invest in these relationships and to forge coalitions in pursuit of core Australian interests.

Key to the department’s ability to pursue our national interests is harnessing Australia’s soft power—the ability to influence the behaviour or thinking of others through the power of attraction and ideas. We work with a diverse range of partners to build our international reputation and influence.

Shaping international rules and norms

Australia’s interests are strongly served by acting with others to support an international rules-based order. The department leads Australia’s engagement in the multilateral system. We aim to

promote its liberal character, including free trade and human rights, and to prevent efforts by others to reshape rules, norms and institutions in ways that challenge our interests.

Performance measures

Australia helps shape the evolution of institutions, rules and forms of cooperation in line with our national interests.

Source: Corporate Plan 2018–19 p. 18 | Funding: PBS 2018–19 programs 1.1 and 1.4

The department’s contributions shape multilateral outcomes, institutions and norms to advance the interests of Australia and our Commonwealth partners.

Source: PBS 2018–19 program 1.4 p. 32 | Funding: PBS 2018–19 programs 1.1 and 1.4

How we rate our performance*

On track but progress towards shaping international rules and norms is under strain

On track

* Our assessments are informed by international resolutions and statements, diplomatic reporting, membership of multilateral bodies and tracking implementation of Australia’s Strategy for the Abolition of the Death Penalty. See p. 41 for our contribution to the multilateral trading system and p. 72 for our development cooperation work with multilateral partners.

Our performance

On balance we rate the department as ‘on track’ against the performance measures listed. However despite our best efforts, multilateralism, institutions and

the rules-based order are under significant strain. We set out below where we have made some inroads or avoided sliding backwards on issues of key national interest.

Human rights

Australia used its membership of the UN Human Rights Council (2018–2020) to champion human rights principles and respond to serious concerns in specific countries. The Foreign Minister's address to the council in February underscored Australia's commitment to the rules and institutions which promote and protect universal human rights.

In the five Human Rights Council sessions since Australia took up membership (from February 2018 to July 2019), the department worked across government—and with civil society and international partners—to negotiate 141 resolutions (co-sponsoring 87), deliver 123 national statements and join 81 joint statements to advance thematic and country-specific human rights issues and norms. We stood up for the rights of women and girls, indigenous and LGBTI people. We promoted good governance, freedom of expression, strong national human rights institutions, freedom of religion or belief and civil society engagement.

With few Pacific states represented on the council, the department worked closely with Pacific island countries to lead joint statements, to convey their views and highlight the actions we have taken together on issues such as slavery-like practices in the fishing industry and on tackling the barriers faced by people with disability.

The department advocated for ongoing Human Rights Council reform and diverse membership to ensure the full range of human rights challenges are considered. Upon taking up the Human Rights Council seat, we initiated an incoming members' pledge—committing new members to strengthen the council's effectiveness and credibility through cooperation, transparency and objectivity. This will be a legacy of our term. The department worked with new member Fiji to ensure countries joining in 2019 also signed on, with Fiji delivering the pledge on behalf of 10 of the 17 members elected to the council for the 2019–2021 term.

The department launched *Australia's Strategy for Abolition of the Death Penalty* in October 2018. We increased our advocacy—bilaterally, multilaterally and in partnership with civil society—to highlight Australia's opposition to the death penalty, in all circumstances for all people.

We became a full member of the support group of the International Commission Against the Death Penalty in November. Our efforts reinforce global momentum towards abolition. Australia was also accepted as a member of the International Holocaust Remembrance Alliance (IHRA) in June 2019. Through IHRA, governments and experts work to strengthen holocaust education, research and remembrance and to identify early warning signs of present-day genocide.

Gender equality

Promoting gender equality was a priority for us during the year. We advocated strongly in support of existing rules and norms underlying women's sexual and reproductive health and rights. For example, our efforts at the 63rd UN Commission on the Status of Women in March ensured that key agreements maintained hard-won references to women's human rights, despite strong opposition and pressure to remove and weaken these references.

We influenced discussion on the underrepresentation of women in peacebuilding processes and decisions. The UN Secretary General's report on Women, Peace and Security in 2018, and the UN Security Council open debate, were informed by Australian research from Monash University, funded by the department. This found only 19 per cent of 1,187 peace agreements reached from 1990–2017 contained references to women.

As part of our efforts to increase women in leadership positions in peacekeeping, we worked with the Department of Defence in securing a position for Major General Cheryl Pearce as Force Commander to the UN Protection Force in Cyprus.

In the Pacific, the department is contributing to multilateral efforts to protect women and girls from violence. We supported the Women's Peace and Humanitarian Fund, which works to improve the safety of women in humanitarian crises. We joined a new partnership with the European Union, UN Women, the Pacific Islands Forum Secretariat and the Pacific community, which is tackling the social norms that allow violence against women to continue.

Climate change

As Chair of the Umbrella Group—one of four major groups that includes the United States, Canada, Japan, Russia and others—Australia was influential in securing a robust set of rules for implementing the Paris Agreement on climate change. In December at the UN climate change conference (COP24) in Poland, countries adopted a common global approach to implementing the Paris Agreement for years to come.

The rulebook is a win for the global rules-based system. It provides business with certainty and confidence for climate action, will ensure investment and public sector finance can flow, and helps maintain confidence in the Paris Agreement. For the first time it introduces a set of rules that will apply to all countries, including major emerging economies and key emitters such as China and India.

Australia is delivering on its commitment to provide \$1 billion of climate finance over five years (2015–2020) to support developing countries build climate resilience and reduce emissions. This includes our \$300 million commitment to the Pacific on climate and disaster resilience, which we are on track to meet. A further \$500 million over five years has been pledged for the Pacific, starting in 2020–21.

Strengthening international law

This year, led by the department, Australia was an active player in shaping a new UN treaty on high seas biodiversity and marine genetic resources. This will enable integrated management of around 60 per cent of the world's oceans in areas beyond national jurisdiction. Countries are aiming to finalise the UN treaty on high seas biodiversity and marine genetic resources by 2020.

The department led Australia's international engagement in the Antarctic Treaty system. With other countries, we have been encouraging Antarctic Treaty signatories that have not already done so to adopt the Madrid Protocol which prohibits mining indefinitely. Six countries have joined since 2011 and others are in the process of signing on.

We are working through regional organisations to protect and strengthen the UN Convention on the Law of the Sea (UNCLOS), the foundation for responsible international use and management of our oceans. Australia and Malaysia co-chaired an East Asia Summit seminar on maritime security and international law and security, and we co-chaired with Vietnam an ASEAN Regional Forum workshop on implementing UNCLOS.

The department hosted the first Pacific Maritime Law Exchange in February, bringing together participants from Pacific island countries and regional organisations to establish a deeper understanding of priorities and challenges.

We worked to strengthen the International Criminal Court and its ability to try individuals responsible for the most serious international crimes. The department continued support for the Syria accountability mechanism and supported establishing an international mechanism in relation to Myanmar. These mechanisms are mandated to collect and preserve evidence of serious international crimes and facilitate future prosecutions.

We implemented sanctions to address situations of international concern and to influence and penalise those responsible. In 2018–19 the department implemented new UN Security Council sanctions in relation to South Sudan. We also imposed autonomous sanctions against five Myanmar military officers responsible for human rights violations, and against seven Russians for their role in the interception and seizure of Ukrainian vessels attempting to pass through the Kerch Strait.

We are working to strengthen the rules and norms of responsible state behaviour as they apply to new and emerging domains, such as cyberspace and outer space. Under the government's National Counter Foreign Interference Strategy we are implementing a strategy on foreign interference to develop and influence international norms on what constitutes unacceptable conduct.

Pursuing justice for victims of MH17

Australia continues to pursue justice and accountability for the 2014 downing of Malaysian Airlines flight MH17, with 298 victims, including 38 Australians.

In June the MH17 Joint Investigation Team announced the prosecution of four individuals for their alleged roles. Australia is represented on the team, along with authorities from Belgium, Malaysia, the Netherlands and Ukraine.

The department is administering up to \$50 million over four years to support the

Dutch prosecution. We are ensuring families and loved ones of the Australian victims will be able to follow the trials through translation and live-streaming, and are preparing to help those who want to attend.

The department is also contributing to efforts to hold Russia accountable for its role in the downing of the flight. Australian and Dutch officials held a first round of talks with Russia in March 2019. We led the Australian delegation to the talks, which also included the Attorney-General's Department and Australian Federal Police.

Working with the UN and the Commonwealth

The department led a successful campaign this year for Australia to be re-elected to the Council of the International Telecommunications Union, a UN agency that works with governments and industry on decisions on the global communications networks that enable technologies Australians use every day.

We supported the international Responsibility to Protect principle, which seeks to protect vulnerable populations from the crimes of genocide, ethnic cleansing, war crimes and crimes against humanity. We worked in partnership to engage ASEAN and Pacific countries on early warning for conflict and atrocity prevention, supporting, for example, a new youth network that has been tackling local drivers of conflict such as hate speech.

The department drove key management reform, using our positions as a leading investor, member of boards of UN

development agencies, and chair of the UN's Fifth Committee, responsible for budgets. We advocated for improved budget rigour, accountability and whistleblower protections, increased diversity, and strengthened processes to address sexual harassment and misconduct issues. We supported implementation of the UN's new autonomous resident coordinator system (which will enable better coordination on the ground by UN agencies delivering services), and continued to urge UN agencies to focus more on the Pacific.

The Foreign Minister is Vice-Chair of the Commonwealth Ministerial Action Group, providing practical support to Commonwealth members to uphold democracy, human rights and the rule of law. This includes training to conduct fair, credible and inclusive elections. Australia's support also delivered education, training and climate finance in developing Commonwealth countries. Due to the department's advocacy, the Commonwealth is deploying climate finance advisors to the Pacific.

Promoting our interests around the world

The department works globally to promote Australia’s interests. While the Indo-Pacific is our primary focus (see p. 22–35), we cooperate with partners around the world to advance our prosperity and to strengthen the international rules-based order.

Performance measures	How we rate our performance*
Australian bilateral, regional and multilateral engagement successfully promotes Australia’s interests and values, including in the Indo-Pacific, Europe, the Middle East, Latin America, North America and Africa.	On track
Source: Corporate Plan 2018–19 p. 18 Funding: PBS 2018–19 programs 1.1, 1.2, 1.3, 1.4 and 1.6	
The department’s whole-of-government coordination and leadership shapes bilateral, regional and multilateral outcomes to advance interests of Australia and Australians.	On track
Source: PBS 2018–19 program 1.1 p. 29 Funding: PBS 2018–19 programs 1.1 and 1.4	

* Our assessment is informed by diplomatic reporting, meeting outcomes, implementation of government reviews [JCPOA, Jerusalem], surveys of government stakeholders, agreements and treaties, and evidence used to substantiate performance reporting in the Indo-Pacific, trade, development cooperation and international security sections of this report.

Our performance

We rate the department’s performance against the measures above as ‘on track’. Our engagement with the Indo-Pacific, Europe, the Middle East, North and Latin America and Africa promoted Australia’s interests and values. Our coordination and leadership across government on international issues—and the role that our diplomatic missions play in pursuing whole-of-government outcomes—are referenced throughout this report, including our preparations for Brexit discussed below.

We worked with partners in **Europe**, including the member states and institutions of the European Union (EU), to advance shared priorities. We led the ratification process for the EU–Australia Framework Agreement and established a joint committee to implement it. The framework will facilitate cooperation, including on foreign policy issues, development, human rights, science and space.

We hosted a conference of senior officials from 30 European and 21 Asian states under the Asia–Europe Meeting (ASEM) framework. With Australia as chair, we focused ASEM discussions on support for an international rules-based order and gender equality and women’s empowerment.

Outcomes from the Australia–United Kingdom Ministerial Consultations (AUKMIN) included closer engagement on Indo-Pacific infrastructure development, strengthening international rules and norms through the UN and the Commonwealth, and Australian support for new United Kingdom diplomatic missions in Samoa, Vanuatu and Tonga.

We prepared for Brexit, coordinating across government to ensure trade continues. We concluded three new treaties with the United Kingdom covering wine, nuclear cooperation and mutual recognition of standards. We will be ready to launch FTA negotiations as soon as the United Kingdom is ready subject to Brexit. The department also developed ‘AFiniti’, a flagship bilateral initiative with France to increase trade, investment, research, education and people-to-people links.



We worked with like-minded partners to promote adherence to international rules and norms in the face of Russian actions towards Ukraine and elsewhere, including through our engagement with the EU and NATO. We also worked closely with Turkey, a critical partner for Australia's efforts to mitigate the threats posed by Islamist extremists and foreign terrorist fighters. The department boosted links with the countries of Eastern Europe and the Western Balkans through business connections, tourism and education.

In the **Middle East**, increased volatility during 2018–19 raised significant risks for international security, including in Australia's own region. We intensified our engagement with the United States and other partners and advised government on policy responses.

As part of Australia's contribution to the US-led Global Coalition to Defeat Da'esh, we assisted with the deployment of Australian troops to train Iraqi forces and helped shape coalition strategies following the territorial defeat of Da'esh in March. The department's policy analysis informed the government's decision to provide additional aircraft for ongoing operations in Syria.

We supported visits to Iraq by the Governor-General, the Prime Minister and the Defence Minister. These reinforced Australia's commitment to stability and recovery in Iraq, which the department

is also supporting through multi-year humanitarian assistance packages for both Iraq and Syria.

The department assisted the growth of Australia's commercial and investment links with the Gulf. The Trade Minister's visit to the United Arab Emirates in January secured support for Australia's initiative to develop WTO rules for e-commerce and advanced our growing bilateral economic relationship.

In late 2018 the department was closely involved in the government's reviews of its policy settings, both on the Joint Comprehensive Plan of Action (JCPOA) on Iran's Nuclear Program and on the status of Jerusalem. We worked with other government agencies to open an Austrade-managed Australian Trade and Defence Office in West Jerusalem.

In **Africa** we helped Australian companies pursue opportunities in mining at major international mining conferences in Cape Town and Perth. At the Africa Down Under conference in Perth for example, the department facilitated 124 formal meetings for Australian companies with African delegations that included key decision-makers.

Australia and South Africa agreed on a plan to increase bilateral trade and investment at talks arranged by the department in November. We are working towards implementing the plan in 2020.

We advocated bilaterally for democracy and human rights in Africa and the Middle East. We supported Zimbabwe’s political transition following the end of the Mugabe era, and made representations to select governments against the death penalty and on women’s and LGBTI rights.

We collaborated with **Canada, Latin America and the Caribbean** countries on issues where our interests intersect, including in the UN, World Trade Organization, Cairns Group, G20, APEC and Antarctic Treaty system. We worked with Canada on WTO reform. The department arranged to share Australian expertise in fields including gun control with Mexico, structural economic reform with Brazil, ocean management in the Caribbean, gender equality and women’s

empowerment with Peru, and engagement in the Indo-Pacific with Chile. The G20 in Argentina generated a series of ministerial visits to countries in the region over the year, facilitated by the department—including by Prime Minister Morrison and the Ministers for Foreign Affairs, Trade and Finance—building Australia’s influence.

In collaboration with Austrade, we launched the Sustainable Mining Centre of Excellence in Bogotá, Colombia. This will manage sustainable development-focused projects using Australian commercial and research expertise and a mix of private and public funding. We worked with an international coalition of like-minded countries to advocate for the return of democracy and rule of law in Venezuela, and to restore the human rights of the Venezuelan people.

Protocol services for the diplomatic corps

Our global partners are represented in Australia by the diplomatic and consular corps. Providing them with the immunities, privileges, security and courtesies enshrined in the *Vienna Conventions on Diplomatic and Consular Relations* is essential to good

relations with their countries and ensuring reciprocal treatment of Australian diplomats overseas. The department’s professionalism projects a positive image of Australia and promotes cooperation in other areas.

Performance measure

The diplomatic and consular corps posted or accredited to Australia are satisfied with the delivery of protocol services.

How we rate our performance*

On track

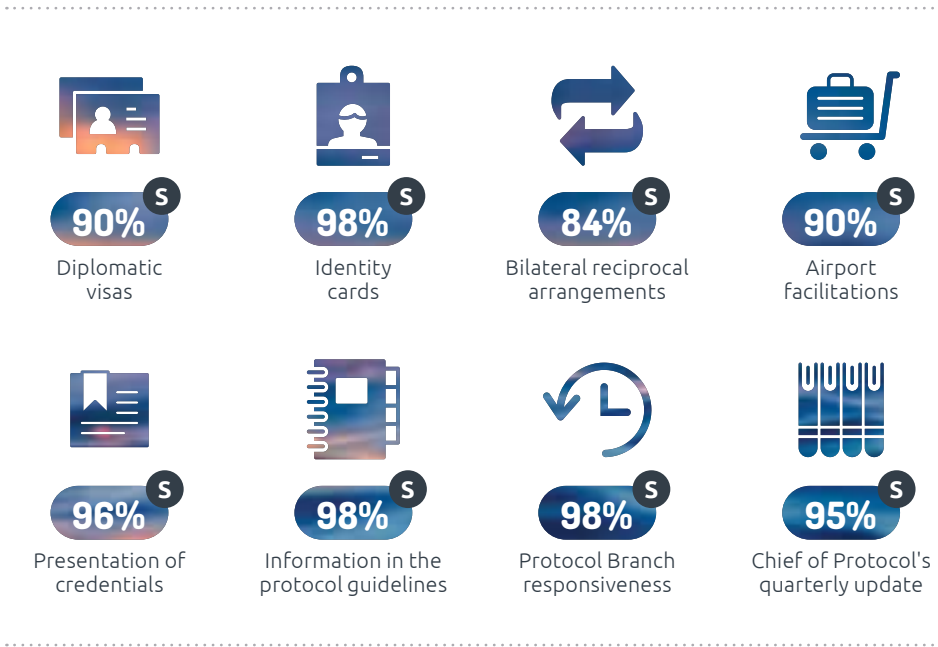
Source: Corporate Plan 2018–19 p. 19, PBS program 1.1 p. 29 | Funding: PBS 2018–19 program 1.1

*Our assessment is informed by the results of the survey of diplomatic and consular corps.

Our performance

As a proactive measure to assess our performance standards the department conducted its first survey of the 108 diplomatic missions in Canberra in early 2019. Sixty-one responses were received, all indicating strong satisfaction with the efficiency, consistency and responsiveness of the protocol services we provide. Fourteen survey responses made specific requests that are being addressed, such

as improving airport facilitation forms for eligible dignitary travel through Australian airports. For other requests which cannot be met for legislative or policy reasons, we will continue outreach to the corps to explain our approach. Figure 14 details the survey results which give us a good benchmark and show us where to focus our outreach.

Figure 14 **Protocol services**

S Satisfied and above

Soft power and building influence

Australia's soft power assets include our land and people, our unique flora and fauna, our values and institutions, our economy, our education system, and our scientific, artistic and sporting endeavours.

The department harnesses this strength to advance our national interests and project a positive and contemporary image of Australia to build our reputation and influence.

Performance measures

Soft power initiatives further Australia's interests and influence.

Source: Corporate Plan 2018–19 p. 19 | Funding: PBS 2018–19 programs 1.1, 1.2 and 1.6

Public diplomacy initiatives build links overseas to further Australia's interests and increase Australia's influence.

Source: PBS 2018–19 program 1.6 p. 34 | Funding: PBS 2018–19 programs 1.1, 1.2 and 1.6

How we rate our performance*

On track

On track

*Our assessment is informed by the results of audience surveys, diplomatic reporting, an independent evaluation and the interim findings of the soft power review.

Our performance

Each year we design and implement public diplomacy programs and initiatives, tailor-made to appeal to our overseas audiences and increase Australia's influence. Taking budget realities into account, we have rated our performance against the measures above as 'on track'.

In 2018 the department's flagship public diplomacy program **Australia now** substantially lifted Australia's profile in Japan. A total of 427,000 people attended a series of major events across 29 Japanese cities and prefectures, generating 400 media articles and two million social media posts. It sparked new interest in cooperating with Australia in agritech, medical research, life sciences and sustainable living.

In 2019 *Australia now* is being staged in 10 ASEAN countries. We are targeting ASEAN's young growing population—more than 160 million people aged 15 to 29 live in the 10 member nations. The program

is providing opportunities for young Australians and their ASEAN counterparts to collaborate and exchange ideas and experiences.

Aboriginal and Torres Strait Islander Australians are the custodians of the world's oldest living culture. This is a unique and significant soft power asset. The department **celebrates Indigenous culture** and expertise to build cultural connections and influence in our region.

From July to August the National Museum of Australia's landmark exhibition *Songlines: Tracking the Seven Sisters*, was on show in the department's Canberra headquarters to mark NAIDOC. Our international posts relayed the exhibition's launch around the world to celebrate the richness of Australia's Indigenous culture.

We also organised visits by 20 Indigenous women from diverse fields to 17 countries. This initiative received widespread and positive media coverage in the countries they visited.

Pacific friendships through sport

Australians and Pacific islanders share a love of sport. The department is building on a mutual passion for rugby league under the new **PacificAus Sports** program (\$40 million from 2019–2023). In June we partnered with the National Rugby League to stage the first ever women's rugby league match at the Pacific

Test in Sydney. The Papua New Guinea Orchids played Fiji Bulikula before a crowd of 8,000, promoting gender equality and female inclusion in elite sport. The game was broadcast in Australia, Fiji, Papua New Guinea and New Zealand, and was watched by more than 5,000 viewers on the online platform Kayo.



Shae Dela Cruz in full flight for the PNG Orchids. The department supported the PNG Orchids to play in the Pacific Test [National Rugby League]

Australia Awards scholarships and short courses are strengthening personal, professional and institutional links between Australia and the Indo-Pacific, while developing future leaders. During the year the department supported 5,700 continuing students, and offered 3,161 new scholarships and short courses to participants from more than 55 developing countries. An independent evaluation of the program's strategy in 2018 made recommendations to strengthen it, such as having clearer goals, which we are working to adopt (dfat.gov.au/australia-awards-global-strategy-evaluation).

We are building a network of leaders who are influential advocates for Australia. In the 2018 parliamentary elections in Timor-Leste, four Timorese who were recipients of Australia Awards were elected to office—including the country's current Foreign Minister. A survey in 2018 of Australia Awards alumni from 2011 to 2016 found 97 per cent became more positive about Australia as a country, and 73 per cent built

networks with Australians or Australian organisations as a result of their experiences in Australia.

Alumni engagement initiatives helped the department activate Australia's 2.5 million strong global alumni network—including Australia Award recipients and those who have studied in Australia privately—bolstering trade, investment and business links, and strengthening Australia's diplomatic access and influence.

In 2018–19 for the department's **soft power review**, we consulted more than 500 stakeholders across Australia and considered 250 written contributions from institutions, the public and our overseas network. The aim of the review is to set the strategic direction for our public diplomacy and ensure Australia remains a persuasive voice in our region. We expect to release the results in late 2019.

Media relations and digital media

Performance measure

Inform and influence media reporting on Australia.

Source: PBS 2018–19 program 1.6 p. 34 | Funding: PBS 2018–19 programs 1.1 and 1.6

Timely management of domestic and international media enquiries.

Source: PBS 2018–19 program 1.6 p. 34 | Funding: PBS 2018–19 program 1.1

How we rate our performance*

On track

On track

* Our assessments are informed by social media monitoring, international media visit surveys, posts' analysis of overseas media reporting of Australia and internal data sources.

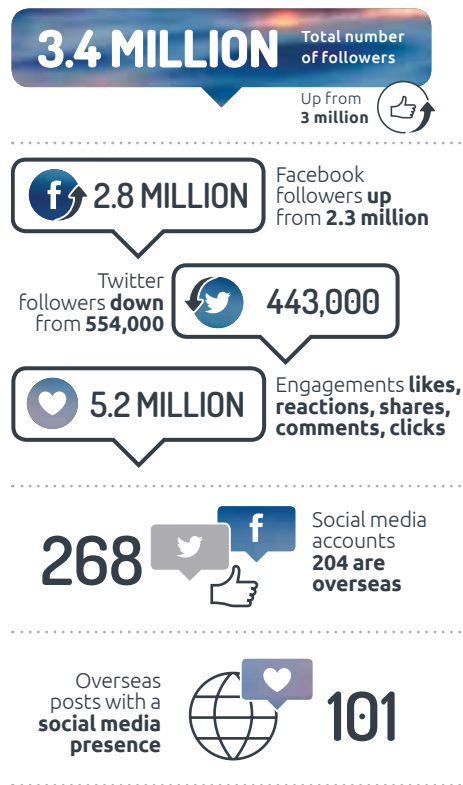
Our performance

We rate the department's performance against the measures above as 'on track'. Our international media visits program is shaping debate and understanding of Australia. It is also dispelling misconceptions that may be contrary to Australia's interests. During the year we brought 27 influential foreign journalists to Australia to showcase Australian expertise

and opportunities for collaboration. For example, a visit organised by the department for seven senior journalists from India resulted in 22 stories about Australia in Indian media, modernising perceptions of Australia's economy and trade.

Our responsiveness to **media queries** helps shape media coverage of Australia's foreign policy, and developments overseas affecting Australian interests and our consular work. While we cannot always meet deadlines set by 24/7 media outlets, we rate ourselves as 'on track' when it comes to responding to media enquiries within departmental timeframes. The department responded to 2,611 media queries during the year, up from 2,411 in 2017–18. Our overseas posts also replied to hundreds of local media queries. More than 50 per cent of media enquiries related to consular matters, compared with 40 per cent in 2017–18. High-profile consular cases generated the most domestic and international media interest, as did situations in which Australians were affected by natural events, accidents or other difficulties overseas.

We published 417 media releases and statements for portfolio ministers and the department during the year. In a sample dataset, 81 per cent of responses were approved for release within our departmental deadlines. Feedback from stakeholders on the quality of media output continues to be positive.

Figure 15 **2018–19 social media presence**

Our history online

A digital version of a historic departmental journal is proving to be one of the most popular online records on the National Library's Trove database.


Current Notes on International Affairs, later *Australian Foreign Affairs Record*, was a monthly journal published by the department for 60 years from 1936.

It has been digitised and published online by the National Library with funding from the department. In early 2019 it was in the top four records being accessed on Trove, just behind the sports searches.



Three former editors of *Current Notes* (L to R) Jeremy Hearder, Elizabeth (Warren) Decolongon and Richard Gate [DFAT/Gina Dow]

Support Australians overseas



The department's Charles Thursby-Pelham surveys damage caused by a series of earthquakes that struck North Lombok in July and August 2018 [DFAT/Piter Edward]

Support Australians overseas



Australians are travelling overseas in unprecedented numbers—and supporting them is one of the department’s most important responsibilities. Demand for our passport and consular services has increased substantially, and providing them has

become more complex. We are committed to providing efficient and responsive services to facilitate travel. We also help Australians who get into difficulty overseas, and require government assistance.

Passports

Two-thirds of all Australians have used the department’s passport services. Most applications are made through our agent—Australia Post—which accepts applications at outlets across the country. The department also accepts applications at our passport offices in state and territory capitals from clients with a compassionate or compelling need for emergency travel.

Blank passports are printed by a subsidiary of the Reserve Bank—Note Printing Australia—on the same equipment used to print banknotes. We then personalise more than 8,000 passports every business day, at printing sites in Melbourne, before shipping them to clients around Australia and the world.

Efficiency and integrity of passport system

Performance measure	How we rate our performance*
The department maintains a high standard in processing passport applications, investigating and prosecuting fraud:	
• 95 per cent of passports are processed within 10 business days	Not on track
• 98 per cent of priority passports are processed within two business days	Achieved
• 100 per cent of identified high-risk passport applications are scrutinised by specialist staff	Achieved
• 90 per cent of administrative investigations are finalised within five business days	Achieved
• 95 per cent of referrals to prosecuting authorities are accepted for prosecution.	Achieved

Source: Corporate Plan 2018–19 p. 20, PBS program 2.2 p. 41 | Funding: PBS 2018–19 program 2.2

*Our assessments are informed by the delivery of targets using internal data sources.

Our performance

Demand for passports continued to rise in 2018–19, a long-term trend. We issued 2,117,518 passports in total. This was a new record and 39 per cent more than a decade ago.

Due to this higher demand, we failed to meet some of our service standards. Although we processed 98 per cent of priority applications within two business days, we only finalised 86 per cent of routine applications within 10 business days, falling short of our 95 per cent performance target.

To address these challenges, we continued to innovate during the year to process passports more efficiently. In October we installed a new, more accurate face recognition algorithm that directs a greater proportion of passport renewal applications to a low-risk workflow with less manual handling. This helped us to manage turnaround times and devote more resources to high-risk and complex applications. We also developed a new IT system to underpin our face comparison algorithms. This helped to streamline our identity verification and passport processing. The new system went live in October reducing the complexity and

support needs of the IT infrastructure we use for face comparison.

We do not allow our search for efficiency to compromise passport integrity. All high-risk applications are individually scrutinised by specialist staff. In 2018–19 our systems led to 35,655 passport applications being referred to our face comparison experts for manual assessment. We identified six cases of passport identity fraud—two related to new applications and four were historic.

The Minister for Foreign Affairs cancelled 78 passports, refused seven passports and suspended two passports in 2018–19 for national security and law enforcement reasons other than in relation to child sex offenders (see below).

Administrative investigations were completed promptly, in less than a day on average. Most investigations related to forged parental consent for child passports—with 106 cases confirmed in 2018–19.

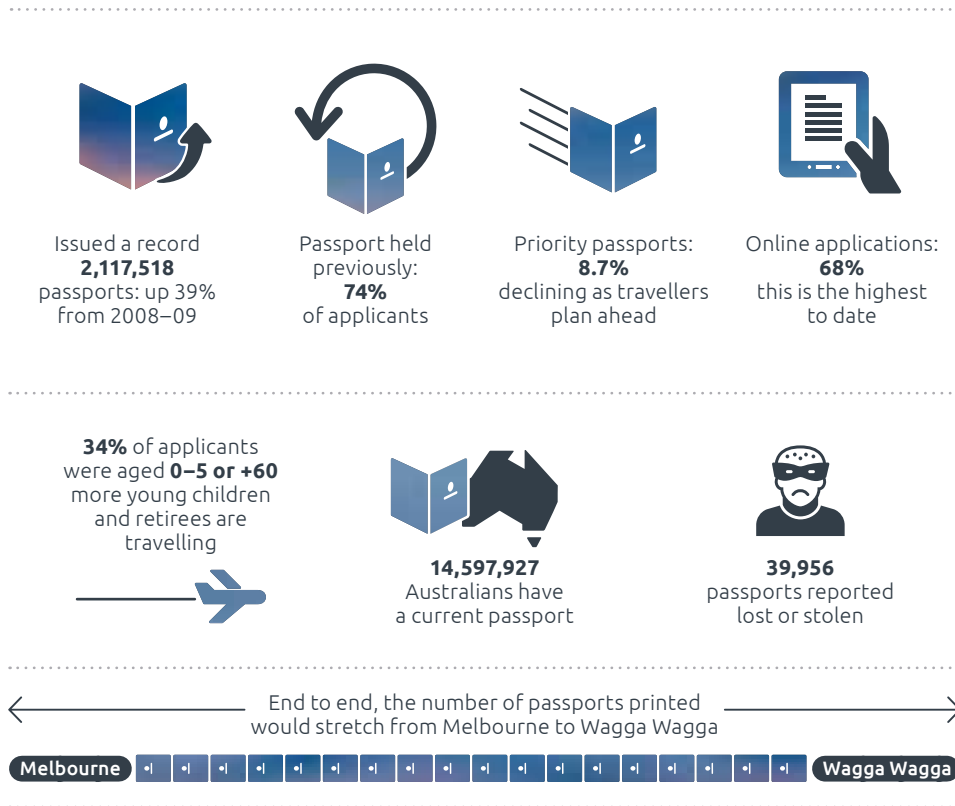
The Commonwealth Director of Public Prosecutions accepted all five referrals from the department. Three of these were accepted for prosecution, one remains under consideration, and in the other case prosecutors decided not to proceed.

Combating child sex tourism

In 2018–19 the Foreign Minister cancelled 157 passports of reportable sex offenders, bringing the number of cancellations to 169 under new legislation that started in December 2017. At 30 June police and other authorities had requested a further 3,220 offenders be refused an Australian passport if they were to apply for one.

Australia was the first country to introduce laws to deny passports to reportable sex offenders. Under the

Passports Legislation Amendment (Overseas Travel by Child Sex Offenders) Act 2017—administered by the department—the Minister for Foreign Affairs must deny passports to reportable offenders when a competent authority (usually state or territory police) requests this. The Act also makes it a Commonwealth offence for reportable offenders to attempt to leave Australia without permission from a competent authority.

Figure 16 **2018–19 Passport statistics**

Client satisfaction

Performance measure	How we rate our performance*
<p>Clients are satisfied with passport services—including online services—and the department's security standards:</p> <ul style="list-style-type: none"> 70 per cent of applications are completed online 85 per cent satisfaction rate with Australian Passport Information Service from a client survey 85 per cent satisfaction rate of overall passport services from client survey. 	<p>Not on track</p> <p>Not on track</p> <p>Achieved</p>

Source: Corporate Plan 2018–19 p. 21, PBS program 2.2 p. 41 | Funding: PBS 2018–19 program 2.2

* Our assessment is informed by the delivery of targets using internal data sources and quarterly survey results.

Our performance

The department places a high priority on client satisfaction with its passport services. To measure our performance more rigorously, we moved from annual to quarterly independent surveys conducted by a new provider, ORIMA Research.

Overall 90 per cent of respondents rated the department's passport services as satisfactory or highly satisfactory, exceeding our target of 85 per cent. However, the survey showed that only 80 per cent of clients who telephoned the Australian Passport Information Service (APIS) were satisfied or highly satisfied

with its performance. This was below our 85 per cent target.

The department is working closely with the Department of Human Services (which manages APIS) to improve client satisfaction. With our encouragement, the Department of Human Services is boosting APIS staff levels to better cope with call volumes and reduce wait times.

Uptake of our online application service is a key measure of its value as an alternative to paper forms. The proportion of clients using online passport applications increased from 61 per cent in 2017–18 to 68 per cent in 2018–19. This was just short of our ambitious 70 per cent target.

Serving remote Indigenous communities

Australians in remote Aboriginal and Torres Strait Islander communities can face unique challenges when applying for a passport, such as limited internet access and difficulty obtaining documents to prove identity. We accommodate these needs, for example accepting alternative documentary evidence in place of birth certificates. The Darwin Passport Office works with Australia Post, schools and community organisations to serve Australians in remote locations. It accepts emailed applications from remote

applicants to get pre-assessment checks under way more quickly.

Ashlee Sevier from the Darwin Passport Office flew to Groote Island to help six Indigenous students with their passport applications. As part of a Northern Territory Police initiative—and in recognition of their improved school attendance—the students were travelling to Calgary, Canada, to attend the International Association of Women Police Conference.



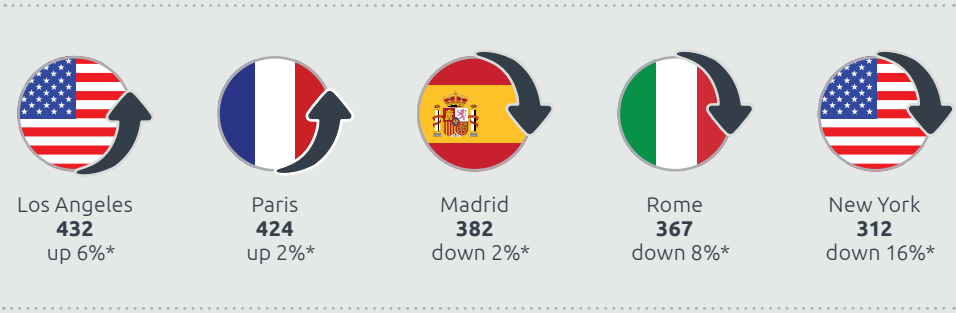
Passport officer Ashlee Sevier and Chinelle Bara with her mother Mary-Jane Bara at Alyangula post office [Northern Territory Police Fire and Emergency Services/Debra Blackwell]

Emergency passports

We issued 8,603 emergency passports during the year, helping travellers whose passports had been lost or stolen to continue their journey and to

get home safely. Passport services for Australians overseas are a vital part of the department's operations.

Figure 17 **Top five cities in which emergency passports were issued**



* from 2017–18

World-leading security

Performance measure

Australian passport security remains world-leading, including through the delivery of the Passport Series R by 2020–21.

Source: Corporate Plan 2018–19 p. 21 | Funding: PBS 2018–19 program 2.2

How we rate our performance*

On track

* Our assessment is based on progress of Passport Series R development.

Our performance

Australia's current P series passport contains world-leading security features to deter and prevent forgeries, and to detect any alterations.

We are on track to deliver the next generation of Australian passports, called the R series, in 2020–21. It will use new types of material, construction techniques and personalisation equipment to provide greater security and durability. The visa pages will display iconic Australian landscapes and places.

Consular

The department aims to deliver a responsive consular service—helping Australians most in need overseas and providing up-to-date and accessible travel advice. When there are crises overseas, we are prepared and manage Australia's response.

We provide a broad range of consular services to Australians who encounter difficulties overseas—depending on individual circumstances and the resources

available. With more Australians travelling the world, we encourage self-reliance and direct our resources to those who need them most. We continue to work closely with industry and government partners to identify and respond to new travel trends.

We are extending our consular reach by opening new diplomatic posts around the world. Cooperating with international partners extends this further.

Helping Australians in trouble

Performance measure

Timely, effective delivery of consular services to Australians overseas, including during crises

How we rate our performance*

Achieved

Source: Corporate Plan 2018–19 p. 21, PBS program 2.1 p. 40 | Funding: PBS 2018–19 programs 2.1

*Our assessment is informed by analysis of our consular case management database and consular mailbox. Each time a consular official assists Australians overseas, they open a case in our Consular Information System. Our response to crises is covered on p. 101.

Our performance

Despite the significant numbers of Australians travelling or living overseas, the vast majority do not require government assistance. This year the department managed a total of 13,715 consular cases, or about 1,400 cases on any given day of Australians in difficulty overseas.

Our Consular Emergency Centre is an important point of contact—managing more than 48,000 calls during the year from Australians at home and overseas. This was down from 62,000 in 2017–18. We delivered 201,522 notarial services, such as the legalisation of documents, to Australians overseas.

Our diplomats often work quietly behind the scenes, across government and with international partners to help Australians in difficult situations. We manage most cases without any media attention. Sometimes cases will attract public interest. This year our high-level consular capability was demonstrated with the safe repatriation

of eight unaccompanied children from internally displaced persons camps in Syria, and the safe release of an Australian citizen from detention in North Korea. While we do not publish performance information in relation to individual cases for privacy reasons, these high-profile consular cases are examples of the department's complex consular work.

Over 75 per cent of feedback received in our consular mailbox was from members of the public who appreciated the professional and caring treatment provided by the department. Negative feedback mostly related to concerns about the cost or inconvenience of notarial services while overseas.

Table 1 **Consular services provided to Australians**

	2015–16	2016–17	2017–18	2018–19
Australian resident departures ¹	10,228,000	10,756,890	10,759,300	11,231,700
Cases of Australians hospitalised given general welfare and guidance	1,667	1,701	1,585	1,506
Cases of Australians evacuated to another location for medical purposes	25	14	7	10
Cases of next of kin of Australians who died overseas given guidance or assistance	1,516	1,653	1,671	1,695
Cases of Australians having difficulty arranging their own return to Australia given guidance and assistance	51	52	44	23
Enquiries made on Australians overseas who could not be contacted by their next of kin	5,582	2,546	2,510	4,957 ²
Cases of Australians arrested overseas	1,551	1,641	1,540	1,572
Cases of Australians in prison	391	370	386	371 ³
Cases of Australians given general welfare and guidance	4,957	4,477	4,137	3,573 ⁴
Total number of cases involving Australians in difficulty who received consular assistance	15,740	12,454	11,880	13,715
Notarial acts	232,600	219,463	199,448	201,522 ⁵
Total assistance – total number of cases of Australians provided with consular services	248,340	231,917	211,328	215,237
Australians in financial difficulty who were lent public funds	197	211	180	149

1. Statistics for 2015–16 and 2016–17 draw from ABS data. Statistics for 2017–18 and 2018–19 draw from Home Affairs data. All figures include permanent long-term and short-term departures of Australian citizens and permanent residents.
2. Figure includes crisis-related whereabouts cases including for the Christchurch terror attack in March, and Colombo terror attack in April.
3. This figure shows the total number of cases of Australians in prison during the year.
4. Welfare and guidance figure includes the following sub-categories: general (five), welfare and other serious matters (2,804), theft (257), assaults (268) and child parental responsibility (239) and general (five).
5. Figures include notarial services performed by overseas posts, and services in Canberra and at state and territory offices in Australia.

Figure 18 **Top five countries for consular assistance**

* from 2017–18

Informing travellers

Performance measure

Timely and accurate information provided to the public, including on responding to incidents and updates to travel advice.

How we rate our performance*

Achieved

Source: Corporate Plan 2018–19 p. 21, PBS program 2.1 p. 40 | Funding: PBS 2018–19 program 2.1

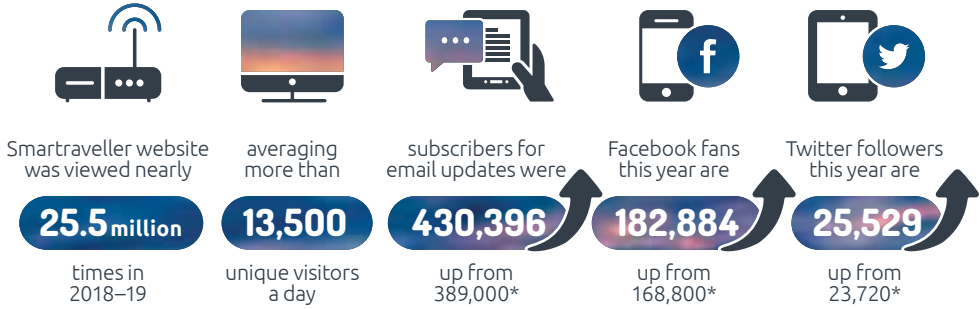
*Our assessment is informed by an analysis of Smartraveller data and case studies.

Our performance

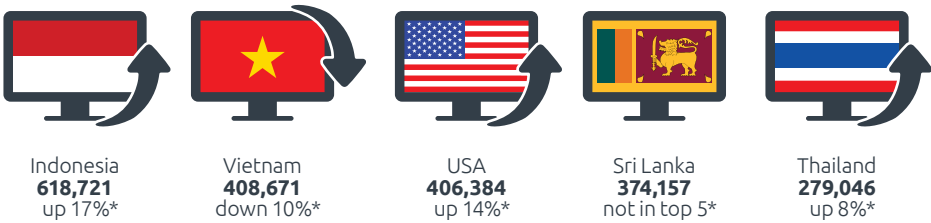
The Smartraveller service is our primary tool to encourage and empower Australians to prepare well and travel safely. The website contains well-informed, local advice and information for 177 destinations. This helps Australians decide where and when to travel, and is often the first source of information for Australians affected by a major incident overseas. The department has a 24/7 capability to update Smartraveller advice. We rate ourselves as having 'achieved' our objective of providing timely and accurate information to the public.

During the year we issued 475 updates to our destination travel advisories and five special event bulletins such as for Anzac Day and the Caribbean hurricane season. Following the terrorist attacks in Sri Lanka in April, we updated the Sri Lanka travel advice nine times—in addition to eight Facebook and 12 Twitter posts—as new information became available. In March after the terrorist attack in Christchurch, we provided advice through our social media channels to Australians—within two hours of the attack. We updated the New Zealand travel advice on the Smartraveller website within three hours of the attack.

Figure 19 **Smarttraveller website use**



Our most visited country pages



* from 2017–18

We are upgrading our Smarttraveller website to make travel advisories easier to read and more accessible. We are also introducing an SMS service to allow subscribers to receive critical updates as quickly as possible, regardless of their location. These improvements are due in November 2019. The department has partnered with industry groups, including the Cruise Line Industry Association and accredited travel agents, to develop an online learning module to promote smarter travel and the services we provide.

We published the 2017–18 Consular State of Play report (dfat.gov.au/consular-state-of-play-2017-18) on the number and types of consular situations managed by the department. The report is a valuable resource for the media and the public on our work and its limits. We responded to 1,411 media enquiries on consular matters—over half of the total number of media enquiries received by the department.

Responding to crises overseas

Australia is a trusted and reliable partner—helping our neighbours when they need it the most. Our crisis response efforts make an important contribution to regional stability.

Performance measure

Timely, effective and well-coordinated implementation of whole-of-government responses to large-scale crises overseas.

How we rate our performance*

Achieved

Source: Corporate Plan 2018–19 p. 21, PBS program 2.1 p. 40 | Funding: PBS 2018–19 program 2.1

* Our assessment is based on lessons learned from our international responses, case studies and a survey of government stakeholders.

Our performance

The department leads Australia's whole-of-government responses to overseas crises. We ensure we are prepared to provide best-practice, timely and effective responses. The department's Global Watch Office provides a world-class 24/7 capability to monitor and respond to international events affecting Australia and our national interests.

A comprehensive \$1.9 million upgrade of our crisis centre during the year has strengthened Australia's response and coordination capabilities. We reviewed and tested more than 200 crisis action plans across our global network. The Crisis Preparedness Assurance Team visited Japan, Thailand, Solomon Islands, Bangladesh, Vanuatu and Timor-Leste.

Our Crisis Cadre, based in Australia, responds rapidly to international crises affecting Australians or our neighbourhood. This year cadre members were in the crisis centre and ready to respond within 45 minutes of:

- a dam collapse and flooding in Laos
- an earthquake in Lombok, Indonesia
- an earthquake and tsunami in Sulawesi, Indonesia

- the terror attacks in Colombo, Sri Lanka
- the terror attack in Christchurch, New Zealand.

The department's Crisis Response Team is a pool of highly trained staff with humanitarian response expertise who can be deployed overseas at short notice. We deployed the team eight times during the year to provide humanitarian, ICT, logistics and administrative and foreign policy expertise. The team provided timely responses to the incidents just listed as well as for the:

- Tham Luang Nang Non cave rescue in Thailand
- Solomon Trader oil spill in Solomon Islands
- Anzac Day commemorations in Turkey and France.

The Crisis Response Team participated in more than 30 joint exercises, including the Australian Joint Warfighting Series and Exercise ARGONAUT in Cyprus, which rehearsed the department's capability and tested the preparedness and skills of our staff. Held annually, ARGONAUT is one of the world's largest exercises of its kind, involving core member states and observers from 40 countries.

Lombok earthquake response

The series of major earthquakes which struck the popular holiday island of Lombok in Indonesia in July and August resulted in more than 500 deaths and displaced 430,000 people. When the strongest earthquake (magnitude 7.0) occurred on 5 August, the department's Consular Emergency Centre fielded more than 90 calls within two hours and over 250 enquiries in total.

The department provided consular assistance to Australians and Canadians who were evacuated from the neighbouring Gili Islands to Lombok by Indonesian authorities. Consular officers from Jakarta and Surabaya were deployed to Lombok Airport to assist.

We led a coordinated inter-agency response, working with Emergency Management Australia to deploy a Disaster Assistance Response Team (DART), which included engineers and other specialists to undertake structural assessments of public buildings.

We also deployed a Crisis Response Team member to liaise with and support the DART.

Australia was the first donor to lend support through local partners at Indonesia's request. The department's assistance to the United Nations Population Fund and the International Planned Parenthood Federation helped over 14,000 people. We supported the Indonesian Red Cross to provide essential health services for more than 12,000 people and to build emergency shelters for over 40,000 people.

Australian-funded development programs deployed engineers to mentor and coach 55 Indonesian engineers. They helped assess 123 buildings, including schools and hospitals. The department's programs supported people to regain legal identity documents so they could access government services, and helped local governments to reprioritise their budgets to pay for reconstruction efforts.

Provide a secure and effective overseas presence

Accra High Commission is using solar power as the primary energy source—the first Australian mission to do so. Once the final stage of the project is complete the system will deliver 75–80 per cent savings on our electricity bill and pay for itself within 12 months [DFAT]

Provide a secure and effective overseas presence



Our global diplomatic network enables us to pursue Australia’s interests and to help Australian citizens and businesses overseas.

The department operates in an unpredictable and challenging security environment, and our network of 109 diplomatic posts (with an additional 11 managed by Austrade) is exposed to a range of security threats—from terrorism, politically motivated violence, crime and civil disorder to espionage.

Our efforts to provide a secure and effective overseas Australian Government presence centred on:

- protecting the security of our people and our assets
- equipping our staff to anticipate and manage security risks in their local operating environments
- investing in efficient, cost-effective and fit-for-purpose information and communications technologies
- securing our information and assets from cyber threats
- managing our property estate across diverse geographic regions
- rolling out the largest expansion of Australia’s diplomatic network in 40 years, with new posts in Funafuti (Tuvalu), Kolkata (India) and Shenyang (China).

Security of our network

Performance measure

How we rate our performance*

Effective protective security guided by the DFAT Security Framework.

On track

Source: Corporate Plan 2018–19, p. 22 | Funding: PBS 2018–19 programs 1.1 and 3.1

Staff engagement with security materials and products, and evidence of risk-based decision-making on security issues using the DFAT Security Framework security risk management tools.

On track

Source: Corporate Plan 2018–19, p. 22 | Funding: PBS 2018–19 programs 1.1 and 3.1

Application of the DFAT Security Framework risk management tools by staff in Australia and overseas.

On track

Source: PBS 2018–19 program 3.1, p. 45 | Funding: PBS 2018–19 programs 1.1 and 3.1

Positive engagement by staff reflected in breach data, contact reporting, security incident reporting, and staff engagement with security awareness materials.

On track

Source: PBS 2018–19 program 3.1, p. 45 | Funding: PBS 2018–19 programs 1.1 and 3.1

*Our assessments are informed by evidence including an independent evaluation, internal audits, survey and implementation of ANAO and Joint Committee of Public Accounts and Audit recommendations.

Our performance

The department delivered strong outcomes in securing our diplomatic network during the year. We rate our performance as 'on track' against these measures while acknowledging that ongoing efforts will be required to embed a robust risk management approach to security across the department's overseas operations.

Protective security measures

The government's decision in December to provide \$339 million over five years for the department's Security Enhancements Program will strengthen management of security assets and infrastructure, modernise processes, professionalise security personnel and improve service delivery. In the program's first year, we progressed interim chancery solutions in Abuja and Tehran and began fitting out the department's new Global Security Operations Centre in Canberra.

Using risk-based analysis, we upgraded physical security measures to mitigate threats at posts in Abuja, The Hague, Dublin, Riyadh, Singapore, Manila, Tokyo and Hanoi.

We launched the online Security Clearance Management System, resulting in an improved vetting process that will deliver efficiencies and enhanced integrity features. Within six weeks of its launch, more than 200 *Change of Circumstance* reports were completed using the new system.

We strengthened our security practices and processes in response to reviews by the Australian National Audit Office and the Joint Committee of Public Accounts and Audit into the security of our overseas missions. We responded to both reviews and addressed 12 of the 17 recommendations, with four of the remaining recommendations to be addressed through the Security Enhancements Program, and one to be addressed through the department's Cyber Security Improvement Program.

Throughout 2018–19 we raised security awareness among staff through outreach sessions and training courses in Canberra and at state and territory offices. We inspected 36 posts and conducted 59 security-related visits to overseas missions, including to support post relocations and refurbishments. Our work was recognised in the 2018 Comcover Awards for Excellence in Risk Management, indicating we are on the right track.

Embedding a strong security culture

Our officers have a high level of security awareness. This was confirmed by results from a survey of 1,148 staff members conducted by an independent research consultant during the year.

We know a positive security culture requires continual reinforcement. We rolled out an innovative communication campaign to engage directly with staff in Canberra and overseas. Our efforts halved security transgressions over November 2018 to January 2019. Security incident reporting also decreased by about 10 per cent from the previous year. Conversely, there was an increase in reporting suspicious, unusual, ongoing or persistent contact with foreign nationals, indicating staff understand the importance of reporting such contact.

While the department has had success in raising security awareness among staff, our efforts to embed a risk management approach to the department's protective security challenges require ongoing training, advice and support. The DFAT Security Framework provides an agile, risk management approach that gives staff the principles and tools to assess situations and respond according to local conditions. An internal audit found implementation of the framework was mixed. Not all posts completed the new risk assessment reporting requirements on time. We will continue to provide training and work directly with post security officers to improve the quality of security risk reporting.

Fit-for-purpose and secure information and communications technology

Performance measure	How we rate our performance*
Fit-for-purpose and secure ICT systems which support enhanced efficiencies, including the Hub-and-Spoke operating model.	On track
Source: Corporate Plan 2018–19, p. 23; and PBS 2018–19 program 3.1, p. 45 Funding: PBS 2018–19 programs 1.1 and 3.1	
Establishing new service provisioning models and emerging technologies to deliver improved ICT capabilities that are sustainable, affordable and fit for purpose.	On track
Source: PBS 2018–19 program 3.1, p. 46 Funding: PBS 2018–19 programs 1.1 and 3.1	

* Our assessments are informed by the delivery of fit-for-purpose ICT solutions and infrastructure, external assurance reports (Accenture, Equate Technology, Infront Systems), internal project reporting and partner agency surveys.

Our performance

We continued to invest in efficient and cost-effective technologies to support our overseas engagement. Effective, reliable and high-performance information and communications technology (ICT) solutions, infrastructure and software are fundamental to enabling the department to deliver outcomes for the government and Australian people into the future.

Our rating of ‘on track’ against our performance measures is tempered by an acknowledgement that we face a significant challenge in our ability to support fit-for-purpose ICT for our expanding overseas network with the finite resources available. We responded to this challenge by implementing our Business Technology Strategy, which has provided an innovative roadmap for aligning ICT capabilities with the department’s future needs.

In May the department’s Strategic Policy Committee endorsed a new principles-based approach for ICT prioritisation. This aims to ensure that ICT investments are targeted, fit for purpose and benefit the highest number of users. This approach increases value for money and ensures we can continue to provide efficient and cost-effective technologies to support operations.

During the year the department provided secure ICT services for 47 partner agencies at 174 sites globally under an ICT memorandum of understanding (see appendix 9).

We focused on investing in technology options and operating models to deliver improved capabilities to support our global and mobile workforce. In 2018–19 we implemented a range of new ICT services including:

- *Post-in-a-Box*: a secure diplomatic network communications capability to meet the challenges of deploying into crisis situations efficiently and quickly. Post-in-a-Box was successfully deployed and is a proven model for rapid post deployment.
- *Rapid application delivery*: we implemented a contacts and events application under the rapid application delivery model to 120 locations across the globe. This is an easy-to-use, cloud-based web application that enables staff to manage contacts. We are developing a case management application which will enable effective administration of cases on the go. Both applications will improve business operations by reducing time to manage manual processes, reducing training,

enhancing information sharing, and improving quality of information and data.

- *Data centres:* we delivered two fit-for-purpose data centres that provide high availability and disaster recovery

capabilities for our critical services. These significantly enhance our business continuity. The additional redundancy in services reduced disruptions to the department's business by 29 per cent from the previous financial year.

Post-in-a-Box

It is a portable secure diplomatic communications network that is no larger than carry-on baggage.

The department's award-winning Post-in-a-Box can support up to 100 simultaneous users and offers all the same ICT applications and services as a standard overseas mission.

Post-in-a-Box can be used for:

- crisis or humanitarian situations
- ministerial visits
- international conferences at small posts
- temporary openings of overseas missions.

Post-in-a-Box has revolutionised the process of establishing small, new or temporary posts and will play an important role in the future expansion of our overseas diplomatic footprint.

The live deployment of Post-in-a-Box to Rabat in Morocco in July 2018 improved performance and productivity of the embassy. We subsequently used it at the Pacific Islands Forum and more recently in Tehran, Abuja, Kolkata and Funafuti.

Post-in-a-Box won the 2019 Public Sector Innovation Award in the Digital and Data category.



Good things come in small packages. DFAT's Strategy and Architecture Team receive the Australia Day 2019 Achievement Award for Excellence in Innovation for the successful deployment of the Post-in-a-Box mobile ICT services in Rabat [DFAT]

A mature cyber security posture

Performance measure

Maturing the department’s cyber security posture.

Source: PBS 2018–19 program 3.1, p. 45 | Funding: PBS 2018–19 programs 1.1 and 3.1

How we rate our performance*

On track

* Our assessment is informed by tracking implementation of independent review recommendations.

Our performance

Cyberspace remains a high risk operating environment. Our role as the core international policy agency for the Australian Government makes the department a priority target for sophisticated state actors. As technology evolves, so does the capability of cyber actors and their targeting methods. While we are unlikely to ever be completely cyber-resilient, we rate our performance under this measure as ‘on track’.

Our new Cyber Security and ICT Risk Branch led key initiatives including developing a Cyber Security Improvement Program, which enhances the department’s existing cyber security controls and implements new defensive capabilities. This includes technologies relating to:

- vulnerability management
- change detection
- anti-malware
- application whitelisting.

These controls significantly enhanced our ability to detect and prevent cyber intrusion attempts, and reduced our overall cyber security risk.

As part of the Security Enhancements Program, we are developing technical

security controls to help identify and mitigate the risk of unauthorised access to—and use of—our systems.

A November 2017 independent review of the department’s compliance with the Essential Eight Strategies to Mitigate Cyber incidents (E8) identified a number of risks to our operations and made recommendations to further improve the department’s cyber security posture. A number of these recommendations have been or are being implemented.

In February the Australian Cyber Security Centre updated the E8 and corresponding maturity level framework. We are reassessing the department’s compliance with the recently updated E8 model and developing a work program to upgrade our cyber security posture to the highest maturity level.

We conducted training to build additional depth in our ICT workforce. Negotiations are under way for staff secondments to leverage the cyber skills and expertise of key domestic and international Five Eyes partners. We also redeveloped the department’s cyber security awareness training. This was positively received by staff and will be a foundation for future awareness and education campaigns.

Effectively managing our property

Performance measure

How we rate our performance*

The construction and refurbishment of departmental overseas property estate completed within agreed timeframes and budgets.

On track

Source: Corporate Plan 2018–19, p. 23; PBS 2018–19 program 3.2, p. 47 | Funding: PBS 2018–19 program 3.2

Completion of the major construction project in Nairobi, leading to occupancy of the new chancery.

Achieved

Source: PBS 2018–19 program 3.2, p. 47 | Funding: PBS 2018–19 program 3.2

Management and refurbishment of the domestic property portfolio, including the state and territory offices, to meet government requirements and deliver operational efficiencies.

On track

Source: Corporate Plan 2018–19, p. 23 | Funding: PBS 2018–19 program 3.2

*** Our assessments are informed by hindsight reviews, outcomes delivered and tracking the implementation of the Pacific Property Forward Strategy.**

Our performance

On balance we rate our performance against the measures related to our overseas work as ‘on track’. We delivered our capital works projects within budget but, on occasion, beyond the agreed program timetable. This reflects the varying complexity of projects and the challenging construction environments in which we operate.

In 2018–19 we completed works in Nairobi, Paris, London, Athens, Abu Dhabi and Funafuti.

The new chancery compound in Nairobi opened on 6 May 2019. This contemporary facility provides all of the high commission’s necessary functions in a highly secure environment.

Globally we delivered more than 19,100 square metres of construction and fit-out works with a lost time injury frequency lower than comparable Australian industry benchmarks. In Nairobi 3,275,000 person-hours of construction work were delivered with no lost time injuries recorded. This is an exceptional outcome in a country with a 20 times greater chance of death on a construction site than in Australia. The Nairobi site was considered by local industry as a best practice model for Kenya.

On 1 July 2019 after 18 months of fit-out works, our tenants in the Australian Embassy, France—the International Energy Agency and the Australian delegation to the Organisation for Economic Co-operation and Development—resumed operations in contemporary office accommodation and bespoke conference facilities.

We are on track to deliver an interim chancery in Washington in the fourth quarter of 2019.

Our first off-site constructed chancery for the Australian Embassy in Morocco involves manufacturing the building structure in Sydney and shipping this to the Canadian embassy compound in Rabat to be erected. Operations in the new chancery will commence in the first quarter of 2020. Off-site construction of chanceries is an innovative model on which we are collaborating with industry.

In line with the Pacific Step-up we completed on time and within budget several capital works projects, including the Honiara, Solomon Islands chancery refurbishment and the Suva, Fiji chancery mechanical services replacement project.

We finalised an approach to market which identified a preferred developer to deliver a leased residential compound in Honiara,

with construction expected to commence in early 2020. We also completed the design work to replace the chancery and five staff houses in Tarawa, Kiribati.

The quality of residential property available in the Pacific is often poor. To guide future upgrades and refurbishments of our residential properties throughout the Pacific, we developed new guidelines, specifying which products should be used to ensure durability, serviceability and sustainability. We trialled the guidelines for residential refurbishments in Port Vila, Vanuatu and Suva. Longer term, they will help achieve consistency in accommodation standards and reduce maintenance costs across the Pacific portfolio.

In a tight budgetary environment, we rate our performance in relation to our domestic property portfolio as ‘on track’ as we delivered a number of improvements, including:

- refurbishing the crisis centre into a state-of-the-art facility that can support coordinated whole-of-government responses to international crises and events
- increasing capacity for the Office of the Pacific to accommodate significant growth in staff numbers
- refitting the Diplomatic Security Division.

Managing our assets

Performance measure	How we rate our performance*
Asset management plans are in place for all owned properties in the overseas estate	Achieved

Source: Corporate Plan 2018–19, p. 23; PBS 2018–19 program 3.2, p. 47 | Funding: PBS 2018–19 program 3.2

*Our assessment is informed by the delivery of the target.

Our performance

We ensured that asset management plans were in place for all properties in the department’s overseas estate. The objective of asset management plans is to provide a roadmap to achieve value from the asset and optimise performance over its lifecycle.

Asset management plans inform strategic planning for our property. They provide information on which to base decisions

about acquisition, development and divestment. In 2018–19 we focused on integrating performance metrics on safety, security and foreign policy priorities with property performance metrics, to ensure they align with the department’s strategic objectives. This improved decisions on prioritising and funding programs and projects over the full asset lifecycle.

Client satisfaction with property services

Performance measure

Satisfaction ratings on the performance of the service provider and the Overseas Property Office with specific target of greater than 80 per cent satisfaction.

How we rate our performance*

Achieved

Source: Corporate Plan 2018–19, p. 23; PBS 2018–19 program 3.2, p. 47 | Funding: PBS 2018–19 program 3.2

*Our assessment is informed by survey results.

Our performance

Independent research group ORIMA Research conducted an online survey during the year on client satisfaction with the management of the Australian Government’s domestic and international property network.

Our properties around the world, both owned and leased, are managed by global real estate services provider Jones Lang Lasalle and the department’s Overseas Property Office and Services (OPO).

The 2019 survey received 253 individual responses from 102 locations. It recorded ratings of 84 per cent satisfaction for JLL, and 97 per cent satisfaction for OPO. Improvements were most evident among overseas-based respondents. Responses from staff in Australia have remained broadly consistent over the past five years.

To improve client satisfaction, we stepped up communication with posts and identified issues proactively. During the year, we completed approximately 15,000 preventative and 20,000 reactive maintenance tasks initiated by staff at posts and in Canberra.

Report on financial performance

Departmental operating result

The department was required to operate in an environment of strong financial discipline to achieve a slim surplus of \$2.0 million in 2018–19 before depreciation and amortisation. The financial statements reported an operating deficit of \$193.5 million, including depreciation and amortisation expenses of \$195.5 million. This tight budget position required careful prioritisation and resource allocation.

The 2018–19 Budget included funding to implement the White Paper, which provides a strategic framework to guide Australia’s international engagement. This includes a commitment to increase our support for a more resilient Pacific and funding for three new Indo-Pacific posts—a consulate-general in Kolkata, India, a consulate-general in Shenyang, China, and a high commission in Funafuti, Tuvalu.

See also Managing our financial resources, p. 128, and the financial statements, p. 131–207.

Revenue

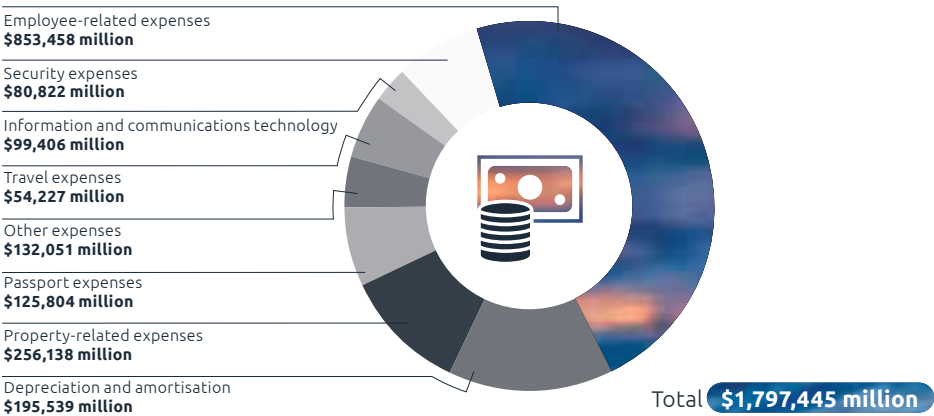
The department reported \$1,604.0 million of revenue in the Statement of Comprehensive Income, comprised of:

- \$1,439.3 million of appropriation revenue from government
- \$156.7 million of own source income
- \$8.0 million in gains including sale of assets.

This is a decrease of \$38.7 million from 2017–18. The main factor contributing to this movement is a reduction in gain from sale of assets which was partly offset by an increase in appropriation revenue from government.

The department also reported \$220.5 million of other comprehensive income arising from asset revaluation movements in the Statement of Financial Position. This is recorded as equity on the Statement of Financial Position and is not incorporated into the departmental operating result.

Figure 20 Summary of departmental expenses



Expenses

The department reported \$1,797.4 million of expenses in the Statement of Comprehensive Income. This is an increase of \$100.9 million over 2017–18.

The main factors contributing to the movement in 2018–19 were increases:

- in employee expenses of \$55.9 million due to the decrease in the 10-year government bond rate which increased the long service leave provision
- in FBT expenses from the impact of exchange rate movements on overseas allowances and the impact of the two per cent pay rise on salary, superannuation and leave expenses
- of \$33.5 million in supplier expenses. This was related to information and communications technology costs associated with specific projects. Increases in property-related expenses relate predominantly to exchange rate movements on overseas property expenses
- in depreciation and amortisation expenses of \$8.4 million due to the increased value of the department's asset holdings. This was offset by a decrease in write-down and impairment costs of \$2.8 million.

Assets and liabilities

The department reported a strong net asset position of \$4,490.5 million in the Statement of Financial Position, with liabilities equating to less than 11 per cent of the total asset base.

This is an increase of \$121.9 million from 2017–18. The main factors contributing to the movement in 2018–19 were the increase in the value of physical non-financial assets due to new purchases and developments, and revaluation movements.

Administered program performance

In 2018–19 expenses administered by the department on behalf of government were \$4,063.5 million, an increase of \$335.3 million over 2017–18. The majority of the increase is attributed to payments of \$170 million for existing multilateral commitments. There was also a loss from

re-measuring multilateral liabilities of \$137 million due to changes in the 10-year Australian Government bond rate and foreign exchange fluctuations. Payments to international organisations (including the United Nations) increased by \$33 million compared to 2017–18 due primarily to timing of contributions.

The department's \$3,660.4 million administered development program is focused where we can make the most difference: in the Indo-Pacific (see p. 63 for more information on the development program).

In 2018–19 income administered by the department on behalf of government was \$647.1 million, which is \$401.7 million less than 2017–18. The movement is due predominantly to decreases in reporting on multilateral replenishments of \$388.5 million as a result of a change in Australian Accounting Standard AASB 9 Financial Instruments: gains and losses are no longer recognised in the net cost of services, and are now recognised in other comprehensive income. Passport, consular and other fee revenue increased by \$21.0 million due to the legislative passport fee increase from 1 January 2019 and an increase in the number of passport applications.

Other comprehensive income was \$240.8 million, an increase of \$240.6 million over 2017–18.

This is primarily due to a \$151.0 million increase in the value of multilateral subscriptions (as assessed by independent experts) and a \$94.3 million increase in the value of investments relating to the net assets of Export Finance Australia's (formerly Efic) commercial account. The income increase was offset by a decrease in a re-measurement of locally engaged staff defined benefit schemes.



Staff of the Australian High Commission
in Suva [DFAT]



Management and accountability

Management and accountability

The department needs to be fit for purpose to pursue Australia's interests in a fast-changing and more competitive and contested world. We need to think differently about our capability and systems to improve service delivery and meet new challenges. In 2018–19 we intensified our efforts to strengthen our management, service delivery and accountability. For example, we set up the Office of the Pacific to lead Australia's larger than ever whole-of-government efforts in the Pacific. We are committed to transforming our business processes and to refashioning our overseas operations.

Our enterprise

Governance

In January the department established new governance arrangements to improve its decision-making, implementation and consideration of risk and performance.

We created two top-tier committees chaired by the Secretary—the Strategic Policy Committee and the Performance, Risk and Resourcing Committee. These are supported by a new Operations Committee to ensure implementation, and the Aid Governance Board to oversee the development program. By giving staff greater visibility of decision-making, we are boosting efficiency and collaboration.

Our Internal Audit Branch—under the direction of the Chief Auditor—and our Office of Development Effectiveness enhance assurance and accountability across the department.

Senior management committees and their roles

The **Strategic Policy Committee and Performance, Risk and Resourcing Committee** are the department's primary governance bodies. The Secretary chairs both committees and deputy secretaries and other senior officers are committee members.

The **Operations Committee** oversees management and effective delivery of the department's enabling services, including human resources, finance, information and communications technology and property. It provides assurance to the Performance, Risk and Resourcing Committee on operational matters. It has one independent member.

The **Aid Governance Board** oversees the development program to ensure it is consistent with government policy, achieves development impact and promotes value for money. It acts as an advisory body to the Strategic Policy Committee and Performance, Risk and Resourcing Committee providing strategic and policy advice, risk and performance oversight. It has two independent members.

The **Audit and Risk Committee** provides independent advice to the Secretary on the department's financial and performance reporting responsibilities, risk oversight and management, internal control and compliance framework, and its external accountability requirements. It has four independent members including the chair. The Australian National Audit Office attends as an observer.

The Independent Evaluation

Committee (IEC) oversees the work of the Office of Development Effectiveness and provides independent strategic and technical advice. IEC has three external members and was chaired during the reporting period by former World Bank Vice President Jim Adams. The Department of Finance attends as an observer.

The **Ethics Committee** oversees the department's conduct and ethics policies and promotes high standards of probity, professionalism, accountability and conduct.

The Workplace Relations

Committee comprises employee, union and management representatives and is our principal forum for consulting staff about conditions and exchanging views on workplace issues.

The **Indigenous Taskforce** provides advice and guidance on Indigenous issues across the department. It is a forum for the Indigenous Employees Network to engage with the senior executive.

Performance

The department is committed to ongoing improvement of our planning and performance processes as part of our accountability to ministers, parliament and the Australian people. We assess both our service delivery to Australians and our policy outcomes. Measuring our impact in a fluid global operating environment can be difficult and we use a number of methods to test our success. We make judgements on our performance supported by verifiable evidence.

Our performance framework is as follows:

Plan: the Corporate Plan is the department's primary planning document and sits alongside the Portfolio Budget Statements. It informs work areas' business plans. These in turn are reflected in individual performance and development agreements. This cascading system is

designed so our people have a direct line of sight between their daily work and the department's goals.

Monitor: we monitor progress against the Corporate Plan and Portfolio Budget Statements every quarter. Results are presented to the Performance, Risk and Resourcing Committee.

Review: once a year the department's executive reviews the performance of each division and state and territory office, and provides a rating against the Corporate Plan and Portfolio Budget Statements performance measures. The Performance, Risk and Resourcing Committee endorses results. The executive reviews the performance of posts on a rolling basis throughout the year.

Learn: the department provides feedback to divisions on their performance. Business plans are living documents and we encourage teams to update these to reflect feedback and increased capacity to measure their performance.

Planning and performance reporting for the development program is a strong focus, including Aid Investment Plans, Aid Quality Checks, Aid Program Performance Reports and the annual *Performance of Australian Aid* report (see p. 77).

We formally assess individual performance once a year, with mid-term feedback after six months. We encourage regular informal performance discussions. We value upwards feedback and collect this broadly, including for managers at the APS 6 level and above.

We provide training and support to staff to manage individual performance, including on complex issues. Our training recognises performance management as a central element of leadership. All staff can access mentoring through a register of volunteer mentors. First-time posted employees in critical positions overseas receive formal mentoring.

Innovation and risk

Innovation, contestability and foresight are central to the department's efforts to deliver Foreign Policy White Paper commitments. The Secretary launched our second *Innovation Strategy 2018–2021: Seizing Opportunities, Solving Challenges*, which seeks to embed innovation across all of the department's work.

Our innovationXchange is finding ways to achieve better outcomes, and to respond to new policy, program and service delivery challenges. Meanwhile our Strategic Policy, Contestability and Futures Branch allows us to better scan the global horizon, and to think about and plan for the future.

Our success also depends on our ability to engage with risk, capitalise on opportunities and work in new ways. The 2019 Comcover Risk Management Benchmarking Survey found an increase in the department's maturity across all nine elements of the Commonwealth Risk Management Policy.

The department has identified those critical risks that have a systemic impact on our priorities and capacity. We are addressing four enterprise vulnerabilities:

- *Changing dynamics of the international system*—protecting and promoting regional and global relationships, institutions and norms.
- *Tension between Australia's international and domestic priorities*—responding to convergence of international and domestic elements of Australia's policy objectives.
- *Capacity to move resources to emerging priorities*—rebalancing resources to meet emerging threats and opportunities while maintaining existing functions.
- *Meeting our obligations*—assuring we can meet performance, compliance and regulatory expectations.

Our governance committees provide essential oversight of our key risks. The Performance, Risk and Resourcing Committee reviews critical risks once a quarter and directs the department's response. The Operations Committee reviews operational risks once a quarter. The Audit and Risk Committee gives independent assurance to the Secretary and advises whether the department's approach is appropriate and fit for purpose.

We give staff the tools to support a positive risk culture. In December we released a Risk Management Guide—our framework for managing risk in line with the expectations of the Commonwealth Risk Management Policy. We have integrated risk management training into other departmental courses. In 2018–19 we ran our first annual survey to assess the department's innovation and risk culture. The results give us a good

benchmark and show us where to focus our outreach and training.

Our success in building a positive risk culture is not linear. The 2019 APS Employee Census highlighted some areas for improvement, which we are addressing. On balance we believe we are heading in the right direction, but we must not let up on our efforts.

Countering fraud

In 2018–19 the department continued to maintain appropriate fraud prevention, detection, investigation, reporting and data collection procedures. Our Fraud Control Framework ensured the department had robust systems and procedures in place to protect public money, systems, information and property from fraud and corruption.

In September we released a new Fraud Control Plan setting out how we manage fraud and corruption risks, in accordance with the Commonwealth Fraud Control Framework 2017. The plan provides policies, tools and guidance on how to prevent, detect and respond to fraud and corruption risks. We enhanced staff's fraud awareness through mandatory training, reporting cases and information bulletins. Our Fraud Control Toolkit helps staff comply with their obligations.

Our partner organisations which receive funding play a key role in minimising exposure of the department's interests to fraud and corruption. We produced a separate Fraud Control Toolkit for funding recipients which articulates the department's requirements and expectations around managing and delivering programs on our behalf.

Business continuity planning

The department continued to refine its business continuity planning to ensure essential business services are available during and after a major disruption. We prioritised consular and passport services to ensure ongoing support to the Australian public. We tested our business continuity arrangements in June, which showed that we need to improve how we communicate with staff and stakeholders during an event. We are integrating business continuity into our governance arrangements to ensure senior oversight.

Our people

To achieve our goals, we need the right people, with the right skills, in the right place and at the right time.

A global workforce

The department operates in 109 locations overseas, with an additional 11 posts managed by Austrade. We also have offices in every Australian state and territory capital and the Torres Strait. At 30 June, 2,942 APS staff worked in Australia and 860 APS employees served at our overseas posts (see appendix 1, p. 212).

The department's Enterprise Agreement sets out the terms and conditions for non-SES APS employees. The current agreement came into effect on 10 January, with a nominal expiry date of 10 January 2022.

Senior Executive Service (SES) staff are employed under the terms of a determination made by the Secretary under

section 24(1) of the *Public Service Act 1999*. Key management personnel, SES and other highly paid staff remuneration is set out in Note 6.2 of the financial statements (see p. 182) and in appendix 2.

The department provides a range of non-salary benefits, including influenza vaccinations, on-site gym facilities in Canberra and some overseas missions, and prioritised access to childcare in Canberra.

At 30 June we employed 2,276 locally engaged staff in our overseas missions. They provide invaluable expertise for consular and passport matters, policy development and support, and corporate support. Our locally engaged staff are employed under section 74 of the *Public Service Act 1999*. Where possible they are employed under individual employment contracts, operating under common terms and conditions in each country. These terms and conditions are standardised across all our posts, with scope for changes where required under local labour law.



Ambassador to Peru Diana Nelson with two female motorised police
—on her way to presenting her credentials in Lima, January 2019 [DFAT]

Workforce strategy

In 2018–19 we continued to roll out our Workforce Strategy 2018–2022 to establish a contemporary human resources business model to meet current and future workforce requirements. Realising the full benefits of the strategy will take time.

We ran recruitment rounds targeting specific capabilities to respond to our priorities. We recruited staff with Pacific expertise to deliver the Pacific Step-up. Other targeted recruitment bolstered the

department's capability in ICT, security, payroll and specialised passport skills. Building our international development and aid management capability remains a high priority.

In 2018–19 we streamlined some of our processes, leveraged technology and deepened our human resource capability. However there is more work to be done. Our model must be sufficiently agile to provide the department with the workforce it needs to deliver for government. This will continue to be a focus in 2019–20.

Diplomatic Academy

The department's Diplomatic Academy builds skills and capabilities in the department and across the APS to support Australia's ambitious international engagement agenda.

Since its launch the Diplomatic Academy has offered over 200 face-to-face courses. More than 8,800 staff from our department and other government agencies have participated in over 1,000 classes and seminars. The academy has delivered bespoke training on international policy and diplomatic tradecraft to a variety of APS agencies. It has also provided 166 e-learning courses to nearly 15,000 participants.

A significant new addition to our curriculums was face-to-face training on Indigenous Australia, which was delivered with the Department of the Prime Minister and Cabinet, Australian Institute of Aboriginal and Torres Strait Islander Studies, and Indigenous facilitators.

Our language faculty oversees training and maintenance of language skills, which

are a core capability for the department. At 30 June, 760 serving staff had current proficiency across 31 languages. In 2018–19, 187 officers studied 26 languages in preparation for their postings to language-designated positions at our overseas missions.

The Academy's International Graduate Program brings together graduate trainees with junior diplomats from around the world, building academic and practical capability as well as enduring relationships. In 2018–19, 42 graduate trainees and 24 international participants engaged in the six-week program, building negotiating, advocacy and business engagement skills, as well as developing a deeper understanding of Australia's foreign, trade and development policies.

A particular focus was strengthening our international engagement, particularly in the Pacific. We delivered tailored training in Papua New Guinea, Timor-Leste and the northern Pacific.

Staff safety

We operate in high-risk locations and staff welfare is our top priority. We are committed to building an organisational culture that seeks to improve work practices and foster attitudes which sustain healthy and safe work environments. We aim to consider work health and safety in all operational decision-making.

The department's Performance, Risk and Resourcing Committee, Operations Committee and the Audit and Risk Committee regularly review work health and safety processes and key risks. Page 107 of the Annual Performance Statement sets out our performance in protective security. Reporting on the department's work health and safety performance is at appendix 5, p. 229.

Flexible work

Mainstreaming flexible work is a key part of our Women in Leadership Strategy and central to enabling women's career progression. The introduction of an 'if not, why not?' approach to flexible work (January 2017), has led to many positive and visible changes. We have a good handle on uptake and attitudes.

In 2018, 31 per cent of colleagues (excluding overseas posts) had some type of flexible work arrangement, consistent with numbers in 2017. The majority of these were women (74 per cent), despite efforts to normalise flexible work for all staff,

including through our Faces of Flexibility intranet campaign, regardless of gender and caring responsibilities.

The proportion of female staff undertaking flexible work (39 per cent) was nearly twice as high as the proportion of male staff (20 per cent)—an increase of six percentage points for women and a decrease of six percentage points for men from 2017.

Work to encourage more men to work flexibly and to equip colleagues with the tools and mindsets to enable effective flexible working continues.

Our culture

To deliver for Australia our workforce must be confident and able to contribute to its full potential. As the face of Australia to the world, our staff must also represent the wide and talented diversity of the Australian people.

Our commitment to diversity and inclusion is underpinned by a series of strategies. Beyond that, we encourage behaviour change, accountability and leadership at all levels. We aim to provide a safe workplace, with zero tolerance for discrimination or harassment.

Women in leadership

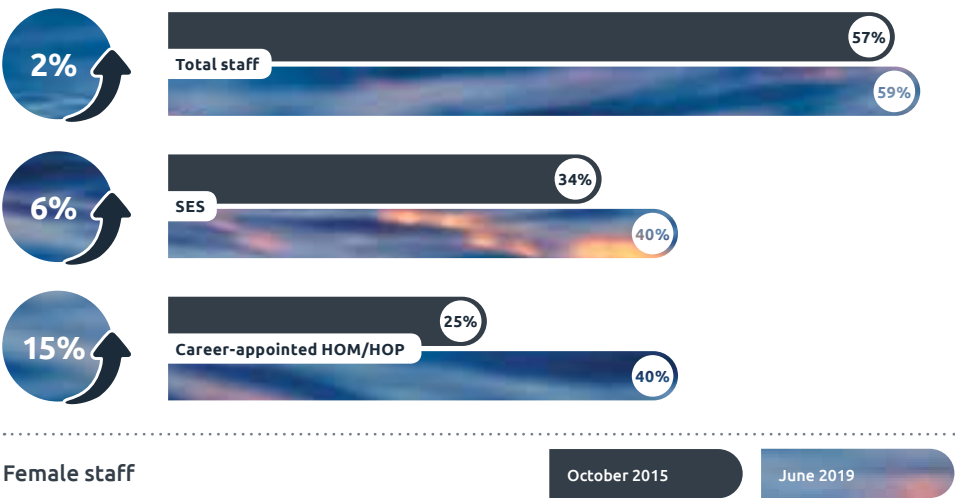
Our 2015 Women in Leadership Strategy has been a catalyst for visible and positive changes in the department's culture. In 2019 an independent external review confirmed our substantial progress in ensuring gender equality in the workplace, while showing us where more work needs to be done. The 2019 APS Employee Census results confirm steady progress in employee perceptions of gender equality in the department.

The number of women in senior roles has reached an all-time high. We achieved our end-2018 target of 40 per cent representation of women at the SES Band 1 level, but fell short of our SES Band 2 target of 35 per cent (reaching 32 per cent). Since 2015 the number of

women in the SES has increased from 34 per cent to 40 per cent, and the number of career-appointed women heads of mission (HOM) and heads of post (HOP) has increased from 25 per cent to 40 per cent. We have also made gains in pockets of our department that were traditionally male-dominated. For the first time, women make up 40 per cent of SES in our Information Management and Technology Division.

We have developed tools and policies to support staff, such as our APS-first travel and breastfeeding policy. While progress on women in leadership has been strong, we still have some way to go, especially as a global employer with staff operating in a range of overseas environments.

Figure 21 **Women in leadership**



Indigenous employees

We are improving employment outcomes for Aboriginal and Torres Strait Islander Peoples by implementing our Indigenous Recruitment and Career Development Strategy 2016–2020. In 2018–19, 2.7 per cent of our APS employees identified as Aboriginal and/or Torres Strait Islander, with 105 Indigenous APS employees (see appendix 1, p. 216). We applied affirmative measures for Indigenous Australians at the APS 6, EL 1, EL 2 and senior executive levels.

In 2019 the Secretary renewed our commitment to reconciliation by launching the department’s Stretch Reconciliation Action Plan 2019–2022. This plan will help embed reconciliation initiatives across our work so they become business as usual.

A disability-inclusive workplace

We are building the representation of people with disability in our workforce under the department’s Disability Action Strategy 2017–2020.

In 2018–19, 109 of our APS employees reported a disability (2.9 per cent). This differed from the 2018 APS Employee Census, where five per cent of respondents identified as having a disability. We applied affirmative disability measures as part of our bulk recruitment for positions at the APS 6, EL 1, EL 2 and senior executive levels, and applied the RecruitAbility scheme in all other recruitment processes.

To promote a more inclusive workplace we provided disability confidence training to staff, managers and recruitment panels. In August we held our inaugural Disability Awareness Week and launched a dedicated disability portal for staff requiring reasonable adjustments. Disability reporting details under the National Disability Strategy 2010–2020 are available at www.dss.gov.au.

Cultural and linguistic diversity

In June 694 APS employees reported being from a culturally and linguistically diverse background, representing 18.2 per cent of our APS employees. According to the 2018 APS Employee Census, 44 per cent of staff who responded were born overseas and 40 per cent speak a language other than English at home.

In September the Secretary launched the department's inaugural Cultural

and Linguistic Diversity (CALD) Strategy 2018–2021. This provides a framework to enhance diversity in our work and identifies opportunities to address barriers for CALD staff. The CALD staff network—with almost 150 members—increases the social presence and awareness of the department's diversity and inclusion initiatives. The department is an official supporter of the Australian Human Rights Commission 'Racism. It stops with me' campaign.

Figure 22 **Diversity**

	2014	2018
 Identify as Indigenous	71	105
 Report a disability	111	109
 Culturally and linguistically diverse	673	694

* Change over five years (2014–2018)



Staff from the Australian Consulate-General New York—including Katie Marini, Jack Pead and Paul Boschen—in the New York Pride March [DFAT]

LGBTI workplace inclusion

According to the APS Employee Census, five per cent of our employees identify as lesbian, gay, bisexual, trans, gender diverse and/or intersex (LGBTI). In November the Secretary launched the department's inaugural LGBTI Strategy 2018–2021. We are fostering a safe and supportive culture where LGBTI employees feel respected, valued and empowered. The department was acknowledged with a Bronze Tier Award in the Australian Workplace Equality Index. In 2018–19 we also participated in a range of initiatives to improve LGBTI workplace inclusion, including Wear it Purple Day. We celebrated International Day Against Homophobia, Biphobia, Intersexism and Transphobia in Australia and at posts around the world.

Values, conduct and ethics

We ensure the highest standards of conduct, integrity and professionalism. In 2018–19 we promoted the APS Values and Employment Principles through e-learning, face-to-face training and pre-posting conduct and ethics briefings.

Our Employee Conduct and Ethics Section provides an ethical advisory service and

investigates allegations of fraud and misconduct involving staff, including locally engaged staff overseas. During the year, 66 allegations of misconduct were reported—37 were substantiated and 17 were unsubstantiated. Twelve matters are being finalised. Of the 37 substantiated matters, penalties were applied, including fines, a reduction in classification, a reprimand or a salary reduction. We undertook 10 APS Code of Conduct investigations and three employees were dismissed as a result.

Consistent with the *Public Interest Disclosure Act 2013*, the department helps staff to report wrongdoing in the APS. Our policy is available on our intranet and external website. We also provide e-learning for staff.

Anti-bullying, harassment and discrimination

The department has zero tolerance for bullying, harassment (including sexual harassment) and discrimination, and is committed to providing a workplace that is fair, flexible, safe and rewarding. We provide mandatory e-learning to all staff in Australia and overseas, as well as access to support options, including a global network of over 200 workplace diversity contact

officers. The Secretary and heads of 29 agencies represented at overseas posts signed the 'One Government, One Approach, Zero Tolerance' statement of commitment.

We published an updated policy that includes additional information on sexual harassment, exploitation and abuse. The policy sets out clear expectations of the standard of behaviour expected of our

employees and contracted partners, as well as obligations for reporting when these expectations are not met. We set up a single telephone number for reporting or seeking assistance on any inappropriate behaviour, sexual harassment or sexual exploitation, and abuse of children and vulnerable adults. Our external website provides easy and quick access to information and support.

Prevention of sexual exploitation, abuse and harassment

In April the Secretary released the department's Preventing Sexual Exploitation, Abuse and Harassment Policy.

It reinforces the department's zero tolerance of sexual exploitation, abuse or harassment of any kind. This applies within our own organisation but also extends to our partners.

We all have a responsibility to act in an ethical and transparent way to build a respectful working culture that rejects

inappropriate behaviour, and where staff and communities feel supported and valued. For this reason the policy applies to all the department's business, in Australia and overseas.

The policy requires a heightened commitment and new ways of doing business. We have an opportunity to provide leadership by choosing to partner with—and fund—only those organisations which are prepared to meet the standards we set.

Domestic and family violence

Family and domestic violence is unacceptable under any circumstances. To support staff who are experiencing the impact of such violence, we included a new provision in our Enterprise Agreement that sets out the support we provide to employees experiencing family and domestic violence. This also includes guidance for managers and employees on accessing leave.

Mental health and wellbeing

Our Staff and Family Support Office (SFO) is instrumental to ensuring a mentally healthy and inclusive workplace. In November the Secretary launched the department's inaugural Mental Health Strategy, after

releasing our Mental Health Policy earlier in 2018. Together these support staff across our global network and create psychologically safe work environments.

During the year staff and families accessed:

- 2,351 individual sessions supporting over 1,050 staff and family members
- 202 training courses on topics such as workplace mental health for managers, stress management and self-care, and working with objectionable materials
- 18 mental health first aid courses
- 209 staff training opportunities.

These initiatives earned the department gold status with Mental Health First Aid Australia as a Mental Health First Aid Skilled Workplace.

Modernising our systems

The world is changing quickly, and so must we. New technologies and more modern work practices are challenging us to rethink many aspects of the way we operate—including how we organise ourselves, the things we do and how we do them.

The future overseas network

We are increasingly delivering services through regional hubs and flexible operating models through the department's reDESIGN initiative. The next phase of reDESIGN will mature the regional model, with hubs taking on a more strategic corporate role. Corporate operations will be streamlined within each region, with some common functions transitioned to regional hubs or Canberra.

The department continues to roll out the largest expansion of Australia's diplomatic network in 40 years. In 2018–19 we opened new posts in Funafuti (Tuvalu), Kolkata (India) and Shenyang (China). In line with our overall aim of achieving better outcomes with finite resources, these posts have smaller footprints and lower operating costs.

Transformation

We are improving our enabling service delivery by streamlining, automating and simplifying systems and processes. Our new Transform22 program will help us modernise many of our corporate enabling services—like human resources, finance and ICT—with less paper and manual data entry, more automation and guided workflows, clearer advice on the intranet, more self-service options, and better data capture and business analytics. Specific improvements include introducing finance and contract management apps to make it easier to procure and pay for services, and implementing a global banking solution to facilitate broader back-office finance centralisation.

We entered into an international banking relationship with Citibank and commenced a project to centralise key elements of banking for our posts in Europe, the Americas, the Middle East and Africa.

We have also improved travel and expense management, enhanced human resource systems, and streamlined recruitment, posting and placements processes.

We are partnering with the Australian Government's Service Delivery Office's Productivity and Automation Centre of Excellence (PACE) to automate some processes.

Centralisation of overseas salary payments

We leveraged existing technology to centralise and standardise payroll and debt management processes for Australian staff in local currencies across the global diplomatic network. This will reduce about 5,000 hours of administration each year. It will also deliver greater control and

reduce processing errors: we will move from about 30,000 errors corrected in the previous three years to the new process being virtually error-free.

This successful project will be expanded to partner agency staff based overseas.

External accountability

Courts and tribunals

We managed a range of legal matters before courts and tribunals in 2018–19.

The department is a defendant in a number of matters before the Federal Court of Australia which commenced during the

year. Two of these relate to passports, one relates to an employment action and one relates to a consular matter.

The department continued to defend applications before the Administrative Appeals Tribunal (AAT) concerning passport decisions. Seven new matters were initiated against the department, and 13 were finalised in 2018–19. At the end of the

reporting period, there was one active AAT matter and another awaiting final decision.

The department was a defendant in a number of matters in foreign courts or tribunals. Four of these related to employment actions, one of which was settled and three of which were ongoing at the end of the year. The department is a defendant in one matter in a foreign court in relation to an alleged breach of contract.

We complied with discovery, subpoena and other document production obligations in a range of matters. This included those brought against the Commonwealth and other Australian Government agencies.

The department facilitated the service of documents through diplomatic channels relating to private litigation brought overseas and in Australia. We also facilitated the service of documents on foreign states under the *Foreign States Immunities Act 1985*.

One unfair dismissal claim before the Fair Work Commission was commenced in 2018–19 and discontinued by the claimant.

Freedom of information and privacy

The department finalised 183 freedom of information applications in 2018–19. Detailed information on managing these requests can be found on the Office of the Australian Information Commissioner's website at oaic.gov.au/freedom-of-information/foi-resources/foi-reports.

In line with requirements under the *Freedom of Information Act 1982*, we continued to publish information under the Information Publication Scheme contained in Part II of the Act. The content is available at dfat.gov.au/foi/ips.html.

The Information Commissioner received one privacy complaint about the department. Following the department's response to the Information Commissioner's preliminary inquiries, the Information Commissioner formed the view that the department did not interfere with the individual's privacy and the matter was closed.

Reports by the Auditor-General

The Auditor-General tabled in parliament the following reports by the Australian National Audit Office (ANAO) related to the department's operations:

- Report No. 16 of 2018–19: Implementation of the Australian Government's Workplace Bargaining Framework
- Report No. 17 of 2018–19: Implementation of the Annual Performance Statements Requirements 2017–18
- Report No. 33 of 2018–19: Governance and Integrity of the Northern Australia Infrastructure Facility
- Report No. 41 of 2018–19: Coordination Arrangements of Australian Government Entities Operating in Torres Strait

Details of these reports, including our response, are available on the ANAO website.

Parliamentary committees of inquiry

Information on the department's engagement with parliamentary committees of inquiry is in appendix 7, p. 233.

Commonwealth Ombudsman

The Commonwealth Ombudsman commenced six investigations in 2018–19 relating to the department's activities. No notices were provided to the department under subsection 12(4) of the *Ombudsman Act 1976* and no formal reports were issued.

Australian Human Rights Commission

The Australian Human Rights Commission initiated one new claim with respect to the department's activities in 2018–19 and finalised two claims, including one which was initiated in the previous year.

Compensation for detriment caused by defective administration, acts of grace, ex-gratia payments

Nineteen new claims were made under the scheme for compensation for detriment caused by defective administration with respect to the department’s activities in 2018–19. The department finalised 22 cases during the same period, including those initiated in the previous financial year. Of these, 14 applications for compensation were accepted and eight were rejected.

One application for an act of grace payment received during a previous financial year was finalised in 2018–19. Another application for an act of grace payment received this year remained in progress with the Department of Finance at the end of the financial year.

Managing our financial resources

Assets management

Internal capital funding is allocated based on sound business cases developed by work units, which are assessed rigorously by the central finance area and approved by the senior executive. The senior executive reviews capital investment throughout the year. The long-term strategic planning of the department’s investment needs is supported through the implementation of the Capital Management Plan. We conduct informal reviews and impairment testing of asset classes annually to ensure asset values are fairly stated in the end of year financial statements.

Purchasing

The department’s purchasing was undertaken in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the Commonwealth Procurement Rules. As part of our corporate reform agenda we continued to simplify procurement processes.

Consultants

During 2018–19, 23 new consultancy contracts were entered into involving total actual expenditure of \$531,152 (inclusive of GST). In addition, 26 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$2,207,713 (inclusive of GST).

The department engaged consultants when required for specialist expertise or independent research, review, assessment or creative solutions to assist decision-making. The decision to engage consultants was made in accordance with the PGPA Act and related rules, including the Commonwealth Procurement Rules and relevant departmental policies.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website at tenders.gov.au.

Table 2 Consultants

	Total
No. of new contracts entered into during the period	23
Total actual expenditure during the period on new contracts (inc. GST)	\$531,152
No. of ongoing contracts engaging consultants that were entered into during a previous period	26
Total actual expenditure during the period on ongoing contracts (inc. GST)	\$2,207,713

Australian National Audit Office access clauses

The department's standard contract templates include provisions allowing the ANAO to access a contractor's premises.

Exempt contracts

There were nine contracts in excess of \$10,000 (inclusive of GST), with a value of \$54,133,164, exempted from being published in AusTender on the basis that publication would disclose exempt matters under the *Freedom of Information Act 1982*.

Procurement initiatives to support small business

The department supports small business participation in the Commonwealth Government procurement market. Small and medium enterprises (SME) and small enterprise participation statistics are available on the Department of Finance's website: finance.gov.au/procurement/statistics-on-commonwealth-purchasingcontracts.

We are committed to ensuring that SMEs can engage in fair competition and demonstrated this through our procurement practices, including use of the Commonwealth contracting templates.

The department held its third aid supplier conference in February to foster

communication and understanding of working with the department to deliver the development program. The conference attracted widespread interest from a diverse aid supplier community.

The department recognises the importance of small businesses being paid on time, and makes sure we do so. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website: treasury.gov.au.

Indigenous business engagement

The department continued to support the Indigenous supplier diversity strategy, including embedding targets in our Reconciliation Action Plan, Indigenous Business Charter and Indigenous People's Strategy. The department has exceeded its Indigenous contract quota since the inception of the Indigenous Procurement Policy. We received our third consecutive annual Supply Nation finalist nomination for 'Government Member of the Year'.

The department increased its engagement with Message Stick during the year—a recognised Indigenous-owned business—on a number of projects, including the WebEx video conferencing rollout. By supporting our suppliers we help promote development opportunities and pathways for Indigenous people into roles and careers in the digital economy.

Diversity and inclusion awards

The department and its aid suppliers scaled up their work on diversity and inclusion. We received an International Association for Contract and Commercial Management finalist nomination for Delivering Social and Economic Benefit,

and were awarded the Diversity and Inclusion Award by the Chartered Institute of Procurement and Supply Australia. By supporting our suppliers we help promote opportunities and pathways for all in the development program.

Grants

Information on grants awarded by the department during 2018–19 is available at www.grants.gov.au.



Indigenous women from the Central and Western Deserts performing the story of the Seven Sisters at NAIDOC celebrations at DFAT in Canberra in July 2018. Dancers: Francie Ingkatji, Pantitji Lewis and Alison Carol, singers on stage: Inawinytji Williamson, Rene Kulitja and Yaritji Heffernan [Mark Graham Media]



Financial statements



INDEPENDENT AUDITOR'S REPORT

To the Minister for Foreign Affairs

To the Minister for Trade, Tourism and Investment

In my opinion, the financial statements of the Department of Foreign Affairs and Trade ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Secretary and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How the audit addressed the matter
<p>Accuracy and completeness of international development assistance</p> <p><i>Refer to Note 2.1A International Development Assistance</i></p> <p>The Entity reported international development assistance of \$3,205.5 million for the year ended 30 June 2019.</p> <p>The international development assistance programs are focused on providing assistance to developing countries to reduce poverty and improve living standards.</p> <p>I considered this to be a key audit matter due to the:</p> <ul style="list-style-type: none"> significant value of the payments made through the Entity's aid programs; and expenses being incurred across a broad range of agreements. These agreements cover a variety of geographical scopes with various counterparties including international organisations, emergency and humanitarian programs and contributions to non-Government organisations and volunteer programs. 	<p>To address this matter, I performed the following audit procedures:</p> <ul style="list-style-type: none"> assessed and tested, on a sample basis, the design and operating effectiveness of the key controls supporting international development assistance relating to the recording, monitoring and approval of funding agreements and expenditure; assessed whether the Entity's: <ul style="list-style-type: none"> aid management system's information technology general controls; interface between the aid management system and financial management information systems; and workflow approval process were designed and operating effectively to support the accurate and complete transfer of data; and examined supporting documentation for a sample of payments to assess the accuracy of expenditure amounts including compliance with funding agreements and applicable acquittal processes.
<p>Key audit matter</p> <p>Valuation of overseas properties</p> <p><i>Refer to Note 3.2A Total land and buildings</i></p> <p>As at 30 June 2019, the reported fair value of total land and buildings was \$3,492.4 million. Overseas properties represents a significant proportion of this balance. The Entity engaged an independent expert to undertake the valuation.</p> <p>I focused on this area due to the:</p> <ul style="list-style-type: none"> significant value of the properties; variety of valuation methodologies applied; and inherent subjectivity applied in the determination of the fair value of the properties. 	<p>How the audit addressed the matter</p> <p>To address this key audit matter I:</p> <ul style="list-style-type: none"> evaluated the competence, capability and objectivity of the Entity's valuation expert; assessed the appropriateness of methodologies used including evaluating the appropriateness of key assumptions applied in the property valuations which included the review of the assessment of movements in the market conditions undertaken by the Entity's valuation expert; and evaluated the relevance, completeness and accuracy of the reports and underlying data used by the Entity's expert.

Key audit matter**Valuation of investments**

Refer to Note 4.1C Investments

Non-monetary International Development Association and Asian Development Fund subscriptions – fair value through Other Comprehensive Income

These investments represent subscription-based membership rights held on behalf of the Australian Government in accordance with the articles of association for the International Development Association and the Asian Development Fund.

The Entity engaged an independent expert to undertake the valuation. As at 30 June 2019 the reported fair value of multilateral subscriptions was \$2,445.9 million.

I focused on this area due to the:

- significant judgements applied in the valuation, which include timing of future cash flows, currency and interest rate risks and selection of appropriate discount rates; and
- complexity of the membership arrangements, including the withdrawal provisions established by the articles of association for each subscription that affect the ability of the Entity to redeem its investment.

How the audit addressed the matter

To address this key audit matter I:

- evaluated the competence, capability and objectivity of the Entity's valuation expert;
- assessed the reasonableness of the methodology and valuation model used including assessment of the appropriateness of key assumptions applied in the model, including comparing key assumptions including discount rates, currency risk premium and risk free rates to publicly available information; and
- evaluated the relevance, completeness and accuracy of the reports and underlying data used by the Entity's expert to value the multilateral subscriptions.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Rahul Tejani
Audit Principal
Delegate of the Auditor-General

Canberra
4 September 2019

Department of Foreign Affairs and Trade

STATEMENT BY THE SECRETARY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

The following exemptions to the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR) are published on the Department of Finance website and have been applied to DFAT's financial statements:

- a) Subsections 37(a) and 43(2)(b) to require net recording of receipts on behalf of other entities as per section 74 of the Public Governance, Performance and Accountability Act 2013.
- b) Subsection 43(3)(a) to require net recording of cash payments on behalf of other entities made from appropriations.
- c) Section 47 to not require separate disclosure of money paid on behalf of other entities.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Foreign Affairs and Trade will be able to pay its debts as and when they fall due.

Signed: 

Frances Adamson
Secretary

3 September 2019

Signed: 

Mirali Voregopal
Chief Finance Officer

03 September 2019

Department of Foreign Affairs and Trade
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	853,458	797,532	782,360
Suppliers	1.1B	727,856	694,351	718,166
Depreciation and amortisation	3.2A	195,539	187,155	181,778
Impairment loss allowance on financial instruments	1.1C	9	197	-
Write-down and impairment of other assets	1.1D	5,100	7,923	-
Grants and other contributions		11,197	9,052	-
Finance costs		383	314	-
Other expenses	1.1E	3,903	-	-
Total expenses		1,797,445	1,696,524	1,682,304
Own-Source Income				
Own-source revenue				
Sale of goods and rendering of services	1.2A	147,318	138,918	142,514
Other revenue	1.2B	9,414	6,548	11,258
Total own-source revenue		156,732	145,466	153,772
Gains				
Gains from sale of assets		303	132,863	-
Other gains	1.2C	2,543	3,627	674
Foreign exchange gains - non-speculative		5,143	5,546	-
Total gains		7,989	142,036	674
Total own-source income		164,721	287,502	154,446
Net (cost of) services		(1,632,724)	(1,409,022)	(1,527,858)
Revenue from Government - departmental appropriations		1,439,258	1,355,169	1,406,137
(Deficit) from continuing operations		(193,466)	(53,853)	(121,721)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		220,517	220,427	-
Total other comprehensive income		220,517	220,427	-
Total comprehensive income / (loss)		27,051	166,574	(121,721)

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

		2019	2018	Original
	Notes	\$'000	\$'000	Budget
				\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	430,643	405,943	366,424
Trade and other receivables	3.1B	504,542	525,662	559,111
Total financial assets		935,185	931,605	925,535
Non-financial assets				
Land	3.2A	1,973,538	1,821,170	1,602,696
Buildings	3.2A	1,518,846	1,513,100	1,536,588
Plant and equipment	3.2A	304,239	280,895	311,868
Intangibles	3.2A	124,714	120,134	124,240
Inventories	3.2B	40,228	46,383	47,118
Assets held for sale		19,618	-	-
Other non-financial assets	3.2C	62,218	66,258	61,662
Total non-financial assets		4,043,401	3,847,940	3,684,172
Total assets		4,978,586	4,779,545	4,609,707
LIABILITIES				
Payables				
Suppliers	3.3A	128,841	108,013	152,738
Other payables	3.3B	59,747	56,305	34,887
Total payables		188,588	164,318	187,625
Provisions				
Employee provisions	6.1A	274,081	228,829	217,854
Other provisions	3.4A	25,385	17,810	19,794
Total provisions		299,466	246,639	237,648
Total liabilities		488,054	410,957	425,273
Net assets		4,490,532	4,368,588	4,184,434
EQUITY				
Contributed equity		2,720,540	2,618,447	2,730,073
Asset revaluation reserve		1,956,346	1,735,829	1,515,402
(Accumulated deficit) / retained surplus		(186,354)	14,312	(61,041)
Total equity		4,490,532	4,368,588	4,184,434

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2019

	RETAINED EARNINGS			ASSET REVALUATION RESERVE			CONTRIBUTED EQUITY			TOTAL EQUITY		
	2019 \$'000	2018 \$'000	Original Budget \$'000	2019 \$'000	2018 \$'000	Original Budget \$'000	2019 \$'000	2018 \$'000	Original Budget \$'000	2019 \$'000	2018 \$'000	Original Budget \$'000
Opening balance												
Balance carried forward from previous period	14,312	68,165	67,880	1,735,829	1,515,402	1,515,402	2,618,447	2,520,217	2,638,126	4,368,588	4,103,784	4,221,408
Adjusted opening balance	14,312	68,165	67,880	1,735,829	1,515,402	1,515,402	2,618,447	2,520,217	2,638,126	4,368,588	4,103,784	4,221,408
Comprehensive income												
Revaluation adjustment	-	-	-	225,846	221,457	-	-	-	-	225,846	221,457	-
Makegood revaluation adjustment (Deficit) for the period	(193,466)	(53,853)	(121,721)	(5,329)	(1,030)	-	-	-	-	(5,329)	(1,030)	-
Total comprehensive income	(193,466)	(53,853)	(121,721)	220,517	220,427	-	-	-	-	(193,466)	(53,853)	(121,721)
Transactions with owners												
Distribution to owners												
Returns on / of capital:												
Dividends	(7,200)	-	(7,200)	-	-	-	-	-	-	(7,200)	-	(7,200)
Departmental equity returns	-	-	-	-	-	-	(59,155)	(13,851)	-	(59,155)	(13,851)	-
Contributions by owners												
Equity injection - Appropriations	-	-	-	-	-	-	101,121	65,580	22,182	101,121	65,580	22,182
Departmental capital budget	-	-	-	-	-	-	60,127	46,501	69,765	60,127	46,501	69,765
Total transactions with owners	(7,200)	-	(7,200)	-	-	-	102,093	98,230	91,947	94,893	98,230	84,747
Closing balance as at 30 June	(186,354)	14,312	(61,041)	1,956,346	1,735,829	1,515,402	2,720,540	2,618,447	2,730,073	4,490,532	4,368,588	4,184,434

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

2018-19 includes a quarantined amount of \$3.016m (2018: \$5.829m) relating to no-win / no-loss for Security Funding Agreements.

Departmental Equity Returns

Lapsed appropriations are recognised as departmental equity returns. This amount represents prior year appropriations, which have been repealed in the Appropriation Act (No. 4) 2017-18.

Departmental Capital Budget

2018-19 includes \$9.638m withheld under section 51.

Dividends

2018-19 includes a transfer of \$7.2m from Overseas Property Office special account to the consolidated revenue fund.

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
CASH FLOW STATEMENT
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		1,595,586	1,586,806	1,398,707
Sale of goods and rendering of services		135,956	135,453	152,808
GST received		37,901	40,598	41,088
Other		8,320	6,407	11,258
Total cash received		1,777,763	1,769,264	1,603,861
Cash used				
Employees		825,095	794,026	780,170
Suppliers		723,143	778,804	763,634
Section 74 receipts transferred to OPA		114,931	157,224	-
Other		15,971	9,052	-
Total cash used		1,679,140	1,739,106	1,543,804
Net cash from operating activities		98,623	30,158	60,057
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of property, plant and equipment		864	243,292	-
Total cash received		864	243,292	-
Cash used				
Purchase of land and buildings		89,868	74,579	125,044
Purchase of plant and equipment		55,498	58,076	35,534
Purchase and development of intangibles		31,491	20,521	14,628
Total cash used		176,857	153,176	175,206
Net cash (used by) / from investing activities		(175,993)	90,116	(175,206)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		104,127	101,720	97,493
Total cash received		104,127	101,720	97,493
Cash used				
Dividends paid		7,200	-	7,200
Total cash used		7,200	-	7,200
Net cash from financing activities		96,927	101,720	90,293
Net increase / (decrease) in cash held		19,557	221,994	(24,856)
Cash and cash equivalents at the beginning of the reporting period		405,943	178,403	391,280
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period		5,143	5,546	-
Cash and cash equivalents at the end of the reporting period	3.1A	430,643	405,943	366,424

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
International development assistance	2.1A	3,205,464	3,067,706	3,217,811
Multilateral replenishments and other loans	2.1B	254,833	99,664	93,000
Other grants and contributions	2.1C	454,965	418,422	523,422
Export Finance and Insurance Corporation (Efic)		1,365	1,349	1,300
Impairment loss allowance on financial instruments	2.1D	242	728	-
Other expenses	2.1E	10,617	10,048	3,799
Payments to corporate Commonwealth entities - Tourism Australia		135,141	129,308	132,488
Depreciation and amortisation	4.2A	847	985	500
Total expenses		4,063,474	3,728,210	3,972,320
Income				
Fees and charges	2.2A	559,992	538,985	607,410
Multilateral replenishments and other loans	2.2B	12,697	401,181	12,697
Efic National Interest Account (NIA)	2.2C	35,513	33,653	30,751
Efic dividend and competitive neutrality	2.2D	15,023	13,122	14,800
Return of prior year administered expenses	2.2E	19,259	56,925	33,478
Other revenue and gains	2.2F	4,605	4,925	255
Total income		647,089	1,048,791	699,391
Net cost of services		(3,416,385)	(2,679,419)	(3,272,929)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Re-measurements of defined benefit plans		(5,309)	6,414	-
Items subject to subsequent reclassification to net cost of services				
Re-measurements of multilateral subscriptions		150,987	-	-
Movement in the carrying amount of investments		95,127	(6,191)	-
Total other comprehensive income		240,805	223	-
Total comprehensive (loss)		(3,175,580)	(2,679,196)	(3,272,929)

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	4.1A	41,796	2,592	12,162
Trade and other receivables	4.1B	190,146	192,342	32,967
Investments	4.1C	3,006,238	2,756,164	2,526,457
Total financial assets		3,238,180	2,951,098	2,571,586
Non-financial assets				
Leasehold improvements	4.2A	-	-	81
Plant and equipment	4.2A	-	19	27
Computer software internally developed	4.2A	2,675	3,046	3,512
Prepayments		181	64	128
Total non-financial assets		2,856	3,129	3,748
Total assets administered on behalf of Government		3,241,036	2,954,227	2,575,334
LIABILITIES				
Payables				
Grants	4.3A	930,179	1,110,323	1,796,954
Other payables	4.3B	631,120	759,933	284,049
Total payables		1,561,299	1,870,256	2,081,003
Provisions				
Employee provisions	6.1B	86,943	79,611	82,253
Total provisions		86,943	79,611	82,253
Total liabilities administered on behalf of Government		1,648,242	1,949,867	2,163,256
Net assets		1,592,794	1,004,360	412,078

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2019

	2019 \$'000	2018 \$'000
Opening assets less liabilities as at 1 July	1,004,360	288,239
Net (cost of) / contribution by services		
Income	647,089	1,048,791
Expenses		
Payments to entities other than corporate Commonwealth entities	(3,928,333)	(3,598,902)
Payments to corporate Commonwealth entities - Tourism Australia	(135,141)	(129,308)
Other comprehensive income		
Movement in the carrying amount of investments	95,127	(6,191)
Movement in the carrying amount of multilateral subscriptions	150,987	-
Actuarial (losses) / gains on defined benefit plans	(5,309)	6,414
Transfers (to) / from the Australian Government		
Appropriation transfers from OPA		
Administered assets and liabilities appropriations	-	135,933
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	4,376,986	3,918,176
Payments to corporate Commonwealth entities - Tourism Australia	135,141	129,308
Special accounts		
Payments to entities other than corporate Commonwealth entities	24,677	16,347
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	1,054	715
Appropriation transfers to OPA		
Transfers to OPA	(773,844)	(805,162)
Closing assets less liabilities as at 30 June	1,592,794	1,004,360
Accounting policy		
<i>Administered cash transfers to and from the Official Public Account</i>		
Revenue collected by DFAT on behalf of the Government is administered revenue. Collections are transferred to the OPA maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the Government. These transfers to and from the OPA are adjustments to the administered cash held by DFAT on behalf of the Government and reported as such in the Administered Cash Flow Statement and in the Administered Reconciliation Schedule.		
<i>Payments to corporate Commonwealth entities</i>		
Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans of the relevant portfolio department. The appropriation to DFAT is disclosed in Note 5.1A: Annual Appropriations ('Recoverable GST exclusive').		

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
OPERATING ACTIVITIES			
Cash received			
Fees and charges		561,832	532,713
GST received		137,915	103,769
Return of prior year administered expenses		19,259	56,925
Efic dividend		6,941	5,791
Efic competitive neutrality		8,082	7,331
Efic - NIA		32,422	30,927
Other		3,431	3,743
Total cash received		769,882	741,199
Cash used			
International development assistance		3,755,726	3,356,812
Other contributions		454,965	418,422
Payments to corporate Commonwealth entities - Tourism Australia		135,141	129,308
Other		3,641	3,350
Total cash used		4,349,473	3,907,892
Net cash (used by) operating activities		(3,579,591)	(3,166,693)
INVESTING ACTIVITIES			
Cash received			
Proceeds from concessional financial instruments		9,751	9,752
Total cash received		9,751	9,752
Cash used			
Purchase of intangibles		457	382
Purchase of concessional financial instruments		154,513	247,564
Total cash used		154,970	247,946
Net cash (used by) investing activities		(145,219)	(238,194)
Net (decrease) in cash held		(3,724,810)	(3,404,887)
Cash and cash equivalents at the beginning of the reporting period		2,592	12,162
Cash from Official Public Account			
Appropriations		4,513,181	4,184,132
Special accounts		24,677	16,347
Total cash from official public account		4,537,858	4,200,479
Cash to Official Public Account			
Appropriations		(773,844)	(805,162)
Total cash to official public account		(773,844)	(805,162)
Cash and cash equivalents at the end of the reporting period	4.1A	41,796	2,592

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview

Objectives of the Department of Foreign Affairs and Trade

The Department of Foreign Affairs and Trade (DFAT) is an Australian Government controlled entity. It is a not-for-profit, non-corporate Commonwealth entity. The continued existence of DFAT in its present form and with its present outcomes and programs is dependent on Government policy and on continuing funding by Parliament for DFAT's administration and programs.

DFAT's role is to advance the interests of Australia and Australians internationally, providing foreign, trade and investment, development and international security policy advice to the Government. DFAT works with other Government agencies to ensure that Australia's pursuit of its global, regional and bilateral interests is coordinated effectively. DFAT's role involves working to strengthen Australia's security, enhancing Australia's prosperity, delivering an effective and high quality aid programme and helping Australian travellers and Australians overseas. The DFAT Portfolio Budget Statements are structured to meet three outcomes:

- **Outcome 1:** The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities,
- **Outcome 2:** The protection and welfare of Australians abroad and access to secure international travel documentation through timely and responsive travel advice and consular and passport services in Australia and overseas, and
- **Outcome 3:** A secure Australian Government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas property estate.

DFAT's activities that contribute towards these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by DFAT in its own right. Administered activities involve the management or oversight by DFAT, on behalf of the Government, of items controlled or incurred by the Government.

DFAT conducts the following administered activities on behalf of the Government:

- Official development assistance,
- Consular and passport services,
- Public information services and public diplomacy,
- International climate change engagement,
- The New Colombo Plan,
- Programs to promote Australia's international tourism interests, and
- Payments to international organisations.

Official development assistance administered by DFAT includes international development assistance and multilateral replenishments. Appropriation funding is allocated through country, regional and global programs, and includes payments to international organisations, emergency and humanitarian programs, contributions to non-Government organisations (NGOs) and volunteer programs. The aid program promotes Australia's national interest by contributing to sustainable economic growth and poverty reduction, particularly in the Indo-Pacific.

Basis of Preparation

The financial statements and notes are general purpose financial statements and are required by section 42 of the Public Governance, Performance and Accountability Act 2013.

The financial statements and notes have been prepared in accordance with:

- a) the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR), and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The Department has applied the Reduced Disclosure Requirements issued by the AASB with the exception of disclosures prepared under the following accounting standards, as required under subsection 18(3) of the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR):

- AASB 7 Financial Instruments: Disclosure (administered only),
- AASB 12 Disclosure of Interests in Other Entities (administered only),
- AASB 13 Fair Value Measurement (administered and departmental), and
- AASB 116 Property, Plant and Equipment (administered and departmental).

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified. Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current at the end of the reporting period. Exchange gains and losses are reported in the Statement of Comprehensive Income. DFAT does not enter into hedging arrangements for its foreign currency transactions and all foreign exchange gains or losses are considered non-speculative in nature.

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes. Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Taxation

DFAT is exempt from all forms of Australian taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Overseas, DFAT may be subject to Value Added Tax (VAT) or similar on the purchase of goods and services. Revenues, expenses, assets and liabilities are recognised net of GST / VAT except:

- a) where the amount of GST or VAT incurred is not recoverable from the Australian Taxation Office or overseas taxation authority, and
- b) for receivables and payables.

Events After the Reporting Period

There have been no events after 30 June 2019 which will affect the financial position of DFAT materially at the reporting date.

New Accounting Standards

No accounting standard has been adopted earlier than the application date as stated in the standard. Where transitional provisions apply, all changes in accounting policy are made in accordance with their respective transitional provisions.

All new / revised / amending standards and / or interpretations that were issued prior to the signing of the statement by the Secretary and Chief Financial Officer and are applicable to the current reporting period did not have a material effect on DFAT's financial statements.

Department of Foreign Affairs and Trade**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Future Accounting Standards**

New accounting standards which will have a future impact on DFAT financial statements are detailed below.

Accounting Standard	Effective Date	Nature of Change
AASB 16 Leases	1 January 2019, therefore applied from the 2019-20 financial year.	<p>AASB 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains substantially unchanged.</p> <p>DFAT will first apply the accounting standard to leases in the 2019-20 financial reporting period. As outlined by Department of Finance, DFAT will adopt cumulative catch up transitioning application option to the new standard where it does not result in restatement of comparatives.</p> <p>Likely impact: The adoption of the new standard and related amendments will result in total assets and liabilities increasing by approximately \$1.112B, which is primarily due to recognising operating lease assets and liabilities.</p> <p>The standard also impacts the Statement of Comprehensive Income. Under the existing standard operating lease costs are measured on a straight line basis and disclosed as operating lease minimum payments. The application of new standard results in finance costs and depreciation charges disclosed in the Statement of Comprehensive Income. Under the new standard the same total expenses are recognised over the lease term as the previous standard AASB 17. However, the timing of recognised expenses differs, with greater expenses recorded earlier in the lease term under AASB 16.</p> <p>There is no change to the cash flow statement other than reclassification of lease payments from operating activities as interest payment portion as operating activities and principal repayment as investing activities.</p>
AASB 1058 Income of Not-for-Profit Entities AASB 15 Revenue from Contracts with Customers	1 January 2019, therefore applied from the 2019-20 financial year.	<p>More closely recognises not-for-profit income transactions that are not contracts with customers in accordance with their economic reality. The timing of income recognition will depend on whether there is any performance obligation or other liability, which will result in better matching of income and related expenses.</p>

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Significant Accounting Judgements and Estimates

In the process of applying the accounting policies detailed in these statements, DFAT has made the following estimates and judgements that have a significant impact on the amounts recorded in the departmental financial statements:

- The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer. In some instances, DFAT's buildings are purpose built and may in fact realise more or less in the market.
- The fair value of plant and equipment has been taken to be the market value of similar assets or depreciated replacement value as determined by an independent valuer.
- The employee provisions have been determined by reference to advice from the Australian Government Actuary and standard parameters provided by the Department of Finance.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

Administered

In the process of applying the accounting policies detailed in these statements, DFAT has made the following estimates and judgements that have a significant impact on the amounts recorded in the Administered financial statements:

- The fair value of the administered financial instruments in 2018-19 has been determined on a basis consistent with previous years, using professional valuation advice. The fair value of the financial instruments reported in future periods will be affected by variables such as discount rates, exchange rates and possible impairment.
- A number of debts recorded on the Efic National Interest Account (NIA) are impaired, with the impairment assessment based on judgement of the risks to repayment of the debts. For some debts the judgement is discussed and agreed between DFAT and Efic, and is informed by assessment of the economic and political environment and previous repayment history.
- The fair value of DFAT's defined benefit obligations have been determined on a basis consistent with previous years using professional actuarial calculations that require assumptions about future events. The fair value of the defined benefit schemes reported in future periods will be affected by variables such as discount rates, exchange rates, salary fluctuations and inflation rates.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

Changes in Accounting policy

Certain comparative amounts have been reclassified or adjusted to conform with current financial reporting guidelines. These are reflected as minor changes in the comparative figures in the statement of comprehensive income and notes 1.1C: Impairment loss allowance on financial instruments, 1.1D: Write-down and impairment of other assets, 3.1B: Trade and other receivables, 3.3A: Suppliers, 6.2: Key management personnel remuneration and 7.3A: Categories of financial instruments.

Administered

Certain comparative amounts have been reclassified or adjusted to conform with current financial reporting guidelines. These are reflected as minor changes in the comparative figures in the administered schedule of assets and liabilities, administered reconciliation schedule, administered cashflow statement, and notes 2.1D: Impairment loss allowance on financial instruments, 2.1E: Other expenses, 4.1A: Cash and cash equivalents, 7.5A: Categories of financial instruments and 7.5D: Fair value of financial instruments.

With the introduction of AASB 9 the multilateral International Development Association (IDA) and Asian Development Fund (ADF) subscription assets have changed classification from non-monetary available for sale debt instruments to non-monetary equity instruments at Fair Value through Other Comprehensive Income (FVOCI). Net valuation changes resulting from foreign exchange variations, discounting and impairment are now reflected in Other Comprehensive Income for 2018-19. There was no change in the recognition of valuation changes for liabilities.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Changes in Accounting policy – prior year adjustments

Administered

Consistent with Division 6 section 48(8) of the FRR, DFAT discloses trust balances held within the special account in the footnote to the special account note and has not included trust balances as cash or cash equivalents in the financial statements or in any statement or notes required by AASB 7 Financial Instruments: Disclosures or AASB 9 Financial Instruments. This change in accounting treatment was made to improve accountability, transparency and consistency of the treatment of trust transactions held within special accounts across the Commonwealth in accordance with the FRR.

The impacts of this change on the comparative figures in the financial statements for 2018-19 are as follows:

Comparative	2017-18 Audited (\$'000)	Movement (\$'000)	2017-18 Restated (\$'000)
<i>Schedule of assets and liabilities</i>			
Cash and cash equivalents	9,453	(7,866)	1,587
Net impact on:			
Reconciliation Schedule	9,453	(7,866)	1,587
Reflects the removal of trust balances held in the special accounts (see Note 4.1B) from the opening balances of assets and liabilities (decrease of \$8.646m) and the movement during 2017-18 in the Special account payments to other entities other than corporate Commonwealth entities (increase of \$19.415m) and transfer to OPA (increase \$20.195m).			
Net impact on:			
Cash flow statement	9,453	(7,866)	1,587

The net impact of the above is included in the comparative “Cash to Official Public Account – Appropriations” and reflects the exclusion of trust balances held in the special accounts from the opening balances of cash (reduction of \$8.646m) and the movement during 2017-18 in cash used (IDA decrease \$20.195m) and Cash to OPA (decrease \$19.415m in Appropriations).

As part of the transfer of the Asian Development Fund (ADF) into the Asian Development Bank's (ADB) Consolidated Capital Reserve (OCR) on 1 January 2017 all subscription rights were fixed based on cash contributions paid at the time of transfer. All outstanding pledge payments from this date no longer attract a right to a subscription asset. This change was advised during the preparation of the 2018-19 financial statements. For comparative purposes therefore the outstanding pledge payments of \$129.662m have been moved from Other Payables: Multilateral contributions - FV through profit and loss to Grants: Multilateral grants payable – FV through profit and loss to better enable comparison with the 2018-19 numbers.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Departmental Financial Performance**1.1 Expenses**

	2019	2018
	\$'000	\$'000
Note 1.1A: Employee Benefits		
Wages and salaries	561,590	547,741
Superannuation		
Defined contribution plans	46,161	38,681
Defined benefit plans	42,194	40,634
Leave and other entitlements	74,837	57,788
Fringe benefits expense	118,511	101,049
Separation and redundancies	6,243	8,128
Other employee expenses	3,922	3,511
Total employee benefits	853,458	797,532

Accounting policy

Accounting policies for employee benefits are included in Section 6 People and Relationships.

Note 1.1B: Suppliers**Goods and services supplied or rendered**

Passport expenses	125,804	127,966
Property related expenses (excluding rent)	105,921	100,201
Security expenses	80,822	79,642
Information and communication technology	99,406	84,737
Travel expenses	54,227	53,572
Staff related expenses	40,785	37,992
Office expenses	20,926	24,284
Legal and other professional services	12,735	11,362
Contractors	9,855	4,278
Consultants	5,570	5,140
Remuneration of auditors	630	665
Other expenses	17,527	15,915

Total goods and services supplied or rendered

	574,208	545,754
Goods supplied	73,346	71,262
Services rendered	500,862	474,492

Total goods and services supplied or rendered

	574,208	545,754
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Other suppliers

Operating lease rentals	150,217	146,746
Workers compensation expenses	3,431	1,851

Total other suppliers

	153,648	148,597
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Total suppliers

	727,856	694,351
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Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	155,533	138,743
Between 1 to 5 years	357,542	346,732
More than 5 years	302,610	336,566
Total operating lease commitments	815,685	822,041

DFAT operating lease commitments of \$815.685m (2018: \$822.041m) includes property leases and other minor leases relating to plant and equipment.

DFAT currently has 765 (2018: 782) property related commitments. Property related commitments expected to be paid is \$814.591m (2018: \$819.772m) which is inclusive of outgoings of \$41.045m (2018: \$40.624m).

Commitments are GST or VAT inclusive where relevant. GST / VAT included in the total contractual commitments in place for operating leases payable expected to be recovered is \$45.231m (2018: \$49.525m).

DFAT has in place a number of sub-lease arrangements for the above operating lease commitments. Sub-lease revenue expected to be received is \$150.987m (2018: \$136.730m) which is inclusive of outgoings of \$8.224m (2018: \$7.543m).

Department of Foreign Affairs and Trade**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2019	2018
	\$'000	\$'000
<u>Note 1.1C: Impairment loss allowance on financial instruments</u>		
Write-down of financial assets	21	86
Movement in impairment loss allowance	(12)	111
Total impairment on financial instruments	9	197

Note 1.1D: Write-down and Impairment of Other Assets

Write-down of leasehold improvements	695	1,541
Write-down of plant and equipment	2,031	5,795
Write-down of intangibles	555	99
Impairment of non-current assets held for sale	1,676	-
Write-down of assets under construction	5	422
Write-off of inventories	138	66
Total write-down and impairment of other assets	5,100	7,923

Accounting policy

Accounting policies for financial assets are included at Note 3.1: Financial Assets. Accounting policies for non-financial assets are included at Note 3.2: Non-Financial Assets.

Note 1.1E: Other Expenses

Act of grace payments	3,903	-
Total other expenses	3,903	-

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.2 Own-source revenue and gains

	2019 \$'000	2018 \$'000
<u>Note 1.2A: Sale of Goods and Rendering of Services</u>		
Sale of goods	585	733
Rendering of services	146,733	138,185
Total sale of goods and rendering of services	147,318	138,918

Accounting policy

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer, and
- DFAT retains no managerial involvement or effective control over the goods.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date, determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured, and
- it is probable that the economic benefits of the transaction will flow to DFAT.

Note 1.2B: Other Revenue

Foreign tax refunds	5,767	4,577
Sponsorship revenue	2,644	1,149
Resources received free of charge	630	683
Other revenue	373	139
Total other revenue	9,414	6,548

Accounting policy

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Sponsorship revenue is recognised as revenue at the fair value of the sponsorship received or receivable when the probable economic benefits of the transaction will flow to DFAT.

Foreign tax refunds are recognised as revenue at the fair value of the foreign tax refund when the probable economic benefits of the transaction will flow to DFAT.

Note 1.2C: Other Gains

Gain on restoration obligation	1,265	3,627
Assets previously expensed	1,278	-
Total other gains	2,543	3,627

Accounting policy

Accounting policies for gain on restoration obligation are included at Note 3.4A: Other Provisions.

Sale of assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. Income and Expenses Administered on Behalf of Government**2.1 Administered - Expenses**

	2019 \$'000	2018 \$'000
Note 2.1A: International Development Assistance		
International development assistance	3,205,464	3,067,706
Total international development assistance	3,205,464	3,067,706
Note 2.1B: Multilateral Replenishments and Other Loans		
New multilateral replenishments	72,506	22,905
Loss from measuring multilateral financial liabilities - at fair value through profit & loss	137,056	26,505
Unwinding costs - multilateral grants and contributions	45,271	50,254
Total multilateral replenishments and other loans	254,833	99,664
Accounting policy		
Accounting policies for other loans and multilateral replenishments are included in Note 4.1: Administered - Financial Assets and Note 4.3: Administered - Payables.		
Note 2.1C: Other Grants and Contributions		
Payments to international organisations	373,118	339,658
New Colombo Plan	49,379	49,826
Tourism Australia - Asia marketing fund	14,000	14,000
Tourism Australia - working holiday makers	5,000	5,000
Other	13,468	9,938
Total other grants and contributions	454,965	418,422
Accounting policy		
DFAT administers a number of agreements on behalf of the Australian Government with international organisations. Liabilities are recognised to the extent that:		
a) the services required to be performed by the recipient have been performed, or		
b) the eligibility criteria has been satisfied, but payments due have not been made.		
Note 2.1D: Impairment Loss Allowance on Financial Instruments		
Write-down and impairment of financial assets	242	728
Total impairment loss allowance on financial instruments	242	728
Note 2.1E: Other Expenses		
Defined benefit pension schemes	6,691	6,453
Passport fee refunds	811	690
Consular services refunds	8	9
Write-down of non-financial assets	-	5
Other foreign exchange losses (non-speculative)	3,107	2,891
Total other expenses	10,617	10,048

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2.2 Administered - Income

Administered income relates to ordinary activities performed by DFAT on behalf of the Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

	2019 \$'000	2018 \$'000
Note 2.2A: Fees and charges		
Passport fees	542,826	522,204
Consular fees	16,302	15,964
Nuclear safeguard charges	864	817
Total fees and charges	559,992	538,985

Accounting policy

Passport and consular income is based on a fee arrangement, collected both domestically and internationally, for the processing of new passport applications, registering lost or stolen passports, issuing emergency passports, and for other travel related documents and notarial endorsements. Fees are determined under the Australian Passports (Application Fees) Act 2005 and the income is recognised on receipt of the fees and all income collected is returned to consolidated revenue. The nuclear safeguard charge income is the Uranium Producers Charge, under the Nuclear Safeguards (Producers of Uranium Ore Concentrates) Act 1993, for each kilogram of uranium ore concentrate produced in Australia with the income recognised on receipt of the charge with all income returned to consolidated revenue.

Note 2.2B: Multilateral Replenishments and Other Loans

Australia-Indonesia Partnership for Reconstruction and Development (AIPRD) loan interest	12,697	12,456
Reversals of impairment on financial instrument - available for sale financial asset	-	388,725
Total multilateral replenishments and other loans	12,697	401,181

Accounting policy

Accounting policies for other loans and multilateral replenishments are included in Note 4.1: Administered - Financial Assets and Note 4.3: Administered - Payables.

Note 2.2C: Efic - NIA

NIA premiums	11,823	12,687
NIA repayments of interest subsidies and recoveries	23,690	20,966
Total Efic - NIA	35,513	33,653

Accounting policy

Accounting policies for Efic are included in Note 4.1B: Administered - Financial Assets.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019	2018
	\$'000	\$'000
Note 2.2D: Efic dividend and competitive neutrality		
Efic dividend	6,941	5,791
Competitive neutrality	8,082	7,331
Total Efic dividend and competitive neutrality	15,023	13,122

Accounting policy

Under section 61A of the Export Finance and Insurance Corporation Act 1991 (the Efic Act) the Minister may apply to Efic a debt neutrality charge in respect of short-term insurance contracts entered into by Efic. These arrangements ensure Efic does not, through its Commonwealth ownership, have an unfair advantage over private sector financiers.

Note 2.2E: Return of prior year administered expenses

Return of prior year administered expenses	19,259	56,925
Total return of prior year administered expenses	19,259	56,925

Accounting policy

Return of prior year administered expenses (as recorded in the Administered Schedule of Comprehensive Income) relates to funds returned after finalisation or acquittal of an agreement or funding arrangement which were originally paid from prior year appropriations. These funds are treated as administered revenue in the year the funds are returned and are transferred back to consolidated revenue.

Note 2.2F: Other Revenue and Gains

Defined benefit pension schemes - contributions	4,406	4,250
Other interest	171	664
Other revenue	28	11
Total other revenue and gains	4,605	4,925

Accounting policy*Defined benefit schemes*

Accounting policies for the defined benefit schemes - contributions are included in Note 7.6: Administered - Defined Benefit Pension Schemes.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Departmental Financial Position**3.1 Financial Assets**

	2019 \$'000	2018 \$'000
Note 3.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	92,821	48,618
Overseas property special account cash held by the entity	2,293	3,096
Overseas property special account cash held in the OPA	335,529	354,229
Total cash and cash equivalents	430,643	405,943
Note 3.1B: Trade and Other Receivables		
Goods and services receivables		
Goods and services	87,073	61,426
Other	6,344	11,084
Total goods and services receivables	93,417	72,510
Appropriations receivables		
Departmental - operating	273,818	315,215
Departmental - capital	116,122	118,154
Total appropriations receivable	389,940	433,369
Other receivables		
Advances	15,412	14,694
Statutory receivables	4,208	3,964
Cash held by outsiders	159	221
Other	1,505	1,015
Total other receivables	21,284	19,894
Total trade and other receivables (gross)	504,641	525,773
Less impairment loss allowance	(99)	(111)
Total trade and other receivables (net)	504,542	525,662

Accounting policy

Aside from cash, financial assets are all classified as receivables. Terms for receivables for goods and services are 30 days (2018: 30 days).

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3.1B: Trade and Other Receivables (continued)

Accounting policy

Receivables

Receivables have fixed or determinable payments and are not quoted in an active market. Receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method less impairment.

Receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest that are not provided at below-market interest rates are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

With the implementation of AASB 9 Financial Instruments for the first time in 2019, the entity classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Appropriations

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the entity gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Impairment

For contractual receivables AASB 9 replaces the 'incurred loss' model previously used under AASB 139 with an 'expected credit loss' (ECL) model. This new impairment model applies to financial assets measured at amortised cost, contract assets and debt instruments measured at fair value through other comprehensive income.

Trade and other receivable assets at amortised cost are assessed for impairment at the end of each reporting period. The simplified approach has been adopted in measuring the impairment loss allowance at an amount equal to lifetime ECL.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.2 Non-Financial Assets

Note 3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

Reconciliation of the opening and closing balances for 2019

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Computer software¹ \$'000	Total \$'000
As at 1 July 2018					
Gross book value	1,821,170	1,638,843	334,015	218,703	4,012,731
Accumulated depreciation, amortisation and impairment	-	(125,743)	(53,120)	(98,569)	(277,432)
Total as at 1 July 2018	1,821,170	1,513,100	280,895	120,134	3,735,299
Additions:					
Purchase	5,682	86,912	55,498	8,113	156,205
Internally developed	-	-	-	23,378	23,378
Other	-	-	1,278	-	1,278
Revaluations and impairments recognised in other comprehensive income					
Assets held for sale²	167,664	45,902	12,280	-	225,846
Depreciation and amortisation expense	(20,806)	(488)	-	-	(21,294)
Other movements	-	(106,460)	(61,301)	(27,778)	(195,539)
Asset reclassification	-	(19,425)	18,003	1,422	-
Disposals	(172)	(695)	(2,414)	(555)	(3,836)
Total as at 30 June 2019	1,973,538	1,518,846	304,239	124,714	3,921,337
Net book value as of 30 June 2019 represented by:					
Gross book value	1,973,538	1,666,641	342,898	233,899	4,216,976
Accumulated depreciation, amortisation and impairment	-	(147,795)	(38,659)	(109,185)	(295,639)
Total	1,973,538	1,518,846	304,239	124,714	3,921,337

1. The carrying amount of computer software included \$14.756m purchased software and \$109.958m internally generated software.

2. The assets held for sale relates to the staff residence in Manila. The land and building for this property were revalued prior to classification as held for sale with losses due to estimated disposal costs of \$1.676m included in Note 1.1D: Write-down and impairment of other assets. The property is expected to be disposed via orderly market transactions within the forward estimates period.

No indicators of impairment were identified for property, plant and equipment, and intangibles.

No land and building assets are expected to be sold within the next 12 months, other than those identified as Assets held for sale in the Statement of Financial Position.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (continued)

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 7.2: Fair Value Measurements. Land and buildings managed by the Overseas Property Office were independently valued by Colliers International Valuation and Advisory Services (CIVAS) as at 30 June 2019. In accordance with DFAT's 3-year revaluation plan, vehicles, furniture and fittings, office equipment, security equipment and other plant and equipment assets were independently re-valued as at 30 June 2019 by Jones Lang Lasalle (JLL).

There is a revaluation increment of \$167.664m for land (2018: increment of \$158.737m), an increment of \$45.902m for buildings (2018: increment of \$70.025m) and an increment of \$12.280m for plant and equipment (2018: decrement of \$7.305m for ICT assets) which were recorded in the asset revaluation surplus.

Contractual Commitments for the Acquisition of Property, Plant, Equipment and Intangible Assets

DFAT has a number of contractual commitments in place for the purchase and / or development of buildings, leasehold improvements and intangible assets, aged as follows:

	2019 (\$'000)	2018 (\$'000)
Within 1 year	39,759	44,887
Between 1 to 5 years	10,803	4,559
More than 5 years	-	-
Total commitments	50,562	49,446

The majority of these commitments relate to contracts in place for the development, refurbishment and upgrade of properties in DFAT's diplomatic network, and are managed through the Overseas Property Office.

Commitments are GST / VAT inclusive where relevant. Total GST / VAT included in the total contractual commitments for the purchase and / or development of buildings, leasehold improvements and intangible assets in 2019: \$1.375m (2018: \$0.182m).

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (continued)

Reconciliation of the opening and closing balances for 2018

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Computer software ¹ \$'000	Total \$'000
As at 1 July 2017					
Gross book value	1,662,056	1,545,056	393,871	197,424	3,798,407
Accumulated depreciation, amortisation and impairment	-	(74,292)	(87,581)	(78,529)	(240,407)
Net book value 1 July 2017	1,662,056	1,470,764	306,290	118,895	3,558,005
Additions:					
Purchase	2,327	72,780	58,076	2,791	135,974
Internally developed	-	-	-	17,730	17,730
Revaluations and impairments recognised in other comprehensive income	158,737	70,025	(7,305)	-	221,457
Depreciation and amortisation expense	-	(95,583)	(64,806)	(26,766)	(187,155)
Other movements					
Asset transfers	-	(2,873)	(4,710)	7,583	-
Disposals	(1,950)	(2,013)	(6,650)	(99)	(10,712)
Net book value 30 June 2018	1,821,170	1,513,100	280,895	120,134	3,735,299
Net book value as of 30 June 2018 represented by:					
Gross book value	1,821,170	1,638,843	334,015	218,703	4,012,731
Accumulated depreciation, amortisation and impairment	-	(125,743)	(53,120)	(98,569)	(277,432)
Total	1,821,170	1,513,100	280,895	120,134	3,735,299

1. The carrying amount of computer software included \$20,539m purchased software and \$99,595m internally generated software.

No indicators of impairment were identified for property, plant and equipment and intangibles.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (continued)

Accounting policy

Non-financial assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Non-financial assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000 (2018: \$5,000), which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by DFAT where there exists an obligation to restore the property to its original condition on termination of the lease. These costs are included in the value of DFAT's leasehold improvements with a corresponding provision for the 'make good' disclosed in Note 3.4A: Other Provisions.

Depreciation

Depreciable property, plant and equipment assets are written-down to their estimated residual values over their estimated useful lives to DFAT using, in all cases, the straight-line method of depreciation. Depreciation and amortisation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following typical useful lives:

Asset Class	2019	2018
Buildings	Based on remaining useful life	Based on remaining useful life
Leasehold Improvements	Lesser of lease term or up to 15 years	Lesser of lease term or up to 15 years
Plant and Equipment (other than Works of Art)	3 to 25 years	3 to 25 years
Plant and Equipment (Works of Art)	100 years	100 years

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure the carrying amount of assets did not differ materially from the assets' fair value as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation surplus except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus / deficit. Revaluation decrements for a class of assets are recognised directly in the surplus / deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the re-valued amount. Assets held overseas are valued in local currencies and translated into Australian dollars at the exchange rates current at revaluation date.

De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (continued)

Impairment

All assets were assessed for impairment at 30 June 2019. Where indications of impairment existed, the asset's recoverable amount was estimated and an impairment adjustment made if the asset's recoverable amount was less than its carrying amount.

The recoverable amount of any asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if DFAT were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Intangibles

DFAT's intangibles comprise purchased and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of DFAT's software is 5 to 10 years (2018: 5 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2019.

Assets held for sale

Non-current assets are classified as held for sale if the carrying amount is to be recovered principally through a sale transaction rather than through continuing use. On classification as held for sale, the asset is measured at the lower of its carrying amount and fair value less costs to sell. Any write down to fair value less costs to sell is recognised as an impairment loss. Assets which have been classified as held for sale are no longer subject to depreciation or amortisation.

Accounting Judgements and Estimates

Restrictions on Title

Due to the diplomatic nature of the overseas property portfolio, some properties have restrictions on title. Restrictions on title vary depending on local Government rules and regulations, such as long term title that prohibits the Commonwealth of Australia from profiting from sale of land. Whilst the effect of restrictions on some titles can be quantified, there are others that cannot, such as those titles held in limited or unsophisticated markets. As part of the valuation process, consideration is given to the restrictions on title.

Assets Under Construction

Assets under construction (AUC) are recorded at acquisition cost. They include expenditure to date on various capital projects carried as AUC. AUC projects are reviewed annually for indicators of impairment and all tangible AUC older than 12 months prior to the reporting date are externally revalued to fair value. Intangible AUC is reviewed through an internal monthly process. Prior to rollout into service, the accumulated AUC balance is reviewed to ensure accurate capitalisation of built or purchased assets.

Department of Foreign Affairs and Trade**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2019	2018
	\$'000	\$'000
Note 3.2B: Inventories		
Inventories held for sale		
Finished goods	<u>40,228</u>	<u>46,383</u>
Total inventories	<u>40,228</u>	<u>46,383</u>

During 2019, \$48.415m of inventory held for sale was recognised as an expense (2018: \$46.104m) and \$0.138m of inventory was written off (2018: \$0.066m).

Accounting policy

Inventories held for sale are valued at cost. Costs incurred in bringing each item of inventory to its present location and condition include the cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Note 3.2C: Other Non-Financial Assets

Property prepayments	27,255	28,381
Other prepayments	<u>34,963</u>	<u>37,877</u>
Total other non-financial assets	<u>62,218</u>	<u>66,258</u>

No indicators of impairment were identified for other non-financial assets (2018: nil).

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.3 Payables

	2019	2018
	\$'000	\$'000
Note 3.3A: Suppliers		
Trade creditors and accruals	97,346	74,935
Operating lease rentals	26,339	23,246
Other	5,156	9,832
Total suppliers	128,841	108,013

Settlement terms for trade creditors were within 30 days (2018: 30 days).

Note 3.3B: Other Payables

Wages and salaries	7,896	7,889
Superannuation	6,743	516
Separations and redundancies	151	164
Prepayments received / unearned income	35,401	39,386
Lease incentive	8,897	8,081
Other	659	269
Total other payables	59,747	56,305

Accounting policy

Payables are classified as other financial liabilities and are recognised and measured at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

The liability for wages and salaries and superannuation recognised as at 30 June 2019 represents outstanding amounts and contributions for the final payroll fortnight of the financial year.

Lease incentives, typically in the form of a rent-free period, are also recognised as other payables and amortised over the period of the lease on a straight-line basis.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.4 Provisions

	2019	2018
	\$'000	\$'000
Note 3.4A: Other Provisions		
Provision for restoration obligations	25,385	17,810
Total other provisions	25,385	17,810
 Provision for restoration		
As at 1 July 2018	17,810	19,567
Additional provisions made	2,726	528
Amounts used	(25)	(345)
Amounts reversed	(1,265)	(3,627)
Revaluation of Provision	5,329	1,030
Changes in Foreign Exchange Rates	428	344
Unwinding of discount	382	313
Total as at 30 June 2019	25,385	17,810

DFAT currently has 63 agreements (2018: 65) for the leasing of premises where DFAT has raised a provision to restore the premises to their original condition at the conclusion of the lease. The provision reflects the present value of these obligations.

Accounting policy

For a number of property leases, DFAT has obligations to restore to their original condition or makegood leasehold improvements. These are assessed on a site-by-site basis in line with the relevant clauses of the underlying lease, with fair value calculated based on estimated costs per square metre at the time the makegood obligation falls due, discounted to present value.

DFAT engages an independent expert to assist in the valuation of the estimated costs to makegood. The total provision is reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the adjustment relates to the revaluation of the provision and there is sufficient related asset revaluation surplus for the associated leasehold improvement assets, the adjustment is recorded against the asset revaluation surplus. All other adjustments are recognised in the Statement of Comprehensive Income.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4. Assets and Liabilities Administered on Behalf of Government**4.1 Administered - Financial Assets**

	2019 \$'000	2018 \$'000
Note 4.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	5,012	1,005
Special account cash held by the entity	5	-
Cash in special accounts held in the OPA	36,779	1,587
Total cash and cash equivalents	41,796	2,592
Accounting policy		
Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits on hand in bank accounts and special account cash held (excluding trust balances) in the OPA.		
Note 4.1B: Trade and Other Receivables		
Goods and services receivable		
Goods and services receivable	29	25
Scholarship debts	1,748	1,559
Total goods and services receivable	1,777	1,584
Advances and loans		
Concessional loan receivable - AIPRD	159,088	156,142
Other - travellers emergency loans	1,194	1,293
Total advances and loans	160,282	157,435
Other receivables		
Statutory receivables	13,438	15,117
Net position of Efic - NIA	15,120	13,394
Passport fees	-	2,852
Other	1,951	4,281
Total other receivables	30,509	35,644
Total trade and other receivables (gross)	192,568	194,663
Less impairment loss allowance		
Advances and loans - travellers emergency loans	(651)	(729)
Other receivables - external parties	(1,771)	(1,592)
Total impairment loss allowance	(2,422)	(2,321)
Total trade and other receivables (net)	190,146	192,342
Trade and other receivables (net) are expected to be recovered		
No more than 12 months	30,412	39,503
More than 12 months	159,734	152,839
Total trade and other receivables (net)	190,146	192,342

The impairment loss allowance is based on an assessment of debts outstanding and is predominantly aged more than 90 days.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 4.1B: Trade and Other Receivables (continued)**Reconciliation of the impairment loss allowance****Movements in relation to 2019**

	Advances and loans \$'000	Receivables - external parties \$'000	Total \$'000
Opening balance	729	1,592	2,321
Amounts restated through opening retained earnings	-	-	-
Amounts impaired	-	182	182
Amounts recovered and reversed	(78)	(3)	(81)
(Decrease) recognised in net surplus	-	-	-
Closing balance	651	1,771	2,422

Movements in relation to 2018

	Advances and loans \$'000	Receivables - external parties \$'000	Total \$'000
Opening balance	691	1,123	1,814
Amounts impaired	38	469	507
Amounts recovered and reversed	-	-	-
(Decrease) recognised in net surplus	-	-	-
Closing balance	729	1,592	2,321

Accounting policy*Trade and other receivables*

Consistent with DFAT's outcomes, long-term loans are provided to other entities at concessional rates. On payment of the loan funds, differences between the nominal value of the loan subscription and the fair value of the associated assets are recorded in the Schedule of Administered Items as an expense administered on behalf of Government.

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, de-recognition and amortisation are recognised through profit or loss.

Efic – NIA

Part 5 of the Efic Act provides for the Minister for Trade, Tourism and Investment to give an approval or direction to Efic to undertake any transaction that the Minister considers is in the national interest. Such transactions may relate to a class of business which Efic is not authorised to undertake, or involve terms and conditions Efic would not accept in the normal course of business on its Commercial Account. Efic manages these transactions on the NIA.

For these transactions, the credit risk is borne by the Government and the funding risk is borne by Efic on the Commercial Account. Accordingly, premium or other income arising from these transactions are paid by Efic to the Government. Efic recovers from the Government the costs of administration and any losses incurred in respect of such business.

Loans on the NIA are funded from the Efic Commercial Account at fair value. The amount disclosed above reflects the Commonwealth's exposure on business undertaken on the NIA. It reflects the net amount of:

- Assets in the form of loans to and rescheduled credit insurance debts owing by foreign governments, commitment fees on loans received by Efic but not yet paid to the Commonwealth and bond premiums receivable from exports; and,
- Liabilities relating to the reimbursement to Efic for debt forgiveness on loans, provisions for unearned income on loan premiums, accrued expenses including Efic administration fees and other creditors.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019 \$'000	2018 \$'000
Note 4.1C: Investments		
Non-monetary available-for-sale IDA and ADF Subscriptions - fair value	-	2,291,000
Non-monetary IDA and ADF Subscriptions - fair value through OCI	2,445,947	-
Efic - Commercial Account	539,300	444,964
Tourism Australia	20,991	20,200
Total other investments	3,006,238	2,756,164

Accounting policy

Administered investments are measured at their fair value through other comprehensive income as at 30 June 2019. Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the whole-of-Government level. Financial instruments are recognised on a trade date basis.

Non-monetary IDA and ADF Subscriptions

The Australian Government holds these investments long-term for policy reasons, with the issuers being partner foreign governments and multilateral aid organisations including the IDA and the ADF. The investment represents subscription-based membership rights held by the Australian Government in accordance with the articles of association for the IDA and the ADF.

The subscriptions to the IDA and the ADF are classified as equity investments and have been reclassified at fair value through other comprehensive income under AASB 9: Financial Instruments. There is no intention to trade these investments, as there is no observable market value for them. DFAT, based on independent expert valuation advice, values the investment on a discounted cash flow basis. The basis assumes the redemption of the Commonwealth's pro-rata share of the outstanding loan principal for each fund. The redemption basis is consistent with the withdrawal provisions of the articles of association with the IDA and the ADF.

The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. The discount rate range uses the "build up method" based on the following components: risk free rate (20 year US Government bond rate), currency risk premium, sovereign risk premium and liquidity risk premium. Changes in fair value are recognised directly in the administered reconciliation schedule. Foreign currency movements and impairment losses and reversals are recorded in the administered schedule of comprehensive income.

Efic – Commercial Account

Efic's principal activity is the provision of competitive finance and insurance services to Australian exporters and Australian companies investing in new projects overseas. The Australian Government guarantees to Efic's creditors the payment of monies payable by Efic on the Commercial Account (CA). The Minister for Trade, Tourism and Investment has the powers to determine and instruct Efic to pay a dividend in accordance with section 55(1) of the Efic Act. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entity as at the end of the reporting period.

Tourism Australia

Tourism Australia is the Australian Government agency responsible for attracting international visitors to Australia, both for leisure and business events. DFAT administers Tourism Australia on behalf of the Government for oversight and management purposes and to improve linkages internationally. Funding appropriated to DFAT for Tourism Australia is disclosed as Payments to corporate Commonwealth entities in the Administered Schedule of Comprehensive Income. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entity as at the end of the reporting period.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4.2 Administered - Non-Financial Assets**Note 4.2A: Reconciliation of the Opening and Closing Balances for Leasehold Improvements, Plant and Equipment and Intangibles**

	Leasehold improvements \$'000	Plant and equipment \$'000	Computer software internally developed \$'000	Total \$'000
As at 1 July 2018				
Gross book value	-	21	12,218	12,239
Accumulated depreciation, amortisation & impairment	-	(2)	(9,172)	(9,174)
Net book value 1 July 2018	-	19	3,046	3,065
Additions				
By purchase	-	-	-	-
Internally developed	-	-	457	457
Disposals recognised in net cost of services	-	-	-	-
Depreciation & amortisation expenses	-	(19)	(828)	(847)
Net book value 30 June 2019	-	-	2,675	2,675
Net book value as of 30 June 2019 represented by				
Gross book value	-	-	12,675	12,675
Accumulated depreciation, amortisation & impairment	-	-	(10,000)	(10,000)
Net book value 30 June 2019	-	-	2,675	2,675

Plant and equipment

There were no revaluation increments or decrements for plant and equipment in 2019.

No indicators of impairment were identified for plant and equipment, and intangibles in 2019.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 4.2A: Reconciliation of the Opening and Closing Balances for Leasehold Improvements, Plant and Equipment and Intangibles (continued)

	Leasehold improvements \$'000	Plant and equipment \$'000	Computer software internally developed \$'000	Total \$'000
As at 1 July 2017				
Gross book value	570	29	11,836	12,435
Accumulated depreciation, amortisation & impairment	(489)	(2)	(8,271)	(8,762)
Net book value 1 July 2017	81	27	3,565	3,673
Additions				
By purchase	-	-	99	99
Internally developed	-	-	283	283
Disposals recognised in net cost of services	-	(5)	-	(5)
Depreciation & amortisation expenses	(81)	(3)	(901)	(985)
Net book value 30 June 2018	-	19	3,046	3,065
Net book value as of 30 June 2018 represented by:				
Gross book value	-	21	12,218	12,239
Accumulated depreciation, amortisation & impairment	-	(2)	(9,172)	(9,174)
Net book value 30 June 2018	-	19	3,046	3,065

Leasehold improvements

There were no revaluation increments or decrements for leasehold improvements in 2018.

Plant and equipment

There were no revaluation increments or decrements for plant and equipment in 2018.

No indicators of impairment were identified for plant and equipment, and intangibles in 2018.

Accounting policy

Accounting policies are included in Note 3.2: Non-Financial Assets.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4.3 Administered - Payables

	2019 \$'000	2018 \$'000
Note 4.3A: Grants		
Multilateral grants payable - fair value through profit and loss	930,179	1,110,323
Total grants	930,179	1,110,323
Note 4.3B: Other Payables		
Multilateral contributions - fair value through profit and loss	494,521	572,495
International development assistance	136,599	187,438
Total other payables	631,120	759,933

Accounting policy

Financial liabilities are classified either at fair value through profit or loss, or as other financial liabilities. Financial liabilities are recognised and derecognised upon 'Trade Date'.

Financial liabilities at fair value through profit or loss include multilateral grants payable and multilateral contributions payable and are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The 10 year Australian government bond rate is used to discount the expected payment schedules of each loan agreement for multilateral grant payables and multilateral contributions with a discounted rate range (comprising a risk free rate (20 year US government bond rate) and currency, sovereign and liquidity risk premiums) also impacting on the fair value through profit and loss for the multilateral contributions payable.

Other financial liabilities include trade creditors and accruals and are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

As part of the transfer of the Asian Development Fund (ADF) into the Asian Development Bank's (ADB) Consolidated Capital Reserve (OCR) on 1 January 2017 all subscription rights were fixed based on cash contributions paid at the time of transfer. All outstanding pledge payments from this date no longer attract a right to a subscription asset. This change was advised of during the preparation of the 2018-19 financial statements. For comparative purposes therefore the outstanding pledge payments of \$129.662m have been moved from Other Payables: Multilateral contributions – FV through profit and loss to Grants: Multilateral grants payable – FV through profit and loss to better enable comparison with the 2018-19 numbers.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5. Funding

5.1 Appropriations

Note 5.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2019

	Annual Appropriation \$'000	Section 74 PGPA Act \$'000	Total appropriation \$'000	Appropriation applied in 2019 (current and prior years) \$'000	Variance ¹ \$'000
Departmental²					
Ordinary annual services	1,416,142	114,931	1,531,073	(1,598,742)	(67,669)
Capital budget ³	69,765	-	69,765	(60,127)	9,638
Equity	104,137	-	104,137	(43,998)	60,139
Total departmental	1,590,044	114,931	1,704,975	(1,702,867)	2,108
Administered					
Ordinary annual services					
Capital budget ³	504	-	504	(43)	461
Administered items ⁴	3,844,822	-	3,844,822	(4,277,711)	(432,889)
Payments to corporate					
Commonwealth entities	135,141	-	135,141	(135,141)	-
Total administered	3,980,467	-	3,980,467	(4,412,895)	(432,428)

1. Variances in appropriation may result from using prior year non-lapsed appropriations to fund operating and capital expenditure incurred in the current financial year, making payments for benefits to be received in future years and where obligations in the current financial year are not settled by financial year end.
2. In 2018-19, there were adjustments that met the recognition criteria of a formal addition or reduction in revenue, capital budget or in equity but at law the appropriations had not been amended before the end of the reporting period as Departmental appropriations do not lapse at financial year end. The adjustments were: an increase to revenue of \$19,831m relating to no-win / no-loss funding for foreign exchange; a reduction to revenue of \$6,686m relating to no-win / no-loss funding for Passport Funding Agreement; an increase to revenue of \$17,968m relating to no-win / no-loss funding for FBT payable on living away from home allowance; a reduction to revenue of \$7,996m relating to no-win / no-loss for Security Funding Agreements; a reduction in equity of \$3,016m relating to no-win/no-loss for Security Funding Agreements; and, a section 51 reduction of \$9,638m to Department Capital Budgets relating to 2018/19 Additional Estimates measures.
3. The net increase in appropriation of \$23,117m and a net decrease in appropriation of \$3,016m will be applied against 2019-20 Appropriation Act (No. 3) and 2018-19 Appropriation Act (No. 2) respectively. Departmental and Administered Capital Budgets are appropriated through Appropriations Acts (No. 1, 3 and 5). They form part of the ordinary annual services, and are not separately identified in the Appropriation Acts.
4. Commonwealth Superannuation Corporation (CSC) spends money from the Consolidated Revenue Fund on behalf of DFAT in accordance with the Papua New Guinea (Staffing Assistance) Act 1973. In 2018-19 CSC drew down \$5,142m from DFAT's administered appropriation. The Department of Education (DoE) also makes withdrawals on behalf of DFAT under the New Colombo Plan Agreement. In 2018-19 the DoE drew down \$46,190m from DFAT's administered appropriation. These amounts are included in the appropriation applied amount above.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5.1A: Annual Appropriations ('Recoverable GST exclusive') (continued)

Annual Appropriations for 2018					
	Annual Appropriation ¹ \$'000	Section 74 PGPA Act \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance ² \$'000
Departmental					
Ordinary annual services	1,359,553	157,224	1,516,777	(1,594,103)	(77,326)
Capital budget ³	46,501	-	46,501	(47,598)	(1,097)
Other services					
Equity	71,408	-	71,408	(54,121)	17,287
Total departmental	1,477,462	157,224	1,634,686	(1,695,822)	(61,136)
Administered					
Ordinary annual services					
Capital budget ³	443	-	443	(348)	95
Administered items ^{4,5}	3,651,992	-	3,651,992	(3,792,701)	(140,709)
Payments to corporate					
Commonwealth entities	129,308	-	129,308	(129,308)	-
Other services					
Administered assets and liabilities	150	-	150	(135,933)	(135,783)
Total administered	3,781,893	-	3,781,893	(4,058,290)	(276,397)

1. Variances in appropriation may result from using prior year non-lapsed appropriations to fund operating and capital expenditure incurred in the current financial year, making payments for benefits to be received in future years and where obligations in the current financial year are not settled by financial year end.

2. In 2017-18, there were adjustments that met the recognition criteria of a formal addition or reduction in revenue or in equity but at law the appropriations had not been amended before the end of the reporting period as Departmental appropriations do not lapse at financial year end. The adjustments were: an increase to revenue of \$6.715m relating to no-win / no-loss funding for foreign exchange; an increase to revenue of \$2.441m relating to no-win / no-loss funding for Passport Funding Agreement; a reduction to revenue of \$2.406m relating to no-win / no-loss funding for FBT payable on living away from home allowance; a reduction to revenue of \$7.675m relating to no-win / no-loss for Security Funding Agreement; a net reduction to revenue of \$3.460m relating to savings measures as per 2018-19 PBS and a reduction in equity of \$5.829m relating to no-win / no-loss for Security Funding Agreements.

The net decrease in appropriations of \$4.385m and \$5.829m will be applied against 2017-18 Appropriation Act 1 and 2017-18 Appropriation Act 2 respectively.

3. Departmental and Administered Capital Budgets are appropriated through Appropriations Acts (No. 1, 3 and 5). They form part of the ordinary annual services, and are not separately identified in the Appropriation Acts.

4. In 2017-18 a section 51 reduction of \$10.772m was applied against Appropriation Act (No. 1) 2017-18 as published in the 2018-19 Portfolio Budget Statements for the following measures: \$6.025m relating to Government decisions for the Pacific Labour Scheme and Seasonal Workers Program and \$4.747m relating to savings against the International Development Assistance program due to reallocation of funds to a new multilateral replenishment agreement.

5. Commonwealth Superannuation Corporation (CSC) spends money from the Consolidated Revenue Fund (CRF) on behalf of DFAT in accordance with the Papua New Guinea (Staffing Assistance) Act 1973. In 2017-18 CSC drew down \$6.084m from DFAT's administered appropriation. The Department of Education (DoE) also expends funds from the CRF on behalf of DFAT under the New Colombo Plan Agreement. In 2017-18 the DoE drew down \$48.225m from DFAT's administered appropriation. These amounts are included in the appropriation applied amount above.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2019	2018
	\$'000	\$'000
Departmental		
Appropriation Act (No. 2) 2015-16 ¹	-	62,885
Appropriation Act (No.1) 2016-17 ²	28,170	28,170
Appropriation Act (No.1) 2017-18 ³	4,384	319,599
Appropriation Act (No.2) 2017-18 ⁴	20,830	64,828
Appropriation Act (No.1) 2017-18 - Cash at bank and on hand	-	48,618
Appropriation Act (No.1) 2018-19	250,701	-
Appropriation Act (No.1) 2018-19 DCB ⁵	9,638	-
Appropriation Act (No.2) 2018-19 ⁶	22,182	-
Appropriation Act (No.4) 2018-19	81,955	-
Appropriation Act (No.1) 2018-19 - Cash at bank and on hand	92,821	-
Total departmental	510,681	524,100

1. Appropriation Act (No.2) 2015-16 was repealed on 1 July 2018.
2. Appropriation Act (No.1) 2016-17 includes \$28.170m withheld under section 51.
3. Appropriation Act (No.1) 2017-18 includes \$4.384m withheld under section 51.
4. Appropriation Act (No.2) 2017-18 includes \$5.829m withheld under section 51.
5. Appropriation Act (No.1) 2018-19 DCB includes \$9.638m withheld under section 51.
6. Appropriation Act (No.2) 2018-19 includes \$3.016m which is quarantined.

DFAT has in place a number of no-win / no-loss funding agreements due to the complex and variable environment the department operates in overseas. The difference between the balance of departmental appropriation receivable disclosed in Note 3.1B: Trade and other receivables and the above balance on unspent annual appropriations is due to these agreements and cash at bank and on hand. Adjustments relating to the no-win / no-loss agreements are recognised as formal additions or reductions in DFAT's accounts.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive') (continued)

	2019	2018
	\$'000	\$'000
Administered		
Appropriation Act (No. 1) 2015-16 ¹	-	64,983
Appropriation Act (No. 1) 2015-16 - ACB ¹	-	1,817
Supply Act (No. 1) 2016-17	155,860	230,597
Appropriation Act (No. 1) 2016-17	104,775	513,508
Appropriation Act (No. 1) 2016-17 - ACB	89	89
Appropriation Act (No. 2) 2016-17	581,531	581,531
Appropriation Act (No. 3) 2016-17	-	33,440
Appropriation Act (No. 1) 2017-18 ²	151,563	292,215
Appropriation Act (No. 1) 2017-18 - ACB	95	95
Appropriation Act (No. 1) 2017-18 Cash at Bank and on hand	-	1,005
Appropriation Act (No. 1) 2018-19	224,200	-
Appropriation Act (No. 1) 2018-19 - ACB	461	-
Appropriation Act (No. 3) 2018-19	472	-
Appropriation Act (No. 1) 2018-19 Cash at Bank and on hand	5,012	-
Total administered	1,224,058	1,719,280

1. Appropriation Acts (No.1) 2015-16 were repealed on 1 July 2018.

2. Appropriation Act (No.1) 2017-18 includes \$10.772m withheld under section 51.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5.1C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2019 \$'000	2018 \$'000
Export Finance and Insurance Corporation (Efic) Act 1991 s.54(10), Administered	Unlimited Amount	For the payment by the Commonwealth to Efic of amounts equal to the amount of capital determined by the Efic Board as necessary to overcome the inadequacies, in the moneys or other assets of Efic to meet the expected liabilities, losses or claims against Efic	-	-
Public Governance, Performance and Accountability Act 2013 s77, Administered ¹	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment	1,054	715
Total special appropriation applied			1,054	715

1. DFAT uses section 77 of the PGPA Act to make refunds of passport and consular fees in certain circumstances, where there is no other specific appropriation available to make the repayment.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.2 Special Accounts**Note 5.2A: Special Accounts ('Recoverable GST exclusive')**

	Overseas Property Special Account ¹ (Departmental)		EXPO 2020 Dubai ² (Administered)	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Balance brought forward from previous period	357,325	103,205	-	-
Increases	129,085	390,360	41,756	-
Total increases	129,085	390,360	41,756	-
Available for payments	486,410	493,565	41,756	-
Decreases				
Administered	-	-	(6,782)	-
Departmental	(148,588)	(136,240)	-	-
Total decreases	(148,588)	(136,240)	(6,782)	-
Total balance carried to the next period	337,822	357,325	34,974	-
Balance represented by:				
Cash held in entity bank accounts	2,293	3,096	5	-
Cash held in the Official Public Account	335,529	354,229	34,969	-
Total balance carried to the next period	337,822	357,325	34,974	-

	Services for Other Entities and Trust Moneys - DFAT Special Account ³ (Administered)		Consular Services Special Account ⁴ (Administered)	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Balance brought forward from previous period	9,403	11,119	50	40
Increases	18,918	21,134	99	88
Total increases	18,918	21,134	99	88
Available for payments	28,321	32,253	149	128
Decreases				
Departmental	-	-	-	-
Administered	(23,119)	(22,850)	(102)	(78)
Total decreases	(23,119)	(22,850)	(102)	(78)
Total balance carried to the next period	5,202	9,403	47	50
Balance represented by:				
Cash held in entity bank accounts	-	-	-	-
Cash held in the Official Public Account	5,202	9,403	47	50
Total balance carried to the next period	5,202	9,403	47	50

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5.2A: Special Accounts ('Recoverable GST exclusive') (continued)

1. Appropriation: Public Governance, Performance and Accountability Act 2013 section 78
Establishing Instrument: PGPA Act Determination (Establishment of Overseas Property Special Account 2017)
Purpose:
 - a) acquire, lease, construct, manage, operate, repair, maintain, divest, finance, identify or advise on, and undertake any other activities in relation to, the real property of the Commonwealth outside Australia
 - b) repay to an original payer amounts credited to the special account or to the former special account, after any necessary payments made for the purposes mentioned in paragraph (a)
 - c) carry out activities that are incidental to a purpose mentioned in paragraph (a)
 - d) reduce the balance of the Special Account (and, therefore, the available appropriation for the Account) without making a real or notional payment, including to give effect to the remittance of amounts to the Official Public Account as agreed between the Finance Minister and the responsible minister
 - e) repay amounts where an Act or other law requires or permits the repayment of an amount received.

2. Appropriation: Public Governance, Performance and Accountability Act 2013 section 78
Establishing Instrument: PGPA Act Determination (Expo 2020 Dubai Special Account).
Purpose:
 - a) to undertake activities in relation to the Commonwealth's participation at Expo 2020, including, but not limited to:
 - i. acquiring, leasing, hiring, constructing, managing, operating, repairing, maintaining, identifying or advising on assets;
 - ii. costs related to staff and contractors to carry out activities listed in clause (a)i above, and;
 - iii. activities that are incidental to those listed in clause (a)i above.
 - b) to disburse an amount in connection with an agreement between the Commonwealth and another government in relation to the Expo 2020;
 - c) to repay an amount where an Act, other law, or court order requires or permits the repayment of an amount credited to the special account;
 - d) to reduce the balance of the special account (and, therefore, the available appropriation for the special account) without making a real or notional payment.

3. Appropriation: Public Governance, Performance and Accountability Act 2013 section 78
Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2009/25
Purpose:
 - a) disburse amounts held in trust or otherwise for the benefit of a person other than the Commonwealth
 - b) disburse amounts in connection with services performed on behalf of other governments and bodies that are corporate Commonwealth entities under the PGPA Act
 - c) repay amounts where an Act or other law requires or permits the repayment of an amount received
 - d) reduce the balance of the Special Account (and, therefore, the available appropriation for the Account) without making a real or notional payment.

The SOETM Special Account includes the balance of funds held in trust for overseas governments via delegated co-operation agreements and for private individuals for amounts being transferred back to Australia in accordance with established policy. These amounts are \$3,389,620.88 and \$1,983.83 respectively and have, therefore, been excluded from presentation in the Administered Financial Statements.

4. Appropriation: Public Governance, Performance and Accountability Act 2013 section 78
Establishing Instrument: PGPA Act (Consular Services Special Account 2015 – Establishment) Determination 2015/05
Purpose:
 - a) providing assistance to Australian citizens and permanent residents overseas:
 - i. in circumstances of urgency
 - ii. when commercial money transfer services are unavailable or inappropriate
 - b) to repay to an original payer amounts credited to the Special Account and residual after any necessary payments have been made under paragraph (a)
 - c) activities that are incidental to a purpose mentioned in paragraphs (a) or (b)
 - d) to reduce the balance of the Special Account (and, therefore, the available appropriation for that Account) without making a real or notional payment
 - e) to repay amounts where an Act or other law requires or permits the repayment of an amount received.

The entire balance of the Consular Special Account is held in trust and has therefore been excluded from presentation in the Administered Financial Statements.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019 \$'000	2018 \$'000
<u>Note 5.2B: Assets Held in Trust</u>		
As at 1 July	7,866	8,646
Receipts	14,403	19,415
Payments	(18,830)	(20,195)
Total as at 30 June	3,439	7,866
Total assets held in trust	3,439	7,866
Accounting policy		
All trust funds are held as cash within special accounts in OPA for the benefit of third parties. The SOETM Special Account includes the balance of funds held in trust for overseas governments via delegated co-operation agreements and for private individuals for amounts being transferred back to Australia in accordance with established policy. Consular trust funds are held to provide assistance to Australian citizens and permanent residents overseas in circumstances of urgency, or when commercial money transfer services are unavailable or inappropriate.		

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6. People and Relationships

6.1 Employee Provisions

	2019 \$'000	2018 \$'000
Note 6.1A: Employee Provisions		
Leave	184,169	163,939
Separations and redundancies	21,687	21,432
Superannuation	16,060	14,713
Other employee provisions	52,165	28,745
Total employee provisions	274,081	228,829

Accounting policy

Liabilities for short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. Other long-term employee benefit liabilities are measured as the net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including DFAT's employer superannuation contribution rates and other employment on-costs, to the extent that the leave is likely to be taken during service rather than paid out on separation.

The liability for long service leave has been determined with reference to the work of an actuary as at 31 January 2017. The estimate of the present value of the liability takes into account attrition rates, pay increases through promotion and inflation. DFAT engages an actuary every three years unless it is assessed that there is a material movement in DFAT's staff profile.

Separation and Redundancy

In some countries, locally engaged staff employed by DFAT at overseas posts are entitled to separation benefits under local labour laws. DFAT provides for these separation benefits, and they have been classified as an employee benefit.

DFAT recognises a provision for redundancy when a decision by management has been made and affected employees have been informed that DFAT will carry out those terminations of employment.

Superannuation

The Australian-based staff of DFAT are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the Public Sector Superannuation accumulation plan (PSSap), or other superannuation schemes. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and the other superannuation schemes are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

DFAT makes employer contributions to the employee superannuation schemes at rates determined by the Government. For defined benefit scheme employer contribution rates are determined by an actuary to be sufficient to meet the current cost to the Government. DFAT accounts for these as if they were contributions to defined contributions plans.

Where required, DFAT makes superannuation contributions for locally engaged staff overseas to comply with local labour laws. Australian based staff who are engaged on a temporary basis and locally engaged staff overseas who are considered to be Australian residents for taxation purposes have compulsory employer superannuation contributions made on their behalf by DFAT.

Department of Foreign Affairs and Trade**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2019 \$'000	2018 \$'000
<u>Note 6.1B: Administered Employee Provisions</u>		
Leave	8,977	9,600
Superannuation	353	402
Defined benefit pension schemes	77,613	69,609
Total administered employee provisions	86,943	79,611
Accounting policy		
DFAT administers defined benefit pension schemes for some locally engaged staff in Washington, Ottawa, London, Port Louis and New Delhi on behalf of the Australian Government. DFAT recognises an administered liability for the present values of the Government's expected future payments arising from the unfunded components of the Washington, Ottawa, London and Port Louis Pension Schemes and the New Delhi Gratuity Scheme.		
Increases in the accrued benefits liability, pursuant to regular estimates of the liability taking account of actuarial reviews, are recognised as an expense and classified as employee superannuation expense. Re-measurement of the net defined benefit obligation is recognised in other comprehensive income as outlined in AASB 119 Employee Benefits. DFAT engages actuaries to estimate the unfunded provisions and expected future cash flows as at the end of the reporting period each year. More details on the defined benefit pension schemes are included in Note 7.6: Administered - Defined Benefit Pension Schemes.		

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6.2 Key Management Personnel Remuneration

DFAT's key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the department. DFAT has determined the key management personnel to be the Portfolio and Assisting Ministers, the Secretary, Deputy Secretaries, Chief People Officer, Chief Risk Officers and Chief Finance Officer. Key management personnel remuneration is reported in the table below:

	2019 \$'000	2018 \$'000
Short-term employee benefits	3,517	3,186
Post-employment benefits	526	460
Other long-term employee benefits	75	67
Total key management personnel remuneration expenses¹	4,118	3,713

The total number of key management personnel that are included in the above table are 12 (2018: 15).

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Ministers. The Portfolio Ministers remuneration and other benefits are set by the Remuneration Tribunal and are not paid by DFAT.

Chief Risk Officer was included as a key management personnel effective from 1 January 2019 as per DFAT's new governance arrangements.

6.3 Related Party Disclosures

Related party relationships:

DFAT is an Australian Government controlled entity. DFAT's related parties are key management personnel including the Portfolio and Assisting Ministers, and other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens.

Transactions with related parties of DFAT have occurred within normal customer or supplier relationships on terms and conditions no more favourable than those which it is reasonable to expect DFAT would have entered into on an arm's-length basis. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by DFAT, it has been determined that there are no related party transactions (2018: nil) to be separately disclosed.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7. Managing Uncertainties

7.1 Contingent Assets and Liabilities

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are reported when settlement is probable but not virtually certain and contingent liabilities are disclosed when the probability of settlement is greater than remote.

Note 7.1A: Contingent Liabilities and Assets

	Guarantees		Claims for damages or costs		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Contingent liabilities	706	700	423	602	1,129	1,302
Balance from previous period	-	-	1,467	-	1,467	-
New contingent liabilities recognised	3	6	15	16	18	22
Re-measurement	-	-	-	(195)	-	(195)
Obligations expired	-	-	-	-	-	-
Total contingent liabilities	709	706	1,905	423	2,614	1,129
Net contingent (liabilities)	(709)	(706)	(1,905)	(423)	(2,614)	(1,129)

Quantifiable Contingencies

The above table reports contingent liabilities in respect of claims for damages / costs of \$1.905m (2018: \$0.423m). This amount represents an estimate of DFAT's liability based on precedent cases and on advice from DFAT's external legal service providers. The department is defending the claims.

The above table also reports contingent liabilities in respect of financial guarantees made by the department of \$0.709m (2018: \$0.706m)

Unquantifiable Contingencies

At 30 June 2019, DFAT was involved in a number of litigation matters for alleged losses suffered by claimants. DFAT is defending these claims. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these claims.

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Note 7.1B: Administered - Contingent Assets and Liabilities

DFAT has no administered contingent assets or liabilities (2018: nil).

Quantifiable Administered Contingencies

There are no quantifiable administered contingencies disclosed in the Administered Schedule of Assets and Liabilities (2018: nil).

Unquantifiable Administered Contingencies

At 30 June 2019, DFAT was involved in a number of matters relating to the recovery of funds. It is not possible to estimate the amounts of any eventual recoveries that may be received in relation to these matters. There are no unquantifiable administered liabilities.

Significant Remote Administered Contingencies

Under section 62 of the Export Finance and Insurance Corporation Act 1991, the Australian Government guarantees Efic's creditors the due payment of all monies payable, or that may at any time become payable, by Efic on the Commercial Account and has a \$1.2B (2018: \$0.2B) callable capital facility available for this purpose. This guarantee has never been utilised. Details of remote contingencies are shown in the following table.

	2019 \$'000	2018 \$'000
Contracts of insurance and guarantees	678,500	715,100
Statement of financial position liabilities	2,433,100	2,212,100
NIA contracts of insurance, guarantees and statement of position liabilities	395,600	415,800
Total	3,507,200	3,343,000

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.2 Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply the fair value hierarchy.

The different levels of the fair value hierarchy are defined below.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

Accounting policy

Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. Land and buildings managed by the Overseas Property Office were independently valued by CIVAS as at 30 June 2019. Plant and equipment were independently valued by JLL as at 30 June 2019.

An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from their fair value. DFAT engaged JLL to undertake this review, and JLL has provided written assurance that the models developed are in compliance with AASB 13 Fair Value Measurement. DFAT's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all non-financial assets is considered their highest and best use. DFAT's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

Buildings and Leasehold Improvements - Replacement Cost of New Assets and Contracted Prices

DFAT also controls assets situated in locations where construction cost evidence is limited. In determining the replacement cost for new assets measured using the depreciated replacement cost approach, reference has been made to the available building cost information. The valuer has used significant professional judgement in determining the fair value measurements of these assets.

Leasehold improvements - Physical depreciation and obsolescence

Assets that are not transacted with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach, the estimated cost to replace the asset is calculated and then adjusted to take into account physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all leasehold improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

Land and Buildings - Adjusted Market Transactions, Estimated Market Rental Values and Capitalisation Rates

DFAT also controls assets situated in locations where property markets experience relatively few transactions. In determining fair value of these assets, reference has been made to available sales evidence together with other relevant information related to local economic conditions and property market conditions. The valuer has used significant professional judgement in determining the fair value measurements of these assets.

Investment in the Efic Commercial Account and Tourism Australia

DFAT has determined that the reported net asset values represent fair value at the end of the reporting period.

Financial Liabilities at Fair Value Through Profit and Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.2A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period		Category (Level 1, 2 or 3)	Valuation Technique(s) and Inputs Used
	2019 \$'000	2018 \$'000		
Non-financial assets:				
Land	1,483,830	1,412,493	2	Market Approach: This approach seeks to estimate the current value of an asset with reference to recent market transactions involving identical or comparable assets. Inputs: Prices and other relevant information generated by market transactions involving land assets were considered.
Land	489,708	408,677	3	Market Approach Inputs: Prices and other relevant information generated by market transactions involving land assets were considered. Significant professional judgement has been utilised.
Buildings	173,597	175,554	2	Market Approach Inputs: Prices and other relevant information generated by market transactions involving building assets were considered.
Buildings	3,235	1,764	3	Market Approach Inputs: Prices and other relevant information generated by market transactions involving building assets were considered. Significant professional judgement has been utilised.
Buildings	570,765	568,481	2	Income Approach: Converts future amounts (cash flows or income and expenses) to a single current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts. Inputs: Market rental transaction of comparable assets, adjusted to reflect differences in price sensitive characteristics. Capitalisation rates as represented by the income produced by an investment, expressed as a percentage of the assets value.
Buildings	17,997	-	3	Income Approach Inputs: Market rental transaction of comparable assets, adjusted to reflect differences in price sensitive characteristics. Capitalisation rates as represented by the income produced by an investment, expressed as a percentage of the assets value. Significant professional judgement.
Buildings	553,090	520,481	3	Depreciated Replacement Cost: The amount a market participant would be prepared to pay to acquire or construct a substitute asset of comparable utility, adjusted for physical depreciation and obsolescence. Inputs: Current prices for substitute assets. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the assets under consideration.
Leasehold Improvements	200,162	246,820	3	Depreciated Replacement Cost Inputs: Current prices for substitute assets. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the assets under consideration.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.2A: Fair Value Measurements, Valuation Techniques and Inputs Used (continued)

	Fair value measurements at the end of the reporting period			Category (Level 1, 2 or 3)	Valuation Technique(s) and Inputs Used
	2019 \$'000	2018 \$'000	2017 \$'000		
Plant and Equipment	203,384	226,996	-	2	Market Approach Inputs: Prices and other relevant information generated by market transactions involving plant and equipment assets were considered.
Plant and Equipment	956	895	-	3	Market Approach Inputs: Prices and other relevant information generated by market transactions involving plant and equipment assets were considered. Significant professional judgement has been utilised.
Plant and Equipment	99,899	53,004	-	3	Depreciated Replacement Cost Inputs: Current prices for substitute assets. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the assets under consideration.
Total Non-financial assets	3,796,623	3,615,165	-		
Total fair value measurement of assets in the statement of financial position	3,796,623	3,615,165	-		
Assets not measured at fair value in the statement of financial position:					
Land ¹	19,141	-	-		Market Approach Inputs: Prices and other relevant information generated by market transactions involving land assets were considered.
Buildings ¹	477	-	-		Market Approach Inputs: Prices and other relevant information generated by market transactions involving build assets were considered.
Total non-financial assets	19,618	-	-		
Total assets not measured at fair value in the statement of financial position	19,618	-	-		

1. In 2019, DFAT reclassified one land and one building in Manila to asset held for sale. The land and building were measured at fair value less cost to sell at 30 June 2019.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.2B: Reconciliation for Recurring Level 3 Fair Value Measurements

Non-Financial assets - 2019					
	Land \$'000	Buildings \$'000	Leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Opening balance - 1 July 2018	408,677	522,245	246,820	53,899	1,231,641
Total gains / (losses) recognised in other comprehensive income ¹	20,089	13,719	(50,685)	(8,563)	(25,440)
Reclassifications	-	-	-	-	-
Purchases	5,682	36,957	4,027	56,112	102,778
Disposals	-	-	-	(593)	(593)
Transfers into Level 3 ²	55,710	4,188	-	-	59,898
Transfers out of Level 3 ³	(450)	(2,787)	-	-	(3,237)
Closing balance - 30 June 2019	489,708	574,322	200,162	100,855	1,365,047

Non-Financial assets - 2018					
	Land \$'000	Buildings \$'000	Leasehold improve- ments \$'000	Plant and equipment \$'000	Total \$'000
Opening balance - 1 July 2017	368,704	377,602	279,316	55,522	1,081,144
Total gains / (losses) recognised in other comprehensive income ¹	23,537	21,718	(53,935)	(25,900)	(34,580)
Reclassifications	-	(14)	-	14	-
Purchases	-	-	24,298	104	24,402
Disposals	-	-	(2,859)	(4,297)	(7,156)
Transfers into Level 3 ²	18,318	123,497	-	33,204	175,019
Transfers out of Level 3	(1,882)	(558)	-	(4,748)	(7,188)
Closing balance - 30 June 2018	408,677	522,245	246,820	53,899	1,231,641

1. These gains / (losses) are presented in the Statement of Comprehensive Income under Depreciation and Amortisation, Write-down and Impairment of Assets, and change resulting from asset revaluation.
2. There have been transfers of land and buildings assets into Level 3 due to a combination of, limited market transactions, use of significant professional judgement, or a change in the valuation technique from the market approach to depreciated replacement cost approach.
3. There have been transfers of land and buildings assets out of Level 3 due to a combination of, the identification of market transactions, or a change in the valuation technique from the depreciated replacement cost approach to the market approach.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.3 Financial Instruments

		2019 \$'000	2018 \$'000
Note 7.3A: Categories of Financial Instruments			
Financial assets under AASB 139			
Loans and receivables			
Cash and cash equivalents	3.1A		405,943
Goods and services receivables (gross)	3.1B		61,426
Cash held by outsiders	3.1B		221
Total loans and receivables			<u>467,590</u>
Financial assets under AASB 9			
Financial assets at amortised cost			
Cash and cash equivalents	3.1A	430,643	
Goods and services receivables (gross)	3.1B	87,073	
Cash held by outsiders	3.1B	159	
Total financial assets at amortised cost		<u>517,875</u>	
Total financial assets		<u>517,875</u>	<u>467,590</u>
Financial liabilities			
Financial liabilities measured at amortised cost			
Trade creditors and accruals	3.3A	<u>97,347</u>	<u>74,935</u>
Total financial liabilities measured at amortised cost		<u>97,347</u>	<u>74,935</u>
Total financial liabilities		<u>97,347</u>	<u>74,935</u>

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash on hand or on deposit	3.1A	Loans and receivable	Amortised Cost	405,943	405,943
Goods and services receivable (gross)	3.1B	Loans and receivable	Amortised Cost	61,426	61,426
Cash held by outsiders	3.1B	Loans and receivable	Amortised Cost	221	221
Total financial assets				467,590	467,590

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9

Financial assets class	AASB 139 carrying amount at 1 July 2018 \$'000	Reclassification \$'000	Re-measurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost				
Loans and receivable				
Cash on hand or on deposit	405,943	-	-	405,943
Goods and services receivable (gross)	61,426	-	-	61,426
Cash held by outsiders	221	-	-	221
Total amortised cost	467,590	-	-	467,590

Accounting policy

Accounting policies for financial assets can be found in Note 3.1: Financial Assets. Accounting policies for financial liabilities can be found in Note 3.3: Payables.

There is no change in carrying amount based on measurement under AASB 139 and transition to AASB 9.

	2019 \$'000	2018 \$'000
<u>Note 7.3B: Net Gains or Losses on Financial Assets</u>		
Financial assets at amortised cost		
Foreign exchange gains / (losses)	3,461	(3,760)
Write-down of financial assets	1.1C (21)	(86)
Movement in impairment loss allowance	1.1C 12	(111)
Net gains / (losses) on financial assets at amortised cost	3,452	(3,957)
Net gains / (losses) on financial assets	3,452	(3,957)

Note 7.3C: Net Gains or Losses on Financial Liabilities

Financial liabilities measured at amortised cost		
Foreign exchange gains	1,682	9,306
Net gains on financial liabilities measured at amortised cost	1,682	9,306
Net gains on financial liabilities	1,682	9,306

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.4 Administered - Fair Value Measurements

The following tables provide an analysis of administered assets and liabilities measured at fair value. The remaining assets and liabilities disclosed in the Schedule of Administered Assets and Liabilities do not apply the fair value hierarchy. See Note 7.2: Fair Value Measurements for an overview of the different levels of the fair value hierarchy and techniques and inputs used to determine fair value.

Note 7.4A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period using			Valuation technique(s) ¹	For Levels 2 and 3 fair value measurements	
	2019 \$'000	2018 \$'000	Level (1, 2 or 3)		Inputs used ²	
Financial assets:						
Other investments:						
Non-monetary available-for-sale IDA and ADF subscriptions	-	2,291,000	3	Discounted cash flow method	A discounted rate range using the "build up" method based on the following components: risk free rate (20 year US government bond rate), currency risk premium, sovereign risk premium and liquidity risk premium to discount the expected loan principal repayments of the loan portfolio of IDA and ADF.	
Non-monetary IDA and ADF subscriptions at FVOCI	2,445,947	-	3	Discounted cash flow method	A discounted rate range using the "build up" method based on the following components: risk free rate (20 year US government bond rate), currency risk premium, sovereign risk premium and liquidity risk premium to discount the expected loan principal repayments of the loan portfolio of IDA and ADF.	
Investment in Efic's Commercial Account	539,300	444,964	3	Net asset position	Balance sheet of Export Finance and Insurance Corporation's Commercial Account.	
Tourism Australia	20,991	20,200	3	Net asset position	Balance sheet of Tourism Australia.	
Total financial assets	3,006,238	2,756,164				
Non-financial assets:						
Plant and Equipment	-	19	2	Market approach	Adjusted market transactions	
Total non-financial assets	-	19				
Total fair value measurements of assets in the administered schedule of assets and liabilities	3,006,238	2,756,183				

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Note 7.4A: Fair Value Measurements, Valuation Techniques and Inputs Used (continued)

	Fair value measurements at the end of the reporting period using 2018 Level (1, 2 or 3)		For Levels 2 and 3 fair value measurements	
	2019 \$'000	2018 \$'000	Valuation technique(s) ¹	Inputs used ²
Financial liabilities:				
Multilateral grants	930,179	1,110,323	3	Discounted cash flow method
Multilateral contributions payable	494,521	572,495	3	Discounted cash flow method
Total financial liabilities	1,424,700	1,682,818		
Total fair value measurements of liabilities in the administered schedule of assets and liabilities	1,424,700	1,682,818		

There have been no transfers between levels during the year (2018: nil). DFAT's policy for determining when transfers between levels are deemed to have occurred can be found in Note 7.2: Fair Value Measurements.

Fair value measurements - highest and best use differs from current use for non-financial assets

DFAT's Administered assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all controlled assets is considered their highest and best use.

1. There have been no changes to valuation techniques used.
2. There were no significant inter-relationships between unobservable inputs that materially affect fair value.

The future economic benefits of DFAT's assets are not primarily dependent on their ability to generate cash flows. DFAT has not disclosed quantitative information about the significant unobservable inputs for the department's assets.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.4B: Reconciliation for recurring Level 3 fair value measurements

Recurring Level 3 fair value measurements - reconciliation for assets						
	Financial assets		Non-financial assets		Total	Total
	Investments	2019	Leasehold improvements	2019		
	\$'000	\$'000	\$'000	\$'000		\$'000
Opening balance - 1 July 2018						
Total gains / (losses) recognised in net cost of services ¹	2,756,164				2,756,164	-
Total (losses) recognised in other comprehensive income ²	-				-	-
Closing balance - 30 June 2019	250,074				250,074	-
	3,006,238				3,006,238	-
Changes in unrealised gains / (losses) recognised in net cost of services for assets held at the end of the reporting period ³	-				-	-
	Financial assets		Non-financial assets		Total	Total
	Investments	2018	Leasehold improvements	2018		
	\$'000	\$'000	\$'000	\$'000		\$'000
Opening balance - 1 July 2017						
Total (losses) recognised in net cost of services ¹	2,367,368				2,367,368	81
Total gains recognised in other comprehensive income ²	394,987				394,987	(81)
	(6,191)				(6,191)	-
Closing balance - 30 June 2018	2,756,164				2,756,164	-
Changes in unrealised gains / (losses) recognised in net cost of services for assets held at the end of the reporting period ³	-				-	-

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Note 7.4B: Reconciliation for recurring Level 3 fair value measurements (continued)

Recurring Level 3 fair value measurements - reconciliation for liabilities

	Financial Liabilities		
	Multilateral grants	Multilateral contributions payable	Total
	2019	2019	2019
	\$'000	\$'000	\$'000
Opening balance - 1 July 2018	980,661	702,157	1,682,818
Total gains / (losses) recognised in net cost of services ⁴	311,916	(53,123)	258,793
Settlements	(362,398)	(154,513)	(516,911)
Closing balance - 30 June 2019	930,179	494,521	1,424,700
Changes in unrealised gains / (losses) recognised in net cost of services for assets held at the end of the reporting period ³	-	-	-
	Financial Liabilities		
	Multilateral grants	Multilateral contributions payable	Total
	2018	2018	2018
	\$'000	\$'000	\$'000
Opening balance - 1 July 2017	1,071,059	893,229	1,964,288
Total gains recognised in net cost of services ⁴	49,435	56,492	105,927
Settlements	(139,833)	(247,564)	(387,397)
Closing balance - 30 June 2018	980,661	702,157	1,682,818
Changes in unrealised gains / (losses) recognised in net cost of services for assets held at the end of the reporting period ³	-	-	-
1. These gains / (losses) are represented in the Administered Schedule of Comprehensive Income and in Note 2.1B: Multilateral Replenishments and Other Loans, Note 2.2B: Multilateral Replenishments and Other Loans and Note 2.1E: Other Expenses. 2. These gains / (losses) are represented in the Administered Schedule of Comprehensive Income. 3. There are no unrealised gains (losses) for level 3 assets and liabilities in the Administered Schedule of Comprehensive Income as at both 30 June 2019 and 30 June 2018. 4. These gains / (losses) are represented in the Administered Schedule of Comprehensive Income and in Note 2.1B: Multilateral Replenishments and Other Loans.			
The comparative figures have not been updated in line with Note 4.3A: Grants and Note 4.3B: Other payables as the impacts of the movement have been incorporated in the current year.			

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.5 Administered - Financial Instruments

	2019 \$'000	2018 \$'000
Note 7.5A: Categories of Financial Instruments		
Financial Assets under AASB 139		
Loans and receivables		
Cash and cash equivalents		1,005
Goods and services receivables		24
Concessional loan receivable		156,142
Net position of Efic - NIA		13,394
Traveller Emergency Loans		564
Total loans and receivables		171,129
Available-for-sale financial assets		
Non-monetary available for sale debt instrument - fair value		2,291,000
Efic - Commercial Account		444,964
Tourism Australia		20,200
Total available-for-sale		2,756,164
Financial Assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	41,796	
Goods and services receivables	6	
Concessional loan receivable	159,088	
Net position of Efic - NIA	15,120	
Traveller Emergency Loans	543	
Total financial assets at amortised cost	216,553	
Financial assets at fair value through other comprehensive income (FVOCI)		
Non-monetary equity instrument - fair value	2,445,947	
Efic - Commercial Account	539,300	
Tourism Australia	20,991	
Total financial assets at fair value through other comprehensive income	3,006,238	
Total financial assets	3,222,791	2,927,293
Financial Liabilities		
Financial liabilities measured at amortised cost		
International development assistance and other payables	136,599	187,438
Total financial liabilities measured at amortised cost	136,599	187,438
Financial liabilities at fair value through profit or loss		
Multilateral grants payable	930,179	1,110,323
Multilateral contributions payable	494,521	572,495
Total financial liabilities at fair value through profit or loss	1,424,700	1,682,818
Total financial liabilities	1,561,299	1,870,256

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.5A: Categories of Financial Instruments (continued)**Classification of financial assets on the date of initial application of AASB 9**

Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash and cash equivalents		Loans and receivable	Amortised cost	1,005	1,005
Goods and services receivables		Loans and receivable	Amortised cost	24	24
Concessional loan receivable		Loans and receivable	Amortised cost	156,142	156,142
Net position of Efic - NIA		Loans and receivable	Amortised cost	13,394	13,394
Traveller Emergency Loans		Loans and receivable	Amortised cost	564	564
Non-monetary instrument - fair value		Available-for-sale financial assets - Debt instrument	FVOCI - Equity instrument	2,291,000	2,291,000
Efic - Commercial Account		Available-for-sale financial assets	FVOCI	444,964	444,964
Tourism Australia		Available-for-sale financial assets	FVOCI	20,200	20,200
Total financial assets				2,927,293	2,927,293

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9

	AASB 139 carrying amount at 1 July 2018 \$'000	Reclassification \$'000	Re-measurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost				
Loans and receivable				
Cash and cash equivalents	1,005	-	-	1,005
Goods and services receivables	24	-	-	24
Concessional loan receivable	156,142	-	-	156,142
Net position of Efic - NIA	13,394	-	-	13,394
Traveller Emergency Loans	564	-	-	564
Total amortised cost	171,129	-	-	171,129
Financial assets at fair value through other comprehensive income				
Available-for-sale financial assets				
Non-monetary equity instrument - fair value	2,291,000	-	-	2,291,000
Efic - Commercial Account	444,964	-	-	444,964
Tourism Australia	20,200	-	-	20,200
Total fair value through other comprehensive income	2,756,164	-	-	2,756,164

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	2019 \$'000	2018 \$'000
<u>Note 7.5B: Net Gains or Losses on Financial Assets</u>		
Financial assets at amortised cost		
Interest revenue	12,868	13,120
Impairment	(104)	(510)
Write-off	(138)	(218)
Dividend revenue	6,941	5,791
Competitive neutrality revenue	8,082	7,331
Gains recognised in profit or loss for reversal of impairment	-	388,725
Net gain / (loss) on financial assets at amortised cost	27,649	414,239
Financial assets at fair value through other comprehensive income		
Revaluation gain / (loss) recognised in equity	95,127	(6,191)
Net gain / (loss) on financial assets at fair value through other comprehensive income	95,127	(6,191)
Net gain on financial assets	122,776	408,048
<u>Note 7.5C: Net Gains or Losses on Financial Liabilities</u>		
Financial liabilities measured at amortised cost		
Exchange (loss) / gains	(3,107)	(2,891)
Net gain on financial liabilities measured at amortised cost	(3,107)	(2,891)
Financial liabilities at fair value through profit or loss (held for trading)		
Loss on remeasuring at fair value through profit or loss	(137,056)	(26,505)
Net (loss) on financial liabilities at fair value through profit or loss (held for trading)	(137,056)	(26,505)
Net (loss) on financial liabilities	(140,163)	(29,396)

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.5D: Fair Value of Financial Instruments

	Carrying amount 2019 \$'000	Fair value 2019 \$'000	Carrying amount 2018 \$'000	Fair value 2018 \$'000
Financial Assets				
Cash and cash equivalents	41,796	41,796	1,005	1,005
Receivables for goods and services	6	6	24	24
Concessional loans receivable	159,088	159,088	156,142	156,142
Net position of Efic - NIA	15,120	15,120	13,394	13,394
Traveller emergency loans	543	543	564	564
Investments - available for sale	-	-	2,291,000	2,291,000
Investments - held at FVOCI	2,445,947	2,445,947	-	-
Investments - Efic	539,300	539,300	444,964	444,964
Investments - Tourism Australia	20,991	20,991	20,200	20,200
Total financial assets	3,222,791	3,222,791	2,927,293	2,927,293
Financial liabilities				
Trade creditors	136,599	136,599	187,438	187,438
Grants payable - at fair value through profit or loss	930,179	930,179	1,110,323	1,110,323
Multilateral contributions payable IDA at fair value through profit or loss	494,521	494,521	572,495	572,495
Total financial liabilities	1,561,299	1,561,299	1,870,256	1,870,256

Fair value measurements categorised by fair value hierarchy

The table at Note 7.4A: Fair Value Measurements, Valuation Techniques and Inputs Used provides an analysis of financial instruments that are measured at fair value, by valuation method.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.5F: Credit Risk

Recognised in the DFAT Administered Accounts

DFAT's senior executive has endorsed policies and procedures for debt management (including the provision of credit terms) to reduce the incidence of credit risk. Collateral is not required on any loan.

Credit risk is the possibility that a debtor will not repay all or a portion of a loan or will not repay in a timely manner and will therefore cause a loss to DFAT. DFAT has exposure to concentrations of credit risk with regard to the 'loan receivable' and the 'non-monetary equity instrument at FVOCI'. The maximum exposure DFAT has to credit risk at reporting date in relation to each class of recognised financial assets is presented in the following table excluding any collateral or credit enhancements.

DFAT has assessed the risk of default on payment and has allocated \$2,422 (2018: \$2,321) to an impairment allowance for doubtful debts account. DFAT has no collateral to mitigate against credit risk.

Maximum exposure to credit risk (excluding any collateral or credit enhancements)

	2019 \$'000	2018 \$'000
Credit quality of financial instruments not best representing maximum exposure to credit risk		
Amortised cost	176,708	177,225
Fair value through other comprehensive income	3,006,238	2,756,164
Total credit quality of financial instruments not best representing maximum exposure to credit risk	3,182,946	2,933,389
Credit quality of financial liabilities not best representing maximum exposure to credit risk		
Amortised cost	136,599	187,438
Through profit or loss	1,424,700	1,682,818
Total credit quality of financial liabilities best representing maximum exposure to credit risk	1,561,299	1,870,256

Credit quality of financial assets not past due or individually determined as impaired

	Not past due or impaired 2019 \$'000	Not past due or impaired 2018 \$'000	Past due or impaired 2019 \$'000	Past due or impaired 2018 \$'000
Loans and receivables	175,716	174,883	992	2,342
Fair value through other comprehensive income	3,006,238	2,756,164	-	-
Total	3,181,954	2,931,047	992	2,342

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.5F: Liquidity Risk

The continued existence of DFAT in its present form and with its present programs is dependent on government policy and on continuing appropriations by Parliament for DFAT's administration and programs. The probability of the Government encountering difficulties meeting its administered financial obligations is less than remote.

Maturities for non-derivative financial liabilities 2019

	On demand \$'000	Within 1 year \$'000	Between 1 to 2 years \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Financial liabilities measured at amortised cost	-	136,599	-	-	-	136,599
Financial liabilities at fair value through profit or loss	-	204,394	307,539	683,465	229,302	1,424,700
Total	-	340,993	307,539	683,465	229,302	1,561,299

Maturities for non-derivative financial liabilities 2018

	On demand \$'000	Within 1 year \$'000	Between 1 to 2 years \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Financial liabilities measured at amortised cost	-	187,438	-	-	-	187,438
Financial liabilities at fair value through profit or loss	-	291,253	336,104	716,332	339,129	1,682,818
Total	-	478,691	336,104	716,332	339,129	1,870,256

DFAT had no derivative financial liabilities in both the current and prior financial year.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.5G: Market Risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the following types of risk, either alone or in combination: interest rate risk, sovereign risk and liquidity risk (for the purposes of discounting the future value of the non-monetary equity instrument held at FVOCI); currency risk (for the purposes of converting to Australian dollars the discounted United States dollar value of the non-monetary equity instrument held at FVOCI); and the 10-year government bond rate for the purposes of discounting future liabilities relating to multilateral loan and grant commitments. The following sensitivity analysis discloses the effect that a reasonable possible change in each risk variable, either alone, or in total, would have on DFAT's administered income and expenses.

The following table illustrates the effect on DFAT's administered net income less expenses and equity as at 30 June 2019 from 8.7% (2018: 9.2%) increase or decrease against the AUD in the currencies in which the financial instruments were administered by DFAT with all other variables held constant.

Sensitivity analysis of the risk that the entity is exposed to for 2019

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$'000	Equity \$'000
Currency risk	\$/USD	+ 8.7%	(195,766)	(195,766)
Currency risk	\$/USD	- 8.7%	233,075	233,075
Interest rate risk	Discount rates	+ 0.2%	(70,312)	(70,312)
Interest rate risk	Discount rates	- 0.2%	(30,694)	(30,694)

Sensitivity analysis of the risk that the entity is exposed to for 2018

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$'000	Equity \$'000
Currency risk	\$/USD	+ 9.2%	(192,844)	(192,844)
Currency risk	\$/USD	- 9.2%	232,168	232,168
Interest rate risk	Discount rates	+ 0.2%	(24,964)	(24,964)
Interest rate risk	Discount rates	- 0.2%	18,195	18,195

All other items are denominated in AUD and are not subject to market risk due to exchange fluctuations.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.6 Administered - Defined Benefit Pension Schemes

	2019 \$'000	2018 \$'000
<i>The amounts recognised in the Administered Schedule of Assets and Liabilities are as follows:</i>		
Present value of funded obligations	61,970	57,712
Fair value of plan assets	(40,361)	(37,767)
	21,609	19,945
Present value of unfunded obligations	56,004	49,664
Net liability in schedule of administered assets and liabilities	77,613	69,609
<i>Movements in the net liability recognised in the Administered Schedule of Assets and Liabilities as follows:</i>		
Net liability at the start of the year	69,609	73,403
Adjustment for addition of Port Louis Scheme net liability	76	-
Exchange differences on foreign plans	3,126	2,966
Net expense recognised in the Administered Schedule of Comprehensive Income	3,792	3,802
Net actuarial losses / (gains)	5,309	(6,414)
Contributions by employers	(4,299)	(4,148)
Net liability at the end of the year	77,613	69,609
<i>Reconciliation of opening and closing balance of the defined benefit obligation:</i>		
Opening liability	107,375	110,624
Adjustment for addition of Port Louis Scheme liabilities	554	-
Exchange differences on foreign plans	3,860	4,714
Service cost	1,328	1,302
Interest cost	3,529	3,557
Contributions by plan participants (funded schemes)	56	55
Actuarial (gains) due to experience	(1,758)	(1,223)
Actuarial losses / (gains) due to changes in financial assumptions	8,060	(2,186)
Actuarial (gains) due to changes in demographic assumptions	(168)	(3,823)
Benefits paid	(4,862)	(5,645)
Closing liability	117,974	107,375
<i>Reconciliation of opening and closing balance of the fair value of plan assets:</i>		
Opening assets	37,767	37,221
Adjustment for addition of Port Louis Scheme assets	477	-
Exchange differences on foreign plans	734	1,748
Expected return on plan assets	1,065	1,057
Contributions by plan participants (funded schemes)	56	55
Contributions by employer	1,068	1,008
Actuarial gains / (losses)	825	(817)
Benefits paid	(1,631)	(2,505)
Closing liability	40,361	37,767

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.6 Administered - Defined Benefit Pension Schemes (continued)

	2019	2018
	\$'000	\$'000

The amounts recognised in the Administered Schedule of Comprehensive Income are as follows:

Current service cost	1,328	1,301
Net interest on net defined benefit liability	2,464	2,500
Total included 'employee benefit expense account'	3,792	3,801

Amounts recognised directly in administered equity

Financial year ended	2019	2018
	\$'000	\$'000
Actuarial (losses) / gains	(5,309)	6,414

Cumulative amounts of losses recognised in administered equity

Financial year ended	2019	2018
	\$'000	\$'000
Actuarial gains / (losses)	(42,959)	(37,649)

Pension Scheme Assets

The fair value of scheme assets is represented by:

Financial year ended	2019	2018
Cash	N/A	0.2%
Insured Pensioner	1.7%	1.3%
Investment in LIC India	4.5%	4.0%
Diversified Growth Fund	76.2%	76.8%
Liability Driven Investments	16.3%	17.7%
Deposit Administration Policy	1.3%	N/A

Fair Value of pension scheme assets

The fair value of scheme assets does not include amounts relating to:

- any of DFAT's (and the Australian Government's) own financial instruments, and
- any property occupied by, or other assets used by DFAT (or the Australian Government).

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Financial year ended	2019	2018
Discount rate at 30 June	2.79%	3.09%
Expected return on assets at 30 June		
Salary growth	3.04%	2.85%
Price inflation	3.07%	2.98%
Pension growth	2.82%	2.72%

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.6 Administered - Defined Benefit Pension Schemes (continued)*Historical Information*

Financial year ended	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
Present value of defined benefit obligations	(117,974)	(110,624)	(116,122)	(113,794)	(88,666)
Fair value of scheme assets	40,361	37,221	36,095	41,886	30,669
(Deficit) in the scheme	(77,613)	(73,403)	(80,028)	(71,908)	(57,997)
Actuarial gains / (losses) - net liabilities	(5,309)	2,991	(8,618)	(7,108)	(7,069)
Effect of exchange rate gains / (losses)	(3,126)	3,213	254	(10,877)	(453)

Expected Employer Contributions

Financial year ended	2020 \$'000	2019 \$'000
Expected employer contributions	4,174	4,054

Scheme information

DFAT administers on behalf of the Australian Government, defined benefit pension schemes for locally engaged staff across a number of agencies at posts in London, Port Louis and New Delhi, and also Ottawa and Washington (the North American Pension Scheme). Port Louis and New Delhi are still open to new employees. All schemes, with the exception of the New Delhi Gratuity Scheme, provide pensions that are linked to final salaries. Figures disclosed are based on formal actuarial reviews that are generally conducted triennially and reviewed and updated by the actuary on an annual basis. The New Delhi, Port Louis and London schemes are partially funded and the North American Pension Scheme is fully unfunded. Contributions for the North American Scheme are made to the Consolidated Revenue Fund, which will provide funding for the benefits payable under the scheme.

Weighted average maturity profile of defined benefit obligation

Financial year ended	2019	2018
Weighted average duration of defined benefit obligation (years)	13.55	13.67

Sensitivity to assumptions

DFAT's defined benefit obligation at the reporting date has been determined using actuarial calculations that require assumptions about future events. The estimated sensitivity of the defined benefit obligation to each significant assumption shown below has been determined at an individual scheme level if each assumption were changed in isolation. In practice, the schemes are subject to multiple external experience items which may vary the defined benefit obligation over time. The methods and assumptions used in preparing these sensitivity results remain consistent with those used in previous reporting periods.

The estimated effects of variations in the principal actuarial assumptions on DFAT's defined benefit obligation at the reporting date are as follows:

Increase / (decrease) in defined benefit obligation

Financial year ended	2019 \$'000	2018 \$'000
Discount rate		
Increase of 0.5%	(8,100)	(7,326)
Decrease of 0.5%	8,419	7,612
Future salary increases		
Increase of 0.5%	554	392
Decrease of 0.5%	(533)	(377)
Future inflation increases		
Increase of 0.5%	8,277	7,132
Decrease of 0.5%	(8,033)	(6,930)

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8. Other Information**8.1 Aggregate Assets and Liabilities**

	2019 \$'000	2018 \$'000
Note 8.1A: Aggregate Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months	1,036,576	1,017,428
More than 12 months	3,942,010	3,762,117
Total assets	4,978,586	4,779,545
Liabilities expected to be settled in:		
No more than 12 months	275,565	232,260
More than 12 months	212,489	178,697
Total liabilities	488,054	410,957

Note 8.1B: Administered - Aggregate Assets and Liabilities

Assets expected to be recovered in:		
No more than 12 months	72,492	37,642
More than 12 months	3,168,544	2,916,585
Total assets	3,241,036	2,954,227
Liabilities expected to be settled in:		
No more than 12 months	346,833	408,191
More than 12 months	1,301,409	1,541,676
Total liabilities	1,648,242	1,949,867

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8.2 Budgetary Reporting - Explanation of Major Variances

8.2A: Explanation of Major Departmental Variances

The following provides explanations of major variances between DFAT's original budget estimates, as published in the 2018-19 Portfolio Budget Statements (PBS) and the final outcome for the financial year, as presented, in accordance with the Australian Accounting Standards. Major variances are those relevant to an analysis of DFAT's performance, not merely on numerical differences between the actual amounts and budget. Unless otherwise individually significant, no additional commentary has been included.

There are a number of items not incorporated into PBS estimates due to their unpredictable, uncontrollable and / or unplanned nature. This includes:

- The write-down, impairment and sale of assets reported in the Statement of Comprehensive Income;
- Gains or losses from foreign exchange differences reported in the Statement of Comprehensive Income and Cash Flow Statement;
- Accounting adjustments for DFAT's provision for the future make-good of leasehold improvements in leased properties reported in the Statement of Comprehensive Income and Statement of Changes in Equity; and,
- Adjustments to revenue from Government for no-win / no-loss funding arrangements with the Department of Finance which are reported in the Statement of Comprehensive Income.

Additionally, DFAT does not estimate or factor in revaluation adjustments for land, buildings and plant and equipment assets as these movements are beyond DFAT's control and are difficult to predict. This item impacts other comprehensive income reported in the Statement of Comprehensive Income and Statement of Changes in Equity and non-financial asset balances reported in the Statement of Financial Position.

Major variances between actual figures reported in the financial statement and the PBS estimates include:

- Revenue from Government increased by \$33.1m (2.4%) due to an increase in operating funding which occurred through 2018-19 Portfolio Additional Estimates and a net increase in no-win / no-loss funding arrangements with the Department of Finance. This has a flow on effect on employees and suppliers on Statement of Comprehensive Income and Cash Flow Statement;
- Employee benefits increased by \$71.1m (9.1%) and employee provisions increased by \$56.2m (25.8%) primarily due to a decrease in the long term Government bond rate used for valuing employee provisions and an increase in FBT expenses due to increased living away from home allowances and accommodation payments for staff posted overseas, affected by the devaluation of the Australian dollar;
- Supplier payables decreased by \$23.9m (15.6%) and other payables increased by \$24.9m (71.3%) due to timing of invoices received and cash payments at the close of the reporting period;
- Cash and cash equivalents are \$64.2m (17.5%) higher due to a larger than estimated closing balance of the overseas property special account attributable to lower than expected disbursements on property works; and,
- Assets held for sale of \$19.6m and not budgeted for, relates to a property in Manila.

The Cash Flow Statement variance to budget analysis also includes variances due to items excluded from PBS estimates. Excluded items are section 74 receipts transferred to the Official Public Account (OPA) and subsequently re-drawn as appropriations, estimated cash transfers to and from the OPA for the OPO Special Account, returns of equity such as through lapsed appropriations and GST payments to suppliers and subsequent refunds received from the Australian Taxation Office.

Department of Foreign Affairs and Trade**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****8.2B: Explanation of Major Administered Variances**

There are a number of items excluded from the Portfolio Budget Statement (PBS) estimates on the Administered Schedule of Comprehensive Income, due to the unpredictable, uncontrollable and/or unplanned nature of some transactions, specifically items such as contributions, unplanned revenue and gains and Efic NIA income.

Further, DFAT does not estimate or factor in adjustments for re-measurement of the net liability for defined benefit pension schemes, revaluation of property, plant and equipment assets or movements in the carrying amount of investments, on the Administered Schedule of Assets and Liabilities for PBS purposes. Nor does it estimate the corresponding entries in Other Comprehensive Income (100.0% variance) as part of the PBS estimates. This is because the main factors that drive these movements are beyond DFAT's control, such as movements due to changes in the value of the Australian Dollar (AUD) on currency markets.

Overall expenses are \$91.2m (2.3%) higher primarily due to a decision made by Government as part of the 2019-20 Federal Budget process to bring forward payments of \$170.0m for existing multilateral replenishments into 2018-19. This was offset by reductions in other grant and contributions of \$68.5m (13.1%). The budget estimates are based on obligations to pay as assessed by international organisations such as the United Nations (UN) whereas actual contributions paid depend on resolutions passed by UN members. Driving the reduction is a range of decisions made by the UN members that passed resolutions relating to discontinuing or reducing certain peacekeeping missions during the year.

Total administered revenue is \$52.3m (7.5%) lower than budget. Passport and consular fees, which comprise the majority of fees and charges collected, have increased only marginally in 2018-19 with the number of passports issued increasing only 1.7% over the previous year. Demand for passports has not met budget expectations. Consequently, fees and charges are below budget by \$47.4m (7.8%). Efic NIA revenue is \$4.8m (15.5%) higher than budget, as amounts are settled in foreign currencies (primarily in USD) before being converted to AUD, the drop in conversion rates has resulted in more revenue being recorded.

There were lower than budgeted returns of prior year administered expenses reported as revenue of \$14.2m (42.5%), which relate to unspent monies from previous funding arrangements. This figure is dependent on acquittals being completed, requires estimations of funding requirements upfront and can be subject to unforeseen circumstances in the delivery that can significantly influence the amounts spent. Accordingly, the actual funds returned and the budget can be difficult to anticipate.

Other Comprehensive Income includes the movements in the re-measurement of defined benefit schemes and the carrying amount of investments (Efic CA and Tourism Australia). The movement is primarily due to the introduction of AASB 9 which resulted in a change in classification from non-monetary available for sale debt instruments to non-monetary equity instruments at FVOCI. This resulted in a \$151.0m movement that is not budgeted for as part of PBS process.

The actual cash on hand or on deposit balance reported in the Administered Schedule of Assets and Liabilities includes non-trust special account balances of \$36.8m and is higher than estimated due to the appropriation receipt of \$29.6m being credited to the Dubai Exposition 2020 special account in late June.

The timing of the preparation of estimates included in the PBS in March can also result in variances to actual results. PBS estimates are prepared in order to be included as part of the Federal Budget, and are based on the current financial year estimates plus adjustments prior to the finalisation of actual balances for the financial year. Significant movements and adjustments that occur late in a financial year are not able to be incorporated into the estimates, resulting in variances.

The impacts of the timing of PBS estimates are most pronounced for both investments and multilateral grants and contributions payables administered on behalf of Government reported in the Administered Schedule of Assets and Liabilities (24.4% and 25% higher respectively) due to revaluation and discounting factors applied at 30 June including the government bond rate and exchange rate fluctuations.



Prime Minister Scott Morrison with DFAT
staff in Canberra [DFAT/Nathan Fulton]



Appendixes

Appendix 1: Staffing overview

Table 3 All ongoing employees 2018–19

	Male			Female			Total
	Full time	Part time	Total Male	Full time	Part time	Total Female	
NSW	15	1	16	39	11	50	66
Qld	13		13	29	9	38	51
SA	2	1	3	9	3	12	15
Tas	7	2	9	6	3	9	18
Vic	25	1	26	55	13	68	94
WA	7	1	8	10	13	23	31
ACT	987	69	1,056	1,238	292	1,530	2,586
NT	2		2	7		7	9
Overseas	1,066	12	1,078	1,279	61	1,340	2,418
Americas	103	0	103	130	4	134	237
Asia	543	4	547	606	19	625	1,172
<i>South Asia</i>	141	0	141	99	1	100	241
<i>Southeast Asia</i>	311	3	314	393	10	403	717
<i>North Asia</i>	91	1	92	114	8	122	214
Europe	149	2	151	161	23	184	335
Middle East and Africa	125	1	126	120	2	122	248
Multilateral	29	3	32	54	4	58	90
New Zealand and the South Pacific	117	2	119	208	9	217	336
Total	2,124	87	2,211	2,672	405	3,077	5,288

Table 4 All ongoing employees 2017–18

	Male			Female			Total
	Full time	Part time	Total Male	Full time	Part time	Total Female	
NSW	17		17	42	14	56	73
Qld	10		10	29	8	37	47
SA	2	2	4	11	5	16	20
Tas	7	2	9	6	5	11	20
Vic	22	2	24	55	16	71	95
WA	7	1	8	13	12	25	33
ACT	1,003	64	1,067	1,212	276	1,488	2,555
NT	3		3	5		5	8
Overseas	1,078	7	1,085	1,260	47	1,307	2,392
Americas	103	0	103	121	4	125	228
Asia	531	0	531	610	12	622	1,153
<i>South Asia</i>	134	0	134	102	1	103	237
<i>Southeast Asia</i>	310	0	310	401	4	405	715
<i>North Asia</i>	87	0	87	107	7	114	201
Europe	157	1	158	161	18	179	337
Middle East and Africa	122	1	123	118	2	120	243
Multilateral	27	3	30	49	4	53	83
New Zealand and the South Pacific	138	2	140	201	7	208	348
Total	2,149	78	2,227	2,633	383	3,016	5,243

Table 5 **All non-ongoing employees 2018–19**

	Male			Female			Total
	Full time	Part time	Total Male	Full time	Part time	Total Female	
NSW			0			0	0
Qld			0			0	0
SA			0			0	0
Tas			0			0	0
Vic			0	2		2	2
WA			0			0	0
ACT	20	8	28	29	13	42	70
NT			0			0	0
Overseas	264	56	320	300	98	398	718
Americas	16	3	19	20	5	25	44
Asia	81	29	110	88	46	134	244
<i>South Asia</i>	32	12	44	13	5	18	62
<i>Southeast Asia</i>	44	15	59	59	27	86	145
<i>North Asia</i>	5	2	7	16	14	30	37
Europe	12	10	22	23	16	39	61
Middle East and Africa	50	4	54	55	13	68	122
Multilateral	6	1	7	6	1	7	14
New Zealand and the South Pacific	99	9	108	108	17	125	233
Total	284	64	348	331	111	442	790

Table 6 **All non-ongoing employees 2017–18**

	Male			Female			Total
	Full time	Part time	Total Male	Full time	Part time	Total Female	
NSW			0			0	0
Qld			0			0	0
SA			0			0	0
Tas			0			0	0
Vic			0	2		2	2
WA			0			0	0
ACT	18	4	22	28	12	40	62
NT			0	1		1	1
Overseas	306	59	365	319	91	410	775
Americas	17	1	18	20	5	25	43
Asia	103	34	137	104	55	159	296
<i>South Asia</i>	39	9	48	19	2	21	69
<i>Southeast Asia</i>	58	21	79	63	34	97	176
<i>North Asia</i>	6	4	10	22	19	41	51
Europe	19	12	31	21	12	33	64
Middle East and Africa	59	2	61	63	11	74	135
Multilateral	7	0	7	11	0	11	18
New Zealand and the South Pacific	101	10	111	100	8	108	219
Total	324	63	387	350	103	453	840

Table 7 **APS ongoing employees 2018–19**

	Male			Female			Total
	Full time	Part time	Total Male	Full time	Part time	Total Female	
Secretary			0	1		1	1
Dir Safeguards	1		1			0	1
SES Band 3	9		9	5		5	14
SES Band 2	33		33	17		17	50
SES Band 1	110	1	111	75	5	80	191
Medical Officer Cl 5			0	1		1	1
SES unattached	13		13	10	1	11	24
Medical Officer Cl 4			0			0	0
Medical Officer Cl 3			0			0	0
EL 2	239	4	243	241	27	268	511
EL 1	465	42	507	515	129	644	1,151
APS 6	213	10	223	328	61	389	612
APS 5	226	13	239	440	93	533	772
APS 4	20		20	35		35	55
APS 3	14	1	15	25	7	32	47
APS 2			0			0	0
APS 1			0			0	0
Graduates	53		53	56	1	57	110
Non-SES unattached	64	4	68	85	21	106	174
Total	1,460	75	1,535	1,834	345	2,179	3,714

Table 8 **APS ongoing employees 2017–18**

	Male			Female			Total
	Full time	Part time	Total Male	Full time	Part time	Total Female	
Secretary			0	1		1	1
Dir Safeguards	1		1			0	1
SES Band 3	6		6	7		7	13
SES Band 2	37		37	14	1	15	52
SES Band 1	113		113	69	2	71	184
Medical Officer Cl 5			0	1		1	1
SES Unattached	13	1	14	6	2	8	22
Medical Officer Cl 4			0	1		1	1
Medical Officer Cl 3			0	2		2	2
EL 2	246	6	252	235	25	260	512
EL 1	437	36	473	446	113	559	1,032
APS 6	240	10	250	328	57	385	635
APS 5	244	13	257	458	98	556	813
APS 4	24		24	42	1	43	67
APS 3	13	1	14	27	9	36	50
APS 2	1		1			0	1
APS 1			0			0	0
Graduates	44		44	52	2	54	98
Non-SES unattached	67	4	71	122	26	148	219
Total	1,486	71	1,557	1,811	336	2,147	3,704

Table 9 **APS non-ongoing employees 2018–19**

	Male			Female			Total
	Full time	Part time	Total Male	Full time	Part time	Total Female	
Secretary			0			0	0
Dir Safeguards			0			0	0
SES Band 3	4		4	1		1	5
SES Band 2	5		5	1		1	6
SES Band 1	3		3	1		1	4
Medical Officer Cl 5			0			0	0
SES unattached			0			0	0
Medical Officer Cl 4	3		3	1		1	4
Medical Officer Cl 3			0	1		1	1
EL 2	2		2	1	2	3	5
EL 1	8	5	13	4	5	9	22
APS 6	3	1	4	4		4	8
APS 5	3	2	5	22	5	27	32
APS 4			0		1	1	1
APS 3			0			0	0
APS 2			0			0	0
APS 1			0			0	0
Graduates			0			0	0
Non-SES unattached			0			0	0
Total	31	8	39	36	13	49	88

Table 10 **APS non-ongoing employees 2017–18**

	Male			Female			Total
	Full time	Part time	Total Male	Full time	Part time	Total Female	
Secretary			0			0	0
Dir Safeguards			0			0	0
SES Band 3	4		4			0	4
SES Band 2	4		4	1		1	5
SES Band 1	2	1	3	1		1	4
Medical Officer Cl 5			0			0	0
SES unattached			0			0	0
Medical Officer Cl 4	5		5			0	5
Medical Officer Cl 3			0	2		2	2
EL 2	4		4		3	3	7
EL 1	4	2	6	3	3	6	12
APS 6	3	1	4	2	2	4	8
APS 5	4		4	20	4	24	28
APS 4			0	5		5	5
APS 3			0			0	0
APS 2			0			0	0
APS 1			0			0	0
Graduates			0			0	0
Non-SES unattached			0	1		1	1
Total	30	4	34	35	12	47	81

Table 11 APS employees by full time and part time status 2018–19

	Ongoing			Non-ongoing			Total
	Full time	Part time	Total ongoing	Full time	Part time	Total non-ongoing	
Secretary	1		1			0	1
Dir Safeguards	1		1			0	1
SES Band 3	14		14	5		5	19
SES Band 2	50		50	6		6	56
SES Band 1	185	6	191	4		4	195
Medical Officer CL 5	1		1			0	1
SES unattached	23	1	24			0	24
Medical Officer CL 4			0	4		4	4
Medical Officer CL 3			0	1		1	1
EL 2	480	31	511	3	2	5	516
EL 1	980	171	1,151	12	10	22	1,173
APS 6	541	71	612	7	1	8	620
APS 5	666	106	772	25	7	32	804
APS 4	55		55		1	1	56
APS 3	39	8	47			0	47
APS 2			0			0	0
APS 1			0			0	0
Graduates	109	1	110			0	110
Non-SES unattached	149	25	174			0	174
Total	3,294	420	3,714	67	21	88	3,802

Table 12 APS employees by full time and part time status 2017–18

	Ongoing			Non-ongoing			Total
	Full time	Part time	Total ongoing	Full time	Part time	Total non-ongoing	
Secretary	1		1			0	1
Dir Safeguards	1		1			0	1
SES Band 3	13		13	4		4	17
SES Band 2	51	1	52	5		5	57
SES Band 1	182	2	184	3	1	4	188
Medical Officer CL 5	1		1			0	1
SES unattached	19	3	22			0	22
Medical Officer CL 4	1		1	5		5	6
Medical Officer CL 3	2		2	2		2	4
EL 2	481	31	512	4	3	7	519
EL 1	883	149	1,032	7	5	12	1,044
APS 6	568	67	635	5	3	8	643
APS 5	702	111	813	24	4	28	841
APS 4	66	1	67	5		5	72
APS 3	40	10	50			0	50
APS 2	1		1			0	1
APS 1			0			0	0
Graduates	96	2	98			0	98
Non-SES unattached	189	30	219	1		1	220
Total	3,297	407	3,704	65	16	81	3,785

Table 13 **APS employment type by location 2018–19**

	Ongoing	Non-ongoing	Total
NSW	66		66
Qld	51		51
SA	15		15
Tas.	18		18
Vic.	94	2	96
WA	31		31
ACT	2,586	70	2,656
NT	9		9
Overseas	844	16	860
Americas	72	4	76
Asia	374	5	379
<i>South Asia</i>	72		72
<i>Southeast Asia</i>	206	4	210
<i>North Asia</i>	96	1	97
Europe	105	1	106
Middle East and Africa	107		107
Multilateral	43	1	44
New Zealand and the South Pacific	143	5	148
Total	3,714	88	3,802

Table 14 **APS employment type by location 2017–18**

	Ongoing	Non-ongoing	Total
NSW	73		73
Qld	47		47
SA	20		20
Tas.	20		20
Vic.	95	2	97
WA	33		33
ACT	2,555	62	2,617
NT	8	1	9
Overseas	853	16	869
Americas	75	3	78
Asia	368	6	374
<i>South Asia</i>	71		71
<i>Southeast Asia</i>	209	5	214
<i>North Asia</i>	88	1	89
Europe	104	2	106
Middle East and Africa	117		117
Multilateral	41	1	42
New Zealand and the South Pacific	148	4	152
Total	3,704	81	3,785

Table 15 **APS Indigenous employment 2018–19 and 2017–18**

Reporting period	2018–19	2017–18
Ongoing	104	94
Non-ongoing	1	0
Total	105	94

	2018–19	2017–18
SES Band 1	6	3
Exec. Level 2	5	9
Exec. Level 1	22	15
APS Level 6	12	14
APS Level 5	26	24
APS Level 4	16	11
APS Level 3	8	8
Graduate	10	10
Total	105	94

Table 16 **APS employment arrangements 2018–19**

	SES	Non-SES	Total
Enterprise agreement		3,471	3,471
Individual flexibility arrangements			0
Australian workplace agreements			0
Common law contracts			0
Determinations under subsection 24(1) of the <i>Public Service Act 1999</i>	295	34	329
Total	295	3,505	3,800

* The Secretary and the Director General of the Australian Safeguards and Non-Proliferation Office have not been included in the above figures as they are statutory appointments.

Table 17 **APS employment salary ranges by classification level 2018–19**

	Minimum	Maximum
SES 3	252,123	297,636
SES 2	224,168	291,480
SES 1	174,375	217,459
Med 5	174,375	220,898
Med 4	159,362	243,792
Med 3	146,120	203,373
EL 2	126,224	187,737
EL 1	104,481	164,339
APS 6	83,900	131,358
APS 5	76,097	113,222
APS 4	69,010	79,820
APS 3	61,585	75,743
APS 2		
APS 1		
Graduate	67,124	70,610

* Includes annualised shift penalties.

** Includes Executive Level 2 staff deployed to Head of Mission SES positions overseas.

*** The Secretary and the Director General of the Australian Safeguards and Non-Proliferation Office have not been included in the above figures as their remuneration is set by prime ministerial determinations and the Remuneration Tribunal respectively.

Table 18 **APS Performance pay by classification level 2018–19**

	Number of employees receiving performance pay	Aggregated (sum total) of all payments made (\$)	Average of all payments made (\$)	Minimum payment made (\$)	Maximum payment made (\$)
SES 3	-	-	-	-	-
SES 2	-	-	-	-	-
SES 1	-	-	-	-	-
EL 2	379	1,065,325	2,811	1,477	3,457
EL 1	885	1,993,723	2,253	530	2,765
APS 6	470	847,183	1,803	377	2,141
APS 5	544	849,830	1,562	814	1,678
APS 4	-	-	-	-	-
APS 3	40	50,251	1,256	536	1,342
APS 2	-	-	-	-	-
APS 1	-	-	-	-	-
Other	-	-	-	-	-
Total	2,318	4,806,312			

Note: SES employees do not receive performance pay.

Appendix 2: Executive remuneration

Remuneration policies and practices

SES staff are remunerated via determinations made under subsection 24 (1) of the *Public Service Act*. The Secretary is the delegate for any changes made to the remuneration provided by the determinations.

The remuneration of the Secretary and the Director General of the Australian Safeguards and Non-Proliferation Office is determined by the Remuneration Tribunal.

All other highly paid personnel are remunerated under the terms set out in the DFAT Enterprise Agreement 2019.

‘Other short-term benefits’ include overseas allowances, accommodation and fringe benefits tax paid on behalf of APS employees posted overseas. Employees posted overseas are remunerated in accordance with the department’s ‘overseas conditions of service’ framework. The framework exists to compensate for the differences in locations such as cost of living, hardship, and security environment. It also addresses additional costs incurred, such as family medical and educational costs, to ensure posted staff are not disadvantaged.

The department provides accommodation for staff and their families for the duration of their posting. While staff and families benefit from this provision, they do not receive direct remuneration for rental costs. Instead, relevant allowances are adjusted to recognise staff contributions for rent and utilities. The value of the rents is determined by the location of posting rather than the work or performance of individual staff.

The number of staff and reported value of total remuneration in Tables 22 and 23 reflect the high property costs and consequent rental costs in many

of the 109 locations of our embassies and high commissions, such as Hong Kong, Moscow or New York.

The total remuneration reported also covers the full rental value of properties used by ambassadors and high commissioners. It does not recognise that most official residences have a residential component and a working component, which is used to support Australian Government objectives, including engagement with local political and business representatives and visiting Australian ministers.

Remuneration governance arrangements

The department’s Performance, Risk and Resourcing Committee, chaired by the Secretary, is responsible for assessing and reallocating resources across the department.

The department adjusts overseas allowances fortnightly in response to changes to the overseas environment and foreign exchange movements based on a common methodology used by all APS agencies with staff posted to Australian embassies or high commissions. These adjustments draw on data from an independent commercial provider (Conditions Abroad International ECA).

Key management personnel

The department’s key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the department. The department has determined the key management personnel to be the Secretary, Deputy Secretaries, Chief People Officer, Chief Risk Officers and Chief Finance Officer.

Table 19 **Key management personnel**

Their names and the length of term as key management personnel are summarised below:

Name	Position title	Term as KMP
Frances Adamson	Secretary	1 July 2018 – 30 June 2019
Nikki Penelope Williams	Deputy Secretary	1 July 2018 – 30 June 2019
Caroline Millar	Deputy Secretary	1 July 2018 – 26 September 2018
Tony Sheehan	Deputy Secretary	2 October 2018 – 30 June 2019
Richard Maude	Deputy Secretary	1 July 2018 – 30 June 2019
Christopher Langman	Deputy Secretary	1 July 2018 – 30 June 2019
Clare Walsh	Deputy Secretary	1 July 2018 – 30 June 2019
Paul Wood	Chief Finance Officer	1 July 2018 – 20 May 2019
Murali Venugopal	Chief Finance Officer	3 June 2019 – 30 June 2019
Daniel Sloper	Chief People Officer	1 July 2018 – 30 June 2019
Suzanne McCourt	Chief Risk Officer	1 January 2019 – 30 June 2019
Angela Robinson	Chief Risk Officer	2 January 2019 – 30 June 2019

Chief Risk Officer was included in key management personnel effective from 1 January 2019 as per our new governance arrangements.

The following tables are prepared on an accruals basis.

Table 20

	2019
Key management personnel remuneration for the reporting period	\$
Short-term benefits	
Base salary	3,307,575
Bonus	-
Other benefits and allowances	209,538
Total short-term benefits	3,517,113
Superannuation	526,339
Total post-employment benefits	526,339
Long service leave	75,081
Other long-term benefits	-
Total other long-term employee benefits	75,081
Termination benefits	-
Total key management personnel remuneration	4,118,533

In accordance with the PGPA Rule, this information is disaggregated in table 21.

Table 21 Key management personnel remuneration 2018–19

		Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
Name	Position title	Base salary	Bonuses	Other benefits and allowances	Super-annuation contributions	Long service leave	Other long-term benefits		
Frances Adamson	Secretary	786,730	-	21,249	109,797	18,666	-	-	936,442
Nikki Penelope Williams	Deputy Secretary	345,789	-	23,897	57,695	7,801	-	-	435,182
Caroline Millar	Deputy Secretary	78,475	-	7,261	12,381	2,110	-	-	100,227
Tony Sheehan	Deputy Secretary	308,431	-	-	53,619	6,662	-	-	368,712
Richard Maude	Deputy Secretary	427,887	-	23,897	70,666	7,890	-	-	530,340
Christopher Langman	Deputy Secretary	338,209	-	23,897	48,553	7,801	-	-	418,460
Clare Walsh	Deputy Secretary	337,543	-	44,922	57,417	7,743	-	-	447,625
Paul Wood	Chief Finance Officer	228,928	-	19,310	33,681	5,325	-	-	287,244
Murali Venugopal	Chief Finance Officer	24,274	-	-	3,654	557	-	-	28,485
Daniel Sloper	Chief People Officer	259,460	-	21,615	47,564	6,037	-	-	334,676
Suzanne McCourt	Chief Risk Officer	86,813	-	11,544	17,566	1,950	-	-	117,873
Angela Robinson	Chief Risk Officer	85,036	-	11,946	13,746	2,539	-	-	113,267
Total		3,307,575	-	209,538	526,339	75,081	-	-	4,118,533

Note: Some figures are impacted by the duration of service as KMP. Table 19 provides details of the length of service for officers that were classified as KMP. Other benefits and allowances include car allowances, fringe benefits tax expenses and car parking.

Table 22 Senior executive staff remuneration 2018–19

		Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	
Total remuneration bands (\$)	Senior Exec. Staff	Avg. Base Salary (\$)	Avg. bonuses (\$)	Avg. Other Benefits and Allowance (\$)	Avg. Super-annuation Contributions (\$)	Avg. Long Service Leave (\$)	Avg. Other Long-term Benefits (\$)	Avg. Termination Benefits	Avg. total remuneration
Under \$220,000	49	81,637	116	13,730	18,773	6,765	0	6,330	126,969
220,001 – 245,000	27	174,224	212	17,903	32,972	9,674	0	0	234,986
245,001 – 270,000	49	190,765	58	22,548	34,824	7,603	0	0	255,797
270,001 – 295,000	21	187,862	136	45,651	34,901	11,016	0	0	279,566
295,001 – 320,000	26	232,466	0	27,848	41,982	7,692	0	0	309,988
320,001 – 345,000	7	242,681	0	35,106	43,655	8,009	0	0	329,451
345,001 – 370,000	5	180,331	0	130,635	39,423	7,580	0	0	357,968
370,001 – 395,000	5	187,145	0	157,450	35,197	3,253	0	0	383,046
395,001 – 420,000	5	202,499	0	129,644	41,559	27,695	0	0	401,397
420,001 – 445,000	3	200,275	0	192,966	40,496	6,902	0	0	440,640
445,001 – 470,000	2	153,531	0	262,629	32,989	9,489	0	0	458,639
470,001 – 495,000	4	169,441	0	275,351	32,143	2,046	0	0	478,981
495,001 – 520,000	4	229,957	0	231,825	36,948	10,874	0	0	509,604
520,001 – 545,000	10	191,730	0	298,706	35,560	6,754	0	0	532,749
545,001 – 570,000	9	186,401	0	325,496	33,784	8,573	0	0	554,253
570,001 – 595,000	4	206,700	0	332,637	37,540	4,810	0	0	581,687
595,001 – 620,000	2	155,505	0	404,675	41,073	8,262	0	0	609,515
620,001 – 645,000	3	195,427	0	391,473	39,359	7,074	0	0	633,333
645,001 – 670,000	3	191,231	0	422,512	33,978	5,966	0	0	653,688
670,001 – 695,000	4	191,155	0	438,442	38,481	6,511	0	0	674,588
695,001 – 720,000	3	197,123	0	466,203	38,424	7,577	0	0	709,328
720,001 – 745,000	4	205,736	0	475,927	38,363	9,306	0	0	729,332
745,001 – 770,000	5	199,028	0	508,835	38,597	8,190	0	0	754,651
770,001 – 795,000	8	197,585	0	542,064	37,556	7,186	0	0	784,391
795,001 – 820,000	3	196,135	0	575,309	35,559	6,298	0	0	813,301
820,001 – 845,000	6	201,983	0	579,189	40,891	7,044	0	0	829,108
845,001 – 870,000	2	215,611	0	601,782	40,182	7,368	0	0	864,942
895,001 – 920,000	1	342,298	0	485,926	51,670	18,599	0	0	898,493
870,001 – 895,000	3	253,020	0	576,049	44,717	6,857	0	0	880,642
920,001 – 945,000	2	267,293	0	596,615	51,665	9,548	0	0	925,121
970,001 – 995,000	1	201,041	0	723,336	35,464	24,095	0	0	983,936
995,001 – 1,020,000	5	232,342	0	729,378	42,682	5,854	0	0	1,010,256
1,045,001 – 1,070,000	1	190,728	0	829,418	36,097	6,268	0	0	1,062,510
1,095,001 – 1,120,000	2	242,225	0	818,259	43,334	7,817	0	0	1,111,634
1,120,001 – 1,145,000	1	240,373	0	837,011	46,748	6,687	0	0	1,130,818
1,145,001 – 1,170,000	2	190,522	0	928,558	36,426	6,475	0	0	1,161,981
1,170,001 – 1,195,000	2	183,073	0	950,721	38,390	7,702	0	0	1,179,887
1,195,001 – 1,220,000	1	206,182	0	949,152	41,910	6,451	0	0	1,203,694
1,245,001 – 1,270,000	2	307,020	0	886,959	48,943	13,144	0	0	1,256,066
1,395,001 – 1,420,000	1	318,758	0	1,022,637	60,199	14,693	0	0	1,416,288
1,695,001 – 1,720,000	1	189,885	0	1,474,979	34,790	6,844	0	0	1,706,498
1,645,001 – 1,670,000	1	252,794	0	1,343,721	52,231	9,801	0	0	1,658,546
1,845,001 – 1,870,000	2	286,815	0	1,516,256	41,674	7,477	0	0	1,852,222
2,020,001 – 2,045,000	1	393,964	0	1,543,748	67,505	18,424	0	0	2,023,641
2,720,001 – 2,745,000	1	326,531	0	2,341,763	55,687	19,618	0	0	2,743,599
2,995,001 – 3,020,000	1	240,411	0	2,723,110	45,807	6,932	0	0	3,016,260

Other short-term benefits include overseas allowances, accommodation and FBT paid on behalf of APS employees posted overseas. Employees posted overseas are remunerated in accordance with DFAT's 'overseas conditions of service' framework. The framework exists to compensate for the differences in locations such as cost of living, hardship and security environment. It also addresses additional costs incurred, such as family medical and educational costs, to ensure posted staff are not disadvantaged.

DFAT provides accommodation for staff and their families for the duration of their posting. While staff and families benefit from this provision, they do not receive direct remuneration for rental costs. Instead, relevant allowances are adjusted to recognise staff contributions for rent and utilities. The value of the rents is determined by the location of posting rather than the work or performance of individual staff.

The number of staff and reported value of total remuneration in table 22 reflects the high property costs and consequent rental costs in many of the 109 locations of our embassies and high commissions, such as Hong Kong, Moscow or New York.

The total remuneration reported also covers the full rental value of properties used by ambassadors and high commissioners. It does not recognise that most official residences have a residential component and a working component, which is used to support Australian Government objectives, including engagement with local political and business representatives and visiting Australian ministers.

Table 23 Other highly paid staff remuneration 2018–19

		Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	
Other highly paid staff		Avg. Base Salary (\$)	Avg. Bonuses (\$)	Avg. Other Benefits and Allowance (\$)	Avg. Superannuation Contributions (\$)	Avg. Long Service Leave (\$)	Avg. Other Long-term Benefits (\$)	Avg. Termination Benefits	Avg. total remuneration
220,001 - 245,000	53	98,329	1,384	111,641	17,434	3,476	0	2,089	234,351
245,001 - 270,000	47	99,473	1,697	130,363	18,674	5,740	0	0	258,341
270,001 - 295,000	56	94,826	1,461	165,189	17,573	3,389	0	0	282,437
295,001 - 320,000	53	99,589	1,659	183,757	18,023	3,701	0	0	306,729
320,001 - 345,000	65	106,199	1,570	199,286	18,652	4,459	0	1,043	331,209
345,001 - 370,000	65	102,641	1,592	230,514	19,048	3,286	0	0	357,082
370,001 - 395,000	64	107,925	1,663	250,451	19,919	3,443	0	0	383,401
395,001 - 420,000	53	111,214	1,786	268,700	20,195	3,843	0	0	405,737
420,001 - 445,000	47	115,262	1,702	289,523	20,852	4,528	0	0	431,867
445,001 - 470,000	42	117,799	1,598	312,953	21,384	4,499	0	0	458,233
470,001 - 495,000	28	130,257	1,950	321,765	23,151	4,590	0	0	481,714
495,001 - 520,000	28	125,104	1,638	356,075	22,969	4,260	0	0	510,046
520,001 - 545,000	14	134,153	1,839	365,406	24,489	4,775	0	0	530,662
545,001 - 570,000	28	127,977	2,139	398,880	24,251	4,458	0	0	557,704
570,001 - 595,000	18	139,676	1,916	407,511	25,481	6,676	0	0	581,261
595,001 - 620,000	16	136,361	2,366	441,015	25,140	4,430	0	0	609,312
620,001 - 645,000	7	126,628	2,224	475,858	24,502	4,600	0	0	633,812
645,001 - 670,000	12	137,061	1,640	490,295	26,028	3,745	0	0	658,769
670,001 - 695,000	6	138,229	1,740	514,924	27,760	4,531	0	0	687,184
695,001 - 720,000	4	161,092	1,426	507,390	29,529	5,415	0	0	704,851
720,001 - 745,000	1	150,443	2,851	543,801	22,803	4,404	0	0	724,301
745,001 - 770,000	3	145,246	1,730	580,616	24,478	4,100	0	0	756,169
770,001 - 795,000	4	149,716	1,297	593,482	27,113	5,525	0	0	777,133
795,001 - 820,000	3	157,679	950	613,019	29,239	4,888	0	0	805,776
820,001 - 845,000	1	142,035	2,851	656,869	28,630	4,585	0	0	834,971
845,001 - 870,000	2	108,485	0	727,251	19,830	4,436	0	0	860,002
870,001 - 895,000	2	103,401	1,169	760,570	19,272	3,573	0	0	887,985
895,001 - 920,000	5	116,970	1,973	765,393	20,604	4,039	0	0	908,979
920,001 - 945,000	2	115,397	2,239	783,469	20,267	3,455	0	0	924,827
945,001 - 970,000	2	100,813	1,982	824,798	19,188	1,575	0	0	948,355
970,001 - 995,000	1	142,335	2,851	802,412	26,319	5,271	0	0	979,187
995,001 - 1,020,000	4	129,379	2,482	846,452	25,262	581	0	0	1,004,156
1,020,001 - 1,045,000	3	136,518	2,680	855,938	28,855	3,871	0	0	1,027,861
1,045,001 - 1,070,000	1	124,782	0	904,075	17,115	3,043	0	0	1,049,015
1,070,001 - 1,095,000	1	158,781	2,851	859,960	35,622	20,310	0	0	1,077,524
1,095,001 - 1,120,000	1	137,736	2,851	939,601	28,257	4,472	0	0	1,112,917

Other short-term benefits include overseas allowances, accommodation and FBT paid on behalf of APS employees posted overseas. Employees posted overseas are remunerated in accordance with DFAT's 'overseas conditions of service' framework. The framework exists to compensate for the differences in locations such as cost of living, hardship and security environment. It also addresses additional costs incurred, such as family medical and educational costs, to ensure posted staff are not disadvantaged.

DFAT provides accommodation for staff and their families for the duration of their posting. While staff and families benefit from this provision, they do not receive direct remuneration for rental costs. Instead, relevant allowances are adjusted to recognise staff contributions for rent and utilities. The value of the rents is determined by the location of posting rather than the work or performance of individual staff.

The number of staff and reported value of total remuneration in table 23 reflects the high property costs and consequent rental costs in many of the 109 locations of our embassies and high commissions, such as Hong Kong, Moscow or New York.

The total remuneration reported also covers the full rental value of properties used by ambassadors and high commissioners. It does not recognise that most official residences have a residential component and a working component, which is used to support Australian Government objectives, including engagement with local political and business representatives and visiting Australian ministers.

Appendix 3:

Agency resource statement

Table 24 Department of Foreign Affairs and Trade Resource Statement 2018–19

	Actual Available Appropriation For 2018–19 \$'000	Payments made 2018–19 \$'000	Balance remaining 2018–19 \$'000
Ordinary annual services¹			
Departmental appropriation	1,948,607	1,658,869	(289,738)
Total	1,948,607	1,658,869	(289,738)
Administered expenses			
Outcome 1	3,844,072	4,277,552	
Outcome 2	750	159	
Administered capital budget	504	43	
Payments to corporate entities ²	135,141	135,141	
Total	3,980,467	4,412,895	
Total ordinary annual services	[A] 5,929,074	6,071,764	
Other services			
Departmental non-operating³			
Equity injections	168,965	43,998	124,967
Total	168,965	43,998	124,967
Administered non-operating⁴			
Administered assets and liabilities	581,531	-	
Total	581,531	-	
Total other services	[B] 750,496	43,998	
Total available annual appropriations [A+B]	6,679,570	6,115,762	
Special appropriations			
Special appropriations limited by criteria/entitlement			
Public Governance, Performance and Accountability Act 2013 – s77 Administered		1,054	
Total special appropriations	[C] 1,054	1,054	
Special accounts⁵			
Opening balance	357,325		
Appropriation receipts	84,489		
Appropriation receipts from other entities	43,987		
Non-appropriation receipts to Special Accounts	609		
Payment made		148,588	
Total special accounts	[D] 486,410	148,588	
Total resourcing [A+B+C+D]	7,165,980	6,265,404	

	Actual Available Appropriation for 2018–19 \$'000	Payments made 2018–19 \$'000	Balance remaining 2018–19 \$'000
Less appropriations drawn from annual or special appropriations above and credited to special accounts	(128,476)	-	
and/or payments to corporate entities through annual appropriations	(135,141)	(135,141)	
Total net resourcing and payments for DFAT	6,902,363	6,130,263	
<ol style="list-style-type: none"> 1. Appropriation Act (No.1) 2018–19 and Appropriation Act (No. 3) 2018–19. This also includes prior year departmental appropriation and section 74 Retained Revenue Receipts. 2. "Corporate entities" are corporate Commonwealth entities and Commonwealth companies as defined under the PGPA Act 2013. 3. Appropriation Act (No.2) 2018–19 and Appropriation Act (No.4) 2018–19. This also includes prior year equity injections available for use. 4. Includes appropriations carried forward from previous years to extinguish multiyear agreements. 5. Excludes "Special Public Money" held in accounts like 'Consular Services Account (CSA), Services for Other Government and Non-agency Bodies (SOG), 'Services for Other Entities and Trust Moneys accounts (SOETM) or EXPO Dubai 2020. 			

Table 25 Expenses for Outcome 1

Outcome 1: The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities	Budget*	Actual Expenses	Variation
	2018–19	2018–19	2018–19
	\$'000	\$'000	\$'000
	(a)	(b)	(a – b)
Program 1.1: Foreign Affairs and Trade Operations			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	6,800	6,065	735
Expenses not requiring appropriation in the Budget year ²	1,300	8,340	(7,040)
Special appropriations	100	26	74
Other services (Appropriation Act No. 2 and 4)	-	-	-
Departmental expenses			
Departmental appropriation ¹	695,111	710,534	(15,423)
Expenses not requiring appropriation in the Budget year ²	139,037	143,323	(4,286)
Total for program 1.1	842,348	868,288	(25,940)
Program 1.2: Official Development Assistance			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	3,205,265	3,204,354	911
Expenses not requiring appropriation in the Budget year ²	500	2,136	(1,636)
Departmental expenses			
Departmental appropriation ¹	255,151	255,151	-
Total for program 1.2	3,460,916	3,461,641	(725)
Program 1.3: Official Development Assistance – Multilateral Replenishments			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	76,670	72,506	4,164
Other services (Appropriation Act No. 2 and 4)	-	-	-
Expenses not requiring appropriation in the Budget year ²	-	182,327	(182,327)
Total for Program 1.3	76,670	254,833	(178,163)

Outcome 1: The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities	Budget*	Actual Expenses	Variation
	2018–19	2018–19	2018–19
	\$'000	\$'000	\$'000
	(a)	(b)	(a – b)
Program 1.4: Payments to International Organisations			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	445,026	373,118	71,908
Total for Program 1.4	445,026	373,118	71,908
Program 1.5: New Colombo Plan – Transforming Regional Relationships			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	50,933	49,379	1,554
Other services (Appropriation Act No. 2 and 4)	-	-	-
Total for Program 1.5	50,933	49,379	1,554
Program 1.6: Public Information Services and Public Diplomacy			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	10,735	10,170	565
Total for Program 1.6	10,735	10,170	565
Programme 1.7: Programmes to Promote Australia's International Tourism Interests			
Administered expenses			
Tourism Australia – Corporate Commonwealth Entity	135,141	135,141	-
Ordinary annual services (Appropriation Act Nos. 1 and 3)	19,000	19,000	-
Total for Program 1.7	154,141	154,141	-
Outcome 1 Totals by appropriation type			
Administered Expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	3,814,429	3,734,592	79,837
Corporate Commonwealth Entity	135,141	135,141	-
Other services (Appropriation Act No. 2 and 4)	-	-	-
Expenses not requiring appropriation in the Budget year ²	1,800	192,803	(191,003)
Special appropriations	100	26	74
Departmental expenses			
Departmental appropriation ¹	950,262	965,685	(15,423)
Expenses not requiring appropriation in the Budget year ²	139,037	143,323	(4,286)
Total expenses for Outcome 1	5,040,769	5,171,570	(130,801)
		2017–18	2018–19
Average staffing level (number)		3,750	3,702

* Full year budget, including any subsequent adjustments made to the 2018–19 budget through additional estimates and estimated outcome as published in the 2019–20 Budget.

1. Departmental appropriation combines 'ordinary annual services (Appropriation Act No. 1 & Act No. 3)' and 'section 74 revenue receipts'.
2. Expenses not requiring appropriation in the budget year may include depreciation expenses, amortisation expenses, make good expenses, audit fees, concessional costs for loans, finance costs and impairment of financial instruments.

Table 26 Expenses for Outcome 2

Outcome 2: The protection and welfare of Australians abroad and access to secure international travel documentation through timely and responsive travel advice and consular and passport services in Australia and overseas	Budget*	Actual Expenses	Variation
	2018–19	2018–19	2018–19
	\$'000	\$'000	\$'000
	(a)	(b)	(a – b)
Program 2.1: Consular Services			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	200	30	170
Expenses not requiring appropriation in the Budget year ²	-	63	(63)
Special appropriations	100	8	92
Departmental expenses			
Departmental appropriation ¹	100,128	100,128	-
Total for program 2.1	100,428	100,229	199
Program 2.2: Passport Services			
Administered expenses			
Expenses not requiring appropriation in the Budget year ²	-	-	-
Special appropriations	810	811	(1)
Departmental expenses			
Departmental appropriation ¹	251,799	251,799	-
Total for program 2.2	252,609	252,610	(1)
Outcome 2 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act Nos. 1 and 3)	200	30	170
Expenses not requiring appropriation in the Budget year ²	-	63	(63)
Special appropriations	910	819	91
Departmental expenses			
Departmental appropriation ¹	351,927	351,927	-
Total expenses for Outcome 2	353,037	352,839	198
		2017–18	2018–19
Average staffing level (number)		1,074	1,058

* Full year budget, including any subsequent adjustments made to the 2018–19 budget through additional estimates and estimated outcome as published in the 2019–20 Budget.

1. Departmental appropriation combines 'ordinary annual services (Appropriation Act No. 1 & Act No. 3)'.
2. Expenses not requiring appropriation in the budget year may include depreciation expenses, amortisation expenses, make good expenses, audit fees, concessional costs for loans, finance costs and impairment of financial instruments.

Table 27 **Expenses for Outcome 3**

Outcome 3: A secure Australian presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas property estate	Budget*	Actual Expenses	Variation
	2018–19	2018–19	2018–19
	\$'000	\$'000	\$'000
	(a)	(b)	(a – b)
Program 3.1: Foreign Affairs and Trade Security and IT			
Departmental expenses			
Departmental appropriation ¹	226,681	226,681	-
Total for program 3.1	226,681	226,681	-
Program 3.2: Overseas Property			
Departmental expenses			
Expenses not requiring appropriation in the Budget year ²	28,803	109,829	(81,026)
Total for program 3.2	28,803	109,829	(81,026)
Outcome 3 Totals by appropriation type			
Departmental expenses			
Departmental appropriation ¹	226,681	226,681	-
Expenses not requiring appropriation in the Budget year ²	28,803	109,829	(81,026)
Total expenses for Outcome 3	255,484	336,510	(81,026)
	2017–18	2018–19	
Average staffing level (number)	867	856	

* Full year budget, including any subsequent adjustments made to the 2018–19 budget through additional estimates and estimated outcome as published in the 2019–20 Budget.

1. Departmental appropriation combines 'ordinary annual services (Appropriation Act No. 1 & Act No. 3)'.
2. Expenses not requiring appropriation in the budget year may include depreciation expenses, amortisation expenses, make good expenses, audit fees, concessional costs for loans, finance costs and impairment of financial instruments.

Appendix 4:

Aid program expenditure

Table 28 **Total DFAT Official Development Assistance by country and region of benefit, 2018–19 estimated outcome**

2018–19 country and region	Bilateral \$m	Regional or Global \$m	Total \$m
Country and Region ¹			
Papua New Guinea	505.3	45.2	550.5
Solomon Islands	146.1	33.3	179.4
Vanuatu	43.9	17.3	61.2
Fiji	35.0	12.4	47.4
Samoa	23.6	7.2	30.8
Kiribati	20.2	6.7	26.9
Tonga	17.6	7.7	25.2
Nauru	21.2	3.4	24.6
North Pacific ²	4.9	4.6	9.5
Tuvalu	6.6	2.2	8.8
Niue and Tokelau	1.8	2.1	3.9
Cook Islands	1.9	1.4	3.3
Pacific Regional	0.1	247.6	247.7
Total Pacific	828.2	391.1	1,219.3
Indonesia	274.6	49.9	324.6
Timor-Leste	73.2	20.1	93.3
Myanmar	41.9	36.7	78.6
Philippines	67.0	11.6	78.6
Cambodia	56.1	20.6	76.7
Vietnam	55.6	16.8	72.4
Laos	24.0	15.4	39.4
Mongolia	7.3	4.4	11.7
Southeast and East Asia Regional	0.0	74.9	74.9
Total Southeast and East Asia	599.8	250.5	850.3
Bangladesh	59.3	28.3	87.6
Afghanistan	80.0	2.1	82.1
Pakistan	39.2	9.8	49.0
Nepal	15.6	12.9	28.4
Sri Lanka	19.8	7.5	27.3
South and West Asia Regional	0.0	22.6	22.6
Bhutan	2.1	5.0	7.1
Maldives	1.8	1.7	3.4
Total South and West Asia	217.7	89.9	307.6
Sub-Saharan Africa	32.8	79.7	112.5
The Middle East and North Africa (includes the Palestinian Territories) ³	20.5	146.9	167.4
Latin America and the Caribbean	–	7.1	7.1
Other ODA not attributed to particular countries or regions ⁴	–	1,102.4	1,102.4
Total Bilateral and Regional or Global	1,699.1	2,067.6	3,766.7
Departmental (ODA)	–	–	255.2
Adjustments ⁵	–	–	-80.1
Grand Total *	1,699.1	2,242.7	3,941.8

*Differences due to rounding

1. Regional totals include amounts attributable to the region but not a specific country.

2. Federated States of Micronesia, Palau and Republic of Marshall Islands.

3. Includes Iraq, Syria and other flows to the region.

4. Includes payments to some UN and Commonwealth organisations and UN peacekeeping operations. The ODA eligible components of cash payments to the International Development Association, Asian Development Fund, Global Environment Facility, Heavily Indebted Poor Countries Initiative, Multilateral Debt Relief Initiative and the Montreal Protocol Multilateral Fund are also included.

5. Adjustments are necessary for reconciliation of ODA accrual to cash basis and include returns from prior years and returns of AIPRD loans. Adjustments are not an appropriation and are not listed in the PBS.

Appendix 5: Workplace health and safety

Health and safety management in the department

The department attaches a high priority to the wellbeing of its staff and those who assist us to achieve our objectives. Our operational context makes this a complex undertaking, as we need to manage a wide variety of health and safety risks across our global network. In particular, each of our posts faces different health and safety risks, resulting from the environments and workplaces in which they are located.

To address this, we are committed to building a culture of safety leadership across the organisation that seeks to actively manage risks, improve work practices and foster attitudes that sustain healthy and safe work environments across the global network.

Work health and safety initiatives and outcomes

In July–August 2018, an independent audit assessed the compliance of the department's WHS management system and reviewed the effectiveness of our due diligence framework. In line with the recommendations in these reports, we implemented a range of measures to strengthen our legal compliance and enhance health and safety practices across the organisation. These include revising how we approach and manage WHS risks at a strategic level. We developed a WHS assurance program, which we will implement in the second half of 2019. The program will provide a clear overview of our WHS risks and enable a consistent approach to WHS risk management across

the department. This will ensure we are better able as an organisation to improve safety outcomes.

Consistent with our focus on the broad range of health and safety issues, we are engaged in a Comcare-sponsored psychosocial survey trial. This builds on the results of an internal baseline study of psychosocial risks completed in 2018. We are using the results to develop and implement policies and procedures to mitigate these risks to our employees.

Reporting requirements under the *Work Health and Safety Act 2011* (WHS Act)

Incident notification—34 incidents were notified to Comcare under Part 3 of the Act.

Enforceable undertakings—no directions were given to the department under Part 11, Section 217 of the Act.

Securing compliance—one external investigation was finalised under Part 9 of the Act.

Enforcement measures—no notices were issued under Part 10, Section 191 of the Act.

Rehabilitation management

At our request, in April Comcare undertook a compliance audit of the department's Rehabilitation Management System. While the audit identified some areas for improvement, overall it confirmed the department was satisfactorily caring for staff injured in the workplace. We are implementing the recommendations in consultation with Comcare. The department's premium rate remains lower than the Commonwealth average.

Comcare claims accepted	2016–17	2017–18	2018–19
Total number of claims accepted by Comcare	21	15	10
Department premium rate for Comcare coverage as a percentage of total departmental wages and salaries	0.53	0.54	0.47

Appendix 6: Ecologically sustainable development and environmental performance

During the reporting period, the department ensured that our policy activities and operations contributed to the principles of ecologically sustainable development as required by section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (the EPBC Act). Under our three outcomes we:

- helped develop global frameworks supporting ecologically sustainable development, including shaping a new global treaty for the conservation and sustainable use of marine biological diversity in areas beyond national jurisdiction, and promoting environmental protection in the Antarctic Treaty system
- delivered the development program in accordance with the principles of ecological sustainability in concert with environmental laws of partner governments and relevant multilateral organisations and agreements
 - we applied our Environmental and Social Safeguard Policy, which outlines a streamlined approach to managing safeguard risks and seeks to ensure our development program does not cause unacceptable impacts to people and their environment, to all aid investments
 - we released the Environmental and Social Safeguard Operational Procedures to guide our policy implementation
- continued to deliver on Australia's commitment to provide \$300 million over four years (2016–17 to 2019–20) to address climate change and disaster resilience in the Pacific
- progressed integration of climate change action and disaster risk reduction across our development program to support partners to build climate resilience and reduce emissions
 - we are on track to meet Australia's commitment to provide \$1 billion in climate finance over five years (2015–2020) (including the \$300 million commitment to the Pacific)
- led global efforts to conserve coastal ecosystems (mangroves, tidal marshes and seagrasses), which play a significant role in carbon sequestration
 - we commenced a new \$6 million initiative in the Pacific, as well as blue carbon initiatives in the Indian Ocean region worth almost \$2.5 million
 - we committed \$2 million to the International Coral Reef Initiative and the Global Coral Reef Monitoring Network, which will support coral reef management capacity building and data collection activities for developing countries globally
 - we also committed \$2 million to support the Australian Institute of Marine Science in the use of innovative technology to enhance capabilities in the Pacific to gather and assess information on coral reef resilience and inform appropriate management
- supported 42 activities, including projects in Myanmar, Laos, Vietnam and India, promoting sustainable water management policies, legislation, regulations, practices and tools
- delivered environmental management services to all properties in the domestic leased estate. The contract with Jones Lang LaSalle (JLL) provides:
 - monitoring and reporting on the impact of the department's business on the environment
 - identifying, costing and implementing environmental initiatives

- preparing information for mandatory reporting of Energy Efficiency in Government Operations (EEGO)
- providing strategic advice on environmental management policy and direction that will benefit the department
- collated energy usage according to the metrics outlined in EEGO Policy and used this information to target initiatives and energy efficiency works.

The EEGO Policy seeks to improve performance through the procurement and management of energy-efficient office buildings and environmentally sound equipment and appliances. As DFAT's electricity and gas use is separately metered at all of its leased office sites in Australia, it is not required to report central services energy consumption.

The following table shows the department's domestic energy performance against the EEGO policy intensity target over the past three years:

	2016–17	2017–18	2018–19
Tenant light and power 7,500 MJ/person/annum	6,050	5,646	5,547
Other buildings No target MJ/person/annum	541	612	588

- pursued further opportunities to reduce energy consumption at the RG Casey Building, including reduction in on-site server equipment and reduced external lighting
 - as part of its strategic accommodation planning, undertook to meet the requirements of the Green Lease
- Schedule Policy; that is, for tenancies of greater than 2,000m² with a lease term greater than two years, accommodation will meet the 'A' grade standard of the Building Owners and Managers Association International guidelines and meet a minimum National Australian Built Environment Rating System (NABERS) rating of 4.5 stars.

Site	GLS schedule	NABERS tenancy rating
RG Casey Building Barton	A (gross lease)	TBC ¹
255 London Circuit ²	Nil ³	4.5
40 Allara St, Canberra	B	5.0
L2, 747 Collins Street, Melbourne	B	5.0
44 Sydney Avenue, Barton	C2	TBC ¹

1. Rating yet to be formally completed (expected to be 4.5 or more)

2. Voluntary rating

3. Lease in place before Green Lease Schedule development

- ensured that sustainable development and environmental performance were central considerations in all property-related decisions in the overseas estate. We focus on these principles throughout the property lifecycle, including acquisition, construction, upgrade, maintenance and divestment
- actively pursued best-practice sustainability initiatives in delivering overseas projects, such as energy-efficient lighting, daylight and motion sensors, zoned air-conditioning systems, rainwater harvesting and building management systems

- ensured that environmental management and monitoring are standard practice throughout the construction phase of a project, involving the ongoing assessment of air quality, noise levels and waste water management
- are developing a renewable energy strategy for the overseas estate, with a focus on the deployment of solar power technology
 - it aims to identify sites where the use of renewable energy technology and energy storage will be feasible
 - our existing solar panel installations and future plans under the strategy

will contribute to a reduction in our greenhouse gas emissions, site operating costs and improve power reliability

- reduced the amount of domestic and international travel originating in Australia by 800 trips, saving \$2.14 million (compared to the previous reporting period). Video conferencing in 2018–19 (the first year statistics have been collected) saw 571 people undertaking 2,592 video conference calls.

All Australian passports issued during the reporting period were printed on paper produced from wood pulp certified as sustainable and ethically sourced.

Appendix 7: Parliamentary committees of inquiry

This appendix contains information on the department's engagement with parliamentary committees of inquiry during the reporting period.

Departmental officers appeared as witnesses before the Joint Standing Committee on Treaties (JSCOT) in relation to ten proposed treaty actions. This figure does not include occasions on which the department's International Law: Advising and Treaties Section staff attended JSCOT hearings in an advisory or observer capacity.

On 21 June 2018 the Senate Standing Committee on Foreign Affairs, Defence and Trade released its report on *Australia's trade and investment relationships with the countries of Africa*. The report can be found at:

https://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Foreign_Affairs_Defence_and_Trade/TradeinvestmentAfrica/Report.

The department coordinated the government response, which was tabled in parliament on 14 February 2019.

https://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Foreign_Affairs_Defence_and_Trade/TradeinvestmentAfrica/Government_Response

On 22 August 2018 the Joint Standing Committee on Treaties tabled its report on the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. The department coordinated the government response to the report which was tabled on 12 April 2019. The report and the government response can be found at:

<https://dfat.gov.au/trade/agreements/in-force/cptpp/outcomes-documents/Pages/cptpp-parliamentary-inquiries.aspx>

On 18 September 2018 the Senate Foreign Affairs, Defence and Trade References Committee tabled its report on the Proposed Comprehensive and Progressive Agreement for Trans-Pacific Partnership. The department coordinated the government response which was tabled on 12 April 2019. The report and the government response can be found at:

<https://dfat.gov.au/trade/agreements/in-force/cptpp/outcomes-documents/Pages/cptpp-parliamentary-inquiries.aspx>

On 20 September 2018 the Joint Standing Committee on Trade and Investment Growth tabled its report *Trade and the Digital Economy*. The report can be found at:

https://www.apf.gov.au/Parliamentary_Business/Committees/Joint/Trade_and_Investment_Growth/Tradeanddigitaleconomy/Report

In March 2019 the department took over responsibility for coordinating the government response from the Department of Industry, Innovation and Science.

On 10 October 2018 the Senate Standing Committee on Legal and Constitutional Affairs tabled its report on Customs Amendment (CPTPP Implementation) Bill 2018 [Provisions] and Customs Tariff Amendment (CPTPP Implementation) Bill 2018 [Provisions]. The department coordinated the government response to the report which was tabled on 12 April 2019. The report and the government response can be found at:

<https://dfat.gov.au/trade/agreements/in-force/cptpp/outcomes-documents/Pages/cptpp-parliamentary-inquiries.aspx>

On 14 February 2019 the Senate Foreign Affairs, Defence and Trade References Committee released its report *United Nations Sustainable Development Goals (SDG)*. The report can be found at:

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Foreign_Affairs_Defence_and_Trade/SDGs/Report

The department is working with other government departments, coordinated by the Department of the Prime Minister and Cabinet, to provide a government response to the report recommendations.

On 14 February 2019 the Trade Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade tabled the report of its inquiry into *Access to free trade agreements by small and medium sized enterprises*

https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Foreign_Affairs_Defence_and_Trade/Freetradeagreement/Submissions

The department is coordinating the government response to the inquiry.

On 4 May 2016 the Joint Standing Committee on Foreign Affairs, Defence and Trade released its report on Australia's trade and investment relationships with countries of the Middle East.

https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Foreign_Affairs_Defence_and_Trade/Completed_inquiries/44th_Parliament_completed_inquiries

On 22 March 2019 the government tabled its response to the report, coordinated by the department.

https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Foreign_Affairs_Defence_and_Trade/Middle_East_trade_and_investment/Report

On 26 March 2019 the Senate Foreign Affairs, Defence and Trade Legislation Committee released the report of its inquiry into the provisions of the Export Finance and Insurance Corporation Amendment (Support for Infrastructure Financing) Bill 2019. The report can be found at:

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Foreign_Affairs_Defence_and_Trade/EficBill2019/Report

The department is coordinating the government response to the report.

In April 2019 the Foreign Affairs and Aid Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade released its interim report *Inquiry into Australia's aid program in the Indo Pacific*. The interim report can be found at:

https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Foreign_Affairs_Defence_and_Trade/Australiasaidprogram/Interim_Report

The committee recommended that the inquiry continue in the next parliament.

On 8 May 2018 the Joint Committee on Public Accounts and Audit tabled in parliament its report into the department's provision of security to diplomatic missions, *Security of Overseas Missions: Inquiry based on Auditor-General's Report No. 5*.

The department responded to the report's recommendations on 5 April 2019. The response can be found at:

https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/Protectoverseasmissions/Government_Response

Appendix 8: Advertising and market research

During 2018–19 the department extended phase IV of the Smartraveller advertising campaign from October to December 2018 (interim campaign). The department also conducted activities to develop the next phase of the Smartraveller Campaign phase V. Further information on this campaign is available at dfat.gov.au and smartraveller.gov.au and in the reports on Australian Government advertising

prepared by the Department of Finance (finance.gov.au).

As required under section 311A of the *Commonwealth Electoral Act 1918*, following is a list of agencies and organisations contracted by the department (including at overseas posts) to provide advertising and market research services. The list includes payments above \$13,800 (GST inclusive).

Table 29 **Advertising and market research**

Account name	Service Provided	Program	Amount
Advertising agencies			
Arnold Furnace	Smartraveller campaign interim phase IV - advertising services	2.1	95,684
Australian Federation of Travel Agents	Travel advice email advertising and supplier directory placement	2.1	19,563
Market research organisations			
Kantar Public (Taylor Nelson Sofres)	Smartraveller campaign phase V - market research services (explorative) and Smartraveller website user testing	2.1	272,140
Hall & Partners Pty Ltd	Smartraveller campaign interim phase IV - market research services (evaluation)	2.1	77,391
Insurance Council of Australia Ltd	Travel insurance market research	2.1	21,450
Orima Research Pty Ltd	Passport client satisfaction survey	1.1 & 2.2	105,724
International Research and Evaluation Services Pty Ltd	Market research into aid localisation and social procurement	1.1	15,492
Media advertising organisations			
Universal McCann	Smartraveller campaign interim phase IV and V - advertising services (media placement)	2.1	382,236
Telstra Corporation	White Pages advertising	1.1, 2.1 & 2.2	91,937
Dentsu Mitchell Media Australia Pty Ltd	Smartraveller campaign phase IV advertising services (media placement)	2.1	381,607
Universal McCann	Recruitment advertising	1.1, 2.1 & 2.2	37,765

Appendix 9: Purchaser-provider arrangements

Under the Prime Minister's Directive on the Guidelines for the Management of the Australian Government Presence Overseas, the department is an overseas hub providing a range of services to agencies represented overseas, including management services, security, property, and information and communications technology (ICT).

Under the Service Level Arrangement (SLA) for Management Services 2017–2020, the department provided a catalogue of

services to partner agency Australian-based and locally engaged staff, including financial management, human resources and property and fleet management. Agencies purchasing services under the SLA are listed in column A of the table below.

In 2018–19 the department provided ICT services under an MoU to the agencies listed in column B of the table below in Australia and overseas.

Table 30 **Purchaser-provider arrangements**

Agency	A. Management services	B. ICT services
Attorney-General's Department	✓	✓
Australian Antarctic Division		✓
Australian Centre for International Agricultural Research	✓	✓
Australian Criminal Intelligence Commission	✓	✓
Australian Electoral Commission		✓
Australian Federal Police	✓	✓
Australian Fisheries Management Authority		✓
Australian Human Rights Commission		✓
Australian Maritime Safety Authority	✓	✓
Australian National University	✓	✓
Australian Nuclear Science and Technology Organisation	✓	✓
Australian Public Service Commission		✓
Australian Radiation Protection and Nuclear Safety Agency		✓
Australian Research Council		✓
Australian Taxation Office	✓	✓
Australian Trade and Investment Commission (Austrade)	✓	✓

Agency	A. Management services	B. ICT services
Australian Transaction Reports and Analysis Centre	✓	✓
Bureau of Meteorology		✓
Civil Aviation Safety Authority		✓
Commonwealth Scientific and Industrial Research Organisation	✓	✓
Department of Agriculture	✓	✓
Department of Communications and Arts		✓
Department of Defence	✓	✓
Department of Education	✓	✓
Department of Employment, Skills, Small and Family Business	✓	✓
Department of Finance		✓
Department of Health	✓	✓
Department of Home Affairs	✓	✓
Department of Human Services		✓
Department of Industry, Innovation and Science	✓	✓
Department of Infrastructure, Transport, Cities and Regional Development	✓	✓
Department of Social Services		✓
Department of the Environment and Energy	✓	✓
Department of the Prime Minister and Cabinet	✓	✓
Department of Veterans' Affairs	✓	✓
Export Finance and Insurance Corporation		✓
Food Standards Australia New Zealand		✓
Geoscience Australia		✓
Independent Parliamentary Expenses Authority		✓
Intellectual Property Australia	✓	✓
International and Parliamentary Relations Office		✓
National Archives of Australia		✓
National Library of Australia	✓	✓
New Zealand Government		✓
Office of National Intelligence	✓	✓
Reserve Bank of Australia	✓	✓
The Treasury	✓	✓

Appendix 10: Contributions

Table 31 lists payments made by the department totalling \$373.1 million, consisting of \$166 million to 26 international organisations and international treaty secretariats, and \$207.1 million to 13 international peacekeeping operations.

Table 31 **Contributions to international organisations and peacekeeping operations**

	2018–19 \$
International organisations	
ABAC Secretariat	48,709
Antarctic Treaty Secretariat	170,050
APEC Secretariat	523,111
Arms Trade Treaty	39,299
Asia Europe Foundation	56,779
Biological Weapons Convention	50,645
Commission for the Conservation of Antarctic Marine Living Resources	915,917
Commonwealth Secretariat	3,666,859
Comprehensive Nuclear-Test-Ban Treaty	4,239,865
Convention on Certain Conventional Weapons	14,807
Energy Charter Conference	353,090
International Atomic Energy Agency	16,270,365
International Bureau of Permanent Court of Arbitration	35,469
International Centre for the Study of the Preservation and Restoration of Cultural Property	140,525
International Criminal Court	9,345,165
International Tribunal for the Law of the Sea	500,164
International Tribunals for War Crimes	3,787,732
MH17 Dutch National Prosecution Contribution	8,940,000
Organisation for Economic Co-operation and Development	14,441,555
Organisation for the Prohibition of Chemical Weapons	2,385,359
Ottawa Convention	34,671
United Nations - assessed contribution	86,193,599

	2018–19 \$
United Nations Educational, Scientific and Cultural Organization	9,942,614
Voluntary Principles on Security and Human Rights	37,791
Wassenaar Arrangement	88,458
World Trade Organization	3,757,655
International organisations total	165,980,249
International peacekeeping operations	
UN Disengagement Observer Force	2,187,598
UN Hybrid Operation in Darfur	21,319,340
UN Interim Force in Lebanon	15,055,127
UN Interim Mission in Kosovo	1,057,337
UN Interim Security Force for Abyei	8,826,172
UN Mission for the Referendum in Western Sahara	1,628,964
UN Mission in South Sudan	36,281,564
UN Multidimensional Integrated Stabilization Mission in Mali	34,547,824
UN Multidimensional Integrated Stabilization Mission in the Central African Republic	27,768,228
UN Organization Stabilization Mission in the Democratic Republic of the Congo	35,594,949
UN Peacekeeping Force in Cyprus	926,275
UN Stabilization Mission in Haiti	3,950,288
UN Support Office for African Union Military Observer Mission in Somalia	17,994,151
International peacekeeping operations total	207,137,820
Grand total	373,118,069

Appendix 11:

List of sponsors

The following is a list of sponsors who supported projects or programs undertaken by the department during the year. The list includes sponsorship equivalent to \$10,000 and above (GST inclusive).

Table 32 **List of sponsors**

Sponsor	Project/Event	Program	Amount (\$)
Bank of Beirut	The Big Aussie BBQ (Beirut)	1.1	19,260
Copyright Agency	Australian Writers Week 2019 (Beijing)	1.1	44,000
Code Like a Girl Pty Ltd	Code Like a Girl (Canberra)	1.1	16,500
Fringe Club	Christmas Cultural Exhibition (Hong Kong)	1.1	45,906
Lockheed Martin	Anzac Day 2019 (Houston)	1.1	17,551
Schlumberger Ltd	Anzac Day 2019 (Houston)	1.1	12,840
BHP Billiton	Anzac Day 2019 (Houston)	1.1	12,840
ANZ Bank	Australia Day Reception (London)	1.1	12,529
ANC X Metro Publicity	Taste of Australia with Adam Liaw (Manila)	1.1	113,008
Ayala Center	Taste of Australia with Adam Liaw (Manila)	1.1	12,340
Mastercard	Australian/Israeli Tech Entrepreneurs Night (New York)	1.1	12,840
Ghella Spa	Gday in May 2018 (Rome)	1.1	15,823
Orica Chile S.A.	Australia Day 2019 (Santiago De Chile)	1.1	11,169
Posco	Australia Day 2019 (Seoul)	1.1	17,966
Rio Tinto Korea Limited	Australia Day – Australian Open (Seoul)	1.1	26,349
IFM Investors	Australia Day – Australian Open (Seoul)	1.1	17,966
AIP Asset Management Co., Ltd.	Australia Day – Australian Open (Seoul)	1.1	17,966
Pepper Savings Bank	Australia Day – Australian Open (Seoul)	1.1	26,349
Macquarie Securities Korea Ltd.	Australia Day – Australian Open (Seoul)	1.1	35,931
Hotel Lotte Co., Ltd.	Australia Day – Australian Open (Seoul)	1.1	17,966
ANZ Korea	Australia Day – Australian Open (Seoul)	1.1	17,966
Kia Motors Corporation	Australia Day – Australian Open (Seoul)	1.1	17,966
AustCham	Australia Day – Australian Open (Seoul)	1.1	11,977
Chevron Korea Inc.	Australia Day – Australian Open (Seoul)	1.1	17,966
Maeil Dairies Co., Ltd.	Australia Day – Australian Open (Seoul)	1.1	17,966
Swisse Wellness	Australia Day – Australian Open (Seoul)	1.1	15,383

Sponsor	Project/Event	Program	Amount (\$)
Woodside Energy Australia Asia Holdings Pte Ltd	Australia Day – Australian Open (Seoul)	1.1	11,977
James Cook University	Good Science = Great Business 2018 (Singapore)	1.1	48,788
Icon SOC Pte Ltd	Good Science = Great Business 2018 (Singapore)	1.1	19,515
Australian Nuclear Science and Technology Organisation	Good Science = Great Business 2018 (Singapore)	1.1	16,101
Australian National University	Good Science = Great Business 2018 (Singapore)	1.1	53,669
RMIT University	Good Science = Great Business 2018 (Singapore)	1.1	16,101
University of Queensland	Good Science = Great Business 2018 (Singapore)	1.1	16,101
Murdoch Singapore Pte Ltd	Good Science = Great Business 2018 (Singapore)	1.1	14,636
Lendlease Asia Holdings Pte Ltd	Good Science = Great Business 2018 (Singapore)	1.1	24,394
Curtin Singapore	Good Science = Great Business 2018 (Singapore)	1.1	24,394
Telstra International Limited	Australia Day in Spring 2019 (Tokyo)	1.1	15,113
Jurlique Japan	Australia Day in Spring 2019 (Tokyo)	1.1	12,090
Australia and New Zealand Banking Group Limited	Australia Day in Spring 2019 (Tokyo)	1.1	15,113
Commonwealth Bank of Australia	Australia Day in Spring 2019 (Tokyo)	1.1	15,113
Macquarie Group Japan	Australia Day in Spring 2019 (Tokyo)	1.1	15,113
National Australia Bank Limited	Australia Day in Spring 2019 (Tokyo)	1.1	15,113
Toll Express Japan Co., Ltd.	Australia Day in Spring 2019 (Tokyo)	1.1	15,113
North West Shelf Liaison Company Pty. Ltd.	Australia Day in Spring 2019 (Tokyo)	1.1	15,113
Rio Tinto Japan Limited	Australia Day in Spring 2019 (Tokyo)	1.1	15,113
All Nippon Airways Co., Ltd.	Australia Day in Spring 2019 (Tokyo)	1.1	15,113
Sekol Farmed Tuna	Australia Day in Spring 2019 (Tokyo)	1.1	15,113
Meat & Livestock Australia	Australia Day in Spring 2019 (Tokyo)	1.1	15,113
Japan Airlines	Australia now (Tokyo)	1.1	73,764
All Nippon Airways Co., Ltd.	Australia now (Tokyo)	1.1	53,079
Qantas Airways	Australia now (Tokyo)	1.1	38,931
Beautification Organization	Wall mural (Tehran)	1.1	12,840
Westpac NZ Limited	Trans-Tasman Dinner 2019 (Wellington)	1.1	23,309
Trans-Tasman Business	Trans-Tasman Dinner 2019 (Wellington)	1.1	11,188

Appendix 12: Summary of the overseas network

Following is a summary of the overseas network as at 30 June 2019. The overseas network comprises 120 posts in 83 countries including 11 posts managed by Austrade. The Australian Government has reciprocal arrangements with the Canadian Government regarding the provision of consular services. Australia also performs consular services for Papua New Guinea citizens overseas and for certain Commonwealth countries where Commonwealth countries do not have their own representation. In addition, we have 49 honorary consuls in 44 countries.

More information about our overseas network is available at the department's website at <http://dfat.gov.au/about-us/our-locations/missions/Pages/our-embassies-and-consulates-overseas.aspx> and at smartraveller.gov.au

Table 33 **Australian Government embassies, high commissions, consulates, multilateral missions and representative offices managed by DFAT and Austrade**

Location	City	Type
Afghanistan	Kabul	Embassy
Argentina	Buenos Aires	Embassy
Austria	Vienna	Embassy and Permanent Mission to the United Nations
Bangladesh	Dhaka	High Commission
Belgium	Brussels	Embassy and Mission to the European Union
Brazil	Brasília	Embassy
	São Paulo	Consulate-General*
Brunei Darussalam	Bandar Seri Begawan	High Commission
Cambodia	Phnom Penh	Embassy
Canada	Ottawa	High Commission
	Toronto	Consulate-General*
Chile	Santiago	Embassy
China	Beijing	Embassy
	Chengdu	Consulate-General
	Guangzhou	Consulate-General
	Hong Kong	Consulate-General
	Shanghai	Consulate-General
	Shenyang	Consulate-General
Colombia	Bogotá	Embassy

Location	City	Type
Croatia	Zagreb	Embassy
Cyprus	Nicosia	High Commission
Denmark	Copenhagen	Embassy
Egypt	Cairo	Embassy
Ethiopia	Addis Ababa	Embassy
Federated States of Micronesia	Pohnpei	Embassy
Fiji	Suva	High Commission
France	Paris	Embassy and Permanent Delegation to UNESCO
	Paris	Delegation to the OECD
Germany	Berlin	Embassy
	Frankfurt	Consulate-General*
Ghana	Accra	High Commission
Greece	Athens	Embassy
India	New Delhi	High Commission
	Chennai	Consulate-General
	Kolkata	Consulate-General
	Mumbai	Consulate-General
Indonesia	Jakarta	Embassy
	Jakarta ASEAN	Mission
	Bali (Denpasar)	Consulate-General
	Makassar	Consulate-General
	Surabaya	Consulate-General
Iran	Tehran	Embassy
Iraq	Baghdad	Embassy
Ireland	Dublin	Embassy
Israel	Tel Aviv	Embassy
Italy	Rome	Embassy and Permanent Mission to the FAO
	Milan	Consulate-General*
Japan	Tokyo	Embassy
	Fukuoka	Consulate-General*
	Osaka	Consulate-General*
	Sapporo	Consulate*
Jordan	Amman	Embassy
Kenya	Nairobi	High Commission
Kiribati	Tarawa	High Commission

Location	City	Type
Korea, Republic of	Seoul	Embassy
Kuwait	Kuwait City	Embassy
Laos	Vientiane	Embassy
Lebanon	Beirut	Embassy
Malaysia	Kuala Lumpur	High Commission
Malta	Malta	High Commission
Mauritius	Port Louis	High Commission
Mexico	Mexico City	Embassy
Mongolia	Ulaanbaatar	Embassy
Morocco	Rabat	Embassy
Myanmar	Yangon	Embassy
Nauru	Nauru	High Commission
Nepal	Kathmandu	Embassy
Netherlands	The Hague	Embassy
New Caledonia (France)	Noumea	Consulate-General
New Zealand	Wellington	High Commission
	Auckland	Consulate-General*
Nigeria	Abuja	High Commission
Pakistan	Islamabad	High Commission
Papua New Guinea	Port Moresby	High Commission
	Lae	Consulate-General
Peru	Lima	Embassy
Philippines	Manila	Embassy
Poland	Warsaw	Embassy
Portugal	Lisbon	Embassy
Qatar	Doha	Embassy
Russia	Moscow	Embassy
Samoa	Apia	High Commission
Saudi Arabia	Riyadh	Embassy
Serbia	Belgrade	Embassy
Singapore	Singapore	High Commission
Solomon Islands	Honiara	High Commission
South Africa	Pretoria	High Commission
Spain	Madrid	Embassy

Location	City	Type
Sri Lanka	Colombo	High Commission
Sweden	Stockholm	Embassy
Switzerland	Geneva	Permanent Mission to the United Nations
	Geneva	Permanent Mission to the WTO and Consulate-General
Thailand	Bangkok	Embassy and Permanent Mission to ESCAP
	Phuket	Consulate-General
Timor-Leste	Dili	Embassy
Tonga	Nuku'alofa	High Commission
Trinidad and Tobago	Port of Spain	High Commission
Turkey	Ankara	Embassy
	Çanakkale	Consulate
	Istanbul	Consulate-General
Tuvalu	Funafuti	High Commission
Ukraine	Kyiv	Embassy
United Arab Emirates	Abu Dhabi	Embassy
	Dubai	Consulate-General*
United Kingdom	London	High Commission
United States of America	Washington DC	Embassy
	Chicago	Consulate-General
	Honolulu	Consulate-General
	Houston	Consulate-General*
	Los Angeles	Consulate-General
	New York	Consulate-General
	New York	Permanent Mission to the United Nations
Vanuatu	San Francisco	Consulate-General*
	Port Vila	High Commission
Vatican City	Vatican City	Embassy to the Holy See
Vietnam	Hanoi	Embassy
	Ho Chi Minh City	Consulate-General
Zimbabwe	Harare	Embassy

* Consulates managed by Austrade.

In Ramallah, the Australian Government maintains the Australian Representative Office.

In Taipei, the Australian Office represents Australian interests in Taiwan in the absence of formal relations. The office includes staff seconded from the Department of Foreign Affairs and Trade and Austrade.

As part of its pop-up Embassy in Estonia, the Australian Government maintained a physical presence in Tallinn in April–May 2019 and a virtual presence for the rest of the reporting period.

Appendix 13: List of corrections

The following errors appeared in *DFAT Annual Report 2017–18*

Location: Preceding title and page number	Printed text	Correct text
Opening markets, promoting foreign investment and advancing commercial interests—Overview and analysis, p. 37	As figure 7 shows, prices of the goods and services we trade have increased by just seven per cent over the past decade compared to the 24 per cent increase in overall consumer prices for the same period.	As figure 6 shows, prices of the goods and services we trade have increased by just seven per cent over the past decade compared to the 24 per cent increase in overall consumer prices for the same period.
Enhancing Australia's influence—Our achievements in 2017–18, p. 70	In 2017–18, 37 scholars completed leadership and mentoring training in Canberra.	In 2017–18, 35 scholars completed leadership and mentoring training in Canberra.
Providing passport and consular services—Overview and analysis, and Table 4 Travel documents issued, p. 95	Take-up rates have exceeded expectations, with the proportion of clients using any kind of online application rising from 57.1 per cent in 2016–17 to 74.3 per cent in 2017–18, peaking at 82.4 per cent in June.	Take-up rates have exceeded expectations, with the proportion of clients using any kind of online application rising from 53.4 per cent in 2016–17 to 61.2 per cent in 2017–18, reaching 66.6 per cent in June.
	The same changes apply to the numbers in the 2016–17 and 2017–18 columns of Table 4 in relation to the percentage of applications using online forms.	
Providing passport and consular services— Table 5: Consular services provided to Australians, 2016–17 column, p. 97	Total assistance—total number of cases of Australians provided with consular services 231,917	Total assistance—total number of cases of Australians provided with consular services 231,917* *correction from 2016–17 Annual Report.
A disability inclusive workplace, p. 135	We are also developing practical that staff can participate fully in the broad range of the department's work.	We are also developing practical ways that staff with a disability can participate fully in the broad range of the department's work.

Location: Preceding title and page number	Printed text	Correct text
Appendix 3: Aid program expenditure, p. 237	The text for footnote 5 is missing.	5 Includes returns of prior year appropriations, Australia-Indonesia Partnership for Reconstruction and Development (AIPRD) loan repayments and reconciliation of expenses reported on a 'cash basis'.
Appendix 5: Ecologically sustainable development and environmental performance—Outcome 3: A secure Australian Government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas property estate, p. 241	3. preparing information for DFAT mandatory reporting, including Energy Efficiency in Government Operations (EEGO), National Waste Policy, Australian Packaging Covenant and WaterMAPS. The department fulfilled required whole-of-government reporting on the ICT Sustainability Plan and the Australian Packaging Covenant. The department collated energy usage according to the metrics outlined in EEGO Policy and used this information to target initiatives and energy efficiency works.	3. preparing information for DFAT mandatory reporting, including Energy Efficiency in Government Operations (EEGO). The department collated energy usage according to the metrics outlined in EEGO policy and used this information to target initiatives and energy efficiency works.
Appendix 7: Advertising and market research—Table 22 Advertising and market research, p. 245	Dentsu Mitchell Media Australia Pty Ltd Smartraveller and various advertising services 2.1 0	Dentsu Mitchell Media Australia Pty Ltd Smartraveller and various advertising services 2.1 2,783,338

The following errors appeared in *DFAT Annual Report 2016–17*

Location: Preceding title and page number	Printed text	Correct text
Providing passport, consular and protocol services—Overview and analysis, p. 102	Our campaign to encourage passport applicants to start their applications online resulted in 63 per cent of applicants completing online forms in June 2017, significantly reducing error rates and processing times.	Our campaign to encourage passport applicants to start their applications online resulted in 53.5 per cent of applicants completing online forms in June 2017, significantly reducing error rates and processing times.
Table 1: Travel documents issued, 2013–14 to 2016–17 (2016–17 column), p. 102	Percentage of applications using online forms 57.1	Percentage of applications using online forms 53.4

Appendix 14:

List of requirements

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	p.5	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	p. 6-7	Table of contents.	Mandatory
17AJ(b)	p. 258–267	Alphabetical index.	Mandatory
17AJ(c)	p. 256–257	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	p. 248–253	List of requirements.	Mandatory
17AJ(e)	p. 268	Details of contact officer.	Mandatory
17AJ(f)	p. 268	Entity's website address.	Mandatory
17AJ(g)	p. 268	Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	p. 11–13	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	p. 14–15	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	p. 17	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	p. 15	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	p. 15	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	p. 16	Name of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(ii)	p. 16	Position title of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(iii)	p. 219	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AE(1)(b)	p. 16	An outline of the structure of the portfolio of the entity.	Portfolio departments – mandatory
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
17AD(c)	Report on the Performance of the entity		
	<i>Annual performance Statements</i>		
17AD(c)(i); 16F	p. 19–111	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	<i>Report on Financial Performance</i>		
17AF(1)(a)	p. 112–113	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	p. 223–227	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	N/A	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.
17AD(d)	Management and Accountability		
	<i>Corporate Governance</i>		
17AG(2)(a)	p. 5	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	p. 5	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	p. 5	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	p. 5	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	p. 116–117	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(2)(d) – (e)	N/A	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to noncompliance with Finance law and action taken to remedy noncompliance.	If applicable, Mandatory
<i>External Scrutiny</i>			
17AG(3)	p. 126–128 p. 233–234	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	p. 126–127	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)	p. 127	Information on any reports on operations of the entity by the Auditor General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	N/A	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
<i>Management of Human Resources</i>			
17AG(4)(a)	p. 117–125	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	p. 210–211	Statistics on the entity's employees on an ongoing and nonongoing basis, including the following:	Mandatory
		(a) statistics on fulltime employees;	
		(b) statistics on parttime employees;	
		(c) statistics on gender	
17AG(4)(b)	p. 212–215	(d) statistics on staff location	Mandatory
		Statistics on the entity's APS employees on an ongoing and nonongoing basis; including the following:	
		· Statistics on staffing classification level;	
		· Statistics on fulltime employees;	
		· Statistics on parttime employees;	
17AG(4)(c)	p. 119 p. 216	· Statistics on gender;	Mandatory
		· Statistics on staff location;	
		· Statistics on employees who identify as Indigenous.	
17AG(4)(c)	p. 119 p. 216	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(4)(c)(i)	p. 119 p. 216	Information on the number of SES and nonSES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	p. 217	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	p. 119	A description of nonsalary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	p. 217	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	p. 217	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	p. 217	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	p. 217	Information on aggregate amount of performance payments.	If applicable, Mandatory
<i>Assets Management</i>			
17AG(5)	p. 128	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory
<i>Purchasing</i>			
17AG(6)	p. 128	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
<i>Consultants</i>			
17AG(7)(a)	p. 128	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)	p. 128	A statement that " <i>During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]</i> ".	Mandatory
17AG(7)(c)	p. 128	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	p. 128	A statement that " <i>Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.</i> "	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
<i>Australian National Audit Office Access Clauses</i>			
17AG(8)	p. 129	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the AuditorGeneral with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
<i>Exempt contracts</i>			
17AG(9)	p. 129	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
<i>Small business</i>			
17AG(10)(a)	p. 129	A statement that "[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."	Mandatory
17AG(10)(b)	p. 129	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	p. 129	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that "[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."	If applicable, Mandatory
<i>Financial Statements</i>			
17AD(e)	p. 131–207	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
<i>Executive Remuneration</i>			
17AD(da)	p. 182 p. 218–222	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2–3 of the Rule.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(F)	Other Mandatory Information		
17AH(1)(a)(i)	p. 235	If the entity conducted advertising campaigns, a statement that <i>"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."</i>	If applicable, Mandatory
17AH(1)(a)(ii)	N/A	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	p. 129	A statement that <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i>	If applicable, Mandatory
17AH(1)(c)	p. 122	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	p. 127	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	p. 246–247	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	p. 120 p. 125 p. 229 p. 230–232 p. 235	Information required by other legislation	Mandatory



A mural in central Tehran created by Australian artists Fintan Magee and Guido van Helten, to celebrate 50 years of unbroken diplomatic relations between Australia and Iran. The artwork depicts two craftsmen repairing a traditional Persian rug, celebrating traditional crafts [Guido van Helten]

Reference material



Glossary of acronyms, abbreviations and terms

Term	Definition
2+2	Meeting of foreign and defence ministers from two countries
AIFFP	Australian Infrastructure Financing Facility for the Pacific
ANAO	Australian National Audit Office
ANCP	Australian NGO Cooperation Program
ANZAC	Australia and New Zealand Army Corps First world war army corps
APEC	Asia-Pacific Economic Cooperation
APIS	Australian Passport Information Service
ARGONAUT	Multinational civil-military cooperation exercise in Cyprus
ASEAN	Association of Southeast Asian Nations
ASEM	Asia–Europe Meeting
ASNO	Australian Safeguards and Non-Proliferation Office
ASX 200	Australia's lead stock exchange index
AUKMIN	Australia – United Kingdom Ministerial Consultations
AUSMIN	Australia – United States Ministerial Consultations
CALD	Cultural and linguistic diversity
CDPP	Commonwealth Director of Public Prosecutions
COP24	24th Conference of the Parties 2018 United Nations Climate Change Conference in Katowice, Poland
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CRT	Crisis Response Team
CTBTO	Comprehensive Nuclear-Test-Ban Treaty Organization
Da'esh	Arabic name of the Islamic State of Iraq and the Levant (ISIL)
DART	Disaster Assistance Response Team
E8	Essential Eight Strategies to Mitigate Cyber Incidents
EABC	European Australian Business Council
EAS	East Asia Summit
EU	European Union
FBT	Fringe benefits tax
FEMAT	Fiji Emergency Medical Assistance Team
Five Eyes	Intelligence alliance between Australia, Canada, New Zealand, the United Kingdom and the United States
FSC	Financial Sector Commission
FTA	Free trade agreement

Term	Definition
G20	Group of Twenty (19 member countries and the European Union)—forum for international economic cooperation
IA-CEPA	Indonesia–Australia Comprehensive Economic Partnership Agreement
ICT	Information and communications technology
IAEA	International Atomic Energy Agency
IHRA	International Holocaust Remembrance Alliance
IOM	International Organization for Migration
IORA	Indian Ocean Rim Association
ISDS	Investor-state dispute settlement
ISIL	See Da'esh
ITU	International Telecommunications Union
JCPOA	Joint Comprehensive Plan of Action
KAFTA	Korea–Australia Free Trade Agreement
LGBTI	Lesbian, Gay, Bisexual, Transgender and Intersex
NATO	North Atlantic Treaty Organization
NCP	New Colombo Plan
NGO	Non-government organisation
NPDI	Non-Proliferation and Disarmament Initiative
NPT	Non-Proliferation Treaty
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OPCW	Organisation for the Prohibition of Chemical Weapons
OPO	Overseas Property Office and Services
PACER Plus	Pacific Agreement on Closer Economic Relations Plus
Pacific Alliance	Latin American trade bloc comprising the nations bordering the Pacific (Chile, Colombia, Mexico and Peru)
PBS	Portfolio Budget Statements
PIDG	Private Infrastructure Development Group
PNG	Papua New Guinea
RCEP	Regional Comprehensive Economic Partnership
SDGs	Sustainable Development Goals
SFO	Staff and Family Support Office
UNCLOS	United Nations Convention on the Law of the Sea
UNGA	United Nations General Assembly
UNHCR	United Nations High Commissioner for Refugees
WHO	World Health Organization
WIL	Women in Leadership
WMD	Weapons of mass destruction
WTO	World Trade Organization

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