

**PORTFOLIO
BUDGET STATEMENTS
2008-09**

FOREIGN AFFAIRS AND TRADE PORTFOLIO

BUDGET INITIATIVES AND EXPLANATIONS OF
APPROPRIATIONS SPECIFIED BY AGENCY, BY OUTCOME

BUDGET RELATED PAPER NO. 1.9

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**PARLIAMENT HOUSE
CANBERRA 2600**

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

We hereby submit Portfolio Budget Statements in support of the 2008-09 Budget for the Foreign Affairs and Trade portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the portfolio.

We present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stephen Smith', with a horizontal line underneath.

Stephen Smith
Minister for Foreign Affairs

A handwritten signature in black ink, appearing to read 'Simon Crean', with a horizontal line underneath.

Simon Crean
Minister for Trade

Abbreviations and conventions

The following notation may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$b	\$ billion

Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

Enquiries

Should you have any enquiries regarding this publication please contact Ann Thorpe, Chief Finance Officer in the Department of Foreign Affairs and Trade on (02) 6261 1240.

A copy of this document can be located on the Australian Government Budget website at: <http://www.budget.gov.au>.

**USER GUIDE
TO THE
PORTFOLIO BUDGET
STATEMENTS**

USER GUIDE

The purpose of the 2008-09 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts) and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2008-09. In this sense the PB Statements are Budget related papers and are declared by the Appropriation Acts to be 'relevant documents' to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates and accordingly, these entities are not reported in the PB Statements.

STRUCTURE OF THE PORTFOLIO BUDGET STATEMENTS

The Portfolio Budget Statements have been revised for the 2008-09 Budget, with significant changes made to reduce the work load on agencies and to provide Parliament with more targeted and comprehensive information on government expenditure.

Included below is a brief outline of each section of the revised document.

Portfolio overview

The portfolio overview is largely unchanged with portfolio departments required to briefly outline the responsibilities of the portfolio, list the relevant agencies and Ministers and the resources available.

Agency Resources and Planned Performance

A statement (under the name of the agency) for each agency within the Portfolio.

Section 1: Agency overview and resources

- This section includes three components:
 - 1.1 Strategic Direction for 2008-09;
 - 1.2 Resource Statement; and
 - 1.3 Measures Table.
- The intention of section one is to provide readers with an overview of the functions and responsibilities of the agency, its contribution towards its outcomes for the budget year and the resources available.
- In the *Strategic Direction for 2008-09* agencies are to present a narrative approach rather than being restricted to a fixed number of headings. The key emphasis is on telling the agency 'story': the key strategies it is implementing to achieve its outcomes, what is involved and how success and progress are to be measured.
- The agency resource statement and measures table summarise resource information into two tables. Agencies are to use the new agency resource statement which details the source and nature of the all resources available to the agency. Budget Measures information is to reflect the information covered in Budget Paper 2, with the output group against which the measures are to be pursued included to improve cross-referencing.

Agency Resources and Planned Performance (continued)	
Section 2: Outcomes and Planned Performance	<ul style="list-style-type: none"> • The outcomes section has undergone significant change to re-orientate agencies' reporting towards their results in contributing to outcomes and away from focusing on the activities and processes of agencies. • The outcome resource statement provides lower level resourcing information for general users at the results level, grouped by output group rather than appropriation type as has been the case previously. • Following the outcome resource statement, agencies will use output groups for each outcome to group their intended contributions and the performance indicators used to assess the agency's effectiveness. By focusing on the results and impacts agencies are making towards outcomes, the revised PB Statements will be more focused on how agencies contribute to outcomes rather than detailing activities.
Section 3: Explanatory tables and budgeted financial statements	<ul style="list-style-type: none"> • This section has been reworked to increase the readability of technical financial information. The section now includes: <ul style="list-style-type: none"> – an explanation of any differences at agency level between the information included in the Budget Papers and the PB Statements arising from the use of the GFS and AAS accounting methodologies; and – explanatory tables to provide supplementary information on the reconciliation between total available appropriation and outcome attribution, the re-phasing and use of appropriations, special account flows and Australian Government Indigenous Expenditure. • It should also be noted that the capital budget statement and the property, plant, equipment and intangibles statements are no longer mandatory in the financial statements. This change has been made because for the majority of agencies the information provided was of little value. Agencies with significant investment programs and/or balance sheets may continue using the statements to better explain their overall position.
Glossary	Explains key terms relevant to the portfolio.

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PORTFOLIO OVERVIEW

FOREIGN AFFAIRS AND TRADE PORTFOLIO OVERVIEW

MINISTERS AND PORTFOLIO RESPONSIBILITIES

The overarching objective of Australia's foreign and trade policy is to advance Australia's national interest - the security and prosperity of Australians - by contributing to improvements in international security, national economic and trade performance and global cooperation.

The Minister for Foreign Affairs and the Minister for Trade are the two portfolio ministers. There are three Parliamentary Secretaries with responsibilities for Trade, Pacific Island Affairs and International Development Assistance. The portfolio consists of the Department of Foreign Affairs and Trade (DFAT), the Australian Trade Commission (Austrade), AusAID (the Australian Agency for International Development), the Australian Centre for International Agricultural Research (ACIAR), the Australian Secret Intelligence Service (ASIS) and the Export Finance and Insurance Corporation (EFIC).

The Foreign Affairs and Trade portfolio retained its responsibilities in the Administrative Arrangements Orders (AAO) of 3 December 2007 and January 2008. The AAO of 3 December 2007, for the first time, referred specifically to international climate change policy and negotiations and this responsibility was allocated to the new Department of Climate Change. This resulted in a movement of resources under section 32 of the *Financial Management and Accountability Act 1997* from DFAT to the Department of Climate Change, as international climate change policy and negotiations had been managed by DFAT as part of its allocated responsibility for external affairs.

While not yet reflected in the AAO, the Government has also decided to transfer the 'investment promotion' function and responsibility for delivery of the Global Opportunities program from the Department of Innovation, Industry, Science and Research to the Australian Trade Commission (Austrade). Working with state and territory governments, Austrade will contribute to securing investment in Australia that enhances national prosperity.

In 2008-09, the portfolio will seek to advance the national interest by enhancing Australia's relations with key countries, as well as multilateral organisations and institutions, to influence global and regional developments.

The portfolio will work to reduce trade barriers and expand Australia's markets through the World Trade Organization (WTO) Doha Round of trade negotiations, the Asia-Pacific Economic Cooperation (APEC) forum and other regional arrangements, and existing and future Free Trade Agreements (FTAs) which complement and are supportive of the multilateral trading system. The portfolio will support efforts to

Portfolio Overview

improve the international competitiveness of the Australian economy and Australian exporters.

Providing efficient and effective consular services and a secure passport system to Australians is an enduring priority. The portfolio will project a positive image of Australia and promote a clear understanding of government policy.

The portfolio will manage and support Australia's overseas diplomatic network. It will manage efficiently the Commonwealth's overseas owned estate. It will continue programs to improve the security of Australia's network of overseas diplomatic missions and will maintain secure government communications for the network. The portfolio will service and engage the foreign diplomatic and consular corps in Australia.

Through Austrade, the portfolio will provide tailored services and access channels to overseas markets to increase the number and sustainability of Australian businesses establishing and growing their export and international business outcomes. Austrade will administer the Export Market Development Grants scheme and will partner with industry associations, regional development organisations and state and territory governments to deliver the TradeStart and the Corporate Partnership elements of its trade development responsibilities.

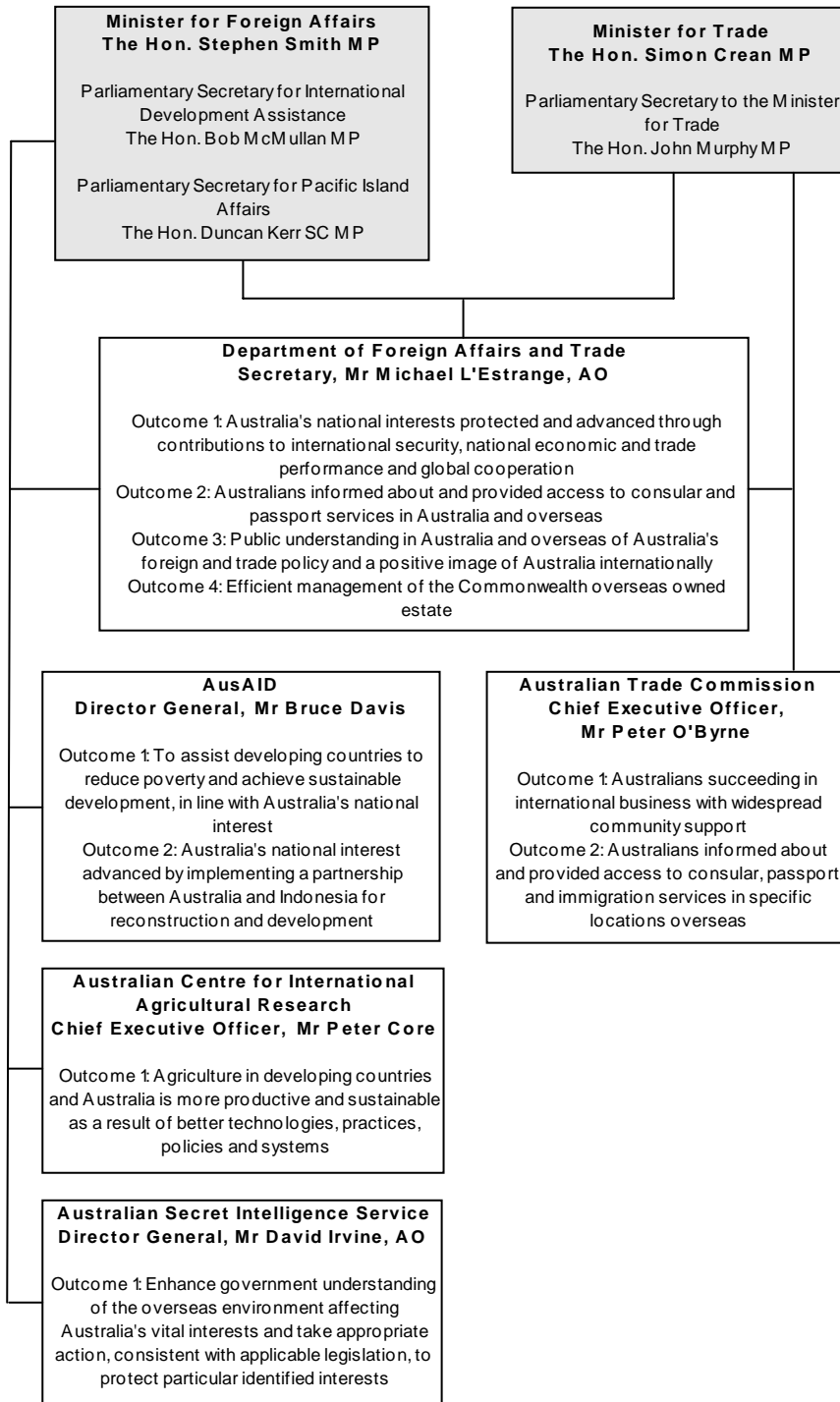
Through EFIC, the portfolio will help Australian exporters and companies investing in projects overseas to gain access to internationally competitive finance and insurance services. It will provide financial facilities for exporters of all sizes, including loans, guarantees, medium-term credit insurance and political risk insurance bonds. It will continue to manage the National Interest Account.

Through AusAID, the aid program assists developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest. In 2008-09 the aid program will emphasise assistance with adaptation to climate change, access to water and sanitation, tackling avoidable blindness and progress towards the Millennium Development Goals globally and in the Pacific region. Expanded assistance will be provided to improve basic health and education, economic infrastructure, to relieve humanitarian crises and to promote reconstruction in countries emerging from conflict.

ACIAR will contribute to poverty reduction in the Asia-Pacific region and Southern Africa through research projects aimed at fostering economic growth and sustainable development. ACIAR's research focuses on issues amenable to practical solutions where Australian research capacity can make a real difference. ACIAR's programs will focus on 'lagging' regions within partner countries and will engage marginalised groups.

Through ASIS, the portfolio will continue to enhance government understanding of the overseas environment affecting Australia's vital interests and take appropriate action, consistent with applicable legislation, to protect identified interests.

Figure 1: Foreign Affairs and Trade portfolio structure and outcomes



PORTFOLIO RESOURCES MADE AVAILABLE IN THE BUDGET YEAR

Table 1: Portfolio resources made available in the Budget year

	Appropriation			Receipts	Total
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special \$'000	\$'000	\$'000
Department of Foreign Affairs and Trade					
Administered appropriations	306,470	-	500	22,000	328,970
Departmental appropriations	821,935	35,596	-	47,677	905,208
Total:	1,128,405	35,596	500	69,677	1,234,178
Australian Trade Commission					
Administered appropriations	150,400	-	-	-	150,400
Departmental appropriations	180,397	113	-	28,329	208,839
Total:	330,797	113	-	28,329	359,239
AusAID					
Administered appropriations	2,718,762	260,547	-	27,883	3,007,192
Departmental appropriations	129,394	1,520	-	231	131,145
Total:	2,848,156	262,067	-	28,114	3,138,337
Australian Centre for International Agricultural Research					
Administered appropriations	-	-	-	-	-
Departmental appropriations	52,333	-	-	13,271	65,604
Total:	52,333	-	-	13,271	65,604
Australian Secret Intelligence Service					
Administered appropriations	-	-	-	-	-
Departmental appropriations	164,714	16,754	-	17,805	199,273
Total:	164,714	16,754	-	17,805	199,273
Resources available within Portfolio:					4,996,631

AGENCY RESOURCES AND PLANNED PERFORMANCE

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Department of Foreign Affairs and Trade

**Agency resources and planned
performance**

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DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

In 2008-09, the department will advance the Government's foreign and trade policy objectives through a range of strategies. Australia's foreign policy is directed towards strengthening the United States alliance, a renewed focus on multilateralism, increasing Australia's comprehensive engagement with the Asia-Pacific, building a new partnership with Europe, and achieving positive outcomes on international economic and security issues.

Central to Australia's trade policy approach are the twin strategies of achieving trade liberalisation through multilateral, regional and bilateral negotiations and economic reform behind the border. Multilateral trade reform, specifically an ambitious outcome to the World Trade Organization (WTO) Doha Round of trade negotiations, is Australia's most important trade negotiation priority.

The department will deepen Australia's fundamentally important relationship with the United States, our most important strategic ally, across the breadth of our political, economic and security interests. It will advocate Australia's interests in the United States and the importance of the relationship during the political transition following US elections in November 2008. It will identify and implement practical cooperation with the United States to advance our common strategic, trade and investment objectives bilaterally, regionally and globally.

The department will ensure that Australia takes opportunities to make a difference in international affairs through a renewed focus on multilateralism. It will increase Australia's support for and participation in the United Nations, other international organisations and strategic groupings. A key element of the strategy will be Australia's bid for a non-permanent seat on the UN Security Council in 2013-14. The department will seek to secure further senior Australian representation in the United Nations and will support efforts to enhance the effectiveness of the Human Rights Council.

The department will work to strengthen Australia's engagement in Asia and bring a renewed focus in the Pacific. It will enhance the relationship with Japan, our largest export market and most important strategic partner in Asia, broaden the base of productive relations with China and deepen relations with Indonesia as key regional partners. It will take Australia's strategic and economic relationship with India to a higher level. The department will adopt a more activist role in East Asian institutional

arrangements. It will participate actively within the Asia Pacific Economic Cooperation (APEC) forum to promote freer trade and investment, economic reform and an improved business environment in the region.

Consistent with Prime Minister Rudd's Port Moresby Declaration, the department will promote and coordinate a new whole-of-government strategy for Australia's enhanced engagement with the Pacific, including implementing long-term Pacific Development Partnerships promoting economic growth, good governance and improved development outcomes in Pacific island countries.

The department will also work to strengthen political and economic engagement with Europe and pursue a new partnership with the European Union to achieve closer cooperation and dialogue including on international events.

An abiding responsibility of the department is to contribute to the protection of Australia's national security in the face of an increasingly complex range of threats and a high threat environment. The department will lead whole-of-government efforts to combat international terrorism, support efforts to strengthen the counter-terrorism capacity of our South-East Asian neighbours, and work with other partners in South Asia.

The department will lead Australia's efforts to achieve a more comprehensive and integrated international strategy to achieve our objectives in Afghanistan. The 2008-09 Budget measure *Afghanistan – Australian diplomatic presence – continuation and expansion* will provide for the continuation of the Australian Embassy in Kabul to support the Government's objective of helping stabilise Afghanistan and contribute to the Afghan Government's capacity to deny sanctuary to international terrorists.

The department will work to re-energise the international non-proliferation, disarmament and arms control regimes. It will look to strengthen practical means to counter the proliferation of Weapons of Mass Destruction, including through the Proliferation Security Initiative and the tightening of export controls.

Working with the Department of Climate Change, the department will contribute to the launch of a post-2012 global agreement on climate change. It will pursue Australian interests in international fishing, including progress toward the "Niue Plus" Pacific regional fisheries enforcement cooperation negotiations. The department will maintain pressure on Japan to halt its 'scientific whaling' program.

The department will work actively to secure an ambitious outcome to the WTO Doha Round of trade negotiations in 2008 – one that delivers substantial outcomes on agriculture, industrial products and services. It will work closely with key WTO members to conclude the Round, including through Australia's leadership of the Cairns Group of agricultural exporting countries.

The department will work closely with key stakeholders to develop a strategic whole-of-government approach to advancing Australia's international economic and commercial interests. To this end, it will support the comprehensive review of export policies and programs which is being chaired by David Mortimer AO, and consider the review's findings and recommendations. The review will examine Australia's export policies and programs, including investment promotion; consider the merits of the Export Market Development Grants scheme; and incorporate the results of a separate research project on Australia's approach to Free Trade Agreements.

The department will lead initiatives to ensure that Australia takes advantage of the strong growth of key trading partners in Asia, such as China and India. At the same time, it will monitor closely the impact on Australia's trade interests of the turbulence in global financial markets and other developments that have the potential to affect the Australian economy.

The department will work to ensure our Free Trade Agreement (FTA) negotiations with Japan, China, ASEAN and New Zealand, Chile, the Gulf Cooperation Council and Malaysia open markets for Australian business and deliver high quality agreements that support the multilateral trading system. The department will pursue preparations for negotiating a comprehensive FTA with Pacific island countries ("PACER Plus"). It will take appropriate action arising from the recommendations of feasibility studies into possible FTAs with Indonesia and the Republic of Korea. It will aim to complete the joint FTA feasibility study with India in 2009.

To promote Australia internationally, the 2008-09 Budget measure *Shanghai World Expo 2010 - Australian participation* provides funding towards Australia's participation in the expo, to present Australian business expertise, culture and values to the strategically important and rapidly expanding China market and to a wider global audience. The funding will contribute to the construction and operation of Australia's expo pavilion and management of on-site business promotion, communications and cultural programs.

The department will continue to assist Australians overseas by providing effective consular services consistent with the Consular Services Charter against the background of growing numbers of Australians travelling overseas each year and an increasing proportion of these travellers seeking consular assistance. It will continue to enhance its consular crisis response and planning systems, including for the 2008 Beijing Olympics, and will ensure accurate, accessible and up-to-date country-specific travel advice is available to Australians. It will also provide public information and outreach to help Australians to plan their travel prudently, to have a realistic understanding of the scope of consular assistance and to manage risks.

The department will manage the pressures associated with increasing numbers of passport applications and will develop a plan for the replacement of ageing passport issuance systems. The department will implement the 2008-09 Budget measure *Increase in Passport Fees*.

DFAT Budget Statements

The department will monitor, maintain and improve security and strengthen communications capability at Australia's overseas missions in the face of a challenging security environment. The department has a central role providing communications and security services to other Australian government agencies operating in Australia's diplomatic missions overseas and will seek to strike a balance between whole-of-government expectations and our operational capacity to deliver them.

In 2008-09, the Government will conduct a review of DFAT's outcomes, priorities and resources. The department, like other agencies, is delivering savings to contribute to the Government's commitment to responsible budget management. The Government has decided to reduce the total savings required of the department in 2008-09 by \$12 million, from \$33.2 to \$21.2 million, pending the findings of the review.

The department will maintain a professional workforce with the capacity to respond effectively and flexibly to emerging foreign and trade policy and consular priorities in an unpredictable international environment.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Department of Foreign Affairs and Trade resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior ⁺ year amounts available in 2008-09 ¹ \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Appropriation Available 2007-08 \$'000
Ordinary Annual Services				
Departmental outputs				
Departmental outputs ²	225,049	821,935	1,046,984	1,013,423
s31 Relevant agency receipts ³	-	47,677	47,677	46,341
Total	225,049	869,612	1,094,661	1,059,764
Administered expenses²				
Outcome 1	-	261,798	261,798	219,580
Outcome 1- Payments to CAC Act Bodies	-	10,600	10,600	10,800
Outcome 2	-	500	500	500
Outcome 3	-	23,572	23,572	28,278
Total	-	296,470	296,470	259,158
Total ordinary annual services	A 225,049	1,166,082	1,391,131	1,318,922
Other services				
Administered expenses				
New administered expenses²				
Outcome 3 ³	-	10,000	10,000	-
Total	-	10,000	10,000	-
Departmental non-operating⁴				
Equity injections	52,223	27,745	79,968	96,991
Previous years' outputs	-	7,851	7,851	11,100
Total	52,223	35,596	87,819	108,091
Administered non-operating				
Administered Assets and Liabilities	-	-	-	-
Total	-	-	-	-
Total other services	B 52,223	45,596	97,819	108,091
Total Available Annual Appropriations	277,272	1,211,678	1,488,950	1,427,013
Special Appropriations				
Special Appropriations limited by criteria/entitlement²				
Special Appropriation FMA Act, 1997 s28	-	500	500	1,174
Total Special Appropriations	C -	500	500	1,174
Total Appropriations excluding Special Accounts	277,272	1,212,178	1,489,450	1,428,187

Table 1.1: Department of Foreign Affairs and Trade resource statement — Budget estimates for 2008-09 as at Budget May 2008 (continued)

	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Appropriation Available 2007-08 \$'000
Special Accounts				
Opening balance ⁵	218,157	-	218,157	192,196
Appropriation Receipts	-	12,963	12,963	5,553
Appropriation Receipts - other agencies	-	-	-	-
Non-Appropriation receipts to Special Accounts ³	-	180,769	180,769	171,151
Total Special Account	D 218,157	193,732	411,889	368,900
Total resourcing				
A+B+C+D	495,429	1,405,910	1,901,339	1,797,087
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through	-	126,057	126,057	112,116

¹ Estimated adjusted balance carried from previous year for Annual Appropriations

² Appropriation Bill (No.1) 2008-09

³ The Government will also seek an estimated \$22 million in additional funding through corporate sponsorships and partnerships with the states and territories towards Australia's participation in the Shanghai World Expo 2010. See Table 2.1.3.

⁴ Appropriation Bill (No.2) 2008-09

⁵ Estimated opening balance for special accounts. For further information on special accounts see Table 3.1.3, Section 3

Note: All figures are GST exclusive

Third Party Drawdowns from and on behalf of other agencies

	\$'000
Payments made to CAC Act bodies within the Portfolio (disclosed above)	
Department of Foreign Affairs and Trade (source of appropriation)	10,600

1.3 BUDGET MEASURES

Budget measures relating to the Department of Foreign Affairs and Trade are detailed in Budget Paper No. 2. Table 1.2 provides a summary of government measures and identifies the relevant output groups associated with each measure.

Table 1.2: Agency 2008-09 Budget measures

	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Revenue measures					
Increase in Passport Fees	2.1				
Administered revenues		6,400	7,400	8,100	8,800
Total		6,400	7,400	8,100	8,800
Total revenue measures	Administered	6,400	7,400	8,100	8,800
	Departmental	-	-	-	-
	Total	6,400	7,400	8,100	8,800
Expense measures					
Shanghai World Expo 2010 - Australian participation ¹	3.1				
Administered outputs		10,000	31,000	20,000	-
Departmental outputs		-	-	-	-
Afghanistan - Australian diplomatic presence - continuation and expansion ²	1.1,1.2,1.3,1.4, 2.1				
Administered outputs		-	-	-	-
Departmental outputs		15,705	16,669	-	-
Total		15,705	16,669	-	-
Total expense measures	Administered	10,000	31,000	20,000	-
	Departmental	15,705	16,669	-	-
	Total	25,705	47,669	20,000	-
Capital measures					
Afghanistan - Australian diplomatic presence - continuation and expansion ²	1.1,1.2,1.3,1.4, 2.1				
Administered capital		-	-	-	-
Departmental capital		6,894	41	-	-
Total		6,894	41	-	-
Total capital measures	Administered	-	-	-	-
	Departmental	6,894	41	-	-
	Total	6,894	41	-	-

Prepared on a Government Financial Statistics (fiscal) basis.

¹ The Government will also seek an estimated \$22 million in additional funding through corporate sponsorships and partnerships with the states and territories towards Australia's participation in the Shanghai World Expo 2010. See Table 2.1.3.

² The Government is providing \$39.3 million over two years. This includes \$13.7 million already in the forward estimates. Budget Paper No. 2 shows only the additional funding of \$25.6 million over and above the forward estimates.

Note: The Government will supplement DFAT by \$12 million in 2008-09, pending the outcomes of the review of the adequacy of the department's base funding. This supplementation will be provided under the revised 2006-07 Budget measure *Department of Foreign Affairs and Trade – budget sustainability* as set out in 2008-09 Budget Paper No 2.

Note: In addition to the above, there are a number of measures which were published in the 2007-08 Foreign Affairs and Trade Portfolio Additional Estimates Statements which are also shown in Budget Paper No. 2.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the outputs which demonstrate their contribution to Government outcomes over the coming year.

Each outcome is described below by outputs, specifying the performance indicators and targets used to assess and monitor the performance of the Department of Foreign Affairs and Trade in achieving government outcomes.

The department allocates resources to outputs based on its activity based costing model. Allocations in 2008-09 have been calculated based on the underlying model coupled with contemporary estimates data. The Overseas Property Office costs are excluded from the department's costing model as all activities are accounted for separately and allocated directly to Outcome 4 (Output 4.1).

2.1.1 Outcome 1: Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation

Outcome 1 Strategy

This outcome reflects the department's primary responsibility for developing and implementing foreign and trade policies on matters of international security, trade policy and global cooperation that advance Australia's national interests. The majority of the department's financial and human resources are directed to the achievement of Outcome 1.

As highlighted in the 2008-09 DFAT Agency Overview: Strategic Directions, the department will give priority to: strengthening relations with the United States and key strategic allies; advancing the multilateral trade agenda; increasing Australia's involvement and participation in the United Nations system and significant regional fora; and enhancing Australia's comprehensive engagement with the Asia-Pacific.

These strategies are aimed at: enhancing Australia's security and promoting a more stable regional and global security environment; contributing to national prosperity by obtaining improved access to overseas markets for Australian exports through multilateral, regional and bilateral means; and strengthening global cooperation in such areas as the environment, human rights and good governance. A vital dimension to achieve this is the maintenance of strong bilateral partnerships.

As the lead agency managing Australia's external affairs, the department also has a central whole-of-government role in the management and maintenance of Australia's overseas diplomatic network, including the provision of services to other agencies represented overseas, and services to diplomatic and consular representatives in Australia.

Outcome 1 Resource statement

Table 2.1.1 provides additional detail of Budget appropriations and the total resourcing for outcome one.

Table 2.1.1: Total resources for Outcome 1

Outcome 1: Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation		2008-09	2007-08
		Total estimate of available resources ¹	Estimated actual
		\$'000	\$'000
Departmental Outputs: Outcome 1			
Output 1.1: Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity			
Departmental Outputs			
	Revenues from Government	B1 354,621	331,904
	Revenues from other sources (s.31)	21,171	20,240
Subtotal for Output 1.1		375,792	352,144
Output 1.2: Secure government communications and security of overseas missions			
Departmental Outputs			
	Revenues from Government	B1 93,975	113,397
	Revenues from other sources (s.31)	10,951	10,470
Subtotal for Output 1.2		104,927	123,867
Output 1.3: Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)			
Departmental Outputs			
	Revenues from Government	B1 70,219	84,730
	Revenues from other sources (s.31)	15,725	15,033
Subtotal for Output 1.3		85,943	99,764
Output 1.4: Services to diplomatic and consular representatives in Australia			
Departmental Outputs			
	Revenues from Government	B1 3,279	3,957
	Revenues from other sources (s.31)	180	172
Subtotal for Output 1.4		3,459	4,129
Administered Items - Outcome 1			
	Payments to International Organisations	B1 258,941	214,471
	Export Finance and Investment Corporation	B1 10,600	10,800
	Other	B1 2,804	5,056
Special Accounts			
Australia-France Endowment Special Account - FMA Act 1997 s20			
	Opening balance	0	0
	Appropriation receipts	53	53
	Non-Appropriation receipts to Special Accounts	0	0
Subtotal for Administered Items - Outcome 1		272,398	230,380
Total resources for Outcome 1		842,520	810,284
Average staffing level (number)¹		2,033	2,338

¹ 2008-09 resourcing and ASL figures reflect the implementation of an updated methodology for allocation of resources between outcomes and across outputs.

(B1) - Annual Appropriation Bill 1 (Ordinary Annual Services)

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 1

Output 1.1: Protection and advocacy of Australia’s international interests through the provision of policy advice to ministers and overseas diplomatic activity	
<p>To protect and advance the national interest, the department will engage in effective advocacy and overseas diplomatic activity to promote Australia’s international political, security, economic and multilateral interests. It will ensure the accurate and timely provision of policy advice to Ministers to meet the challenges of an unpredictable international environment.</p>	
Key Performance Indicators	2008-09 Target
<p>Deepening of Australia’s relationship with the United States</p>	<p>Strengthen further our alliance with the United States by continued strategic, defence and intelligence cooperation</p> <p>Influence the development of US strategic, foreign and trade policy through high level political engagement, including ministerial visits, the Australia United States Ministerial Consultations (AUSMIN) and the AUSFTA Joint Committee</p>
<p>Enhancement of Australia’s security through contributions to national, regional and international efforts to promote a more stable regional and global security environment</p>	<p>Strengthen engagement with the United Nations, including by building support for Australia’s election to the UN Security Council in 2013-14</p> <p>Strengthen non-proliferation regimes by enhancing Australia’s role in international non-proliferation and disarmament efforts</p> <p>Deliver effective policy coordination on whole-of-government approaches on Afghanistan and Iraq</p> <p>Advance coordination on key regional issues through the Trilateral Strategic Dialogue</p> <p>Build support for Australian inclusion in any regional security mechanisms arising from the Six Party Talks</p> <p>Advance Australia’s international Chemical, Biological, Radiological and Nuclear counter-terrorism programs and strengthen counter-terrorism cooperation and capacity building with key partners</p> <p>Strengthen whole-of-government efforts for regional cooperation on people smuggling</p>

<p>Enhancement of engagement with the Asia Pacific region</p>	<p>Develop further strong relations with Japan, including under the Joint Declaration on Security Cooperation, advance economic, political and strategic relations with China and enhance relations with the Republic of Korea</p> <p>Strengthen relations in South Asia, particularly through high level political engagement, stronger institutional and economic links with India and by broadening relations with Pakistan</p> <p>Strengthen ties with the countries of South-East Asia, notably with Indonesia by building on the Framework for Security Cooperation, and relations with ASEAN</p> <p>Enhance the role of the East Asia Summit in East Asian economic integration</p> <p>Participate effectively in APEC and other regional forums to build support for freer trade, make practical improvements in the business environment and encourage economic reform in the Asia-Pacific region</p> <p>Strengthen relations with Pacific island countries, particularly through long-term Pacific Partnerships and effective coordination to implement the Government's enhanced Pacific engagement strategy</p> <p>Promote political stability and economic growth in the region, including in East Timor, and in Solomon Islands through effective leadership of the Regional Assistance Mission to Solomon Islands (RAMSI)</p> <p>Deepen economic and social integration with New Zealand</p>
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<p>Advancement of Australia's national interests with partners in Europe, the Americas, the Middle East and Africa</p>	<p>Progress towards a new policy framework for practical cooperation with the European Union (EU) on economic and security interests</p> <p>Advance Australia-UK links, including cooperation on shared defence and security interests, and the promotion of strategies to address regional and global problems</p> <p>Strengthen ties with the Middle East and make practical contributions to the Middle East peace process</p> <p>Sustain momentum in the relationship with Canada and deepen relations with key Latin American partners</p> <p>Strengthen engagement with Africa</p>
<p>Contribution to national prosperity through improved access to overseas markets for Australian business through multilateral, bilateral, regional means; efforts to maintain and strengthen the multilateral trading system; and effective use of the WTO to protect and pursue Australia's trade interests</p>	<p>Progress towards an ambitious outcome to the WTO Doha Round that delivers commercially-worthwhile outcomes on agriculture, industrial products and services</p> <p>Maintain Australia's influence in the WTO negotiations, including through leadership of the Cairns Group, participation in smaller groups and dialogue with key members</p> <p>Defend any WTO challenges on quarantine; use the WTO dispute settlement system to advance Australian trade objectives; and provide high-quality legal advice on WTO obligations</p> <p>Develop strategies to ensure FTAs support the multilateral trading system, including through enhanced WTO oversight of FTAs</p> <p>Progress current FTA negotiations, implement existing FTAs effectively and examine the merits of new bilateral FTAs, including through feasibility studies</p> <p>Progress the PACER Plus Pacific trade liberalisation negotiations</p> <p>Assist with the completion of the comprehensive review of export policies and programs, and consider the review's findings</p>

<p>Promotion of outcomes to international deliberations on global environmental and energy-related issues consistent with Australian policy positions</p>	<p>Maintain high level pressure on Japan to halt its 'scientific whaling' program</p> <p>Contribute to the launch of post 2012 global agreement on climate change</p> <p>Ensure trade and environment outcomes are mutually supportive</p> <p>Work with other agencies to enhance procedures for handling illegal, unregulated and unreported fishing in Australia's fishing zone and progress 'Niue Plus' Pacific regional fisheries enforcement cooperation negotiations</p>
<p>Contribution to the development of a strong international legal framework</p>	<p>Satisfy all treaty and statutory obligations</p> <p>Intensify advocacy of the importance of an international rules based system</p> <p>Adopt a more active role and involvement in international institutions and multilateral fora</p>
<p>Encouragement of wider international application of universal human rights standards, democratic principles and good governance</p>	<p>Support efforts to enhance the effectiveness of the Human Rights Council</p> <p>Advocate human rights bilaterally, regionally and in international fora</p> <p>Strengthen advocacy of good governance and democracy</p>

Output 1.2: Secure government communications and security of overseas missions	
To protect and advance the national interest, the department will sustain and improve security and strengthen communications capability at Australia's overseas missions	
Key Performance Indicators	2008-09 Target
Availability to clients, reliability of and client satisfaction with communications through the secure network and secure telecommunications infrastructure, including the Overseas Diplomatic Information Network (ODIN) cable delivery system	<p>Implement the outcomes of the Information and Communications Technology (ICT) governance and systems health check reviews</p> <p>Finalise ICT services Memorandums of Understanding with other Australian Government agencies</p> <p>Implement a strategy to recruit and retain technical staff</p> <p>Plan, cost and adequately maintain critical ICT resources, including effective transitions to new systems and replacement projects</p>
Client satisfaction with the level of physical security at overseas chanceries and residences, including responsiveness to unexpected events	<p>Enhance further physical security of posts, including through relocation, security construction projects and the implementation of new and improved security arrangements, including staff security training</p> <p>Ensure project works comply with legal and security requirements, and are completed on-time, to the extent possible</p>

Output 1.3: Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)	
To protect and advance the national interest, the department will provide support for official overseas visits, ensure whole-of-government coordination of services in relation to the overseas diplomatic network and ensure consultation on trade policy development	
Key Performance Indicators	2008-09 Target
Client satisfaction with visit facilitation	Provide efficient and appropriate support for overseas visits by ministers and parliamentarians, representatives of state or territory governments and state or territory parliamentarians
Client satisfaction with services provided	Continue effective implementation of the Prime Minister's Directive on the Guidelines for the Management of the Australian Government Presence Overseas Maintain high quality financial, personnel and property management services to other government agencies at overseas posts in line with service level agreements
Effective consultation on the development of trade policy	Provide accurate and timely statistical trade information and advice (fee for service basis) to the public Maintain close relationships with state and territory governments, including through the Council of Australian Governments (COAG) and the newly-created COAG Ministerial Council on International Trade Manage effectively consultative processes with industry representatives, state and territory governments, NGOs and community groups to seek their views on bilateral, regional and multilateral trade negotiations

Output 1.4: Services to diplomatic and consular representatives in Australia	
The department will provide high-quality services to the diplomatic and consular corps in Australia	
Key Performance Indicators	2008-09 Target
Efficient delivery of high quality services to the diplomatic and consular corps	<p>Ensure timely, accurate and transparent decisions on diplomatic visas, accreditation and privileges</p> <p>Progress policy issues affecting financial privileges, including rates payments and reciprocal tax concessions</p> <p>Ensure that diplomatic privileges and immunities are not abused and that foreign officials respect Australian law</p> <p>Promote awareness within relevant agencies of Commonwealth, State and Territory governments of the rights and obligations of diplomatic and consular officials</p>
Client satisfaction with the standard and responsiveness of protection services provided to diplomatic and consular representatives	<p>Maintain close engagement with the Protective Security Coordination Centre and diplomatic missions to protect the security and dignity of missions in line with Australia's obligations under the Vienna Conventions</p> <p>Cooperate with agencies, airlines and diplomatic missions to protect the dignity of high level foreign visitors to Australia</p>

2.1.2 Outcome 2: Australians informed about and provided access to consular and passport services in Australia and overseas

Outcome 2 Strategy

The department is committed to supporting Australians overseas through a world-class consular service, accurate and timely travel advice, practical contingency planning and rapid crisis response. The department will further improve the systems in place to assist Australians overseas and manage consular crises, including through the Consular Enhancement Program.

Major projects under this program for the coming year include:

- the roll-out of remote and roaming communications equipment for use by Emergency Response Teams (ERTs) to enable the establishment of temporary consular offices in remote locations;
- further development of the new Consular Assistance and Information System (CAIS) to facilitate exchanges of information on consular case and crisis management;
- rolling-out new comprehensive consular training to bolster the effectiveness of officials deployed to consular duties, including in times of crisis.

The department will continue to give priority to managing the growing demands of consular casework. It will focus on further educating Australians about the importance of making informed travel choices and having realistic expectations of the consular services the department can provide. The department will ensure contingency arrangements are in place for the 2008 Olympics in Beijing.

The department will further improve Australia's world class passports regime. It has adopted more accurate forecasting models to enhance its strategic and operational planning to meet passport demand and maintain short turnaround times over the next five years. Work is continuing to enhance the department's passport fraud detection, investigation and prevention measures. Passport security remains a focus and progress will be made on the next version of the passport.

Outcome 2 Resource statement

Table 2.1.2 provides additional detail of Budget appropriations and the total resourcing for outcome two.

Table 2.1.2: Total resources for Outcome 2

Outcome 2: Australians informed about and provided access to consular and passport services in Australia and overseas		2008-09	2007-08
		Total estimate of available resources ²	Estimated actual
		\$'000	\$'000
Departmental Outputs: Outcome 2			
Output 2.1: Consular and passport services			
Departmental Outputs			
Revenues from Government	B1	244,015	229,209
Revenues from other sources (s.31)		-	-
		244,015	229,209
Administered Items - Outcome 2			
Output 2.1: Consular and passport services			
Consular Services	B1	500	500
Special Appropriations:			
<i>Special Appropriation FMA Act, 1997 s28 (A)</i> ¹		500	1,174
Subtotal for Administered Items - Outcome 2		1,000	1,674
Subtotal for Output 2.1		245,015	230,883
Total resources for Outcome 2		245,015	230,883
		2008-09	2007-08
Average staffing level (number) ²		949	867

¹ The department refunds passports and consular fees, under s28 of the FMA Act "Refund of Revenue". This amount is treated as an expense in the income statement. The amount of refunds varies from year to year depending on passport demand and the level of consular services provided.

² 2008-09 resourcing and ASL figures reflect the implementation of an updated methodology for allocation of resources between outcomes and across outputs.

(B1) - Annual Appropriation Bill 1 (Ordinary Annual Services)

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 2

Output 2.1: Consular and passport services	
<p>The department will support and assist Australian travellers and Australians overseas by providing high quality consular and passport services.</p> <p>Output 2.1 includes the following administered items:</p> <ul style="list-style-type: none"> Travellers' Emergency Loans <p><i>Australian travellers assisted through emergency loans, in accordance with the guidelines in the Consular Handbook.</i></p> <ul style="list-style-type: none"> Consular Emergency Services <p><i>Australian travellers provided with consular emergency services in accordance with the guidelines in the Consular Handbook.</i></p>	
Key Performance Indicators	2008-09 Target
Delivery of comprehensive, responsive, high-quality consular services	<p>Respond in an effective and timely manner to large-scale crises involving conflict, civil unrest, natural disaster or significant transport incidents</p> <p>Maintain high quality consular services while managing increased case numbers</p> <p>Deliver enhanced consular training to departmental staff</p>
Delivery of effective activities to improve awareness among Australian travelers of potential trouble spots and an understanding of the extent of assistance that the Australian Government can provide	<p>Maintain up to date travel advice</p> <p>Monitor and track effectiveness of the <i>smartraveller</i> campaign</p>
Ensure highly developed crisis management procedures are in place and tested	<p>Ensure continuous improvement of contingency planning to respond to overseas crises and major events</p> <p>Deliver a revised Contingency Planning and Crisis Management Manual</p>
Delivery of high-quality and responsive passport services	<p>Develop a strategy paper on the outlook for the passport business over the next 5 years</p> <p>Manage increasing workload effectively and meet 10 day turnaround for passports as outlined in Client Service Charter</p> <p>Develop a plan for the timely replacement of ageing passport systems</p>

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	<p>Engage with Australia Post and other service providers to improve efficiency of processes and client service levels</p> <p>Develop a plan for the improvement of online services</p> <p>Enhance fraud intelligence gathering and analytical capabilities</p> <p>Continue the development of a new passport series</p> <p>Expand the specialist training program aimed at improving the integrity of the passport system</p>
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2.1.3 Outcome 3: Public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally.

Outcome 3 Strategy

The department will deliver high-quality and innovative public and cultural diplomacy programs to advance Australia's foreign and trade policies. It will promote the Government's foreign and trade policy agenda to domestic and international audiences. The department will manage sustained media interest in its work, including in consular cases, through the provision of timely and accurate briefings and responses to Ministers.

The 2008-09 Budget measure *Shanghai World Expo 2010 – Australian participation* will enable the department to lead Australia's participation in the expo. The department will commence the construction and planning of the operation of Australia's expo pavilion, as well as business promotion, communications and cultural programs.

The department will continue to target its cultural diplomacy programs to ensure their relevance and efficacy in reinforcing an accurate, informed and positive understanding of Australia and its standing in international affairs. It will continue to work with the Australia Network to ensure that the television service to Asia and the Pacific remains of high quality, and appeals to its target audience.

Outcome 3 Resource statement

Table 2.1.3 provides additional detail of Budget appropriations and the total resourcing for outcome three.

Table 2.1.3: Total resources for Outcome 3

Outcome 3: Public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally		2008-09	2007-08
		Total estimate of available resources ²	Estimated actual
		\$'000	\$'000
Departmental Outputs: Outcome 3			
Output 3.1: Public information services and public diplomacy			
Departmental Outputs			
Revenues from Government	B1	55,826	53,563
Revenues from other sources (s.31)		731	699
		56,557	54,262
Administered Items: Outcome 3			
Output 3.1: Public information services and public diplomacy			
Australia Network	B1	18,831	18,737
Shanghai World Expo 2010 - Australian participation			
Expositions Special Accounts - FMA Act 1997 s20			
Opening balance		-	-
Appropriation receipts	B1	10,000	1,500
Non-Appropriation receipts to Special Accounts ¹		22,000	91
Subtotal for Shanghai World Expo 2010 - Australian participation		32,000	1,591
Grants	B1	4,741	8,041
Subtotal for Administered Items - Outcome 3		55,572	28,369
Subtotal for Output 3.1		112,129	82,631
Total resources for Outcome 3		112,129	82,631
		2008-09	2007-08
Average staffing level (number)²		465	229

(B1) - Annual Appropriation Bill 1 (Ordinary Annual Services)

¹ The Government will seek an estimated \$22 million through corporate sponsorships and partnerships with the states and territories towards Australia's participation in the Shanghai World Expo 2010.

² 2008-09 resourcing and ASL figures reflect the implementation of an updated methodology for allocation of resources between outcomes and across outputs.

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 3

Output 3.1: Public information services and public diplomacy	
<p>The department's public diplomacy activities project a positive and contemporary image of Australia and promote a clear understanding of Government policy and programs.</p> <p>Output 3.1 includes the following administered items:</p> <ul style="list-style-type: none"> • Australia Network <i>Television service delivered to the Asia Pacific Region that, inter-alia, provides a credible, reliable voice in the region and presents images and perceptions of Australia in an independent and impartial manner.</i> • Grants <i>Grants delivered in support of the Government's foreign and trade policy goals, including to bilateral foundations, councils and institutes to promote people-to-people links and accurate, contemporary images of Australia.</i> • World Expo 2010 Shanghai <i>Australia contributes to World Expo 2010 in a manner that highlights Australian business expertise, culture and values to the rapidly-expanding China market and to a wider global audience.</i> 	
Key Performance Indicators	2008-09 Target
Provision to Australians of comprehensive, relevant, up-to-date information on Australia's foreign and trade policy	<p>Maintain high standards of media and parliamentary services</p> <p>Maintain effective, up-to-date and user-friendly websites</p>
Effective promotion of accurate and positive image of Australia overseas	<p>Enhance the reach and appeal of the Australia Network television service</p> <p>Prepare for Australia's participation at the Shanghai World Expo in 2010 by finalising the design and commencing construction of the pavilion; and developing the business promotion, communications and cultural programs with state and territory governments and the corporate sector</p> <p>Deliver effective and targeted international media and cultural visits programs</p> <p>Implement accepted recommendations from the Senate Standing Committee on Foreign Affairs Defence and Trade's report <i>Australia's public diplomacy: building our image</i></p>

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	Administer International Relations Grants Program effectively and in accordance with government guidelines
Effective management of information and record keeping	Process FOI requests efficiently Strengthen record keeping policy and procedures

2.1.4 Outcome 4: Efficient Management of the Commonwealth overseas owned estate

Outcome 4 Strategy

The department will continue to manage the Government's \$1.5 billion owned overseas estate in an efficient and effective manner. In managing the overseas estate, the department operates in an inherently high risk overseas environment, but maintains a capability to respond when new or unforeseen security-related challenges arise.

The department will ensure the maintenance of a strategic forward five-year rolling plan for its overseas property estate that identifies future requirements for capital works and other major expenditure in the overseas estate. The plan aims to ensure that financial objectives, including the annual return of an agreed dividend to Government, a sound return on investment and a management-expense ratio consistent with property industry benchmarks, are achieved.

In 2008-09, the department will manage the Government's substantial construction and refurbishment program across the overseas property estate in accordance with legislative and governance requirements. The department will ensure the efficient management of the overseas owned estate within the new outsourced property services contract.

Outcome 4 Resource statement

Table 2.1.4 provides additional detail of Budget appropriations and the total resourcing for outcome four.

Table 2.1.4: Total resources for Outcome 4

Outcome 4: Efficient management of the Commonwealth overseas owned estate	2008-09	2007-08
	Total estimate of available resources \$'000	Estimated actual \$'000
Output 4.1: Property Management		
Special Accounts		
Special Account Overseas Property Account - Finance determination 2002-01 (D)		
Opening balance ¹	218,157	190,825
Appropriation receipts	-	-
Non-Appropriation receipts to Special Accounts ²	158,769	170,268
Subtotal for Output 4.1	376,926	361,093
Output 4.2: Contract Management		
Special Accounts		
Special Account Overseas Property Account - Finance determination 2002-01 (D)		
Opening balance	-	-
Appropriation receipts	-	-
Non-Appropriation receipts to Special Accounts	-	-
Subtotal for Output 4.2	-	-
Total resources for Outcome 4	376,926	361,093
	2008-09	2007-08
Average staffing level (number)³	28	24

¹ The opening balance of the Overseas Property Account represents equity from accumulated surpluses required to fund the management of the overseas owned estate including the forward program of construction projects.

² The Non-Appropriation receipts to the Overseas Property Account represent the rent paid by Commonwealth agencies and other tenants, and proceeds from property sales. These receipts include an intra-entity amount of \$102.494 million representing rent paid by DFAT to the Overseas Property Office. Proceeds from sale are returned to the consolidated revenue fund.

³ 2008-09 ASL figures reflect the implementation of an updated methodology for allocation of resources between outcomes and across outputs.

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 4

Output 4.1: Property management	
The department will manage the Government's overseas owned estate in an efficient and effective manner.	
Key Performance Indicators	2008-09 Target
Management of the overseas property estate meets the Government's property needs, achieves the agreed dividend and return on investment and accords with the principles set out in the Australian Government Property Ownership Framework	<p>Maintain building condition to industry standards and meet tenant requirements</p> <p>Plan and implement approved construction and fit-out projects in accordance with government priorities</p> <p>Pay agreed dividend from the operations of the overseas owned estate to the Government</p> <p>Achieve a rate of return on investment commensurate with risk factors in the overseas environment and the nature of the property</p> <p>Achieve management expense ratio consistent with external industry benchmarks</p>

Output 4.2: Contract management	
The department will ensure the efficient and effective contract management of the overseas owned estate	
Key Performance Indicators	2008-09 Target
Effective management of the United Group Limited contract for the provision of outsourced property services to the overseas estate	Implement successfully the new contract with United Group Limited, and establish an agreed operational model
Efficient and effective management of construction project contracts in the overseas estate	Manage construction project contracts effectively to meet performance and cost targets

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between the agency and outcome resource statements, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to an agency is unlikely to be fully utilised in the Budget year. The difference between the agency resource statement and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 Budget year, including amounts related to meeting future obligations to maintain the agency’s asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	1,094,661
Less estimated payments in 2008-09	(884,709)
Estimated departmental operating appropriation carry-forward for 2009-10 (outputs)	209,952

3.1.2 Movement of administered funds between years

The department did not move administered funds from 2007-08 to 2008-09.

3.1.3 Special Accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister’s Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by the Department of Foreign Affairs and Trade.

Table 3.1.3: Estimates of Special Account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Australia China Council Special Account - FMA Act 1997 s20 (A)	3	-	550	550	-	-
		38	783	821	-	-
Australia-France Endowment Special Account - FMA Act 1997 s20 (A)	1	-	53	53	-	-
		7	53	60	-	-
Australia India Special Account - FMA Act 1997 s20 (A)	3	-	495	495	-	-
		308	778	1,086	-	-
Australia-Indonesia Institute Special Account - FMA Act 1997 s20 (A)	3	-	550	550	-	-
		59	1,402	1,461	-	-
Australia-Korea Foundation Special Account - FMA Act 1997 s20 (A)	3	-	515	515	-	-
		3	791	794	-	-
Consular Services Special Account - FMA Act 1997 s20 (A)	2	-	200	200	-	-
		42	182	224	-	-
Australia Japan Foundation Special Account - FMA Act 1997 s20 (A)	3	-	800	800	-	-
		956	1,038	1,994	-	-
Expositions Special Accounts - FMA Act 1997 s20 (A)	3	-	32,000	32,000	-	-
		-	1,591	1,591	-	-
Services for Other Governments & Non-Agency Bodies Account - FMA Act 1997 s20 (A)	1,2,3	-	2,000	2,000	-	-
		1,392	2,000	3,392	-	-
Other Trust Monies Account - FMA Act 1997 s20 (A)	1,2,3	-	800	800	-	-
		305	800	1,105	-	-
Administered Payments and Receipts for Other Entities Special Account - FMA Act 1997 s20 (A)	1,2,3	5,000	230,000	230,000	-	5,000
		5,000	230,000	230,000	-	5,000
Overseas Property Account - Finance Determination 2002-01 (D)	4	218,157	158,769	174,500	-	202,426
		190,825	170,268	142,936	-	218,157
Total special accounts						
2008-09 Budget estimate		223,157	426,732	442,463	-	207,426
Total special accounts 2007-08 estimate actual		198,935	409,686	385,464	-	223,157

(A) = Administered
(D) = Departmental

3.1.4 Australian Government Indigenous Expenditure (AGIE)

Table 3.1.4: Australian Government Indigenous Expenditure

Outcome	Appropriations				Other \$'000	Total \$'000
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special Approp \$'000	Total Approp \$'000		
	Foreign Affairs and Trade					
Outcome 1						
Administered 2008-09	-	-	-	-	-	-
<i>Administered 2007-08</i>	-	-	-	-	-	-
Departmental 2008-09	395	-	-	395	-	395
<i>Departmental 2007-08</i>	<u>301</u>	-	-	<u>301</u>	-	<u>301</u>
Total Outcome 2008-09	<u>395</u>	-	-	<u>395</u>	-	<u>395</u>
<i>Total Outcome 2007-08</i>	<u>301</u>	-	-	<u>301</u>	-	<u>301</u>
Outcome 3						
Administered 2008-09	-	-	-	-	-	-
<i>Administered 2007-08</i>	-	-	-	-	-	-
Departmental 2008-09	170	-	-	170	-	170
<i>Departmental 2007-08</i>	<u>166</u>	-	-	<u>166</u>	-	<u>166</u>
Total Outcome 2008-09	<u>170</u>	-	-	<u>170</u>	-	<u>170</u>
<i>Total Outcome 2007-08</i>	<u>166</u>	-	-	<u>166</u>	-	<u>166</u>
Total Administered 2008-09	-	-	-	-	-	-
<i>Total Administered 2007-08</i>	-	-	-	-	-	-
Total Departmental 2008-09	<u>565</u>	-	-	<u>565</u>	-	<u>565</u>
<i>Total Departmental 2007-08</i>	<u>467</u>	-	-	<u>467</u>	-	<u>467</u>
Total AGIE 2008-09	<u>565</u>	-	-	<u>565</u>	-	<u>565</u>
<i>Total AGIE 2007-08</i>	<u>467</u>	-	-	<u>467</u>	-	<u>467</u>

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Analysis of budgeted financial statements

Budget Departmental Statement of Financial Performance

The department will receive additional appropriation funding of \$20.7 million (excluding capital funding) in 2008-09. This comprises funding for new measures valued at \$17.6 million (of which \$6.9 million was already in the forward estimates) and \$25.3 million for increased passport production, less \$15.3 million in other adjustments, primarily relating to foreign exchange, overseas inflation and rephasing of security funding.

The Overseas Property Office forecasts that it will return \$84.7 million to the Official Public Account in the form of a dividend payment in 2008-09.

Budgeted Departmental State of Financial Position

For 2008-09, the Department's non financial asset position is budgeted to be \$1,992.2 million at year-end. The major asset component is \$1,789.4 million for Land and Buildings which includes \$1,658.7 million managed by the Overseas Property Office (OPO). The budgeted departmental non-financial asset position has increased mainly due to the capitalisation of OPO work-in-progress (\$62 million) and estimated changes to the OPO portfolio value (\$70 million).

Schedule of Revenues and Expenses Administered on behalf of Government

Total administered revenues have been budgeted at \$361.1 million in 2008-09. This represents an estimated increase of \$84.0 million from the Portfolio Budget Statements 2007-08, due primarily to an increase in projected passport revenue (\$66.5 million including \$6.4 million in the passport fees revenue measure and \$60.1 million due to projected increased passports issues and fee adjustments included in previous budget estimates) offset by an expected decrease in National Interest Account Dividend collected from the Export Finance and Insurance Corporation (\$4.1 million).

The Government will seek contributions from private sector entities in the order of \$22.0 million in 2008-09 towards the costs of Australia's participation in the Shanghai World Expo 2010. All sponsorship received will be retained in the Expo Administered Special Account to fund expenditure on the *Shanghai World Expo 2010 - Australian participation* measure.

Total expenses administered on behalf of the Government are budgeted at \$329.6 million in 2008-09. The major components are contributions to international organisations (\$258.9 million), Australia's participation in the World Expo 2010 - Shanghai (\$32.0 million in 2008-09 funded from \$10.0 million in Administered Appropriation and \$22.0 million in expected sponsorship revenue), payments to the Australia Network television service (\$18.8 million), expenses associated with the EFIC National Interest Account (\$10.6 million) and payments under the International

Relations Grants Program (\$4.7 million). Total estimated expenses have increased by approximately \$80.1 million from the Portfolio Budget Statements 2007-08, primarily due to a forecast increase in estimated payments to international organisations (\$50.3 million) and the *Shanghai World Expo 2010 – Australian participation* measure (\$32.0 million in 2008-09).

Asset and Liabilities Administered on behalf of Government

Administered asset and liabilities are budgeted at \$387.8 million and \$99.1 million respectively for the year ending 30 June 2008. The assets represent mainly the whole-of-government component of the EFIC National Interest Account (\$359.8 million). Liabilities comprise primarily amounts relating to the National Interest Account (\$39.8 million), Locally Engaged Staff Pension Schemes (\$33.2 million) and other payables and provisions (\$26.0 million). Changes to the schedule of budgeted assets and liabilities administered on behalf of the Government since the Portfolio Budget Statements 2007-08 reflect fair value adjustments required under the Australian Equivalents to International Financial Reporting Standards (AEIFRS) at June 2007.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	827,860	821,935	814,221	809,849	819,524
Goods and services	97,075	97,151	86,006	89,017	90,428
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Other	1,100	1,100	1,521	1,911	1,780
Total revenue	926,035	920,186	901,748	900,777	911,732
Gains					
Net foreign exchange gains	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	3	-	-	-	-
Other	2,390	390	390	390	391
Total gains	2,393	390	390	390	391
Total income	928,428	920,576	902,138	901,167	912,123
EXPENSE					
Employees	369,873	376,252	381,679	383,839	388,582
Suppliers	369,085	372,823	388,832	369,308	366,141
Grants	900	900	900	900	900
Subsidies	-	-	-	-	-
Depreciation and amortisation	76,726	78,949	79,667	92,523	97,526
Finance costs	649	624	457	400	300
Write-down of assets and impairment of assets	28,004	3,360	-	-	-
Net losses from sale of assets	158	996	4	-	-
Net foreign exchange losses	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	845,395	833,904	851,539	846,970	853,449
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June) (continued)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
Surplus (Deficit) before income tax	83,033	86,672	50,599	54,197	58,674
Income tax expense					
Surplus/(Deficit)					
Minority interest in surplus (deficit)	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	83,033	86,672	50,599	54,197	58,674

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	31,386	37,568	42,223	43,625	44,998
Trade and other Receivables	568,977	565,750	617,852	602,863	605,663
Investments accounted for under the equity method	-	-	-	-	-
Investments	-	-	-	-	-
Other investments	-	-	-	-	-
Tax assets	-	-	-	-	-
Other	3,895	3,895	3,895	3,895	3,895
Total financial assets	604,258	607,213	663,970	650,383	654,556
Non-financial assets					
Land and buildings	1,654,558	1,789,365	1,826,506	1,857,396	1,964,211
Infrastructure, plant and equipment	98,223	107,404	108,335	124,068	146,938
Investment properties	-	-	-	-	-
Inventories	16,397	16,397	16,396	16,396	16,396
Intangibles	8,902	9,689	8,316	9,273	7,576
Biological assets	-	-	-	-	-
Other	97,509	69,321	94,045	133,608	91,329
Total non-financial assets	1,875,589	1,992,176	2,053,598	2,140,741	2,226,450
Assets held for sale	3,177	123	123	123	123
Total assets	2,483,024	2,599,512	2,717,691	2,791,247	2,881,129
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	1,459	648	-	-	-
Deposits	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	1,459	648	-	-	-
Provisions					
Employees	110,113	110,157	110,298	110,317	110,317
Other	8,485	8,485	8,485	8,485	8,485
Total provisions	118,598	118,642	118,783	118,802	118,802
Payables					
Suppliers	86,179	86,170	76,364	76,354	76,354
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Other	11,744	12,451	12,994	12,994	12,994
Total payables	97,923	98,621	89,358	89,348	89,348
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	217,980	217,911	208,141	208,150	208,150
Net assets	2,265,044	2,381,601	2,509,550	2,583,097	2,672,979

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June) (continued)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
EQUITY*					
Parent entity interest					
Contributed equity	1,503,096	1,530,840	1,558,208	1,587,325	1,615,774
Reserves	368,077	461,109	511,184	501,417	504,176
Retained surpluses or accumulated deficits	393,871	389,652	440,158	494,355	553,029
Total parent entity interest	2,265,044	2,381,601	2,509,550	2,583,097	2,672,979
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	2,265,044	2,381,601	2,509,550	2,583,097	2,672,979
Current assets	623,832	623,733	680,489	666,902	671,075
Non-current assets	1,859,192	1,975,779	2,037,202	2,124,345	2,210,054
Current liabilities	201,458	201,394	192,365	192,373	192,373
Non-current liabilities	16,522	16,517	15,776	15,777	15,777

* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	96,383	96,443	85,465	89,017	90,428
Appropriations	794,242	807,361	777,926	800,565	813,503
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Other	1,908	1,116	1,931	1,931	1,780
Total cash received	892,533	904,920	865,322	891,513	905,711
Cash used					
Employees	371,015	377,985	382,619	385,305	388,582
Suppliers	353,807	371,783	374,053	370,888	365,750
Grants	900	900	900	900	900
Borrowing costs	-	-	-	-	-
Other	724	40	40	400	300
Income taxes paid	-	-	-	-	-
Total cash used	726,446	750,708	757,612	757,493	755,532
Net cash from or (used by) operating activities	166,087	154,212	107,710	134,020	150,179
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	14,116	8,754	4,596	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	14,116	8,754	4,596	-	-
Cash used					
Purchase of property, plant and equipment	108,562	78,126	64,911	86,848	126,541
Purchase of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	42,035	31,242	57,950	102,585	53,935
Total cash used	150,597	109,368	122,861	189,433	180,476
Net cash from or (used by) investing activities	(136,481)	(100,614)	(118,265)	(189,433)	(180,476)

Table 3.2.3: Budgeted departmental statement of cash flows (for the period ended 30 June) (continued)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	11,633	27,744	27,368	29,117	28,449
Proceeds from issuing financial instruments	-	-	-	-	-
Other	(27,349)	15,731	(12,065)	27,698	3,221
Total cash received	(15,716)	43,475	15,303	56,815	31,670
Cash used					
Repayments of debt	-	-	-	-	-
Dividends paid	20,439	84,731	-	-	-
Other	11,153	6,160	93	-	-
Total cash used	31,592	90,891	93	-	-
Net cash from or (used by) financing activities	(47,308)	(47,416)	15,210	56,815	31,670
Net increase or (decrease) in cash held	(17,702)	6,182	4,655	1,402	1,373
Cash at the beginning of the reporting period	49,088	31,386	37,568	42,223	43,625
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	31,386	37,568	42,223	43,625	44,998

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	393,871	368,077	-	1,503,096	2,265,044
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	393,871	368,077	-	1,503,096	2,265,044
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	93,032	-	-	93,032
Sub-total income and expense	-	93,032	-	-	93,032
Surplus (deficit) for the period	86,672	-	-	-	86,672
Total income and expenses recognised directly in equity	86,672	93,032	-	-	179,704
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	(84,731)	-	-	-	(84,731)
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	27,744	27,744
Other:					
Restructuring	-	-	-	-	-
<i>Amount(to)/from OPA - Agency</i>					
Cash transfers to the OPA	(6,160)	-	-	-	(6,160)
Sub-total transactions with owners	(90,891)	-	-	27,744	(63,147)
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2009	389,652	461,109	-	1,530,840	2,381,601

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	-	-	-	-	-
Total taxation	-	-	-	-	-
Non-taxation					
Goods and services	274,974	314,694	332,891	351,261	370,977
Fees and fines	-	-	-	-	-
Interest	6,900	7,391	6,991	6,591	5,891
Dividends	20,400	8,100	8,000	8,000	8,000
Other sources of non-taxation revenues	9,960	30,875	8,459	7,932	7,506
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Total non-taxation	312,234	361,060	356,341	373,784	392,374
Total revenues administered on behalf of Government	312,234	361,060	356,341	373,784	392,374
Gains					
Foreign exchange	-	-	-	-	-
Sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Reversal of previous asset writedowns	-	-	-	-	-
Total gains administered on behalf of Government	-	-	-	-	-
Total income administered on behalf of Government	312,234	361,060	356,341	373,784	392,374
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	222,712	263,882	253,814	254,461	254,461
Subsidies	-	-	-	-	-
Personal benefits	2,200	1,813	1,813	1,813	1,813
Employees	-	707	1,081	647	-
Suppliers	22,441	51,668	50,777	40,297	20,965
Depreciation and amortisation	-	-	-	-	-
Write down and impairment of assets	-	-	-	-	-
Finance costs	12,600	8,800	8,200	7,700	6,900
Other	4,100	2,700	2,400	1,900	1,900
Asset sales	-	-	-	-	-
Foreign exchange	-	-	-	-	-
Total expenses administered on behalf of Government	264,053	329,570	318,085	306,818	286,039

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	5,187	5,187	5,187	5,187	5,187
Receivables	19,738	20,038	20,338	20,127	20,427
Taxation receivables	-	-	-	-	-
Investments	359,800	359,800	359,800	359,800	359,800
Other financial assets	1,216	1,216	1,216	1,216	1,216
Total financial assets	385,941	386,241	386,541	386,330	386,630
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	-	-	-	-	-
Investment properties	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	-	-	-	-	-
Biological assets	-	-	-	-	-
Other	1,539	1,539	1,539	1,539	1,539
Total non-financial assets	1,539	1,539	1,539	1,539	1,539
Total assets administered on behalf of Government	387,480	387,780	388,080	387,869	388,169
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Australian Government securities	-	-	-	-	-
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Other	44,015	39,815	35,815	36,415	31,315
Total interest bearing liabilities	44,015	39,815	35,815	36,415	31,315
Provisions					
Employees	-	-	-	-	-
Taxation refunds provided	-	-	-	-	-
Australian currency on issue	-	-	-	-	-
Other provisions	33,216	33,216	33,216	33,216	33,216
Total provisions	33,216	33,216	33,216	33,216	33,216

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June) (continued)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
Payables					
Suppliers	344	344	344	344	344
Subsidies	-	-	-	-	-
Personal benefits payable	-	-	-	-	-
Grants	-	-	-	-	-
Other payables	28,366	25,714	23,346	21,446	19,846
Total payables	28,710	26,058	23,690	21,790	20,190
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities administered on behalf of Government	105,941	99,089	92,721	91,421	84,721

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	-	-	-	-	-
Fees	-	-	-	-	-
Sales of goods and rendering of services	-	-	-	-	-
	274,974	314,694	332,891	351,261	370,977
Interest	100	91	91	91	91
Dividends	20,400	8,100	8,000	8,000	8,000
Net GST received	2,020	2,589	1,929	1,935	1,935
Other	6,660	28,275	6,159	6,032	5,906
Total cash received	304,154	353,749	349,070	367,319	386,909
Cash used					
Borrowing costs	8,600	7,900	7,300	6,600	6,200
Employees	-	707	1,081	647	-
Grant payments	223,012	264,182	254,114	254,761	254,761
Subsidies paid	-	-	-	-	-
Personal benefits	2,200	1,813	1,813	1,813	1,813
Suppliers	22,441	51,668	50,777	40,297	20,965
Net GST paid	2,020	2,589	1,929	1,935	1,935
Other	4,079	2,700	2,400	1,900	1,900
Total cash used	262,352	331,559	319,414	307,953	287,574
Net cash from or (used by) operating activities	41,802	22,190	29,656	59,366	99,335
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment and intangibles	-	-	-	-	-
Proceeds from sales of investments	-	-	-	-	-
Repayments of advances	-	-	-	-	-
Transfers from other entities	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June) (continued)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
Cash used					
Purchase of property, plant and equipment and intangibles	-	-	-	-	-
Advances and loans made	-	-	-	-	-
Transfers to other entities	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	-	-	-	-	-
Cash from Official Public Account	260,332	328,970	317,485	306,018	285,639
Other	-	-	-	-	-
Total cash received	260,332	328,970	317,485	306,018	285,639
Cash used					
Net repayment of borrowings	-	-	-	-	-
Dividends paid	-	-	-	-	-
Cash to Official Public Account	302,134	351,160	347,141	365,384	384,974
Other	-	-	-	-	-
Total cash used	302,134	351,160	347,141	365,384	384,974
Net cash from or (used by) financing activities	(41,802)	(22,190)	(29,656)	(59,366)	(99,335)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	5,187	5,187	5,187	5,187	5,187
Cash from Official Public Account for:					
- appropriations					
- special accounts					
Transfers from other entities (Finance - Whole of Government)					
Cash to Official Public Account for:					
- appropriations					
- special accounts					
Transfers to other entities (Finance - Whole of Government)					
Effect of exchange rate movements on cash at beginning of reporting period					
Cash at end of reporting period	5,187	5,187	5,187	5,187	5,187

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Departmental Financial Statements and Schedule of Administered Activity

Under the Australian Government's accrual-based budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (Administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

- Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.
- Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Government according to set government directions. Administered expenses include subsidies, grants and personal benefit payments and Administered revenues include taxes, fees, fines and excises.

Appropriations in the accrual budgeting framework

Under the Australian Government's accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's funding for outputs from agencies;
- Departmental capital appropriations: for investments by the Government for either additional equity or loans to agencies;
- Administered expense appropriations: for the estimated Administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states; and
- Administered capital appropriations: for increases in Administered equity through funding non-expense Administered payments.

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to State governments).

Administered investments in controlled entities

The department has one administered investment in the Export Finance and Insurance Corporation with an estimated asset value of \$359.8 million as at 30 June 2007.

Asset Valuation

In accordance with current Australian accounting standards and the Finance Minister's Orders the department's assets are carried at fair value.

Australian Trade Commission (Austrade)

**Agency resources and planned
performance**

AUSTRALIAN TRADE COMMISSION

(AUSTRADE)

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AUSTRALIAN TRADE COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Trade Commission (Austrade) is the Australian Government's trade and investment development agency. Operating as a statutory agency within the Foreign Affairs and Trade portfolio, Austrade's primary responsibility is to assist Australian businesses to contribute to national prosperity by succeeding in export and investment.

Austrade provides advice on overseas markets, international opportunities and Export Market Development Grants to reduce the time, cost and risk for Australian businesses to successfully establish and grow their export and international business outcomes. Austrade also promotes Australia's attractiveness as a destination for foreign direct investment and works with state and territory governments to secure investment in Australia that complements or capitalises on domestic capabilities to further enhance national prosperity.

Supporting its outcomes, Austrade delivers:

- Export and outward investment services;
- Foreign direct investment services;
- Administration of the Export Market Development Grants (EMDG) scheme;
- Initiatives designed to improve community awareness of, and commitment to, international trade and investment;
- Advice to the Australian Government about, and coordination of, its export and investment development activities; and
- Consular, passport and other Government services in designated overseas locations.

Austrade delivers these services through a global network of offices, with representatives overseas in over 110 locations in more than 60 countries. In addition, across Australia Austrade operates 18 offices and a network of 50 TradeStart offices including 8 Export Hubs in partnership with public and private sector ally organisations.

In 2008-09, Austrade will assume responsibility for investment promotion from the Department of Innovation, Industry, Science and Research (DIISR). Offshore, Austrade will have an integrated network of trade and investment commissioners, capitalising on its knowledge of overseas markets and links with local business communities, to identify potential investors to complement or capitalise on Australia's domestic capabilities and further enhance national prosperity. Staff onshore will support potential investors as they work with businesses, states and territories to develop and finalise their investment, and will also provide international marketing to raise awareness of Australia as an investment destination. Austrade will also assume responsibility for delivery of the Global Opportunities program from DIISR.

Responding to the Government's directions on trade and investment, Austrade's overarching objectives for 2008-09 are to:

- assist Australian businesses to participate and become sustainable in export and international business;
- support Australian businesses to broaden and deepen their commercial engagement in overseas markets and to participate in more complex trade arrangements including through integration in global supply chains, clusters or establishment of an overseas presence or investment offshore;
- provide value to Australian businesses by expanding delivery of Austrade's services through allies and partners across private and public sectors; and
- raise awareness of the benefit of export and overseas investment among Australian businesses and the community and promote Australia as an attractive destination to potential investors.

Within the context of these broad objectives, and recognising that the Government's response to the Review of Export Policies and Programs may further guide Austrade's focus and direction, Austrade will pursue the following priorities:

- a continuing focus on maximising export and international business outcomes by clients through the delivery of tailored services in key markets, including growth markets such as China and India;
- enhancing trade and investment outcomes through sector and industry specific initiatives with industry allies and government agencies;
- implementing the Government's commitment to expand and revitalise the Export Market Development Grants scheme;
- strengthening assistance to the services sector including financial services; and
- responding to the Review of Export Policies and Programs which is scheduled to be completed in August 2008.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Austrade resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior + year available in 2008-09 \$'000	Proposed at Budget = 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Appropriation Available 2007-08 \$'000
Ordinary Annual Services				
Departmental outputs				
Departmental outputs	17,140 ⁴	180,397 ¹	197,537	171,654
s31 Relevant agency receipts		28,329 ³	28,329	31,107
Total	17,140	208,726	225,866 ⁵	202,761
Administered expenses				
Outcome 1		150,400 ¹	150,400	156,880
Total		150,400	150,400	156,880
Total ordinary annual services	17,140	359,126	376,266	359,641
Other services				
Administered expenses				
Specific payments to States, Act, NT and local government				
Total		-	-	-
New administered expenses				
Total		-	-	-
Departmental non-operating				
Equity injections	12,100	113 ²	12,213	4,873
Previous years' outputs		-	-	3,733
Total	12,100	113	12,213	8,606
Administered non-operating				
Administered Assets & Liabilities	-	-	-	-
Total	-	-	-	-
Total other services	12,100	113	12,213	8,606
Total Available Annual Appropriations	29,240	359,239	388,479	368,247
Special Appropriations				
Special Appropriations limited by criteria/entitlement		-	-	-
Special Appropriations limited by amount	-	-	-	-
Total Special Appropriations	-	-	-	-
Total Appropriations excluding Special Accounts	29,240	359,239	388,479	368,247

Table 1.1: Austrade resource statement — Budget estimates for 2008-09 as at Budget May 2008 (continued)

	Estimate of prior + year available in 2008-09 \$'000	Proposed at Budget = 2008-09 \$'000	Total Estimate = 2008-09 \$'000	Estimated Appropriation Available 2007-08 \$'000
Special Accounts				
Total Special Account	-	-	-	-
Total resourcing	29,240	359,239	388,479	368,247
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	-	-	-
Total net resourcing for				
Austrade	29,240	359,239	388,479	368,247

Footnotes:

1. Appropriation Bill (No.1) 2008-09.
2. Appropriation Bill (No.2) 2008-09.
3. s31 Relevant Agency receipts — estimate. This includes \$0.250 million in s31 receipts for the Proceeds from sales of property, plant and equipment.
4. Estimated adjusted balance carried from previous year for Annual Appropriations.
5. The total available departmental operating appropriation (outputs) will not equal the total of all outputs in the Outcome Resource Statements as they budget for estimated appropriation attributable to outcomes and not the total available. For reconciliation see Table 3.1.1.

Third Party Drawdowns from and on behalf of other agencies

Third Party Drawdowns from and on behalf of other agencies is not applicable to Austrade.

1.3 BUDGET MEASURES

Budget measures relating to Austrade are detailed in Budget Paper No. 2. Table 1.2 provides a summary of government measures and identifies the relevant output groups associated with each measure.

Table 1.2: Agency 2008-09 Budget measures

	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Revenue measures					
-					
Expense measures					
Responsible Economic Management – Global Integration – export facilitators to the United States market ¹					
	1.1				
	Administered expense	-	-	-	-
	Departmental outputs	(3,000)	(3,000)	(3,000)	(3,000)
	Total	(3,000)	(3,000)	(3,000)	(3,000)
Export Market Development Grants Scheme – additional funding ²					
	1.2				
	Administered expense	-	50,000	-	-
	Departmental outputs	-	-	-	-
	Total	-	50,000	-	-
Total expense measures					
	Administered	-	50,000	-	-
	Departmental	(3,000)	(3,000)	(3,000)	(3,000)
	Total	(3,000)	47,000	(3,000)	(3,000)
Capital measures					
-					

Prepared on a Government Financial Statistics basis.

Footnotes:

1. Winding back of measure Global Integration export facilitators for the United States market. Under the former Output Group structure, this measure was previously classified in Output Group 1.3.
2. This measure delivers on the Government's election commitment.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the output groups which demonstrate their contribution to Government outcomes over the coming year.

Each outcome is described below by output groups, specifying the performance indicators and targets used to assess and monitor the performance of Austrade in achieving government outcomes.

2.1.1 Outcome 1: Australians succeeding in international business with widespread community support

Outcome 1 Strategy

Austrade will continue to focus its effort and resources on delivering:

- International business opportunities to Australian businesses;
- Export and outwards investment services tailored to the needs of Australian businesses according to their stage of internationalisation;
- Access to the Export Market Development Grants scheme as an incentive and support for Australian small to medium sized enterprises to enter export markets and become sustainable exporters;
- Promotion and networking in overseas markets to attract potential investors in sectors of high value add to Australia;
- Activities and programs designed to improve community awareness of, and commitment to, trade and international investment; and
- Advice to the Australian Government about, and coordination of, its export and international business development activities.

Austrade has restructured the order of Outputs within Outcome 1 in order to better align with Austrade's priorities. Output group 1.3 "Foreign Direct Investment services" has been added in Outcome 1 to reflect the transfer of the 'investment promotion' function from DIISR.

Outcome 1 Resource statement

Table 2.1.1 provides additional detail of Budget appropriations and the total resourcing for Outcome 1.

Table 2.1.1: Total resources for Outcome 1

Outcome 1: Australians succeeding in international business with widespread community support		2008-09 Total estimate available resources \$'000	2007-08 Estimated actual \$'000
Output Group 1.1: Export & International Business Services¹			
Departmental Outputs			
Appropriation receipts	B1	131,210	132,851
Revenue from other sources (FMA Act s.31) ⁶		25,350	28,053
Subtotal for Output Group 1.1		156,560	160,904
Output Group 1.2: Trade Development Schemes (Export Market Development Grants)²			
Administered Items			
Appropriation receipts	B1	150,400	156,880
Subtotal for Output Group 1.2		150,400	156,880
Output Group 1.3: Foreign Direct Investment services³			
Departmental Outputs			
Appropriation receipts	B1	11,000	-
Revenue from other sources (FMA Act s.31) ⁶		-	-
Subtotal for Output Group 1.3		11,000	-
Output Group 1.4: Government advice and coordination⁴			
Departmental Outputs			
Appropriation receipts	B1	10,687	10,904
Revenue from other sources (FMA Act s.31) ⁶		175	193
Subtotal for Output Group 1.4		10,862	11,097
Output Group 1.5: Awareness raising⁵			
Departmental Outputs			
Appropriation receipts	B1	17,832	18,193
Revenue from other sources (FMA Act s.31) ⁶		454	502
Subtotal for Output Group 1.5		18,286	18,695
Total resources for Outcome 1		347,107	347,576
		2008-09	2007-08
Average staffing level (number)		970	987

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

Footnotes:

1. Output Group 1.1 formerly Output Group 1.3
2. Output Group 1.2 formerly Output Group 1.4
3. Additional output group to reflect the transfer of the 'investment promotion' function from DIISR.
4. Output Group 1.4 formerly Output Group 1.2
5. Output Group 1.5 formerly Output Group 1.1
6. *Financial Management and Accountability Act, 1997* section 31. This includes \$0.250 million in s31 receipts for the Proceeds from sales of property, plant and equipment.
(B1) - Annual Appropriation Bill 1 (Ordinary Annual Services)

Contributions to Outcome 1

Output Group 1.1: Export & International Business Services

Output Group 1.1: Export & International Business Services: Export and outward investment assistance for Australian businesses through a national and global network	
Austrade’s Australian and overseas network offers advice, market intelligence and ongoing support and assistance to Australian businesses looking to develop international markets.	
Key Performance Indicators	2008-09 Target
Number of Australian businesses utilising Austrade services	15,000 ⁽¹⁾
Number of businesses acknowledging Austrade's assistance in achieving trade outcomes	7,500 ⁽¹⁾
Corporate Partner satisfaction with Austrade's role in assisting their clients to achieve trade outcomes	Satisfactory
Value of trade outcomes achieved by businesses acknowledging Austrade's assistance	\$22 billion ⁽¹⁾
Total number of businesses acknowledging Austrade's assistance in completing outward investment outcomes	200 ⁽²⁾
Client satisfaction with Austrade services delivered	85 per cent
Cost	\$156.6 million

Notes:

(1) Target is based on planned levels of activity

(2) Estimated activity is based on historical levels

Output Group 1.2: Trade Development Schemes (Export Market Development Grants)

Output Group 1.2: Trade Development Schemes: Export Market Development Grants (EMDG) for small to medium-sized businesses	
<p>The Export Market Development Grants scheme provides partial reimbursement for expenditure made by Australian small and medium enterprises on eligible export promotion activities, as an incentive for businesses to enter into export and grow to become sustainable exporters. The contribution to this outcome is measured by the number of applicants attracted to the scheme and the number who become successful recipients of grant assistance as well as the value of eligible export promotion expenditure by grant recipients.</p>	
Key Performance Indicators	2008-09 Target
Number of grant applicants	4,600 ⁽²⁾
Total number of grant recipients	4,200 ⁽²⁾
Cost	\$150.4 million

Notes:

(2) Estimated activity is based on historical levels

Output Group 1.3: Foreign Direct Investment services

Output Group 1.3: Foreign Direct Investment services: Assistance delivered to government agencies and industry, in attracting high value add foreign direct investment to Australia	
<p>The contribution to this outcome is measured by the number of foreign direct investment project commitments and successes.</p>	
Key Performance Indicators	2008-09 Target
State Government / Stakeholder satisfaction	Satisfactory
Investor Satisfaction	Satisfactory
Cost	\$11.0 million

Output Group 1.4: Government advice and coordination

Output Group 1.4: Government advice and coordination: Advice to the Australian Government on, and coordination of, Australia's export and investment activities	
The contribution to this outcome is measured by the number of briefs provided to Ministers, Parliament and public sector agencies. This contribution is also measured by the ability of Austrade to supply this material within agreed timeframes.	
Key Performance Indicators	2008-09 Target
Minister's Satisfaction	Satisfactory ⁽¹⁾
Number of briefs (including submissions and Ministerials) provided to: Minister, Parliament, public sector agencies	450 ⁽²⁾
Cost	\$10.9 million

Notes:

- (1) The measure of the Minister's satisfaction will be provided to the Chief Executive by the Minister
- (2) Estimated activity is based on historical levels

Output Group 1.5: Awareness raising

Output Group 1.5: Awareness raising: Community awareness of the importance of trade and investment and an understanding of Austrade's role in delivering the Australian Government's trade strategy	
The contribution to this output is measured by community awareness of the importance of the Government's trade and international business facilitation activities through Austrade.	
Key Performance Indicators	2008-09 Target
Community awareness of the importance of the Government's trade and international business facilitation activities through Austrade	75 per cent ⁽⁴⁾
Community awareness of the importance of trade and investment	80 per cent ⁽⁴⁾
Cost	\$18.3 million

Notes:

- (4) Not wholly within Austrade's control

2.1.2 Outcome 2: Australians informed about and provided access to consular, passport and immigration services in specific locations overseas

Outcome 2 Strategy

Austrade delivers consular, passport and immigration services in designated locations.

Outcome 2 Resource statement

Table 2.1.2 provides additional detail of Budget appropriations and the total resourcing for Outcome 2.

Table 2.1.2: Total resources for Outcome 2

Outcome 2: Australians informed about and provided access to consular, passport and immigration services in specific locations overseas	2008-09 Total estimate available resources \$'000	2007-08 Estimated actual \$'000
Output Group 2.1: Consular, passport and immigration services		
Departmental Outputs		
Appropriation receipts	B1 9,668	9,706
Revenue from other sources (FMA Act s.31) ¹	2,350	2,359
Subtotal for Output Group 2.1	12,018	12,065
Total resources for Outcome 2	12,018	12,065
Average staffing level (number)	48	48

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

Footnotes:

1. *Financial Management and Accountability Act, 1997* section 31 (B1) - Annual Appropriation Bill 1 (Ordinary Annual Services)

Contributions to Outcome 2

Output Group 2.1: Consular, passport and immigration services

Output Group 2.1: Consular, passport and immigration services	
<p>Austrade's objective for 2008-09 is the delivery of comprehensive, responsive, high quality consular, passport and other Government services in specific locations overseas.</p>	
Key Performance Indicators	2008-09 Target
<p>Delivery of quality Passport services to Australian Citizens overseas</p>	<p>Accurate assessments of the passport entitlement</p> <p>Timely transmission of information to DFAT to facilitate 10 day turnaround (as outlined in the Passports Client Service Charter)</p>
<p>Efficient management of notarial services at Austrade managed overseas posts</p>	<p>Client satisfaction with the provision of notarial services at Austrade managed overseas posts; and</p> <p>Accurate, effective and timely provision of notarial services to clients overseas.</p>
<p>Delivery of responsive, high quality consular services.</p>	<p>Effective and timely response in providing consular services to Australians overseas.</p> <p>Maintain high quality assistance in managing consular cases.</p>
<p>Estimated levels of activity ⁽²⁾ :</p> <ul style="list-style-type: none"> - Number of Passport Interviews completed - Number of Notarial acts 	<p>12,000</p> <p>8,200</p>
<p>Cost</p>	<p>\$12.0 million</p>

(2) Estimated activity is based on historical levels

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to an agency may not be fully utilised in the Budget year. The difference between the agency resource statement and payments made in 2008-09 is the expected carry-forward amount of resources to the 2009-10 Budget year, including amounts related to meeting future obligations to maintain the agency's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	225,866
Less estimated payments in 2008-09	(203,556)
Estimated departmental operating appropriation not paid out at 30 June 2009	22,310

3.1.2 Movement of administered funds between years

Not applicable to Austrade.

3.1.3 Special Accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister’s Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by Austrade.

Table 3.1.3: Estimates of Special Account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Admin Payments and Receipts for Other Entities Special Account ¹ (A)	2	100 100	8,600 7,900	8,600 7,900	- -	100 100
Other Trust Moneys Special Account ² (D)	1	77 77	700 700	700 700	- -	77 77
Total special accounts 2008-09 Budget estimate		177	9,300	9,300	-	177
Total special accounts 2007-08 estimate actual		177	8,600	8,600	-	177

Footnotes:

1. s20 *Financial Management and Accountability Act, 1997* Determination 2006/15

2. s20 *Financial Management and Accountability Act, 1997* Determination 2006/16

(A) = Administered

(D) = Departmental

3.1.4 Australian Government Indigenous Expenditure (AGIE)

Table 3.1.4: Australian Government Indigenous Expenditure

Outcome	Appropriations				Other	Total	Output Group
	Bill	Bill	Special	Total			
	No. 1	No. 2	Approp	Approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Outcome 1							
Australian Trade Commission							
Administered 2008-09	-	-	-	-	-	-	
<i>Administered 2007-08</i>	-	-	-	-	-	-	
Departmental 2008-09	125	-	-	125	-	125	1.1
<i>Departmental 2007-08</i>	96	-	-	96	-	96	1.1
Total Outcome 2008-09	125	-	-	125	-	125	
<i>Total Outcome 2007-08</i>	<i>96</i>	<i>-</i>	<i>-</i>	<i>96</i>	<i>-</i>	<i>96</i>	
Total Administered 2008-09	-	-	-	-	-	-	
<i>Total Administered 2007-08</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	
Total Departmental 2008-09	125	-	-	125	-	125	
<i>Total Departmental 2007-08</i>	<i>96</i>	<i>-</i>	<i>-</i>	<i>96</i>	<i>-</i>	<i>96</i>	
Total AGIE 2008-09	125	-	-	125	-	125	
<i>Total AGIE 2007-08</i>	<i>96</i>	<i>-</i>	<i>-</i>	<i>96</i>	<i>-</i>	<i>96</i>	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Analysis of budgeted financial statements

An analysis of Austrade's budgeted financial statements, as reflected in the Departmental financial statements and Administered schedules, is provided below.

Departmental financial statements

The Departmental financial statements represent the assets, liabilities, revenues and expenses which are controlled by Austrade. Departmental expenses include employee and supplier expenses and other administrative costs which are incurred by Austrade in undertaking its operations.

Budgeted departmental income statement

This statement provides estimated actual financial results for 2007-08 and the estimated revenue and expenses for 2008-09 and forward years.

Total income in 2008-09 is estimated to be \$208.7 million, an increase of \$6.0 million from the 2007-08 estimated actual. The increase in income is primarily due to the transfer of the 'investment promotion' function from the Department of Innovation, Industry, Science and Research.

Total expenses for 2008-09 have also increased by \$6.0 million to reflect additional revenue.

Budgeted departmental balance sheet

This statement discloses the estimated end of year financial position for Austrade.

Austrade's budgeted net asset position of \$59.6 million represents an increase of \$0.1 million from the 2007-08 estimated actual due to equity injections.

Budgeted departmental statement of cash flows

This statement shows the extent and nature of cash flows as a result of Austrade's operating, investing and financing activities.

The Commission's cash balance at the end of 2008-09 is estimated to be \$5.5 million.

Departmental statement of changes in equity — summary of movement

This statement shows changes in equity resulting from the net impact of movements in accumulated results, assets revaluation and other reserves, and contributed equity.

Total equity in 2008-09 is estimated to be \$59.6 million, an increase of \$0.1 million from equity injections.

Schedule of administered activity

Details of transactions administered by Austrade on behalf of the Commonwealth are shown in the following schedules to the financial statements.

Schedule of budgeted income and expenses administered on behalf of Government

This schedule discloses the revenue and expenses administered on behalf of the Government.

Administered expenses of \$150.4 million for 2008-09 relate to the Export Market Development Grants (EMDG) scheme. This is comprised of \$142.9 million in Grant expenditure and \$7.5 million in expenditure for the costs of administering the EMDG scheme on behalf of the Government.

Schedule of budgeted assets and liabilities administered on behalf of Government

This schedule identifies the assets and liabilities administered on behalf of the Government.

Total administered assets and liabilities for 2008-09 are estimated at \$0.5 million and \$3.4 million respectively.

Schedule of budgeted administered cash flows

This schedule shows cash flows administered on behalf of the Government. All cash received is expected to be expended on the EMDG scheme.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000	Forw ard estimate 2010-11 \$'000	Forw ard estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	171,654	180,397	181,498	182,439	183,889
Goods and services	27,430	24,852	24,852	24,852	24,852
Other	3,427	3,227	3,227	3,227	3,227
Total revenue	202,511	208,476	209,577	210,518	211,968
Gains					
Sale of assets	250	250	250	250	250
Total gains	250	250	250	250	250
Total income	202,761	208,726	209,827	210,768	212,218
EXPENSE					
Employees	96,281	98,688	98,460	99,479	100,552
Suppliers	90,080	92,344	93,785	93,877	94,491
Depreciation and amortisation	16,000	17,294	17,182	17,012	16,775
Write-down of assets and impairment of assets	200	200	200	200	200
Losses from sale of assets	200	200	200	200	200
Total expenses	202,761	208,726	209,827	210,768	212,218
Surplus (Deficit) before income tax	-	-	-	-	-
Income tax expense	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000	Forw ard estimate 2010-11 \$'000	Forw ard estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	5,500	5,500	5,500	5,500	5,500
Trade and other Receivables	30,393	31,563	32,619	34,732	37,009
Total financial assets	35,893	37,063	38,119	40,232	42,509
Non-financial assets					
Land and buildings	28,274	26,252	24,632	23,266	22,242
Infrastructure, plant and equipment	15,483	16,298	16,869	17,103	17,267
Intangibles	13,374	13,898	14,265	14,384	14,467
Other	10,101	10,101	10,101	10,101	10,101
Total non-financial assets	67,232	66,549	65,867	64,854	64,077
Total assets	103,125	103,612	103,986	105,086	106,586
LIABILITIES					
Provisions					
Employees	22,697	24,197	25,697	27,197	28,697
Other	1,270	1,270	1,270	1,270	1,270
Total provisions	23,967	25,467	26,967	28,467	29,967
Payables					
Suppliers	10,151	9,333	8,515	8,515	8,515
Other	9,546	9,238	8,930	8,930	8,930
Total payables	19,697	18,571	17,445	17,445	17,445
Total liabilities	43,664	44,038	44,412	45,912	47,412
Net assets	59,461	59,574	59,574	59,174	59,174
EQUITY*					
Parent entity interest					
Contributed equity	13,154	13,267	13,267	13,267	13,267
Reserves	59,322	59,322	59,322	58,922	58,922
Retained surpluses or accumulated deficits	(13,015)	(13,015)	(13,015)	(13,015)	(13,015)
Total parent entity interest	59,461	59,574	59,574	59,174	59,174
Total equity	59,461	59,574	59,574	59,174	59,174
Current assets	43,469	44,639	45,695	47,808	50,085
Non-current assets	59,656	58,973	58,291	57,278	56,501
Current liabilities	38,983	39,317	39,651	40,990	42,329
Non-current liabilities	4,681	4,721	4,761	4,922	5,083

* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000	Forw ard estimate 2010-11 \$'000	Forw ard estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	27,430	24,852	24,852	24,852	24,852
Appropriations	178,225	179,228	180,443	179,928	181,614
Net GST received	4,864	5,664	5,629	5,705	5,714
Other	3,427	3,227	3,227	3,227	3,227
Total cash received	213,946	212,971	214,151	213,712	215,407
Cash used					
Employees	94,781	97,188	96,960	97,979	99,052
Suppliers	91,205	93,469	94,912	93,878	94,491
Net GST paid	4,864	5,664	5,629	5,705	5,714
Total cash used	190,850	196,321	197,501	197,562	199,257
Net cash from or (used by) operating activities	23,096	16,650	16,650	16,150	16,150
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	250	250	250	250	250
Total cash received	250	250	250	250	250
Cash used					
Purchase of property, plant and equipment	25,634	17,013	16,900	16,400	16,400
Total cash used	25,634	17,013	16,900	16,400	16,400
Net cash from or (used by) investing activities	(25,384)	(16,763)	(16,650)	(16,150)	(16,150)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	4,873	113	-	-	-
Total cash received	4,873	113	-	-	-
Cash used					
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	4,873	113	-	-	-
Net increase or (decrease) in cash held	2,585	-	-	-	-
Cash at the beginning of the reporting period	2,915	5,500	5,500	5,500	5,500
Cash at the end of the reporting period	5,500	5,500	5,500	5,500	5,500

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	(13,015)	21,532	37,790	13,154	59,461
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	(13,015)	21,532	37,790	13,154	59,461
Income and expense					
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)				113	113
Sub-total transactions with owners	-	-	-	113	113
Estimated closing balance as at 30 June 2009					
	(13,015)	21,532	37,790	13,267	59,574

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000	Forw ard estimate 2010-11 \$'000	Forw ard estimate 2011-12 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Goods and services	-	-	-	-	-
Other sources of non-taxation revenues	-	-	-	-	-
Total non-taxation	-	-	-	-	-
Total revenues administered on behalf of Government	-	-	-	-	-
Total income administered on behalf of Government	-	-	-	-	-
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	148,916	142,880	190,380	142,880	142,880
Employees	5,680	5,350	6,350	5,350	5,350
Suppliers	2,284	2,170	3,670	2,170	2,170
Total expenses administered on behalf of Government	156,880	150,400	200,400	150,400	150,400

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000	Forw ard estimate 2010-11 \$'000	Forw ard estimate 2011-12 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Receivables	532	532	532	532	532
Total financial assets	532	532	532	532	532
Total assets administered on behalf of Government	532	532	532	532	532
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Employees	1,799	1,799	1,799	1,799	1,799
Total provisions	1,799	1,799	1,799	1,799	1,799
Payables					
Suppliers	106	106	106	106	106
Grants	1,430	1,430	1,430	1,430	1,430
Other payables	90	90	90	90	90
Total payables	1,626	1,626	1,626	1,626	1,626
Total liabilities administered on behalf of Government	3,425	3,425	3,425	3,425	3,425

**Table 3.2.7: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000	Forw ard estimate 2010-11 \$'000	Forw ard estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	195	195	195	195	195
Other	-	-	-	-	-
Total cash received	195	195	195	195	195
Cash used					
Employees	5,680	5,350	6,350	5,350	5,350
Grant payments	148,916	142,880	190,380	142,880	142,880
Suppliers	2,284	2,170	3,670	2,170	2,170
Net GST paid	195	195	195	195	195
Total cash used	157,075	150,595	200,595	150,595	150,595
Net cash from or (used by) operating activities	(156,880)	(150,400)	(200,400)	(150,400)	(150,400)
INVESTING ACTIVITIES					
Net cash from or (used by) investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Net cash from or (used by) financing activities	-	-	-	-	-
Net increase or (decrease) in cash held	(156,880)	(150,400)	(200,400)	(150,400)	(150,400)
Cash at beginning of reporting period	10	-	-	-	-
Cash from Official Public Account for:					
- appropriations	156,880	150,400	200,400	150,400	150,400
Cash to Official Public Account for:					
- appropriations	(10)	-	-	-	-
Cash at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

The Commission budgeted statements are prepared on an Australian Equivalents to International Financial Standards (AEIFRS) basis.

Under the Australian Government's accrual budgeting framework, transactions that agencies control (Departmental transactions) are separately budgeted for and reported on from transactions that agencies do not have control over (Administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

Departmental

Departmental assets, liabilities, revenues and expenses in relation to an agency or authority are those which are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs which are incurred by the agency in providing its goods and services.

Administered

Administered items are revenues, expenses, assets and liabilities which are managed by an agency or authority on behalf of the Government according to set Government directions. Administered expenses include subsidies, grants and personal benefit payments and administered revenues include taxes, fees, fines and excises.

AusAID
**(Australian Agency for
International Development)**

**Agency resources and planned
performance**

AUSAID

(AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT)

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AUSAID (AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT)

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

In 2008-09 AusAID will advance the Government's objective of assisting developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest. Australia's development assistance will help developing country partners expand economic activity to create jobs and raise incomes, combat disease and improve nutrition, raise basic educational attainment, and improve the responsiveness and accountability of the state in meeting citizens' basic needs.

In partnership with developing country partners, bilateral and international development organisations and community-based organisations, AusAID will promote faster progress towards the achievement of the Millennium Development Goals (MDGs).

In 2008-09 AusAID will commence implementation of the Government's long-term commitment to increase Australia's official development assistance (ODA) to 0.5 per cent of Gross National Income (GNI) by 2015-16. Estimated ODA to GNI in 2008-09 is 0.32 per cent. The Government expects to increase Australia's ODA to levels equivalent to 0.35 per cent of GNI in 2009-10, 0.37 per cent of GNI in 2010-11 and 0.38 per cent of GNI in 2011-12.

In 2008-09 the Government's commitment will be taken forward through a series of new policy measures in the areas of climate change, water and sanitation, avoidable blindness, humanitarian and reconstruction support for Iraq, and partnerships with effective UN organisations.

AusAID will take a leading role in putting in place Pacific Partnerships for Development, as outlined in the Prime Minister's March 2008 Port Moresby Declaration. These partnerships will provide a new framework for Australia and Pacific island nations to commit jointly to achieving improved development outcomes, on the basis of mutual respect and mutual responsibility. Early priorities in the Pacific will include health, education, infrastructure development, public sector capacity building and land administration.

AusAID will pay particular attention to the needs of the most vulnerable in the Pacific and elsewhere in the developing world. An initial focus of this work will be to address avoidable blindness through an increased investment in primary and secondary eye care. This work will be underpinned by a more comprehensive approach to disability in the region through the development of a disability strategy for the development assistance program.

AusAID will provide enhanced support to new partners including Iraq and Afghanistan in transition from conflict. Funding will support immediate humanitarian needs of refugees and vulnerable civilian populations and will be complemented by reconstruction efforts in areas such as basic education, health, infrastructure, agriculture, mine clearing and improved government administration.

AusAID, together with key humanitarian agencies, will continue support for emergency, humanitarian and refugee responses: to relieve humanitarian crises, address the needs of people displaced by conflict, promote reconstruction in countries emerging from conflict and improve preparedness.

In seeking to reduce poverty in developing country partners AusAID will work to improve the provision of basic services to enable communities to grow and participate fully in the development process. AusAID will implement increasing programs of assistance in basic infrastructure and will also commence implementation of a new multi-year program to improve access to adequate and safe water and sanitation in rural, peri-urban and urban communities.

AusAID will continue to expand support for health and education with an emphasis on primary health care and basic education needs. Addressing the spread of infectious diseases including HIV and malaria and strengthening the development of health systems will be priorities, as will work to improve basic education systems, improve school infrastructure and enhance vocational and technical training.

In cooperation with the Department of Climate Change, AusAID will significantly expand work on climate change and environment issues. Assistance will be provided to neighbouring island countries to build their capacity to deal with the impacts of climate change over the long-term. This will involve working with partner countries to formulate adaptation strategies and plans looking at key climate change vulnerabilities and risks. AusAID will also cooperate with the Department of Climate Change in the implementation of the Government's International Forest Carbon Initiative.

In the context of growing concerns about global food security AusAID will take a lead role in planning increased Australian development assistance to address the root causes of food insecurity in partner developing countries, including through programs to enhance productivity and market development.

AusAID will ensure the effectiveness of the development assistance program will continue to be enhanced in 2008-09, including by responding to findings of the 2007 Annual Review of Development Effectiveness relating to: broadening Australia's engagement with fragile states, increasing support to reform in the larger economies of Asia, enhancing the performance orientation of aid, increasing the effectiveness of technical assistance and improving gender equality.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: AusAID resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Appropriation Available 2007-08 \$'000
Ordinary Annual Services				
Departmental outputs				
Departmental outputs ⁵	16,848 ⁴	129,394 ¹	146,242	108,494
s31 Relevant agency receipts ³		231	231	229
Total	16,848	129,625	146,473	108,723
Administered expenses				
Outcome 1	1,883,272 ⁶	2,714,376 ¹	4,597,648	2,226,495
Outcome 2	-	4,386 ¹	4,386	4,482
Total	1,883,272	2,718,762	4,602,034	2,230,977
Total ordinary annual services	A 1,900,120	2,848,387	4,748,507	2,339,700
Other services				
Administered Revenue⁷				
Outcome 1	-	17,883	17,883	5,876
Administered expenses				
Specific payments to States, Act, NT and local government				
Total	-	-	-	-
New administered expenses				
Total	-	-	-	-
Departmental non-operating				
Equity injections	-	1,520 ²	1,520	2,093
Previous years' outputs	-	-	-	-
Total	-	1,520	1,520	2,093
Administered non-operating				
Administered Assets and Liabilities	466,400	260,547 ²	726,947	480,640
Total	466,400	260,547	726,947	480,640
Total other services	B 466,400	279,950	746,350	488,609
Total Available Annual Appropriations	2,366,520	3,128,337	5,494,857	2,828,309
Special Appropriations				
Special Appropriations limited by criteria/entitlement				
Special Appropriations limited by amount	-	-	-	-
Total Special Appropriations	C -	-	-	-
Total Appropriations excluding Special Accounts	2,366,520	3,128,337	5,494,857	2,828,309

Table 1.1: AusAID resource statement — Budget estimates for 2008-09 as at Budget May 2008 (continued)

	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Appropriation Available 2007-08 \$'000
Special Accounts⁸				
Opening balance	516,941		516,941	734,726
Appropriation Receipts	-	-	-	-
Appropriation Receipts - other agencies	-	-	-	-
Non-Appropriation receipts to Special Accounts	-	10,000	10,000	15,527
Total Special Account	D 516,941	10,000	526,941	750,253
Total resourcing				
A+B+C+D				
Less appropriations drawn from annual or special appropriations above and credited to special accounts				
Total net resourcing for AusAID			6,021,798	3,578,562

1. Appropriation Bill (No.1) 2008-09.
 2. Appropriation Bill (No.2) 2008-09.
 3. s31 Relevant Agency receipts — estimate.
 4. Estimated adjusted balance carried forward from previous year for Departmental Annual Appropriations.
 5. The total available departmental operating appropriation (outputs) will not equal the total of all outputs in the Outcome Resource Statements as the budget reflects the estimated appropriation attributable to outcomes and not the total available. For reconciliation see Table 3.1.1.
 6. Estimated adjusted balance carried forward from previous years for Administered Annual Appropriations. This relates to amounts appropriated in previous years for multilateral replenishments. The full amounts of these replenishments are appropriated in the year the commitment is entered into, with cash payments usually made over a nine to ten year period.
 7. The majority of this funding relates to unused funds returned from contractors and non-government organisations and taxation paid to partner governments and returned to AusAID, which were appropriated in former years and will be returned to the Official Public Account (OPA).
 8. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.3.
- Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

Budget measures relating to AusAID are detailed in Budget Paper No. 2. Table 1.2 provides a summary of government measures and identifies the relevant outcomes associated with each measure.

Table 1.2: AusAID 2008-09 Budget measures

	Outcomes	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Expense measures					
Tackling Climate Change - adaptation to climate change¹					
	1				
Administered expense		18,803	48,000	63,600	-
Departmental outputs		1,452	1,363	1,383	-
Overseas development assistance - access to clean water and effective sanitation					
	1				
Administered expense		7,498	97,374	190,123	-
Departmental outputs		502	2,023	1,877	-
Overseas development assistance - fighting avoidable blindness²					
	1				
Administered expense		-	-	-	-
Overseas development assistance - United Nations Partnership for the Millennium Development Goals¹					
	1				
Administered expense		6,000	40,000	60,000	90,000
Overseas development assistance - investing in Pacific public sector capacity¹					
	1				
Administered expense		3,800	26,200	32,700	37,200
Departmental outputs		342	1,492	1,392	1,415
Overseas development assistance - Pacific land program¹					
	1				
Administered expense		3,500	8,000	16,000	21,000
Departmental outputs		833	789	800	813
Overseas development assistance - Pacific region infrastructure facility					
	1				
Administered expense		5,000	30,000	40,000	50,000
Departmental outputs		453	457	461	466

Prepared on a Government Financial Statistics basis.

Table 1.2: AusAID 2008-09 Budget measures (continued)

	Outcomes	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Expense measures (cont.)					
Overseas development assistance - Iraq humanitarian and reconstruction assistance					
	1				
Administered expense		59,384	39,379	39,374	-
Departmental outputs		616	621	626	-
Overseas development assistance - World Food Program Emergency Appeal - contribution					
	1				
Administered expense		22,500	-	-	-
Overseas development assistance - Asian Development Fund replenishment³					
	1				
Administered expense		9,570	-	-	-
Overseas development assistance - Australia's contribution to international debt relief⁴					
	1				
Administered expense		69,310	-	-	-
Overseas development assistance - emergency and humanitarian relief⁵					
	1				
Administered expense		-	-	-	-
Total expense measures					
	Administered	205,365	288,953	441,797	198,200
	Departmental	4,198	6,745	6,539	2,694
	Total	209,563	295,698	448,336	200,894

Prepared on a Government Financial Statistics basis.

Table 1.2: AusAID 2008-09 Budget measures (continued)

		2008-09	2009-10	2010-11	2011-12
	Outcomes	\$'000	\$'000	\$'000	\$'000
Capital measures					
Tackling Climate Change - adaptation to climate change¹					
	1				
	Departmental capital	399	-	-	-
Overseas development assistance - access to clean water and effective sanitation					
	1				
	Departmental capital	-	603	-	-
Overseas development assistance - investing in Pacific public sector capacity					
	1				
	Departmental capital	-	399	-	-
Overseas development assistance - Pacific land program					
	1				
	Departmental capital	200	-	-	-
	Administered	-	-	-	-
Total capital measures	Departmental	599	1,002	-	-
	Total	599	1,002	-	-

Prepared on a Government Financial Statistics basis.

1. This measure includes funding absorbed from within the existing resources of the development assistance program in 2008-09 (refer to Budget Paper No. 2 for detail).
2. This measure has been absorbed from within the existing resources of the development assistance program.
3. The Government will provide an additional \$38.280 million funding for this measure. The contribution is expected to include both loan and grant components. The estimated effect on the fiscal balance (\$9.570 million) reflects an assumption on the relative proportion of the grant component of the additional funding. The balance reflecting the loan component (\$28.710 million) does not impact on fiscal balance as the provision of a loan only affects the composition of the Australian Government investment in financial assets.
4. The Government will provide \$73.110 million in additional funding for this measure. The contribution is expected to include both loan and grant components. The estimated effect on the fiscal balance (\$69.310 million) reflects an assumption on the relative proportion of the grant component of the additional funding. The balance reflecting the loan component (\$3.800 million) does not impact on fiscal balance as the provision of a loan only affects the composition of the Australian Government investment in financial assets.
5. This measure has been absorbed from within the existing resources of the development assistance program.

Note: The impact of the 2008-09 Budget measure *Efficiency Dividend* was published in the 2007-08 Foreign Affairs and Trade Portfolio Additional Estimates Statements.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the outputs which demonstrate their contribution to Government outcomes over the coming year.

Each outcome is described below, specifying the performance indicators and targets used to assess and monitor the performance of AusAID in achieving Government outcomes.

2.1.1 Outcome 1: To assist developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest.

Outcome 1 Strategy

As highlighted in the Strategic Direction for the Agency, AusAID will, in 2008-09, advance the Government's objective of assisting developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest. Australia will help developing country partners expand economic activity to create jobs and raise incomes, combat disease and improve nutrition, raise basic educational attainment, and improve the responsiveness and accountability of the state in meeting citizens' basic needs.

In 2008-09 AusAID will commence implementation of the Government's long-term commitment to increase Australia's official development assistance (ODA) to 0.5 per cent of Gross National Income (GNI) by 2015-16. Estimated ODA to GNI in 2008-09 is 0.32 per cent. The Government expects to increase Australia's ODA to levels equivalent to 0.35 per cent of GNI in 2009-10, 0.37 per cent of GNI in 2010-11 and 0.38 per cent of GNI in 2011-12.

Outcome 1 Resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for outcome 1.

Table 2.1: Total resources for Outcome 1

		2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Outcome 1:			
Administered Items:			
Annual Appropriation Bill 1	B1	2,714,376	2,226,495
Annual Appropriation Bill 2	B2	260,547	480,640
Departmental Outputs			
Output 1.1 - Policy	B1	23,722	19,681
Output 1.2 - Program Management	B1	99,190	82,295
Equity injections	B2	1,520	2,093
Revenues from other sources (s.31)		231	229
Special Accounts			
Services for Other Governments and Non-Agency bodies			
Opening balance		2,154	3,681
Appropriation receipts		-	-
Non-Appropriation receipts to Special Accounts		10,000	15,527
Special Accounts			
Other Trust Moneys Account			
Opening balance		-	-
Subtotal for Outcome 1		3,111,740	2,830,641
Total resources for Outcome 1		3,111,740	2,830,641

	2008-09	2007-08
Average staffing level (number)	575	556

(B1) – Annual Appropriation Bill 1 (Ordinary Annual Services)

(B2) – Annual Appropriation Bill 2 (Other Services)

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 1

AusAID provides policy advice and analysis to the Government on international development issues. AusAID also manages and monitors development assistance programs implemented in accordance with the policies of the Government and priorities of partner countries.

For detail in regards to official development assistance flows and further detail on the implementation of the new measures designed to take forward the Government’s development assistance priorities, please refer to the associated budget paper “Australia’s International Development Assistance Program 2008-09 – Statement by Minister for Foreign Affairs and Parliamentary Secretary for International Development Assistance.”

The Australian development assistance program is made up of over 1,000 different activities. The term ‘activity’ describes the individual components – such as projects, multi-donor sector support programs, and technical advisers. An activity generally has its own budget, and a set of explicit objectives. Larger activities will often have their own management team. Activity quality is assessed through a quality reporting system (QRS) and an independent completion report (ICR). QRS ratings are based on self assessments by activity managers, which are verified by line managers and subjected to peer review.

The QRS provides activity-level reporting at all stages of the activity cycle: at entry, during implementation and at completion. The QRS rates several quality principles, notably the extent to which objectives are likely to be, are being, or have been met; sustainability; and the adequacy of monitoring and evaluation systems.

The QRS rates activities on a six-point scale from very poor to very high quality. Activities rated four or higher are considered satisfactory. This includes activities that are of adequate quality but need improvement. Activities rated below adequate (three or less) are considered unsatisfactory.

The QRS also generates information that can be used to assess activity quality by sector and country.

For further detail in regard to the effectiveness of the aid program, please refer to the Annual Review of Development Effectiveness 2007.

Outcome 1:	
Country and Regional Programs	
Key Performance Indicators	2008-09 Target
Significant development results. Significant activity outputs.	At least 75 per cent of activities receive a satisfactory quality rating.

Outcome 1 (continued)	
Multilateral Organisations	
Key Performance Indicators	2008-09 Target
Organisations' significant outputs. Significant development results.	At least 75 per cent of organisations receive a satisfactory quality rating.
Global Programs	
Key Performance Indicators	2008-09 Target
Organisations' significant outputs. Significant development results.	At least 75 per cent of organisations receive a satisfactory quality rating.
Emergency, Humanitarian and Refugee Programs	
Key Performance Indicators	2008-09 Target
Organisations significant outputs.	At least 75 per cent of activities receive a satisfactory quality rating.
NGO and Volunteer Programs	
Key Performance Indicators	2008-09 Target
Significant organisation outputs.	At least 75 per cent of activities receive a satisfactory quality rating.
Information, Education and Communication Programs	
Key Performance Indicators	2008-09 Target
Increased awareness of and support for, Australia's international development assistance program among international, rural, regional and metropolitan audiences.	Significantly increased correspondence on Australia's development assistance program; Wider coverage of media releases and events in Australia and in partner countries; Increased average monthly number of visits on the website.

Outcome 1 (continued)	
Policy	
Key Performance Indicators	2008-09 Target
Ministerial and Parliamentary Secretary satisfaction.	Delivery of all documents to ministerial deadlines; Zero error rate in documents submitted to parliamentary offices; Highest quality support services to the expectation of the Parliamentary Secretary and Minister.
Program Management	
Key Performance Indicators	2008-09 Target
Implementation of Paris Declaration on Aid Effectiveness covering partner country ownership, harmonisation, alignment, mutual accountability and managing for results.	Demonstrable improvement in implementing Paris Declaration on Aid Effectiveness.

2.1.1 Outcome 2: Australia's national interest advanced by implementing a partnership between Australia and Indonesia for reconstruction and development.

Outcome 2 Strategy

AusAID's second outcome reflects the Government's ongoing commitment to the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD). The AIPRD is part of the overall Australian development assistance program managed by AusAID.

The AIPRD is funded through \$500 million in grants and \$500 million in highly concessional loan funds held in two special accounts. All of the \$1 billion in AIPRD funds has been committed to high priority reconstruction and development activities. The majority of Australian funded reconstruction activities in Aceh are due to be completed in 2008-09.

Civil works will commence in the concessional loan funded Eastern Indonesia National Road Improvement Project, with major packages scheduled for tendering in 2008-09. A further 1,000 schools are expected to be constructed or expanded by the

Government of Indonesia in 2008-09 under the grant and concessional loan funded Basic Education Program.

A review of the AIPRD will be conducted jointly by Australia and Indonesia in 2008-09.

Outcome 2 Resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for outcome 2.

Table 2.1: Total resources for Outcome 2

		2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Outcome 2:			
Administered Items:			
AIPRD Supplementary Funding	B1	4,386	4,482
Departmental Outputs			
Output 2.1 - AIPRD Supplementary Funding	B1	6,482	6,518
Special Accounts			
Special Account Australia Indonesia Partnership for Reconstruction and Development (Grants)			
Opening balance		158,291	288,291
Appropriation receipts		-	-
Special Account Australia Indonesia Partnership for Reconstruction and Development (Loans)			
Opening balance		356,496	442,754
Appropriation receipts		-	-
Subtotal for Outcome 2		525,655	742,045
Total resources for Outcome 2		525,655	742,045

	2008-09	2007-08
Average staffing level (number)	25	27

(B1) – Annual Appropriation Bill 1 (Ordinary Annual Services)

(B2) – Annual Appropriation Bill 2 (Other Services)

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 2

Australia-Indonesia Partnership for Reconstruction and Development	
Key Performance Indicators	2008-09 Target
Significant development results. Significant activity outputs.	At least 75 per cent of activities receive a satisfactory quality rating.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the Budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The AusAID Resource Statement (Table 1.1) details the total available appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to an agency is unlikely to be fully utilised in the Budget year. The difference between the agency resource statement and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 Budget year, including amounts related to meeting future obligations to maintain the agency's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	147,993
Less estimated payments on 2008-09	124,800
Estimated departmental operating appropriation carry-forward for 2009-10	23,193

3.1.2 Movement of administered funds between years

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period are subject to review by the Minister for Finance and Deregulation, and may be moved to a future period, in accordance with provisions in legislation. Table 3.1.2 shows the movement of administered funds approved since the 2007-08 Additional Estimates.

Table 3.1.2: Movement of administered funds between years

Movements of funding between years	\$'000
AIPRD loans (Outcome 2). Movement from 2007-08 to 2010-11	11,742
AIPRD loans (Outcome 2). Movement from 2008-09 to 2010-11	18,504
AIPRD loans (Outcome 2). Movement from 2009-10 to 2010-11	45,000

The Australia-Indonesia Partnership for Reconstruction and Development (AIPRD) is funded through \$500 million in grants and \$500 million of highly concessional loans. The \$1 billion package was appropriated in 2004-05 through the *Portfolio Supplementary Additional Estimates Statements Appropriation (Tsunami Financial Assistance and Australia-Indonesia Partnership) Bill* and was credited to two special accounts. This movement of funds does not constitute a movement of appropriation, rather it represents an estimated change in disbursement of funds over the current and forward years.

Funding for the \$300 million loan agreement for the Eastern Indonesia National Roads Improvement Project (EINRIP) is now expected to be disbursed over a longer time period than initially expected following Australia and Indonesia agreement to ensure quality design, construction, procurement, monitoring and accountability processes.

The EINRP Loan agreement was signed on 7 September 2007 and became effective on 4 March 2008. Civil works are expected to commence in 2008 with major packages scheduled for tendering in 2008-09.

As the above estimates variation relates to the loan component of AIPRD this does not impact on fiscal balance or underlying cash balances as the provision of a loan only affects the composition of the Australian Government investment in financial assets.

3.1.3 Special Accounts

Special Accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by AusAID.

Table 3.1.3: Estimates of Special Account cash flows and balances

		Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Services for Other Governments and Non-Agency Bodies (A) <i>Financial Management and Accountability Act 1997 s.20</i>	1	2,154	10,000	10,000	-	2,154
		3,681	14,000	15,527	-	2,154
Other Trust Moneys Account (D) <i>Financial Management and Accountability Act 1997 s.20</i>	1	-	-	-	-	-
		-	-	-	-	-
Australia-Indonesia Partnership for Reconstruction and Development (Grants) Special Account (A) <i>Financial Management and Accountability Act 1997 s.20</i>	2	158,291	-	100,000	-	58,291
		288,291	-	130,000	-	158,291
Australia-Indonesia Partnership for Reconstruction and Development (Loans) Special Account (A) <i>Financial Management and Accountability Act 1997 s.20</i>	2	356,496	-	126,495	-	230,001
		442,754	-	86,258	-	356,496
Total special accounts 2008-09 Budget estimate		516,941	10,000	236,495	-	290,446
Total special accounts 2007-08 estimate actual		734,726	14,000	231,785	-	516,941

(A) = Administered

(D) = Departmental

3.1.4 Australian Government Indigenous Expenditure (AGIE)

Table 3.1.4: Australian Government Indigenous Expenditure

Outcome 1	Appropriations				Other \$'000	Total \$'000	Outcome 1
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special Approp \$'000	Total Approp \$'000			
	AusAID						
Outcome 1							
Departmental 2008-09	46,260	0	0	46,260	0	46,260	1
Departmental 2007-08	22,805	0	0	22,805	0	22,805	1
Total Outcome 2008-09	46,260	0	0	46,260	0	46,260	1
Total Outcome 2007-08	22,805	0	0	22,805	0	22,805	1
Total AGIE 2008-09	46,260	0	0	46,260	0	46,260	1
Total AGIE 2007-08	22,805	0	0	22,805	0	22,805	1

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

In accordance with ABS GFS requirements, the budget financial statements do not recognise concessionality and the associated discounting of concessional loans. AAS requires concessional loans to reflect a market related rate of interest and be discounted over the loan maturity period. AusAID has three programs that are affected by this treatment:

- Australia-Indonesia Partnership for Reconstruction and Development - loans;
- Asian Development Fund replenishments - investment component;
- International Development Association replenishments - investment component.

The loans and investment components do not impact on the fiscal or underlying cash balances, as the provision of a loan only affects the composition of the Australian Government investment in financial assets.

3.2.2 Analysis of budgeted financial statements

Departmental financial statements

Budgeted departmental income statement

This statement provides a picture of the expected financial results for AusAID by identifying full accrual expenses and revenue.

Total income in 2008-09 is estimated to be \$129.7 million, an increase of \$20.9 million from the 2007-08 estimated actual. The increase is primarily as a result of:

- Increased appropriation for new measures (excluding capital funding) included in the 2007-08 Budget and 2007-08 Additional Estimates; and
- Increased appropriation for new measures (excluding capital funding) included in the 2008-09 Budget (refer to Table 1.2 for detail).

Total expenses are estimated to be \$129.7 million, an increase of \$23.5 million from the 2007-08 estimated actual. The increase is primarily due to costs associated with managing increased numbers of development initiatives.

AusAID is managing its departmental budget to achieve a small surplus in 2007-08 to fund additional capital investments.

Budgeted departmental balance sheet

This statement shows the expected financial position of AusAID. It enables decision makers to track the management of AusAID's assets and liabilities.

AusAID's budgeted net asset position of \$24.2 million represents an increase of \$1.5 million from the 2007-08 estimated actual net asset position. The increase is attributable to the capital injections related to new measures received through the 2008-09 Budget.

AusAID's most significant liability continues to be accrued employee entitlements, as a result of accruing leave entitlements. In 2008-09 this is estimated at \$18.1 million.

Budgeted departmental statement of cash flows

This statement shows the budgeted cash flows, as reflected in the statement of cash flows, providing information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Departmental statement of changes in equity – summary of movement

This statement shows changes in equity resulting from the net impact of movements in accumulated results, asset revaluation and other reserves, and contributed equity. Total equity in 2008-09 is estimated to be \$21.7 million, an increase of \$1.5 million from the 2007-08 estimated actual.

Schedule of Administered Activity

Details of transactions administered by AusAID on behalf of the Commonwealth are shown in the following schedules to the financial statements.

Schedule of budgeted income and expenses administered on behalf of government

This schedule identifies the main revenues and expenses relating to the Australian Government's international development assistance program administered by AusAID.

In 2008-09 AusAID will receive administered appropriation of \$2,714.4 million (excluding capital funding) for programs administered on behalf of the Government, representing an increase of \$488 million from the 2007-08 estimated actual. The increase is primarily as a result of:

- Increased appropriation for new measures (excluding capital funding) included in the 2007-08 Budget and 2007-08 Additional Estimates; and
- New measures included in the 2008-09 Budget (Table 1.2 refers).

Administered expenses for 'Development assistance grants' are budgeted at \$530.0 million, an increase of \$59.0 million from the 2007-08 estimated actual.

Administered expenses for 'Other - development assistance program' are budgeted at \$2,300.8 million, an increase of \$412.0 million from the 2007-08 estimated actual.

The expenses 'Concessional loan discount' relates to AIPRD relates to the discounting of the loan. It is estimated that \$126.4 million of loans will be disbursed in 2008-09.

The expenses 'Concessional investment discount' relates to the discounting of the investment components of the replenishments for the International Development Association (IDA) and the Asian Development Fund (ADF).

Schedule of budgeted assets and liabilities administered on behalf of Government

This schedule shows the assets and liabilities administered on behalf of the Government.

Explanatory tables

Included in the financial statements are three explanatory tables that detail:

- The reconciliation of AusAID's appropriation estimates to Australia's estimated Official Development Assistance (ODA);
- The reconciliation of AusAID's cash estimates to Australia's estimated ODA; and
- The reconciliation of AusAID's appropriation estimates to its cash estimates.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June 2009)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	108,494	129,394	128,277	128,629	122,064
Goods and services	229	231	231	231	231
Total revenue	108,723	129,625	128,508	128,860	122,295
Gains					
Other	91	91	91	91	91
Total gains	91	91	91	91	91
Total income	108,814	129,716	128,599	128,951	122,386
EXPENSE					
Employees	73,750	84,991	83,560	83,270	78,899
Suppliers	27,128	39,242	39,356	39,998	37,804
Depreciation and amortisation	5,300	5,400	5,600	5,600	5,600
Write-down of assets and impairment of assets	75	83	83	83	83
Total expenses	106,253	129,716	128,599	128,951	122,386
Surplus (deficit) attributable to the Australian Government	2,561	0	0	0	0

Prepared on Australian Accounting Standards basis

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June 2009)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	527	527	527	527	527
Receivables	16,321	21,539	21,143	21,173	19,781
Total financial assets	16,848	22,066	21,670	21,700	20,308
Non-financial assets					
Leasehold improvements	18,400	18,747	19,442	19,442	19,442
Infrastructure, plant and equipment	5,713	5,821	6,036	6,036	6,036
Intangibles	4,324	4,406	4,569	4,569	4,569
Other	4,075	4,075	4,075	4,075	4,075
Total non-financial assets	32,512	33,049	34,122	34,122	34,122
Total assets	49,360	55,115	55,791	55,822	54,430
LIABILITIES					
Provisions					
Employees	18,060	20,398	20,054	19,985	18,936
Total provisions	18,060	20,398	20,054	19,985	18,936
Payables					
Suppliers	4,248	6,145	6,163	6,263	5,920
Other	4,322	4,322	4,322	4,322	4,322
Total payables	8,570	10,467	10,485	10,585	10,242
Total liabilities	26,630	30,865	30,539	30,570	29,178
Net assets	22,730	24,250	25,252	25,252	25,252
EQUITY*					
Parent entity interest					
Contributed equity	19,106	20,626	21,628	21,628	21,628
Reserves	374	374	374	374	374
Retained surpluses or accumulated deficits	3,250	3,250	3,250	3,250	3,250
Total parent entity interest	22,730	24,250	25,252	25,252	25,252
Total equity	22,730	24,250	25,252	25,252	25,252
Current assets	20,923	26,141	25,745	25,775	24,383
Non-current assets	28,437	28,974	30,047	30,047	30,047
Current liabilities	8,752	10,649	10,667	10,767	10,424
Non-current liabilities	8,208	8,113	8,219	8,219	8,219

* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June 2009)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	229	231	231	231	231
Appropriations	108,466	122,656	127,672	128,598	123,457
Other	997	1,011	1,012	1,013	1,014
Total cash received	109,692	123,898	128,915	129,842	124,702
Cash used					
Employees	71,234	82,653	83,903	83,340	79,948
Suppliers	31,434	37,345	39,338	39,897	38,148
Borrowing costs	997	1,011	1,012	1,013	1,014
Total cash used	103,665	121,009	124,254	124,250	119,110
Net cash from or (used by) operating activities	6,027	2,889	4,661	5,592	5,592
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	8,513	4,802	6,056	5,985	5,985
Other	-	-	-	-	-
Total cash used	8,513	4,802	6,056	5,985	5,985
Net cash from or (used by) investing activities	(8,513)	(4,802)	(6,056)	(5,985)	(5,985)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	2,093	1,520	1,002	-	-
Total cash received	2,093	1,520	1,002	-	-
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	2,093	1,520	1,002	-	-
Net increase or (decrease) in cash held	(393)	(393)	(393)	(393)	(393)
Cash at the beginning of the reporting period	920	920	920	920	920
Cash at the end of the reporting period	527	527	527	527	527

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	3,250	374	-	19,106	22,730
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	3,250	374	0	19,106	22,730
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	1,520	1,520
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	1,520	1,520
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2009	3,250	374	-	20,626	24,250

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June 2009)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Interest	730	1,831	3,446	4,913	-
Other sources of non-taxation revenue	5,876	17,883	4,538	4,811	5,099
Total non-taxation	6,606	19,714	7,984	9,724	5,099
Total revenues administered on behalf of Government	6,606	19,714	7,984	9,724	5,099
Total income administered on behalf of Government	6,606	19,714	7,984	9,724	5,099
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
IDA/ADF grants	116,600	83,195	-	78,751	-
Development assistance grants	354,513	447,165	293,764	272,336	330,952
Other - development assistance program	1,888,365	2,300,777	2,549,690	2,799,872	2,580,850
Depreciation and amortisation	1,498	1,499	1,500	1,500	1,500
Concessional loan discount	73,320	107,522	97,750	97,539	-
Concessional Investment discount	376,400	199,586	-	255,003	-
Total expenses administered on behalf of Government	2,810,696	3,139,744	2,942,704	3,505,001	2,913,302

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June 2009)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	21,904	21,904	21,904	21,904	21,904
AIPRD Loan Receivable	22,244	43,050	63,746	86,119	86,119
IDA/ADF Investments	1,278,000	1,331,801	1,331,801	1,391,800	1,391,800
Receivables	1,883,272	2,015,747	1,631,993	1,740,164	1,551,943
Total financial assets	3,205,419	3,412,501	3,049,443	3,239,986	3,051,765
Non-financial assets					
Leasehold improvements	2,152	1,558	963	368	368
Infrastructure, plant and equipment	2,473	1,848	1,231	615	615
Intangibles	156	251	346	441	536
Other	746	746	746	746	746
Total non-financial assets	5,527	4,403	3,286	2,170	2,265
Total assets administered on behalf of Government	3,210,946	3,416,904	3,052,729	3,242,156	3,054,030
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Liabilities					
IDA/ADF investments payable ¹	852,100	1,009,454	875,592	1,028,204	847,292
Other	879	7,982	2,354	2,667	2,669
Total liabilities	852,979	1,017,436	877,946	1,030,871	849,961
Provisions					
Other provisions	3,681	3,681	3,681	3,681	3,681
Total provisions	3,681	3,681	3,681	3,681	3,681
Payables					
Suppliers	139,400	148,950	144,880	164,295	165,972
Development assistance program payable	255,145	322,772	235,422	173,314	161,680
IDA/ADF grant payable	250,587	300,813	258,626	289,021	236,665
Total payables	645,132	772,535	638,928	626,630	564,317
Total liabilities administered on behalf of Government	1,501,792	1,793,652	1,520,555	1,661,182	1,417,959

Prepared on Australian Accounting Standards basis.

1. Note that the accounting treatment for IDA/ADF investments is currently being reviewed.

**Table 3.2.7: Schedule of budgeted administered cash flows
(for the period ended 30 June 2009)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	61,911	75,280	84,436	92,828	86,830
Other	5,876	27,883	4,538	4,810	5,099
Total cash received	67,787	103,163	88,974	97,638	91,929
Cash used					
Grant payments	404,595	385,218	394,812	330,880	341,035
Development assistance program	2,200,176	2,615,761	2,881,654	2,909,093	2,589,959
Net GST paid	63,077	76,390	85,168	93,524	86,221
Total cash used	2,667,848	3,077,369	3,361,634	3,333,497	3,017,215
Net cash from or (used by) operating activities	(2,600,061)	(2,974,206)	(3,272,660)	(3,235,859)	(2,925,286)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	675	375	383	384	612
IDA/ADF Investments	224,883	93,917	131,699	160,331	169,667
Total cash used	225,558	94,292	132,082	160,715	170,279
Net cash from or (used by) investing activities	(225,558)	(94,292)	(132,082)	(160,715)	(170,279)
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	63,077	76,390	85,168	93,524	86,221
Cash from capital injections	466,400	260,547	6,340	318,791	3,873
Total cash received	529,477	336,937	91,508	412,315	90,094
Cash used					
Net repayment of borrowings	61,911	75,280	84,436	92,828	86,830
Cash to Official Public Account	5,876	17,883	4,538	4,810	5,099
Total cash used	67,787	93,163	88,974	97,639	91,929
Net cash from or (used by) financing activities	(461,690)	(243,774)	(2,534)	(314,676)	1,835
Net increase or (decrease) in cash held					
Cash at beginning of reporting period	21,904	21,904	21,904	21,904	21,904
Cash from Official Public Account for:					
- appropriations	2,296,301	2,595,693	3,015,485	3,210,357	3,096,534
- special accounts	231,785	236,495	120,540	117,154	2,154
Cash at end of reporting period	21,904	21,904	21,904	21,904	21,904

Prepared on Australian Accounting Standards basis.

Explanatory Table 1 – Reconciliation of AusAID appropriation to ODA

	Estimated Actual 2007-08 \$'000	Budget estimate 2008-09 \$'000
Total AusAID appropriation:		
AusAID departmental income	106,253	129,625
AusAID administered income	2,697,377	2,972,147
less liabilities with no cash required in the year of the liability:		
New multiyear liabilities ¹	(617,813)	(476,742)
Other accrual adjustments ²	18,407	7,305
plus cash for GST		
GST - cash items with no corresponding expense	125,985	152,667
plus AIPRD		
AIPRD Loans	86,258	126,495
AIPRD Grants	120,000	130,000
plus cash for liability in a different year:		
Payments to existing multiyear liabilities ³	317,968	178,703
Total AusAID cash	2,854,435	3,220,200
minus AusAID ODA adjustments: ⁴		
AusAID non-ODA departmental expenditure	(1,682)	(1,684)
AusAID non-ODA administered expenditure	(4,392)	(4,527)
Offsetting receipts from previous years' expenditure	(5,876)	(17,883)
GST repaid to DoFD	(61,911)	(75,280)
GST paid to suppliers	(63,077)	(76,390)
plus non-AusAID ODA:		
ACIAR	51,242	51,892
Other Government Departments	400,511	563,523
Total Estimated ODA⁵	3,171,811	3,659,851

1. Estimated new multiyear liabilities for 2008–09 consist the tenth replenishment of the Asian Development Fund (ADFX), additional contributions to Debt Relief, the fifth replenishment for the Global Environment Facility (GEF5) and the seventh replenishment for the Montreal Protocol Multilateral Fund (MPMF7).

2. See Explanatory Table 3 for detail.

3. Cash payments for multiyear liabilities usually occur in a later year to the liability being recorded. These cash payments may be funded from Capital Injections or Bill 1.

4. See Explanatory Table 2 for detail.

5. Actual calculations of total ODA cannot be determined until after the end of the financial year.

Explanatory Table 2 – Reconciliation of AusAID cash to ODA

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000
Total departmental cash used	112,178	125,811
Receipts under Section 31 of the FMA Act	(229)	(231)
Interest	-	-
GST repaid to DoFD	-	-
GST paid to suppliers	(997)	(997)
Fringe Benefits Tax adjustment	(1,453)	(1,453)
Total ODA-eligible AusAID Departmental cash	109,499	123,130
Total administered cash used ¹	2,745,950	3,095,386
Miscellaneous receipts ²	(5,876)	(17,883)
GST repaid to DoFD ³	(61,911)	(75,280)
GST paid to suppliers ³	(63,077)	(76,390)
AusAID non ODA eligible expenditure ⁴	(4,527)	(4,527)
Total ODA-eligible AusAID Administered cash	2,610,559	2,921,306
ACIAR	51,242	51,892
Other Government Departments	400,511	563,523
Non AusAID ODA	451,753	615,415
Total Estimated ODA⁵	3,171,811	3,659,851

1. Excluding cash to the Official Public Account.
2. Refunds of expenditure that was recorded as ODA in a previous year. Miscellaneous receipts are offset against ODA in the year of receipt, not expenditure.
3. GST cash is drawn-down separately from appropriated cash in order to pay any GST component to suppliers. This amount is subsequently refunded by the ATO. The difference between 'GST repaid to Finance' and 'GST paid to suppliers' in any given year equates to the ATO input tax credits receipts.
4. For example, only 77% of cash payments to the Global Environment Facility are eligible as ODA.
5. Actual calculations of total ODA cannot be determined until after the end of the financial year.

Explanatory Table 3 – Reconciliation of AusAID appropriation to cash

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000
Price of Outputs	108,723	129,625
Operating surplus/(loss)	2,561	-
Departmental expenses	106,253	129,625
Depreciation and amortisation	(5,300)	(5,400)
Investment	8,513	4,802
Net change in employee liabilities	(730)	(622)
Net change in supplier liabilities/prepayments	(143)	767
Resources supplied free of charge (other gains)	(91)	(91)
GST repaid to DoFD	-	-
GST paid to suppliers	997	997
Departmental cash used	109,499	130,078
Administered appropriation after operating loss		
Operating Loss	-	-
Administered appropriation after operating loss	2,697,377	2,972,147
New multiyear liabilities	(617,813)	(476,742)
Cash spent on existing and new multiyear liabilities:		
Annual Appropriation	303,728	171,542
Capital injection	14,240	7,161
AIPRD Loans	86,258	126,495
AIPRD Grants	130,000	100,000
Depreciation	(1,498)	(1,498)
Investment	675	675
GST repaid to DoFD	61,911	75,280
GST paid to suppliers	63,077	76,390
Net change in ordinary creditors and accruals	5,250	(9,550)
Administered cash used (excluding payments to OPA)	2,743,205	3,041,900

3.2.4 Notes to the financial statements

Departmental financial statements and Schedule of administered activity

Under the Australian Government's accrual-based budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from those transactions that agencies do not have control over (Administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

- Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.
- Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Government according to set Government directions. Administered expenses include subsidies, grants and personal benefit payments. Administered revenues include taxes, fees, fines and excises.

Appropriations in the accrual budgeting framework

Under the Australian Government's accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's funding for outputs from agencies;
- Departmental capital appropriations: for investments by the Government for either additional equity or loans to agencies;
- Administered expense appropriations: for the estimated Administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states; and
- Administered capital appropriations: for increases in Administered equity through funding non-expense Administered payments.

Asset valuation

In accordance with current Australian accounting standards and the Finance Minister's Orders the department's assets are carried at fair value.

**Australian Centre for
International Agricultural
Research**

**Agency resources and planned
performance**

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH

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AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Centre for International Agricultural Research (ACIAR) operates as part of Australia's Official Development Assistance Program. ACIAR develops programs that link Australian research organisations with their counterparts in developing countries in the Asia-Pacific region to address agricultural problems of mutual priority that can contribute to improving livelihoods and increasing agricultural productivity and sustainability. In many cases these partnerships also involve the International Agricultural Research Centres that are supported by many donors including Australia.

Priorities for each partner country are developed in close collaboration with partner government policy makers, research institutions and agricultural and natural resource systems managers. The individual country strategies in the Program are also integrated closely with the emerging new 'whole-of-government' aid program strategies for individual countries, regions and sectors.

Collectively these activities contribute to ACIAR's single outcome: Agriculture in developing countries and Australia is more productive and sustainable as a result of better technologies, practices, policies and systems. In 2008-09 the Centre's appropriation will amount to \$52.33 million, AusAID will provide \$13.26 million for specific activities such as in Papua New Guinea and Indonesia and \$0.07 million will come from other revenue.

In 2008-09 ACIAR programs will closely align with the renewed focus on poverty reduction in the Australian Aid Program. There is an ongoing shift of ACIAR's investment to the poorer countries in the region and in particular this year's Program reflects a much greater emphasis on 'lagging' regions in key partner countries (southern Philippines, eastern Indonesia, parts of rain-fed eastern India, southern central coastal Vietnam and north-western Vietnam) where poverty has persisted. In many programs across partner countries there will be greater involvement of marginalised groups (including smallholder farmers, ethnic minorities and women).

The 2008-09 Program continues the trend towards ACIAR support of larger, integrated programs rather than numbers of free-standing projects. In 2008-09 a number of large (\$2 to \$5 million) multidisciplinary initiatives will be developed or implemented. Examples include two major new horticultural programs that address

major constraints in horticultural value chains in the southern Philippines. The trend towards making program co-investments with AusAID will continue. In other areas, for example avian influenza in Indonesia or sustainable forest management in Papua New Guinea (PNG) and Indonesia, ACIAR's research investments will complement AusAID's development programs.

Our support to the International Agricultural Research Centres will continue in 2008-09. Centre specific funding of \$5.5 million will be provided along with tied program specific initiatives. Increasingly the distinction between our bilateral and multilateral programs will weaken as larger program specific initiatives are developed that involve both Australian researchers and the international centres. In aggregate, ACIAR expenditure to the international centres is budgeted at around \$11 million in 2008-09, up from \$10.27 million in 2007-08.

Through its training program ACIAR will continue to develop the skills of partner country research scientists involved in Centre programs. Training program expenditure is budgeted at \$5.38 million in 2008-09. Two fellowship schemes will continue to be funded. The first offers developing country scientists post-graduate study opportunities in Australia in areas relevant to project activities addressing partner country priorities. The second targets emerging leaders in agricultural science through short-term research management training at relevant Australian institutions. Through the ATSE Crawford Fund, ACIAR also supports training activities that complement the Centre's projects.

For planning purposes regional benchmarks for ACIAR's total research budget in 2008-09 are:

- PNG and Pacific *around* 20%
- Southeast Asia > 45%
- South Asia *around* 15%
- North Asia < 15%
- Southern Africa < 5%

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: ACIAR resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Appropriation Available 2007-08 \$'000
Ordinary Annual Services				
Departmental outputs				
Departmental outputs	1,500	52,333	53,833	51,242
s31 Relevant agency receipts	-	-	-	-
Total	1,500	52,333	53,833 ¹	51,242
Administered expenses				
Outcome 1	-	-	-	-
Total	-	-	-	-
Total ordinary annual services	1,500	52,333	53,833	51,242
Total Available Annual Appropriations	1,500	52,333	53,833	51,242
Special Accounts ²				
Opening balance	4,435	-	4,435	4,435
Appropriation Receipts	-	-	-	-
Appropriation Receipts - other agencies	-	-	-	-
Non-Appropriation receipts to Special Accounts	-	13,271	13,271	14,496
Total Special Account	4,435	13,271	17,706	18,931
Total resourcing				
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	-	-	-
Total net resourcing for ACIAR	5,935	65,604	71,539	70,173

1. The total available departmental operating appropriation (outputs) will not equal the total of all outputs in the Outcome Resource Statements as they budget for estimated appropriation attributable to outcomes and not the total available. For reconciliation see Table 3.1.1.
2. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.3.

1.3 BUDGET MEASURES

ACIAR has no new budget measures. The impact of the 2008-09 Budget measure *Efficiency Dividend* was published in the 2007-08 Foreign Affairs and Trade Portfolio Additional Estimates Statements.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the output groups which demonstrate their contribution to Government outcomes over the coming year.

Each outcome is described below by output groups, specifying the performance indicators and targets used to assess and monitor the performance of ACIAR in achieving government outcomes.

2.1.1 Outcome 1: Agriculture in developing countries and Australia is more productive and sustainable as a result of better technologies, practices, policies and systems

Outcome 1 Strategy

ACIAR has a single outcome: Agriculture in developing countries and Australia is more productive and sustainable as a result of better technologies, practices, policies and systems. This is achieved through two outputs: collaborative research that addresses agricultural problems of developing countries and Australia; and training of researchers in developing countries and Australia. Key strategic directions for the organisation are described in section 1 above and in the Centres' Annual Operational Plan 2008-09 (www.aciar.gov.au).

The ACIAR program aligns strongly with the renewed focus on poverty reduction across the aid program. This is especially manifest through an ongoing shift in the balance of ACIAR's investment to poorer countries and in extending ACIAR's reach to highly-marginalised groups (farmers and other rural dwellers, ethnic minorities and women) in partner countries. Thus; in Indonesia, growth of the program in poorer Eastern provinces and Papua; in the Philippines, a greater emphasis on Mindanao; in Vietnam, new initiatives in the South Central Coast and North West Highlands; and in India, a greater emphasis on poor rainfed areas.

During 2008-09 a number of major initiatives will be commenced or progressed to contribute to ACIAR's single outcome. These include:

- A **targeted program on avian influenza** to provide necessary underlying research required to implement effective control programs in **Indonesia** and more broadly in South East Asia. This includes research to understand of the role of ducks as a reservoir host of the virus and how to manage this "reservoir" in the control of disease; studies of how movement of birds influences virus spread and how it can be controlled; and analysis of how the virus that causes avian influenza changes its surface structure over time and how this influences the effectiveness of

vaccination. In addition, studies on the economic impacts of the disease are being completed to inform policy decisions on disease control approaches, and quarantine procedures are being tested in collaboration with the commercial poultry sector in Indonesia.

- The first phase of the **Smallholder Agribusiness Development Initiative** in Eastern Indonesia, funded by AusAID but implemented by ACIAR, the International Finance Corporation, the World Bank and the Indonesian Government will be completed and the future program designed after external review. A second phase of ACIAR's program of assistance to strengthen research capacity and improve livelihoods from farming and aquaculture in **Aceh** and a new program of Research and Development cooperation in **Papua and West Papua** provinces will be designed and implemented.

Two major **multidisciplinary horticultural initiatives**, involving researchers, government, NGO and industry partners, will be implemented in the southern **Philippines** in 2008-09. The first aims to improve smallholder and industry profitability and market competitiveness of southern Philippines selected vegetable industries (including potato, tomato, bell pepper, brassica, leafy vegetables). The second addresses domestic profitability and export competitiveness of selected fruit value chains (mango, papaya, durian and jackfruit).

Completion of the first year of a new ACIAR-University of the **South Pacific** scholarship scheme, which will result in a larger body of trained agricultural, forestry and fisheries researchers being available in these countries. Following formal consultations in May 2008, a new agreed program on smallholder agricultural development will be implemented in **PNG**.

Design and implementation of new agricultural research for development programs in South Central Coast and the North West Highlands of **Vietnam** targeting areas where poverty has persisted and technical challenges match Australian agricultural expertise.

A new program addressing adaptation of rainfed farming systems in **Mekong and South Asian** countries to **climate change and climate variability** will be designed and implemented in 2008-09.

A joint **Indian-Australian** funded program, on application of molecular markers as a selection tool in **wheat breeding**, will commence. Activities addressing the serious yellow wheat rust strain Ug99, a major threat to food security, and water-stresses will be implemented as part of the program.

Completion of the Agriculture Sector Linkages Program in **Pakistan** which undertakes joint technical, agribusiness and policy research to develop more productive and competitive mango and citrus production and marketing systems and improves dairy farmer livelihoods by increasing milk production.

Assisting in post-conflict agricultural reconstruction through implementation of new phases of on-going programs: in **Iraq** on the enhancement of barley, wheat and grain legume production under dryland conditions and in **Afghanistan** to disseminate improved wheat varieties and agronomic practices.

In each of these cases alignment with national programs and linkages with other donors are a feature. Adoption pathways are included in the design of projects and all project teams include implementers as well as researchers.

Outcome 1 Resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for outcome 1.

Table 2.1: Total resources for Outcome 1

Outcome 1:	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output Group 1.1:		
Departmental Outputs		
ACIAR operations	50,368	49,474
Revenues from other sources (s.31)	-	-
Special Accounts		
ACIAR Special Account		
Opening balance	2,445	1,445
Appropriation receipts	-	-
Non-Appropriation receipts to Special Accounts	11,271	13,496
Subtotal for Output Group 1.1	64,084	64,415
Output Group 1.2:		
Departmental Outputs		
ACIAR operations	1,965	1,768
Revenues from other sources (s.31)	-	-
Special Accounts		
ACIAR Special Account		
Opening balance	1,990	2,990
Appropriation receipts	-	-
Non-Appropriation receipts to Special Accounts	2,000	1,000
Subtotal for Output Group 1.2	5,955	5,758
Total resources for Outcome 1	70,039	70,173
Average staffing level (number)	2008-09 65	2007-08 64

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

Average Staffing Levels are expressed as Full-time Equivalents (FTE) employed under the *Australian Public Service Act* and include locally engaged staff in overseas posts – 20.5 (2007-08) and 20.5 (2008-09) FTE.

Contributions to Outcome 1

Output Group 1.1: Collaborative research that addresses agricultural and natural resource management problems of developing countries and Australia	
Description: In 2008-09 ACIAR will continue to focus its research activities primarily on its bilateral program, allocating \$37.6 million of its total revenue. Projects address mutually agreed priorities between partner countries and ACIAR. Multilateral projects will also be undertaken, involving an International Agricultural Research Centre, especially where there is limited Australian expertise in a priority area. Projects will be active in PNG and the Pacific Islands, South East Asia, South Asia, North Asia and Southern Africa. Program activities will focus across four strategic areas; economics and farming systems, cropping systems, natural resource management and livestock production systems.	
Key Performance Indicators	2008-09 Target
Cross Program Indicators:	
Further substantiated evidence of significant economic, social and environmental impacts from completed ACIAR projects	Publish at least 5 independent impact assessment studies, including an independent assessment each for a programmatic theme and country program. Majority of independent assessments reveal a significant positive benefit costs ratio for ACIAR's investment
Concluded projects are assessed for having achieved their main objectives and large projects for adoption of outcomes	Publish final reports for all completed projects. Publish an annual Adoption Studies report including assessments of adoption for all large projects 3 years after they finish
Regional investment profiles are appropriate	Program expenditure balance consistent with Australian Government aid priorities (see above benchmarks)
Research partners financial contribution	Overall co-funding from research partners is at least 40% of project costs
ACIAR research publications and papers readily available in Australia and to developing partner countries	10,000 copies of ACIAR research publications and papers are requested or downloaded. All publications available electronically on www.aciar.gov.au
Program Specific Indicators:	
Constraints to increasing smallholder productivity and income in the oil palm and cocoa sectors in PNG identified, and promising technologies disseminated	Reports identifying constraints and solutions published and disseminated to industry and extension agencies
Research program implemented that underpins the emerging high-value forestry plantation programs for teak, whitewood and sandalwood in Pacific island countries	Program designed and implemented in close consultation with government and industry in three Pacific island states

Key Performance Indicators	2008-09 Target
Implementation of new ACIAR– University of the South Pacific scholarship scheme	At least five Pacific Islander students placed within active ACIAR projects and simultaneously successfully completing postgraduate studies
Methods for culture of higher-value aquaculture / mariculture species developed and communicated to industry stakeholders in Vietnam	Evidence of at least 4 significant Vietnam partners using ACIAR-developed technologies in their aquaculture/ mariculture production systems
Institutionalisation of the national Landcare program through a Philippines-led organisation	Evidence that the Philippines Landcare organisation is functioning and taking a national leadership role
Suitable conditions for successful production in Cambodia of legume crops following rainfed rice identified in lowland environments	Research results assessed on-farm by collaborating farmers and extension agencies in at least two lowland provinces
Significant farmer-level adoption of improved cattle and pig feed options from ACIAR projects in Northern Laos	At least 10 villages in at least two provinces of Northern Laos adopt the technology packages and approaches for wider scale adoption organised with other donors and the Lao government extension system
Principles of farmer participatory soil fertility management and water harvesting techniques in India based on ACIAR research refined and applied by key NGOs	Evidence that NGOs have incorporated the techniques into their community development programs and applied these techniques with at least 10 farmer groups in India
In Pakistan , innovative approaches to agricultural extension being piloted in the broadacre cropping, horticultural and dairy sectors, underpinned by the development and dissemination of consolidated technology packages	Technology packages developed and published and pilot assessment underway at four locations
Assessment provided on sustainable land use policy in north west China and progress consideration of alternative options	Assessment reports prepared and published jointly with Chinese counterparts and communicated in for a and workshops with high-level Chinese policymakers

Output Group 1.2: Trained researchers in developing countries and Australia	
<p>Building capacity of agricultural research institutes in partner countries is one of ACIAR's key priorities. The training program aims to enhance research capabilities of institutions and individuals involved in ACIAR projects. Much of this is done in conjunction with individual projects through 'on-the-job' training, where either developing-country scientists visit Australia or Australian specialists visit partner countries to present a training program. ACIAR also offers several specialised training activities: John Allwright Fellowships for postgraduate study in Australia, postgraduate programs in PNG and the South Pacific, small grants for fellowship returnees, Research Management (John Dillon Memorial) Fellowships, and short-term training courses.</p>	
Key Performance Indicators	2008-09 Target
Tracer survey for postgraduate students supported by ACIAR successfully completed and published	Survey results demonstrate that at least 85 per cent of ACIAR-funded postgraduate students studying in Australia successfully complete their awards and at least 75 per cent utilise their training on return to their home countries
Students in the new ACIAR–University of the South Pacific program are academically successful	At least 75 per cent of the first group of postgraduate students pass examinations and assignment work in 2008
Targeted technical and institutional development courses and workshops delivered to targeted 'lagging' regions—including Aceh and Eastern Indonesia including Papua and Cambodia and Laos	At least six courses or workshops designed and delivered that meet the priorities of senior government officials and are assessed by participants as providing relevant and useful training
Trainees take part in formal, ACIAR-supported training activities	At least 75 Trainees take part in formal, ACIAR-supported training courses
Short-course trainees indicate satisfaction with training in exit surveys	At least 90 per cent of trainees indicate satisfaction with training

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to an agency is unlikely to be fully utilised in the Budget year. The difference between the agency resource statement and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 Budget year, including amounts related to meeting future obligations to maintain the agency's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	\$'000
Total available departmental operating appropriation (outputs)	53,833
Less estimated payments in 2008-09	52,333
Estimated departmental output carried forward and available for 2009-10	1,500

3.1.2 Movement of administered funds between years

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period are subject to review by the Minister for Finance and Deregulation, and may be moved to a future period, in accordance with provisions in legislation. Table 3.1.2 shows the movement of administered funds approved since the 2007-08 Additional Estimates.

Table 3.1.2: Movement of administered funds between years

ACIAR currently has no administered funds.

3.1.3 Special Accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by ACIAR.

Table 3.1.3: Estimates of Special Account cash flows and balances

Name of Account	Outcome	Opening balance	Receipts	Payments	Adjustments	Closing balance
		2008-09 2007-08	2008-09 2007-08	2008-09 2007-08	2008-09 2007-08	2008-09 2007-08
		\$'000	\$'000	\$'000	\$'000	\$'000
Australian Centre for International Agricultural Research Account (D)	1	4,435	13,271	13,271	-	4,435
Other Trust Moneys Account (D)		-	-	-	-	-
Services for Other Governments and Non-Agency Bodies Account (D)		-	-	-	-	-
Total special accounts						
2008-09 Budget estimate		4,435	13,271	13,271	-	4,435
Total special accounts 2007-08 estimate actual		4,435	14,496	14,496	-	4,435

(D) = Departmental

The ACIAR Account was established by the *ACIAR Act 1982*. The Special Account has been used to hold cash from AusAID and other government agencies in advance of project expenditure.

3.1.4 Australian Government Indigenous Expenditure (AGIE)

While ACIAR programs are focused primarily on assisting developing countries to reduce poverty and achieve sustainable development, they also deliver significant benefits to Australian industries (agricultural forestry and fisheries). In some ACIAR projects ACIAR’s partnership approach provides opportunities for engagement with Australian indigenous communities. In 2008-09 there will be 8 projects that involve indigenous communities. In addition ACIAR will support two training initiatives involving indigenous communities in 2008-09.

Table 3.1.4: Australian Government Indigenous Expenditure

Outcome	Appropriations				Other \$'000	Total \$'000	Output Group
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special Approp \$'000	Total Approp \$'000			
	ACIAR						
Outcome 1							
Departmental 2008-09	184	-	-	184	-	184	1.1
<i>Departmental 2007-08</i>	<i>167</i>	<i>-</i>	<i>-</i>	<i>167</i>	<i>-</i>	<i>167</i>	<i>1.1</i>
Total Outcome 2008-09	184	-	-	184	-	184	
<i>Total Outcome 2007-08</i>	<i>167</i>	<i>-</i>	<i>-</i>	<i>167</i>	<i>-</i>	<i>167</i>	
<hr/>							
Total Departmental 2008-09	184	-	-	184	-	184	
<i>Total Departmental 2007-08</i>	<i>167</i>	<i>-</i>	<i>-</i>	<i>167</i>	<i>-</i>	<i>167</i>	
Total AGIE 2008-09	184	-	-	184	-	184	
<i>Total AGIE 2007-08</i>	<i>167</i>	<i>-</i>	<i>-</i>	<i>167</i>	<i>-</i>	<i>167</i>	

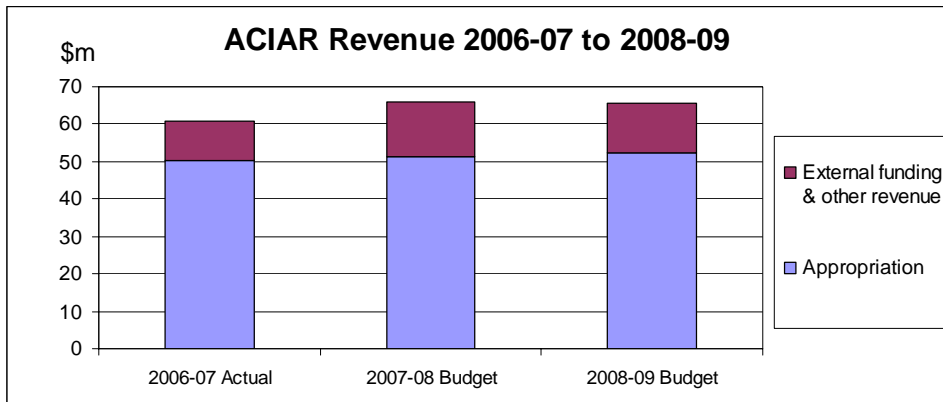
3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Analysis of budgeted financial statements

An analysis of ACIAR’s budgeted financial statements for 2008-09 is provided below:

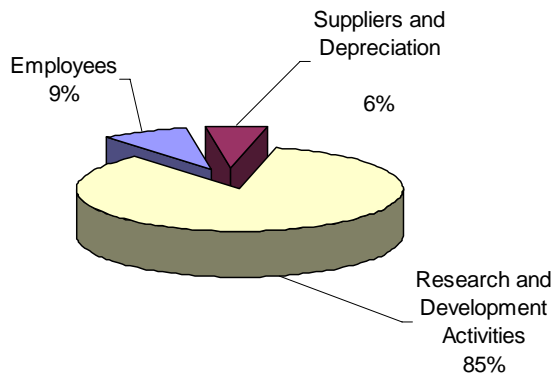
Departmental

ACIAR obtains its funds primarily from the Australian Government appropriation, with some external funding and other revenue from sale of publications. Over recent years ACIAR has maintained its level of appropriation, in real terms. External funding has increased over the same period.



About 85 per cent of ACIAR’s expenditure is on “Research and Development Program Activities” which comprise bilateral and multilateral projects, impact assessment activities, education and training of researchers and publication of research results.

ACIAR Expenditure 2007-08



Since 2004-05 ACIAR has budgeted for a balanced budget.

ACIAR will continue its focus on good stewardship of its financial resources and a more strategic approach to managing its balance sheet.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000	Forw ard estimate 2010-11 \$'000	Forw ard estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	51,242	52,333	52,904	53,442	52,927
Goods and services	10	10	10	10	10
Fees and fines	-	-	-	-	-
Interest	-	-	-	-	-
Royalties	-	-	-	-	-
Grants Received	14,481	13,256	10,414	7,414	7,414
Other	40	40	40	40	40
Total revenue	65,773	65,639	63,368	60,906	60,391
Gains					
Foreign exchange gains	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Sale of assets	-	-	-	-	-
Other	24	24	24	24	24
Total gains	24	24	24	24	24
Total income	65,797	65,663	63,392	60,930	60,415
EXPENSE					
Employees	5,525	5,600	5,650	5,700	5,750
Suppliers	3,930	3,689	3,724	3,752	3,724
Grants	48,793	48,598	46,232	46,692	46,125
Depreciation and amortisation	295	295	295	295	325
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Losses from sale of assets	10	10	10	10	10
Foreign exchange losses	-	-	-	-	-
Other	7,244	7,471	7,481	4,481	4,481
Total expenses	65,797	65,663	63,392	60,930	60,415
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-
Surplus (Deficit) before income tax	-	-	-	-	-
Income tax expense	-	-	-	-	-
Surplus/(Deficit)	-	-	-	-	-
Minority interest in surplus (deficit)	-	-	-	-	-
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000	Forw ard estimate 2010-11 \$'000	Forw ard estimate 2011-12 \$'000
ASSETS					
Financial assets					
Cash and equivalents	4,932	4,932	4,932	4,932	4,932
Trade and other Receivables	2,489	2,589	2,689	2,789	2,789
Investments accounted for under the equity method	-	-	-	-	-
Investments	-	-	-	-	-
Other investments	-	-	-	-	-
Tax assets	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	7,421	7,521	7,621	7,721	7,721
Non-financial assets					
Land and buildings	425	425	425	425	729
Infrastructure, plant and equipment	382	382	382	382	382
Investment properties	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	169	169	169	169	169
Biological assets	-	-	-	-	-
Other	347	347	347	347	347
Total non-financial assets	1,323	1,323	1,323	1,323	1,627
Assets held for sale	-	-	-	-	-
Total assets	8,744	8,844	8,944	9,044	9,348
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	1,327	1,427	1,527	1,627	1,627
Other	-	-	-	-	-
Total provisions	1,327	1,427	1,527	1,627	1,627
Payables					
Suppliers	315	315	315	315	315
Grants	1,820	1,820	1,820	1,820	1,820
Dividends	-	-	-	-	-
Other	4,399	4,399	4,399	4,399	4,399
Total payables	6,534	6,534	6,534	6,534	6,534
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	7,861	7,961	8,061	8,161	8,161
Net assets	883	883	883	883	1,187

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June) (continued)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000	Forw ard estimate 2010-11 \$'000	Forw ard estimate 2011-12 \$'000
EQUITY*					
Parent entity interest					
Contributed equity	-	-	-	-	304
Reserves	325	325	325	325	325
Retained surpluses or accumulated deficits	558	558	558	558	558
Total parent entity interest	883	883	883	883	1,187
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	883	883	883	883	1,187
Current assets	7,768	7,868	7,968	8,068	8,068
Non-current assets	976	976	976	976	1,280
Current liabilities	7,596	7,676	7,756	7,836	7,836
Non-current liabilities	265	285	305	325	325

*Equity is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000	Forw ard estimate 2010-11 \$'000	Forw ard estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	15	15	15	15	15
Appropriations	51,242	52,333	52,904	53,442	52,927
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Other	16,981	15,756	12,914	9,914	9,914
Total cash received	68,238	68,104	65,833	63,371	62,856
Cash used					
Employees	5,625	5,700	5,750	5,800	5,850
Suppliers	3,780	3,539	3,565	3,592	3,584
Grants	50,804	50,609	48,252	48,713	48,156
Borrowing costs	-	-	-	-	-
Other	7,744	7,971	7,981	4,981	4,981
Income taxes paid	-	-	-	-	-
Total cash used	67,953	67,819	65,548	63,086	62,571
Net cash from or (used by) operating activities	285	285	285	285	285
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	10	10	10	10	10
Proceeds from sales of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	10	10	10	10	10
Cash used					
Purchase of property, plant and equipment	295	295	295	295	599
Purchase of financial instruments	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	295	295	295	295	599
Net cash from or (used by) investing activities	(285)	(285)	(285)	(285)	(589)

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June) (continued)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000	Forw ard estimate 2010-11 \$'000	Forw ard estimate 2011-12 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	-	-	-	-	304
Proceeds from issuing financial instruments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	304
Cash used					
Repayments of debt	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	-	-	-	304
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	4,932	4,932	4,932	4,932	4,932
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	4,932	4,932	4,932	4,932	4,932

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	558	325	-	-	883
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	558	325	-	-	883
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2009	558	325	-	-	883

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Departmental Financial Statements and Notes

Under the Australian Government's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (Administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Government according to set government directions. Administered expenses include subsidies, grants and personal benefit payments and Administered revenues include taxes, fees, fines and excises.

ACIAR's financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are prepared in accordance with the Financial Management and Accountability (FMA) Orders.

The Centre is a Statutory Authority under the *Australian Centre for International Agricultural Research Act 1982*. The accounts have been prepared in accordance with that Act.

Appropriations in the Accrual Budgeting Framework

Under the Australian Government's accrual budgeting framework, annual appropriations are provided for Departmental price of outputs representing the Government's purchase of outputs from agencies.

Asset valuation

From 30 June 2003 Property, Plant and Equipment have been valued on a fair value basis. Fair value essentially reflects the current market value of an asset.

Australian Secret Intelligence Service

**Agency resources and planned
performance**

AUSTRALIAN SECRET INTELLIGENCE SERVICE

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AUSTRALIAN SECRET INTELLIGENCE SERVICE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

In 2008-09 the Australian Secret Intelligence Service (ASIS) will continue to enhance Government understanding of the overseas environment affecting Australia's vital interests. ASIS will take appropriate action, consistent with applicable legislation, to protect and promote Australia's vital interests through the provision of unique foreign intelligence services as directed by the Government.

The primary functions of ASIS are:

- (a) to obtain, in accordance with the Government's requirements, intelligence about the capabilities, intentions or activities of people or organisations outside Australia;
- (b) to communicate, in accordance with the Government's requirements, such intelligence;
- (c) to conduct counter-intelligence activities;
- (d) to liaise with intelligence or security services, or other authorities, of other countries; and
- (e) to undertake such other activities as the responsible Minister directs relating to the capabilities, intentions or activities of people or organisations outside Australia.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: ASIS resource statement — Budget estimates for 2008-09 as at Budget May 2008

	Estimate of prior ⁺ year amounts available in 2008-09 \$'000	Proposed at Budget ⁼ 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Appropriation Available 2007-08 \$'000
Ordinary Annual Services				
Departmental outputs				
Departmental outputs ¹	20,763	164,714	185,477	148,733
s31 Relevant agency receipts ³	-	17,805	17,805	17,400
Total ordinary annual services	A 20,763	182,519	203,282	166,133
Other services				
Departmental non-operating				
Equity injections ²	-	16,754	16,754	13,398
Total other services	B -	16,754	16,754	13,398
Total Available Annual Appropriations	20,763	199,273	220,036	179,531
Total Resourcing	20,763	199,273	220,036	179,531
Total net resourcing for ASIS			220,036	179,531

¹ Appropriation Bill (No.1) 2008-09

² Appropriation Bill (No.2) 2008-09

³ s31 Relevant Agency receipts - estimate

1.3 BUDGET MEASURES

Budget measures relating to ASIS are detailed in Budget Paper No. 2. Table 1.2 provides a summary of government measures and identifies the relevant output groups associated with each measure.

Table 1.2: ASIS 2008-09 Budget measures

	Output Group	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
Expense measures					
National Security – enhanced intelligence capability					
	Departmental outputs	1.1			
	Departmental outputs	1.2			
Total		3,467	3,317	-	-
Total expense measures					
	Departmental				
Total	Total	3,467	3,317	-	-
Expense measures					
Illegal Foreign Fishing – intelligence support					
	Departmental outputs	1.1			
	Departmental outputs	1.2			
Total		(411)	(415)	(418)	(422)
Total expense measures					
	Departmental				
Total	Total	(411)	(415)	(418)	(422)
Capital measures					
National Security – enhanced intelligence capability					
	Departmental outputs	1.1	-	-	-
	Departmental capital	1.2	-	-	-
Total		1,940	-	-	-
Total capital measures					
	Departmental				
Total	Total	1,940	-	-	-

Prepared on a Government Financial Statistics (fiscal) basis

Note: The impact of the 2008-09 Budget measure *Efficiency Dividend* was published in the 2007-08 Foreign Affairs and Trade Portfolio Additional Estimates Statements.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the output groups which demonstrate their contribution to Government outcomes over the coming year.

Each outcome is described below by output groups, specifying the performance indicators and targets used to assess and monitor the performance of ASIS in achieving government outcomes. Further information in relation to detailed performance measures and mandatory targets are not provided in the interests of national security.

2.1.1 Outcome 1: Enhance government understanding of the overseas environment affecting Australia's vital interests and take appropriate action, consistent with applicable legislation, to protect particular identified interests

Outcome 1 Strategy

Enhance Government understanding of the overseas environment affecting Australia's vital interests and take appropriate action, consistent with applicable legislation, to protect and promote Australia's vital interests through the provision of unique foreign intelligence services as directed by Government.

Outcome 1 Resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for outcome 1.

Table 2.1: Total resources for Outcome 1

Outcome 1:	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output Group 1.1: Secret Intelligence		
Departmental Outputs		
Secret Intelligence	145,174	129,705
Revenues from other sources (s.31)	14,244	13,920
Subtotal for Output Group 1.1	159,418	143,625
Output Group 1.2: Other Services		
Departmental Outputs		
Other Services	36,294	32,426
Revenues from other sources (s.31)	3,561	3,480
Subtotal for Output Group 1.2	39,855	35,906
Total resources for Outcome 1	199,273	179,531

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 1

Output Group 1.1: Secret Intelligence	
Output Group Description: Secret Intelligence	
Components of Output Group 1.1:	
<ul style="list-style-type: none"> • Secret Intelligence 	
Key Performance Indicators	2008-09 Target
The overall achievement of the performance measures for this output group for ASIS is assessed by reference to the customers for ASIS services. This is done continuously and is also the subject of comprehensive annual internal and external assessment, the results of which are reported to Government. The assessment of performance includes both qualitative and quantitative analysis. Details of this process are not divulged in the interests of national security.	Measures and targets are not divulged in the interests of national security.

Output Group 1.2: Other Services

Output Group 1.2: Other Services	
Output Group Description: Other Services Components of Output Group 1.2: <ul style="list-style-type: none"> • Other Services 	
Key Performance Indicators	2008-09 Target
The overall achievement of the performance measures for this output group for ASIS is assessed by reference to the customers for ASIS services. This is done continuously and is also the subject of comprehensive annual internal and external assessment, the results of which are reported to Government. The assessment of performance includes both qualitative and quantitative analysis. Details of this process are not divulged in the interests of national security.	Measures and targets are not divulged in the interests of national security.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to an agency is unlikely to be fully utilised in the Budget year. The difference between the agency resource statement and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 Budget year, including amounts related to meeting future obligations to maintain the agency's asset base and to meet employee entitlement liabilities.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

Total available departmental operating appropriation (outputs)	203,282
Less estimated payments in 2008-09	(179,787)
Estimated departmental operating appropriation carry-forward for 2009-10 (outputs)	23,495

3.1.3 Special Accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister’s Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by ASIS.

Table 3.1.3: Estimates of Special Account cash flows and balances

	Opening balance 2008-09 2007-08	Receipts 2008-09 2007-08	Payments 2008-09 2007-08	Adjustments 2008-09 2007-08	Closing balance 2008-09 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000
Name of Account (D)	1				
Other Trust Moneys Special Account (D) s20FMA Act		-	-	-	-
Name of Account (D)	1				
Services for Other Governments & Non-Agency Bodies Account (D) s20FMA Act		-	-	-	-
Total special accounts					
2008-09 Budget estimate		-	-	-	-
Total special accounts 2007-08 estimate actual		-	-	-	-

(A) = Administered
(D) = Departmental

The purpose of the *Other Trust Moneys Special Account* is for expenditure for moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.

The purpose of the *Services for Other Government & Non Agency Bodies Special Account* is for expenditure in connection with services performed on behalf of other Governments and bodies that are not Agencies under the *Financial Management and Accountability Act 1997*.

It is anticipated that there will not be any transactions through either of the ASIS Special Accounts during 2008-09 and future out-years. These accounts remain in place in the event that transactions are required.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.2 Analysis of budgeted financial statements

The increase in ASIS's operating revenues and net increase in asset is due to new measures as provided by Government over the last four years. Further analysis of the budgeted financial statements is not provided due to the need to observe requirements of national security.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	148,733	164,714	175,927	180,391	181,798
Goods and services	16,686	17,086	17,486	17,791	17,791
Other	514	519	523	526	526
Total revenue	165,933	182,319	193,936	198,708	200,115
Gains					
Sale of assets	200	200	200	200	200
Total gains	200	200	200	200	200
Total income	166,133	182,519	194,136	198,908	200,315
EXPENSE					
Total expenses	166,133	182,519	194,136	198,908	200,315
Surplus (deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial assets	20,763	23,495	26,246	27,058	27,058
Total financial assets	20,763	23,495	26,246	27,058	27,058
Non-financial assets	104,227	120,981	128,700	128,700	128,700
Total non-financial assets	104,227	120,981	128,700	128,700	128,700
Total assets	124,990	144,476	154,946	155,758	155,758
LIABILITIES					
Interest bearing liabilities	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions	18,385	23,520	26,131	26,996	26,996
Total provisions	18,385	23,520	26,131	26,996	26,996
Payables	6,628	4,225	4,364	4,310	4,310
Total payables	6,628	4,225	4,364	4,310	4,310
Total liabilities	25,013	27,745	30,495	31,306	31,306
Net assets	99,977	116,731	124,451	124,452	124,452
EQUITY*					
Parent entity interest					
Contributed equity	46,517	63,271	70,990	70,991	70,991
Reserves	27,429	27,429	27,429	27,429	27,429
Retained surpluses or accumulated deficits	26,031	26,031	26,032	26,032	26,032
Total parent entity interest	99,977	116,731	124,451	124,452	124,452
Total equity	99,977	116,731	124,451	124,452	124,452
Current assets	21,579	24,561	26,341	26,479	26,479
Non-current assets	103,411	119,915	128,605	129,279	129,279
Current liabilities	18,871	20,809	22,871	23,480	23,480
Non-current liabilities	6,143	6,936	7,624	7,827	7,827

* 'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	18,287	10,293	15,013	16,871	17,791
Appropriations	148,733	164,714	175,927	180,391	181,798
Other	5,477	6,065	6,316	5,229	5,353
Total cash received	172,497	181,072	197,256	202,491	204,942
Cash used	157,407	169,440	179,526	186,914	187,490
Total cash used	157,407	169,440	179,526	186,914	187,490
Net cash from or (used by) operating activities	15,090	11,632	17,730	15,577	17,452
INVESTING ACTIVITIES					
Cash received	200	200	200	200	200
Total cash received	200	200	200	200	200
Cash used	26,117	32,645	25,372	17,652	17,652
Total cash used	26,117	32,645	25,372	17,652	17,652
Net cash from or (used by) investing activities	(25,917)	(32,445)	(25,172)	(17,452)	(17,452)
FINANCING ACTIVITIES					
Cash received	13,398	16,754	7,720	-	-
Total cash received	13,398	16,754	7,720	-	-
Cash used	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	13,398	16,754	7,720	-	-
Net increase or (decrease) in cash held	2,571	(4,059)	278	(1,875)	0
Cash at the end of the reporting period	13,160	8,700	8,978	8,870	8,870

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2008-09)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2008					
Balance carried forward from previous period	26,031	-	27,429	46,517	99,977
Adjusted opening balance	26,031	-	27,429	46,517	99,977
Income and expense					
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)				16,754	16,754
Sub-total transactions with owners	-	-	-	16,754	16,754
Estimated closing balance as at 30 June 2009	26,031	-	27,429	63,271	116,731

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Departmental Financial Statements

Under the Australian Government's accrual budgeting framework, and consistent with Australian Accounting Standards, ASIS controls all the agency's transactions. ASIS is fully accountable for assets, liabilities revenues and expenses in relation to the agency. ASIS has no administered transactions.

Appropriations in the accrual budget framework

Under the Australian Government's accrual budgeting framework, separate appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's funding for outputs from agencies; and
- Departmental capital appropriations: for investments by the Government for either additional equity of loans in agencies.

PORTFOLIO GLOSSARY

Accrual accounting	System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.
Accumulated depreciation	The aggregate depreciation recorded for a particular depreciating asset.
Administered	Revenues, expenses, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
Additional estimates	Where amounts appropriated at Budget time are insufficient, Parliament may appropriate more funds to portfolios through the Additional Estimates Acts.
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
Annual Appropriation	Two appropriation Bills are introduced into Parliament in May and comprise the Budget for the financial year beginning 1 July. Further Bills are introduced later in the financial year as part of the additional estimates. Parliamentary departments have their own appropriations.
Capital expenditure	Expenditure by an agency on capital projects, for example purchasing a building.

Glossary

Consolidated Revenue Fund	Section 81 of the Constitution stipulates that all revenue raised or money received by the Commonwealth forms the one consolidated revenue fund (CRF).
Departmental	Revenue, expenses, assets and liabilities that are controlled by the agency in providing its outputs. Departmental items would generally include computers, plant and equipment assets used by agencies in providing goods and services and most employee expenses, supplier costs and other administrative expenses incurred.
Depreciation	Apportionment of an asset's capital value as an expense over its estimated useful life to take account of normal usage, obsolescence, or the passage of time.
Effectiveness indicators	Measures the joint or independent contribution of outputs and administered items to the achievement of their specified outcome.
Efficiency indicators	Measures the adequacy of an agency's management of its outputs (and where applicable, administered items). Includes price, quality and quantity indicators. The interrelationship between the three efficiency indicators of any one output should be considered when judging efficiency.
Equity or net assets	Residual interest in the assets of an entity after deduction of its liabilities.
Expense	Total value of all of the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increases in liabilities of an entity.
Fair value	Valuation methodology: the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The fair value can be affected by the conditions of the sale, market conditions and the intentions of the asset holder.

Intermediate outcomes	More specific medium-term impacts (for example, trend data, targets or milestones) below the level of the planned outcomes specified in the Budget. A combination of several intermediate outcomes can at times be considered as a proxy for determining the achievement of outcomes or progress towards outcomes. (<i>see outcomes</i>)
Operating result	Equals revenue less expense.
Outcomes	The Government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as influenced by the actions of the Australian Government. Actual outcomes are assessments of the end-results or impacts actually achieved.
Output groups	A logical aggregation of agency outputs, where useful, and based either on homogeneity, type of product, business line or beneficiary target group. Aggregation of outputs may also be needed for the provision of adequate information for performance monitoring, or based on a materiality test.
Outputs	The goods and services produced by agencies on behalf of government for external organisations or individuals. Outputs also include goods and services for other areas of government external to the agency.
Price	One of the three key efficiency indicators. The amount the government or the community pays for the delivery of agreed outputs.
Quality	One of the three key efficiency indicators. Relates to the characteristics by which customers or stakeholders judge an organisation, product or service. Assessment of quality involves use of information gathered from interested parties to identify differences between user's expectations and experiences.
Quantity	One of the three key efficiency indicators. Examples include: the size of an output; count or volume measures; how many or how much.

Glossary

Revenue	Total value of resources earned or received to cover the production of goods and services.
Special Account	Balances existing within the Consolidated Revenue Fund (CRF) that are supported by standing appropriations (<i>Financial Management and Accountability (FMA) Act 1997</i> , subsection 20 and 21). Special accounts allow money in the CRF to be acknowledged as set-aside (hypothecated) for a particular purpose. Amounts credited to a Special Account may only be spent for the purposes of the Special Account. Special Accounts can only be established by a written determination of the Finance Minister (section 20 FMA Act) or through an Act of Parliament (referred to in section 21 of the FMA Act).
Special Appropriations (including Standing Appropriations)	<p>An amount of money appropriated by a particular Act of Parliament for a specific purpose and number of years. For special appropriations the authority to withdraw funds from the Consolidated Revenue Fund does not generally cease at the end of the financial year.</p> <p>Standing appropriations are a sub-category consisting of ongoing special appropriations— the amount appropriated will depend on circumstances specified in the legislation.</p>