



Australian Government

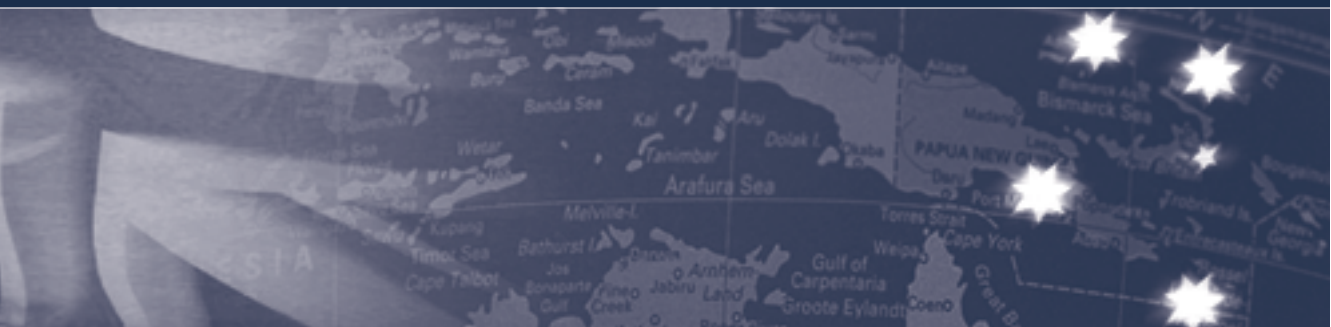
Department of Foreign Affairs and Trade

ANNUAL REPORT 2004–2005



DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

ANNUAL REPORT 2004–2005



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12 October 2005

The Hon Alexander Downer MP
Minister for Foreign Affairs

The Hon Mark Vaile MP
Minister for Trade

Dear Ministers,

It is my pleasure to present to you the Annual Report of the Department of Foreign Affairs and Trade for the financial year 2004–05.

The report has been prepared in accordance with section 63 of the *Public Service Act 1999*. Subsection 63(1) of the *Public Service Act 1999* requires that, after the end of the financial year, the Secretary of a department must give a report to ministers on the department's activities for presentation to the Parliament.

The report has again been divided into two volumes, Volume 1 being the report of the Department of Foreign Affairs and Trade (DFAT) proper and Volume 2 the report of the Australian Agency for International Development (AusAID). This division reflects the distinctive nature of the work of the two organisations and assists readers to locate more easily the information they seek.

In presenting the annual report, I take the opportunity to acknowledge the professionalism and dedication with which my colleagues in DFAT and AusAID have advanced the interests of Australia and Australians internationally over the past year.

A handwritten signature in black ink, appearing to read 'Michael L'Estrange'.

Michael L'Estrange



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Guide to the report

This is the Secretary's report to the Minister for Foreign Affairs and the Minister for Trade on the performance of the Department of Foreign Affairs and Trade (Volume 1) and the Australian Agency for International Development (AusAID) (Volume 2) during the financial year 2004–05. It is prepared in accordance with the Department of the Prime Minister and Cabinet's *Requirements for Annual Reports* of June 2005, as approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit. Information and statistics unless otherwise indicated cover the financial year 2004–05, or relate to the situation as at 30 June 2005. All dollars are Australian unless otherwise specified.

Guide to Volume 1

The report of the Department of Foreign Affairs and Trade (Volume 1) uses the same outcome–output structure that was used in the *Portfolio Budget Statements 2004–05*.

We have included trade statistics covering services as well as goods. The latest goods and services trade statistics relate to calendar year 2004. They are not part of the department's performance reporting but are included as background information for the benefit of readers.

Section 1 contains:

- the Secretary's review for 2004–05
- the departmental overview, including:
 - role and functions
 - organisational structure
 - senior executive structure
 - portfolio structure
 - outcomes and outputs framework
 - resources summary.

Section 2 contains the department's outcome–output performance information reports. Performance is reported under the following headings:

- effectiveness (including administered items)
- quality and quantity measures for departmental outputs
- quality and quantity measures for administered items.

To enhance the flow of performance information in Section 2:

- effectiveness indicators are grouped at the beginning of reporting for each outcome
- quality and quantity indicators and reporting for each output appear at the end of reporting on effectiveness of outputs
- indicators and reporting for administered items are set out at the end of reporting on quality and quantity for the relevant outcome
- reporting covers all indicators. Headings and sub-headings within the text generally conform to the order of indicators appearing at the beginning of performance reporting.

Section 3 reports on enabling services that do not appear under the outcome structure. It includes reporting on corporate governance, external scrutiny and management of human and financial resources.

Section 4 includes appendixes providing useful additional information and reports required under specific legislation.

Section 5 contains the audited financial statements for 2004–05.

Section 6 contains glossaries of terms, acronyms and abbreviations and indexes.

Further information

Publications *Portfolio Budget Statements 2004–05 and 2005–06*
 Portfolio Additional Estimates Statements 2004–05
 Corporate Plan
 Trade 2005

Website www.dfat.gov.au



Melissa Fransen, Consular Information Section, presenting information for travellers at the Smartraveller kiosk at the Holiday and Backpacker Expo in Melbourne, February 2005. Photo: Courtesy of Holiday and Backpacker Expo

At the Seventh Australia-Indonesia Ministerial Forum, Canberra, 17-18 March 2005. From left to right: Indonesian Minister for Law and Human Rights Hamid Awaluddin; Minister for Trade Mr Mark Vaile; Indonesian Foreign Minister Dr Hassan Wirajuda; Indonesian Coordinating Minister for the Economy Aburizal Bakrie; Parliamentary Secretary for Foreign Affairs and Trade Mr Bruce Billson; Indonesian Minister of Trade Dr Mari Pangestu; Minister for Immigration and Multicultural and Indigenous Affairs Ms Amanda Vanstone; Indonesia's Chairperson of the National Development Planning Agency (BAPPENAS) Sri Mulyani Indrawatie; Minister for Foreign Affairs Mr Alexander Downer; and Attorney-General Mr Phillip Ruddock. Photo: AUSPIC/David Foote



OVERVIEWS

SECTION 1

Secretary's review

Departmental overview



*The Secretary, Mr Michael L'Estrange.
Photo: Michael Jensen*

A flexible workforce and close coordination with other Australian Government departments and agencies underpinned the department's contributions to strong whole of government outcomes across foreign and trade policy, security and consular issues.

SECRETARY'S REVIEW

The international year in review

Introduction


In an increasingly challenging and inter-connected global environment, the Department of Foreign Affairs and Trade worked to protect and promote the interests of Australia and Australians internationally during 2004–05. A flexible workforce and close coordination with other Australian Government departments and agencies underpinned the department's contributions to strong whole of government outcomes across foreign and trade policy, security and consular issues.

The broadening and deepening of Australia's bilateral and institutional engagement in the Asia-Pacific region were among the year's most significant developments, and the department contributed to that outcome in a variety of important ways. Through our lead role in the Government's swift and compassionate response to the Indian Ocean tsunami, the department helped meet a compelling humanitarian need and laid the groundwork for a legacy of practical partnership in our region. The department secured China's agreement to launch negotiations that could lead to a bilateral free trade agreement (FTA). Our advocacy helped secure the agreement of the Association of Southeast Asian Nations (ASEAN) to Australia's participation in the first East Asia Summit, to be held in December 2005. Our targeted lobbying helped launch free trade negotiations with ASEAN and New Zealand.

To further enhance Australia's economic prosperity, the department vigorously pursued market openings through bilateral, regional and multilateral means. We led negotiations that saw FTAs with the United States and Thailand enter into force in January 2005 and launched a range of new FTA negotiations. We worked assiduously in the interests of Australian exporters by driving an ambitious trade-liberalising agenda in the World Trade Organization Doha Round negotiations, providing global leadership to negotiations on agriculture through our chairmanship of the Cairns Group, and pursuing open markets in APEC.

The international security environment continued to pose serious challenges for the department, as demonstrated by the September 2004 terrorist attack against the Australian embassy in Jakarta. We continued to implement an extensive program to improve physical security standards at Australian missions in order to protect our overseas posts and the people who visit and work in them. The department strengthened Australia's international counter-terrorism engagement through practical cooperative mechanisms, particularly with regional partners.

In the South Pacific, the department played a central role in supporting the Government's efforts to consolidate Australia's more activist approach to promoting good governance and sustainable development. Successes included the continued progress of the Regional Assistance Mission to Solomon Islands (RAMSI) and improved governance arrangements in many Pacific island countries, though much still



remains to be done. The implementation of Australia's Enhanced Cooperation Program (ECP) in Papua New Guinea suffered a setback as a result of a legal challenge in PNG. The department worked actively with PNG officials on new arrangements, helping ministers reach in-principle agreement on a revised ECP.

With Australians travelling overseas in ever-increasing numbers, the provision of high-quality consular and passport services remained a key priority for the department. Responding to the risk of passport fraud, we strengthened the passports regime by coordinating the passage of the new *Australian Passports Act 2005*. The department delivered more efficient customer service, with an average passport issue time of only 5.8 days. Under the department's *smartraveller* public information campaign, we promoted safe overseas travel including through the popular *smartraveller* website. We streamlined procedures for dealing with complex consular crises, ensuring effective coordination in Canberra and rapid, real-time responses in the field.

Enhancing Australia's security

The department worked with other agencies in a highly focused and practical way to strengthen Australia's alliance relationships (especially with the United States) and other partnerships (particularly with regional countries) that lie at the heart of Australia's national security interests.

Supporting the Government's efforts to counter international terrorism and the spread of weapons of mass destruction (WMD) remained a top priority for the department. We led an interagency effort that produced the Government's White Paper *Transnational Terrorism: The Threat to Australia*, published in July 2004, to inform the public about the contemporary terrorist threat and the Government's actions to combat it.

The department strengthened Australia's counter-terrorism capacity. Working with other government agencies, we enhanced our engagement with regional partners, including Indonesia and the Philippines, to address the terrorist threat. We negotiated counter-terrorism memorandums of understanding with Brunei and Pakistan—bringing to eleven the number of such bilateral arrangements. We coordinated the development of a new package of counter-terrorism assistance for regional countries, costing \$40.3 million over four years. Building on the counter-terrorism meeting co-chaired by Mr Downer with his Indonesian counterpart in February 2004, the department helped advance regional counter-terrorism cooperation through working groups on legal issues and law enforcement. We worked closely with the Australian Federal Police and our Indonesian counterparts to establish the Jakarta Centre for Law Enforcement Cooperation (JCLEC) and secured substantial international participation in and support for the centre.

To strengthen regional and global cooperation against WMD proliferation, the department coordinated Australia's involvement in the Proliferation Security Initiative and successfully increased regional countries' support for targeted counter-proliferation measures. With other agencies we promoted practical steps against international trade in WMD-related materials through a multi-year counter-

proliferation outreach program in South-East Asia. To enhance regional engagement on nuclear security issues, the department arranged the ministerial Asia-Pacific Nuclear Safeguards and Security Conference hosted by Mr Downer in Sydney in November 2004.

In response to the nuclear proliferation threat, we supported the Government and ministers in delivering clear messages—both publicly and directly to the parties involved—to Iran and the Democratic People’s Republic of Korea calling on them to abandon any nuclear weapons ambitions. We used Australia’s position on the International Atomic Energy Agency (IAEA) Board of Governors to encourage Iranian cooperation with the Agency in resolving questions about Iran’s nuclear activities.


To help build regional and global security in cooperation with a range of coalition partners, the department coordinated the Government’s support for Iraq’s political transition and economic rehabilitation amid an ongoing terrorist and insurgent threat. Iraq achieved an historic breakthrough with the conduct of democratic elections in January 2005 in which most eligible Iraqis participated despite the threats they faced in doing so.

Contributing to national prosperity

The department’s trade policy agenda in 2004–05 continued to focus on improving market access for Australian goods and services to create jobs and opportunities for business in Australia. To this end we vigorously pursued market openings through bilateral, regional and multilateral negotiations.

The department pushed for a successful conclusion to the Doha Round of World Trade Organization (WTO) negotiations—which offer the best single opportunity to increase market access for Australian goods and services and to strengthen the global rules-based trading system. We contributed to the agreement reached in July 2004 on a ‘Framework Package’ that helped increase the momentum of negotiations. We supported Mr Vaile in chairing the Cairns Group ministerial meeting in Colombia in April 2005 and his participation in a number of ministerial-level meetings on the Round. Through Australia’s leadership of the Cairns Group, the department helped ensure agricultural reform was kept at the centre of the Doha Round negotiations. We successfully prosecuted disputes in the WTO over the European Union’s sugar subsidies and its approach to intellectual property rights for agricultural products.

The department contributed to unprecedented outcomes in advancing bilateral FTAs, notably through our support for Mr Vaile in finalising the FTAs with the United States and Thailand and launching FTA negotiations with: China, following the completion of a joint feasibility study; New Zealand and ASEAN; the United Arab Emirates; and Malaysia. The department’s advocacy helped lay the groundwork for a joint announcement by Prime Minister Howard and Japanese Prime Minister Koizumi of a feasibility study into a bilateral FTA. With the Department of Agriculture, Fisheries and Forestry, the department helped conclude bilateral MOUs on live animal trade with four countries—the United Arab Emirates, Kuwait, Saudi Arabia and Jordan—enhancing trade relations with these important markets.



The department continued to work through APEC to increase regional economic integration and remove trade barriers. Consistent with Australia's goals for APEC, a mid-term stocktake of progress towards the Bogor goals of free and open trade and investment showed APEC had delivered significant social and economic gains to the Asia-Pacific region, in particular to developing countries. The department, in cooperation with other agencies, began policy preparations for Australia's hosting of APEC 2007 which will be an increasingly important priority.

Bilateral relationships

2004–05 saw a strengthening of bilateral relations with key partners.

The department's close involvement in the Government's humanitarian and consular response to the Indian Ocean tsunami further enhanced bilateral cooperation with regional countries, particularly Indonesia and Thailand. With AusAID and other agencies, we began intensive, long-term work to rehabilitate affected countries, including through the Government's landmark \$1 billion Australia–Indonesia Partnership for Reconstruction and Development.

The department played a major role in the consolidation of Australia's relations with ASEAN: we supported Prime Minister Howard's attendance at the ASEAN Vientiane Commemorative Summit in November 2004 which launched negotiations for the ASEAN–Australia–New Zealand FTA; and we provided targeted advice for Mr Downer's meetings with ASEAN that secured agreement to Australia's participation in the inaugural East Asia Summit to be held in Kuala Lumpur in December 2005.

The department coordinated a series of high-level visits from North, South and South-East Asia to further enhance Australia's relations with these regions. Visitors included: Indonesian President Yudhoyono whose visit resulted in the historic Declaration on a Comprehensive Partnership; Malaysian Prime Minister Abdullah Badawi, marking the first official bilateral visit by a Malaysian Prime Minister in 21 years; Chairman of the Chinese National People's Congress Wu Bangguo; Pakistani President Musharraf; Thai Prime Minister Thaksin; Vietnam's Prime Minister Khai; Singapore's President Nathan; and the Sultan of Brunei. The department supported the Prime Minister's visit to China in April 2005 which further strengthened Australia's relations with China's leadership. We worked to enhance Australia's relationship with India, including by organising high-level meetings on trade and strategic issues.

The department worked to ensure that Australia's fundamentally important relationship with the United States moved from strength to strength. We supported ministers' involvement in the annual Australia–US Ministerial Consultations in Washington in July 2004 which, along with a series of other high-level visits, further enhanced our alliance relationship and military, intelligence and security cooperation. To encourage Australian companies to take advantage of opportunities in the Australia–United States Free Trade Agreement, the department worked successfully for the creation of a new category of US visa specifically for Australian business.

The department focused clearly on Australia's diversifying interests with Japan, not only in the context of further strengthening vital bilateral economic links but also in relation to an expanding agenda of mutual interests including strategic issues.

The department worked to strengthen further Australia's economic, security and people-to-people links with Europe. As the European Union grows in political and economic weight, we increased engagement with the EU on security and strategic issues and supported high-level visits to the United Kingdom, France and other key European countries to advance shared economic, political, consular, military and aid interests.

In Australia's region, the department played a leading role in the Regional Assistance Mission to Solomon Islands (RAMSI) as we moved from the first phase of cooperation with the Solomon Islands Government to stabilise law and order and government finances to the second phase of longer-term strengthening of national infrastructure and institutions. In a major step forward for a peace process in support of which the department and other government agencies worked actively for over seven years, the election of the first autonomous government of Bougainville took place in June 2005. The department led a robust whole of government response to political instability in Vanuatu, securing a commitment by Vanuatu's new government to improved governance and economic reform.

The department's coordination of Australia's commitments under the Enhanced Cooperation Program (ECP) with Papua New Guinea—focusing on law and order, the economy and governance issues—received a setback when the PNG Supreme Court ruled that elements of the legislation underpinning the ECP were unconstitutional. The department led negotiations with the PNG Government on possible solutions. In-principle agreement was reached by Australian and PNG ministers on a revised ECP which is consistent with the Supreme Court ruling.

The department led the Government's negotiating team that made significant progress towards an agreement with East Timor on maritime boundaries and sharing of resource revenues.

We strengthened our commercial and strategic links with Latin America by supporting high-level visits to the region and helping to organise targeted trade, education and tourism promotion activities in key countries.

Advancing Australia's interests through global cooperation

The department worked actively to help build support in the international community for UN Secretary-General Kofi Annan's efforts to make the United Nations more efficient and responsive to contemporary global challenges. We pushed strongly for pragmatic solutions to development, security, human rights, rule of law and institutional issues facing the United Nations in the lead-up to the September 2005 Summit of world leaders.



The department led Australia in several major international environment negotiations, securing outcomes that advanced national interests. In the face of concerted opposition from whaling countries, the department coordinated a major international lobbying effort to secure outcomes at the International Whaling Commission meeting in June 2005 consistent with the Government's conservation stance. On climate change, we promoted the development and adoption of clean climate technologies and supported bilateral climate change arrangements with several partners. With other agencies, the department supported the creation of the Asia-Pacific Partnership on Clean Development and Climate—involving China, India, Japan, South Korea and the United States—which aims to develop climate change solutions that protect the environment, promote economic development and reduce poverty.

The department used bilateral and multilateral means to push for practical improvements to international observance and implementation of human rights standards. At the UN Commission on Human Rights we contributed to the adoption of resolutions calling on Sudan, North Korea, Cuba and Myanmar to improve human rights in their countries. Separately we led bilateral human rights dialogues with China and Vietnam, discussing issues of concern and identifying areas where Australia could provide direct technical assistance to improve implementation of international human rights standards.

Through the Bali process, the department worked closely with Indonesian counterparts and Australian agencies to promote practical regional cooperation to combat people smuggling and trafficking in persons. The Bali process has helped develop strong networks, cooperation and capacity-building among relevant regional operational agencies.

To improve our region's future preparedness for tsunamis and other seismic events, the department successfully led Australia's effort to establish an Indian Ocean Tsunami Warning System, with the organisation's secretariat to be located in Perth.

Consular and passport services

The unpredictable international security environment, combined with increasing numbers of Australians travelling overseas, continued to present challenges for the department's consular service. In 2004–05 we provided consular assistance to over 25 000 Australians overseas—almost double the number from the previous year. We issued over 1.2 million travel documents—16 per cent more than in 2003–04.

The department's consular crisis management arrangements operated in a highly effective way in response to major challenges including the Indian Ocean tsunami, the Jakarta embassy bombing and hostage taking in Iraq—when a sustained, multi-agency effort in Canberra, Iraq and elsewhere contributed to a successful outcome with the release of Douglas Wood after 47 days in captivity. Strong interagency cooperation and an integrated whole of government approach underpinned our effective coordination of the Government's response to these events. Debriefings and lessons-learned exercises ensured the ongoing robustness of our crisis response systems.

To promote safe overseas travel, the department continued to take great care in issuing and revising travel advisories, providing Australians with up-to-date information on security conditions in major overseas destinations. We liaised closely with the National Threat Assessment Centre (NTAC) to ensure a close correlation between the information in travel advisories and NTAC's intelligence-based threat assessments.

We improved our online facilities for dealing with consular and passport enquiries, including by making online passport information more accessible. The *smartraveller* website recorded on average 217 000 web page views per week, a 32 per cent increase over the previous year—reflecting strong demand for consular information and the success of our *smartraveller* advertising campaign.

The department made important progress to strengthen further Australia's world class passports system, particularly to help prevent identity theft and lost and stolen passports. We coordinated the drafting and approval of the *Australian Passports Act 2005*, which entered into force on 1 July 2005, establishing a tighter regulatory regime for passports administration. We made significant progress towards introducing an ePassport using biometric facial recognition technology from October 2005.

Security and information technology


The September 2004 attack against the Jakarta embassy and the security situation in Baghdad underscored the increasingly challenging security environment facing Australian missions and their staff and families overseas. With a dedicated Post Security Task Force, the department developed and began coordinating an extensive program of further security improvements at our overseas posts, including by upgrading physical barriers and relocating particularly vulnerable chanceries.

The department replaced its 20-year old electronic message system with the new Official Diplomatic Information Network (ODIN). ODIN has generated faster delivery times and significant savings.

Public diplomacy

The department managed Australia's participation in the 2005 World Exposition in Aichi, Japan, to which the Government committed \$35 million. The Australian Pavilion at the Expo site, including an impressive arts and entertainment program and business facility, projected a contemporary image of Australia as culturally diverse, technologically sophisticated and economically dynamic and attracted very positive feedback from visitors. The success of our Expo pavilion further boosted people-to-people and institutional ties with Japan in education, tourism and culture.

The department supported Australian art and artists internationally to promote an accurate image of Australia and its culture. We sponsored visits to Australia by influential figures and journalists, promoting people-to-people ties that advance Australia's foreign and trade policy interests. Bilateral foundations, councils and



institutes managed by secretariats in the department fostered cultural, educational and economic links between Australia and partner countries. The department supported the establishment, within DFAT, of the Australia–Malaysia Institute and the Australia–Thailand Institute, bringing to nine the number of such bilateral bodies.

The department enhanced its internet capabilities to deal with heightened activity on the department's websites, sparked by interest in the Indian Ocean tsunami, consular cases and free trade agreements, among other issues. Consistent with whole of government interests, the department updated these and other departmental websites continuously to provide the Australian community with prompt and accurate information.

Corporate management

The department continued to manage a diverse and changing workload through innovative and flexible deployment of staff. We established discrete task forces to handle negotiations for the range of bilateral free trade agreements. The strength of the department's contingency and crisis management procedures was proven by the rapid establishment of 24-hour centres to manage consular crises and related policy and operational responses. These centres ensured ministers and senior officials were updated with the latest information and served as coordination points for whole of government planning and activity. Centralised management procedures allowed staff to be re-deployed smoothly once surges in activity subsided.

The department maintained high retention rates and a flexible, healthy workforce through its commitment to staff skilling, assessment and reward, regular promotion opportunities and a good work/life balance.

Outlook

In 2005–06 the department will develop strategies and deploy resources flexibly—domestically and at our overseas posts—to advance the interests of Australia and Australians in a challenging global environment. Close coordination with other government agencies will continue to be critical to delivering integrated whole of government outcomes.

Increasing Australia's defences against the threat of global terrorism will be a key priority. We will work to strengthen further our bilateral and regional counter-terrorism cooperation—in particular in South-East Asia. The department will pursue practical initiatives to enhance WMD-related export control and non-proliferation regimes and work proactively with regional partners to strengthen maritime and transport security and reduce transnational crime. To provide as safe a work environment as possible for its staff, the department will increase security at Australia's overseas missions through a program of physical security improvements.

In supporting the Government's wide-ranging trade agenda the department will work actively to open markets for Australian business. We will continue to push for trade liberalisation through the WTO Doha Round negotiations in advance of the Hong Kong ministerial meeting in December 2005—though securing outcomes across all issues will be a major challenge—and to lead the Cairns Group on agriculture. Other key priorities will be to ensure business takes advantage of the bilateral free trade agreements with the United States, Singapore and Thailand and to pursue progress on the FTA negotiations under way with China, ASEAN and New Zealand, Malaysia, and the United Arab Emirates and on the FTA feasibility study with Japan.

The department will further strengthen key bilateral relationships—in our region and beyond—to advance our national interests. We will seek to consolidate Australia's strong standing in the region by contributing actively through regional consultative mechanisms including the inaugural East Asia Summit and APEC, and by working to make them productive forums for regional cooperation. In coordination with other agencies we will work to encourage further governance, security and economic improvements in the South Pacific.

In the United Nations and through other partnerships, we will advocate and implement practical responses to global environment, human rights, people smuggling and other transnational challenges. The department will provide policy and organisational input to Australia's hosting of the inaugural ministerial meeting of the Asia-Pacific Partnership on Clean Development and Climate.

Providing efficient consular and passport services will remain a core departmental priority as increasing numbers of Australians travel overseas. We will work to strengthen the passports regime, including through the use of technology to deliver security enhancements for Australian passports while continuing to provide a highly efficient passport delivery process.

Through the dedication and skills of staff in Australia and across our overseas network, and through effective internal and interagency coordination, the Department of Foreign Affairs and Trade will continue to provide strong support for the Government's policy-making to advance Australia's national interests.

Michael L'Estrange
Secretary

DEPARTMENTAL OVERVIEW

Role and functions

The department is responsible for advancing the interests of Australia and Australians internationally. The department's staff in Canberra, in our state and territory offices and around the world work to achieve the department's four outcomes, outlined in the department's *Portfolio Budget Statements 2004–05* and presented in Figure 4 on page 18:

- Australia's national interests protected and advanced through contributions to international security, national economic and trade performance, and global cooperation
- Australians informed about and provided access to consular and passport services in Australia and overseas
- public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally
- efficient management of the Commonwealth overseas owned estate.

To support the achievement of these outcomes in a challenging international environment, the department deployed its staff and other resources in a targeted and flexible manner (see Section 3: Corporate management and accountability for more information).

Organisational structure

The Secretary, Mr Michael L'Estrange, and four deputy secretaries constitute the department's Senior Executive. Supported by the department's Senior Executive Service, they manage the department and provide leadership on foreign and trade policy, consular and corporate issues. The Senior Executive shapes the values and culture of the department, promotes within the department the highest professional standards of service to the Government and to Australia, and provides a fair and professionally rewarding working environment for staff.

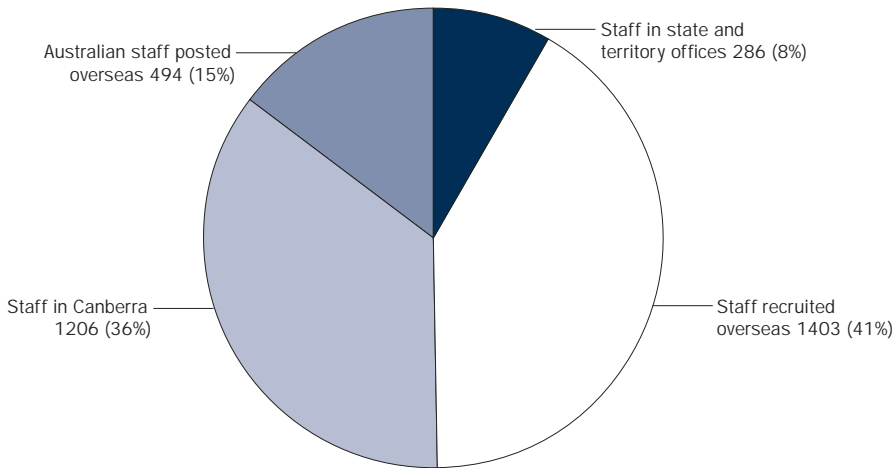
The department's organisational structure is outlined in Figure 2. In Canberra, the department is made up of eleven divisions, as well as the Executive, Planning and Evaluation Branch, the Protocol Branch, the Overseas Property Office, the Australian Safeguards and Non-Proliferation Office and the Economic Analytical Unit.

The department manages an overseas network of 86 embassies, high commissions, consulates-general and multilateral missions (for more information see Appendix 13—Summary of the overseas network). Each overseas post is attached to a parent division in Canberra. In addition to headquarters in Canberra, the department maintains offices in all Australian state and territory capital cities. These offices provide consular and passports services to the Australian community and liaison services to state and territory governments and Australian business. We also maintain a Passports Office in Newcastle and a Liaison Office on Thursday Island in the Torres Strait. Contact details of our offices in Australia are provided inside the back cover of this report.



Senior Executive of the Department of Foreign Affairs and Trade (at 30 June 2005). Front left: Mr Michael L'Estrange, Secretary. From left: Deputy Secretaries Mr Nick Warner (standing), Mr Doug Chester (standing), Dr Geoff Raby (sitting) and Ms Gillian Bird (standing). Photo: Michael Jensen

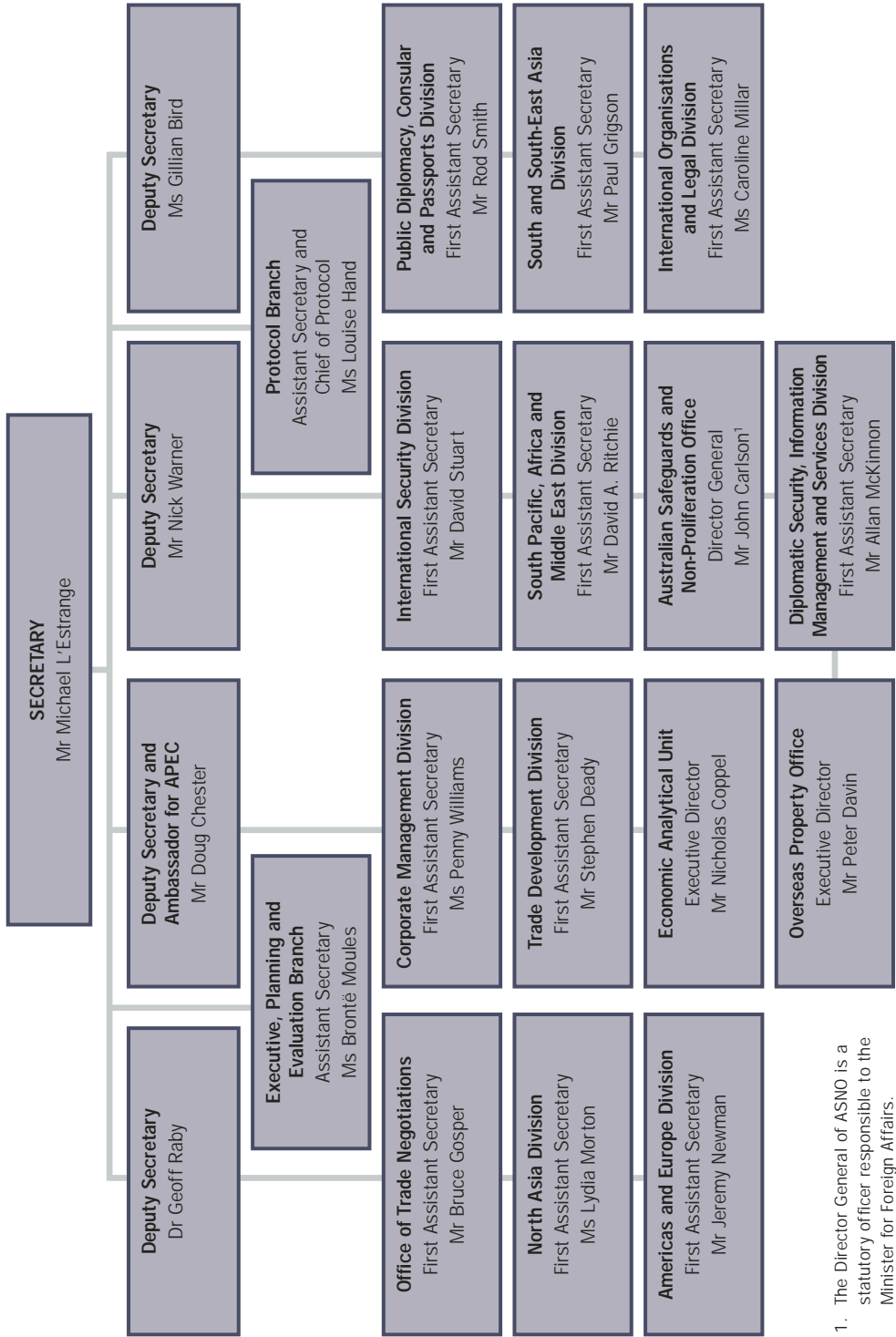
FIGURE 1. LOCATION OF STAFF



Source: Compiled from departmental data.

The department also engages people overseas to act as honorary consuls. Honorary consuls provide consular assistance on behalf of the department to Australian travellers in locations where the Australian Government does not maintain other representation. Combined with our consular sharing agreements with Canada, our honorary consuls widen the geographical scope of consular service for Australian citizens travelling overseas (see Appendix 13).

FIGURE 2. SENIOR EXECUTIVE STRUCTURE (AS AT 30 JUNE 2005)



1. The Director General of ASNO is a statutory officer responsible to the Minister for Foreign Affairs.

Structure of the foreign affairs and trade portfolio

The foreign affairs and trade portfolio supports the Minister for Foreign Affairs, the Minister for Trade and the Parliamentary Secretary for Foreign Affairs and Trade in the conduct of Australia's foreign and trade policy. Seven agencies make up the portfolio:

- Department of Foreign Affairs and Trade
- Australian Trade Commission (Austrade)
- Australian Agency for International Development (AusAID)
- Australian Centre for International Agricultural Research (ACIAR)
- Australian Secret Intelligence Service (ASIS)
- Export Finance and Insurance Corporation (EFIC)
- Australia–Japan Foundation (AJF). Unlike other bilateral foundations, councils and institutes the AJF is a separate statutory authority that receives its own appropriations from consolidated revenue.

Figure 3 details the portfolio structure and each agency's outcomes.

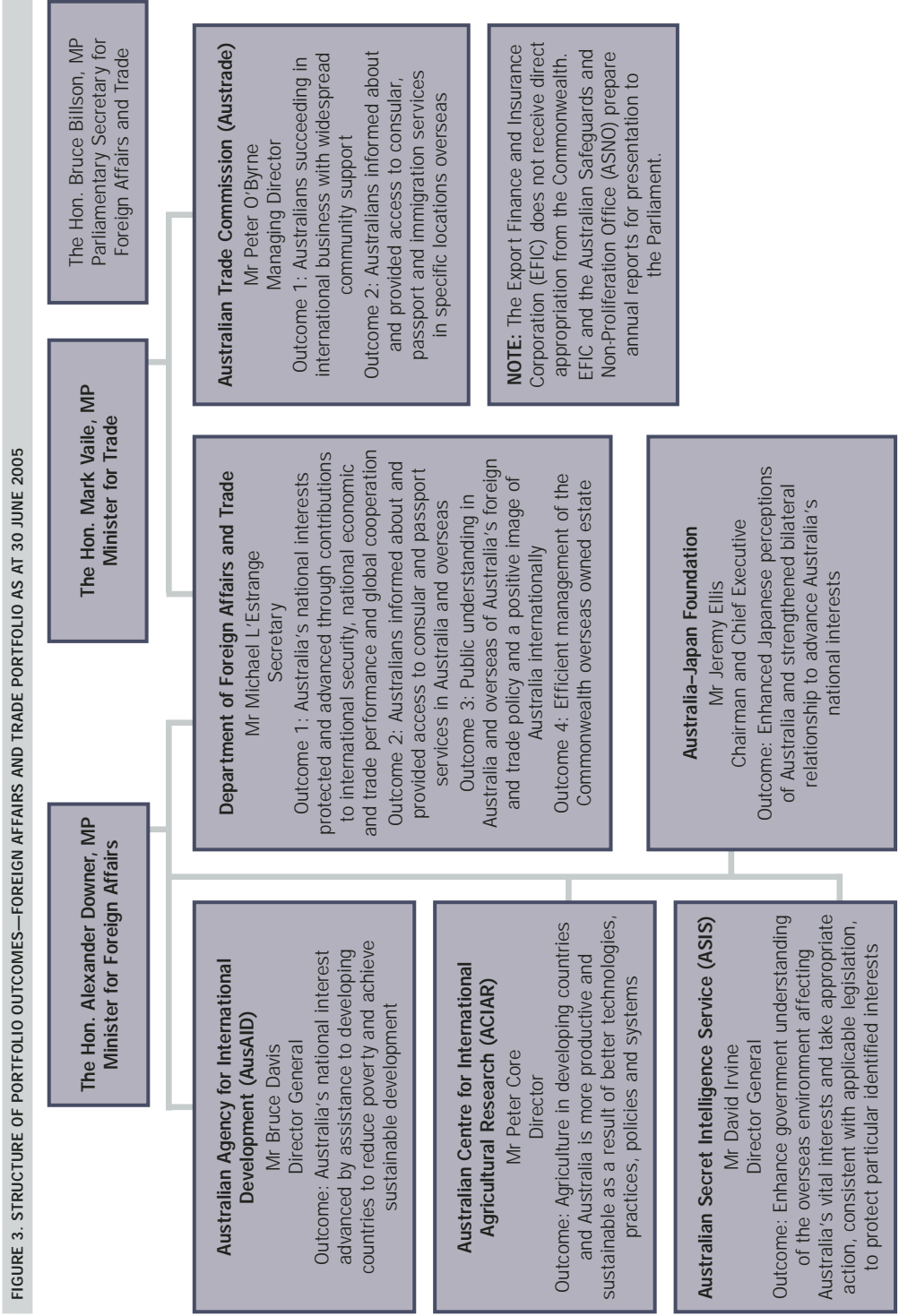
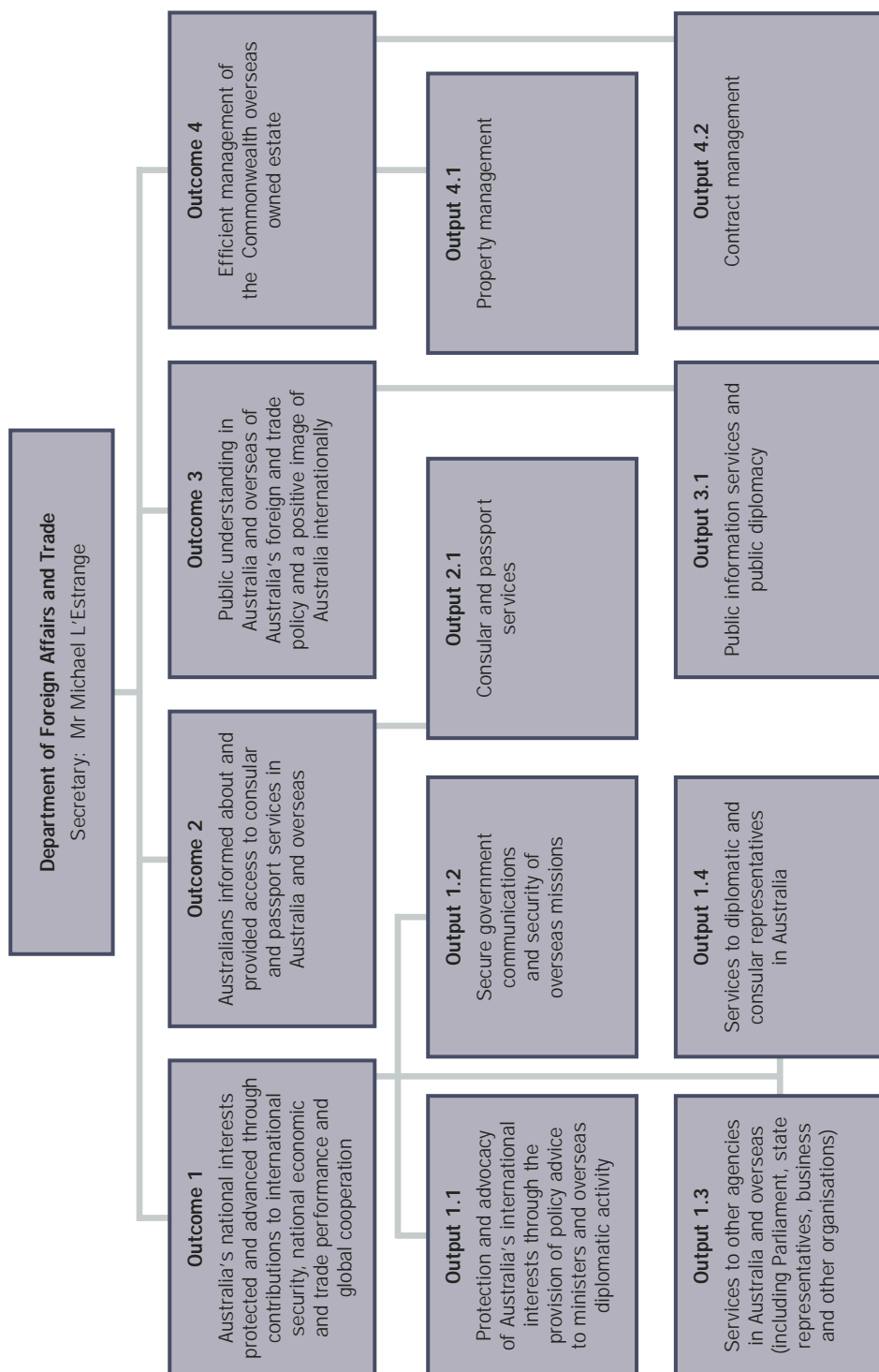


FIGURE 4. OUTCOMES AND OUTPUTS FRAMEWORK 2004–05



Resources summary

TABLE 1. FINANCIAL AND STAFFING RESOURCES SUMMARY

	2003–04 Actual (\$'000)	2004–05 Budget and Supplementary Additional Estimates (\$'000)	2004–05 Actual (\$'000)
Administered items			
Administered expenses	758 856	283 495	266 136
Departmental outputs			
Revenue from government (appropriation)*	712 711	699 607	703 624
Revenue from other sources	96 127	85 830	118 506
Total price of departmental outputs	808 838	785 437	822 130
Total resourcing of outputs			
Administered expenses and total price of departmental outputs	1 567 694	1 068 932	1 088 266
	2003–4 Actual	2004–05 Budget and Additional Estimates	2004–05 Actual
Average staffing level (number)**	3 149	3 138	3 165

* In 2004–05 the department received additional budget funding for a number of new initiatives including:

- investing in Australia's security—biometrics for border control
- maintenance of a temporary consulate-general in Nauru
- maintenance of the Regional Assistance Mission to Solomon Islands
- blast-proofing of windows in Australian overseas missions
- improved security for Australian overseas missions
- Flood inquiry into Australian intelligence agencies—transfer of the Open Source Collection Unit (decrease in funding)
- tsunami relief assistance.

** Includes overseas locally engaged staff.

TABLE 2. PRICE OF DEPARTMENTAL OUTPUTS BY OUTCOME

		2003-04 Actual (\$'000)	2004-05 Actual (\$'000)
	Description		
Outcome 1	Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation	546 700	552 201
Outcome 2	Australians informed about and provided access to consular and passport services in Australia and overseas	150 534	150 224
Outcome 3	Public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally	58 522	50 842
Outcome 4	Efficient management of the Commonwealth overseas owned estate	53 082	68 863
Total price of departmental outputs		808 838	822 130

TABLE 3. RECONCILIATION OF OUTCOMES AGAINST APPROPRIATION AND REVENUE ELEMENTS

	Outcome 1 (\$'000)	Outcome 2 (\$'000)	Outcome 3 (\$'000)	Outcome 4 (\$'000)	Total (\$'000)
Total administered appropriations as per <i>Portfolio Budget Statements 2004–05</i> including any adjustments from Additional Estimates	215 132	15 742	48 621	0	279 495
Administered expenses by outcome	190 880	13 777	51 047	0	255 704
Foreign exchange (unrealised)	6 271	0	0	0	6 271
EFIC administration costs funded by revenue offset	3 430	0	0	0	3 430
Movement on liability for the North American Pension Scheme	731	0	0	0	731
Total administered expenses as per the Financial Statements	201 312	13 777	51 047	0	266 136
Total departmental appropriation as per <i>Portfolio Budget Statements 2004–05</i> including any adjustments from Supplementary Additional Estimates	500 429	149 366	49 812	0	699 607
Revenues from government	503 302	150 224	50 098	0	703 624
Revenue from other sources	48 899	0	744	68 863	118 506
Total price of departmental outputs as per the Financial Statements	552 201	150 224	50 842	68 863	822 130



The Prime Minister Mr John Howard holds a joint press conference with Malaysian Prime Minister, Dato' Seri Abdullah Ahmad Badawi, during the latter's visit to Canberra in April 2005. Photo: AUSPIC

From left to right: Australian Minister for Defence Senator Robert Hill; Australian Minister for Foreign Affairs Mr Alexander Downer; then US Secretary of State Colin Powell; and US Secretary of Defense Donald Rumsfeld. They are speaking at a joint press conference following the 16th Annual Australian-US Ministerial (AUSMIN) Conference at the US State Department, Washington DC, 7 July 2004.



PERFORMANCE REPORTING

SECTION 2

Outcome 1

Outcome 2

Outcome 3

Outcome 4



*Minister for Trade Mr Mark Vaile co-hosting the fourth Australia-UAE Joint Ministerial Commission (JMC) meeting with the United Arab Emirates' Minister for Economy and Planning, Sheikhha Lubna Al-Qasimi. The meeting of the Australia-UAE JMC in Canberra launched negotiations for a bilateral free trade agreement.
Photo: Michael Jensen*

*Australian Ambassador to China Dr Alan Thomas and Chinese Minister of Commerce Bo Xilai sign a memorandum of understanding officially launching negotiations for an Australia-China free trade agreement in the presence of Prime Minister John Howard and Premier Wen Jiabao.
Photo: AUSPIC*



Outcome 1

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

OUTPUT 1.1

EFFECTIVENESS

North Asia

South and South-East Asia

Americas and Europe

South Pacific, Middle East and Africa

Bilateral, regional and multilateral trade negotiations

Trade development/policy coordination and Asia-Pacific Economic Cooperation

International organisations, legal and environment

Security, nuclear, disarmament and non-proliferation

QUALITY AND QUANTITY

OUTPUT 1.2

EFFECTIVENESS

QUALITY AND QUANTITY

OUTPUT 1.3

EFFECTIVENESS

Parliament in Australia

Services to attached agencies

Services to business

Services to state governments and other agencies overseas and in Australia

QUALITY AND QUANTITY

OUTPUT 1.4

EFFECTIVENESS

Services to diplomatic and consular corps

Provision of protection advice through liaison with the Protective Security

Coordination Centre

QUALITY AND QUANTITY

ADMINISTERED ITEMS FOR OUTCOME 1

QUALITY AND QUANTITY

PERFORMANCE INFORMATION

FOR OUTCOME 1

Effectiveness indicators—overall achievement of the outcome

Indicators to assist in assessing the success of the department's contribution to the achievement of this outcome are:

- Enhancement of Australia's security
 - Contribution to national, regional and international efforts to promote a more stable regional and global security environment
 - Strengthened and/or well-maintained security links with our allies; strengthened and/or well-maintained security-related dialogue and cooperation with other countries both bilaterally and in regional forums
 - Contribution to combating international terrorism and to the development and implementation of international arms control agreements to counter the spread of weapons of mass destruction
- Contribution to national prosperity
 - Improved access to overseas markets for Australian exports and investment pursued through bilateral, regional and multilateral means
 - Contribution to efforts to maintain and strengthen the multilateral trading system and effective use of the WTO to protect and pursue Australia's trade interests
 - Effective participation 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
- Contribution to strengthening global cooperation in ways that advance Australia's interests
 - Effective participation in multilateral organisations such as the United Nations and the Organisation for Economic Co-operation and Development and in related multilateral and regional cooperation mechanisms
 - Promotion of outcomes to international deliberations on global environmental issues consistent with Australian policy positions
 - Contribution to the development of a strong international legal framework
 - Encouragement of wider international application of universal human rights standards, democratic principles and good governance.

TABLE 4. FINANCIAL AND STAFFING RESOURCES SUMMARY FOR OUTCOME 1

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

	2004–05 Budget and Supplementary Additional Estimates (\$'000)	Actual 2004–05 (\$'000)	Variation (actual less budget) (\$'000)	Budget 2005–06 (\$'000)
Administered expenses				
Contributions to international organisations	195 054	170 775	(24 279)	194 050
Export Finance and Insurance Corporation	17 577	27 040	9 463	16 500
Compensation for detriment caused by defective administration	54	1	(53)	54
Rates for foreign government missions	408	403	(5)	408
Pension payments under the North American Pension Scheme	5 500	3 037	(2 463)	5 000
Suppliers	539	56	(483)	539
Total administered expenses	219 132	201 312	(17 820)	216 551
Price of departmental outputs				
Output 1.1—Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity	326 837	343 225	16 388	330 311
Output 1.2—Secure government communications and security of overseas missions	114 439	117 264	2 825	115 963
Output 1.3—Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)	91 135	87 620	(3 515)	93 061
Output 1.4—Services to diplomatic and consular representatives in Australia	3 841	4 091	250	3 872
Total price of departmental outputs*	536 253	552 201	15 948	543 207
Appropriation from government for departmental outputs	500 429	503 302	2 873	501 917
Revenue from other sources	35 824	48 899	13 075	41 290
Total resourcing for Outcome 1 (Price of departmental outputs plus administered expenses)	755 385	753 513	(1 872)	759 758

* Differences between price of output and total price of outputs are due to rounding.

	2004–05 Budget and Supplementary Additional Estimates	2004–05 Actual	2005–06 Estimate
Average staffing level (number)*	2 232	2 251	2 246

* Includes overseas locally engaged staff.

OUTPUT 1.1:

Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity

1.1.1 NORTH ASIA

Overview

The department worked to strengthen cooperation and dialogue with North Asian countries, to promote Australia's economic, political and strategic objectives in the region, and to deepen people-to-people links.

As North Asia receives more than 40 per cent of Australia's exports, a particular focus of our work was to strengthen bilateral economic ties with Japan, China and the Republic of Korea (ROK). We finalised a joint study into bilateral trade and economic liberalisation with Japan and began a feasibility study on a possible Australia–Japan free trade agreement (FTA). We completed a joint FTA feasibility study with China and began negotiations for an Australia–China FTA. We continued to explore opportunities for expanded economic and trade cooperation with the ROK. In cooperation with other agencies, we helped deliver important market access wins that expanded export opportunities for Australian business.

The region is of great strategic importance to Australia. The department consulted and cooperated with countries inside and outside the region to strengthen regional stability. China, Japan, the ROK and the Democratic People's Republic of Korea (DPRK) (along with the United States) are key players in maintaining stability in two potential flashpoints—the Korean peninsula and the Taiwan strait.

The department expanded second-track (or unofficial) and people-to-people links between Australia and North Asia, including by supporting the activities of the Australia–Japan Foundation, the Australia–China Council and the Australia–Korea Foundation (see sub-output 3.1.2 for more information).

Japan

The department advanced Australia's interests in Japan, notably by finalising a joint study into bilateral trade and economic liberalisation and launching a feasibility study on a possible bilateral FTA.

The department supported high-level visits to Japan by the Prime Minister and Mr Vaile in April 2005 and by Mr Downer in March 2005. Our liaison and advocacy prepared the way for the agreement by the prime ministers to undertake a two-year joint feasibility study for a comprehensive bilateral FTA.

The prime ministers also agreed to start formal negotiations to conclude a Japan–Australia Social Security Agreement. An agreement will coordinate respective age pension systems and the rules for compulsory social security and superannuation contributions.

While in Japan, Mr Howard and Mr Vaile visited the 2005 Aichi Expo to promote Australian trade and culture (see sub-output 3.1.2 for more information).

Under the business facilitation agenda of the bilateral Trade and Economic Framework (TEF), the department supported the conclusion of a new instrument covering securities market regulation. The new instrument will help facilitate cooperation in enforcing and supervising securities laws and derivatives transactions. This brings to six the number of agreements concluded under the agenda's eleven policy areas.



The Prime Minister Mr John Howard meets with the Japanese Prime Minister, Junichiro Koizumi, during his visit to Tokyo in April 2005. From left: Australian Ambassador to Japan Murray McLean OAM, Mr Howard and the Secretary, Michael L'Estrange. Photo: AUSPIC



We organised and hosted the third Australia–Japan Conference in February 2005. Thirty-eight representatives attended from business, academia, politics and government in both countries. Conference participants pushed strongly for the feasibility study into a bilateral FTA. The conference also recommended expanding bilateral cooperation on political and security issues, including disaster relief, peace building, UN reform and maritime security.

The department led a strong effort to turn around Japan's whaling policy by engaging Japanese government and non-government representatives on the benefits of whale conservation (see sub-output 1.1.7 for more information).

In May 2005, the department hosted the inaugural executive committee meeting to advance preparations for the 2006 Australia–Japan Year of Exchange. The exchange was agreed by prime ministers in 2003 to mark the thirtieth anniversary of the signing of the Basic Treaty of Friendship and Cooperation and aims to highlight the strength and diversity of bilateral relations.

China

The launching of negotiations for an FTA after the completion of a joint feasibility study demonstrated the rapid strengthening of Australia's relations with China—already Australia's second-largest market for goods (see box below).

The department secured China's agreement to begin bilateral FTA negotiations, announced during the Prime Minister's visit to China in April 2005, which the department supported. The Prime Minister and Chinese Premier Wen Jiabao agreed that negotiations would cover all sectors and involve a single undertaking—meaning nothing is agreed until everything is agreed. The FTA would be consistent with World Trade Organization (WTO) rules, as foreshadowed in the 2003 Australia–China Trade and Economic Framework (TEF).

The department established a China FTA Task Force to undertake the negotiations. The first FTA negotiations took place in Sydney in May 2005, leading to agreement on an initial set of negotiating groups. We began broad-based public consultations to confirm the priority issues and areas of interest and concern, bearing in mind the need underlined publicly by the Minister for Trade for the FTA to address the range of 'behind the border barriers' affecting Australian commercial interests. These public consultations will inform our negotiating position.

The department supported the visit to Australia in May 2005 by the Chairman of China's National People's Congress and number-two ranked Politburo member, Wu Bangguo. The visit had a strong energy and resources focus, including visits to liquefied natural gas (LNG) and iron ore shipping and production facilities in the Pilbara and the Hismelt Corporation Ltd iron plant in Kwinana to promote possible cooperation. Mr Wu supported enhanced bilateral cooperation in his keynote address to a China–Australia Trade and Economic Cooperation Forum in Sydney organised by the department and the Australia–China Business Council.

Feasibility study points to benefits of Australia–China FTA

The department and the Chinese Ministry of Commerce undertook a feasibility study into an Australia–China FTA over an 18-month period. An important and necessary precursor to the Government's decision to begin FTA negotiations, the study involved extensive consultations with Australian business, industry associations and state and federal government agencies. It examined the likely benefits and costs to both economies of all aspects of the FTA.

Independent economic modelling conducted for the study estimated that:

- an FTA would boost the Australian economy by \$24.4 billion over a ten-year period
- by 2015 total exports to China would increase by \$4.6 billion a year, comprising \$3.2 billion for manufacturing, \$0.9 billion for agriculture and \$0.4 billion for mining.

The modelling demonstrated that any additional adjustment costs for Australia arising from the FTA would be relatively small compared with adjustment already under way in response to domestic reform and globalisation.

As part of the study's outreach activities, the department organised an Australia–China FTA conference in Sydney in August 2004. Australian participants strongly supported a comprehensive arrangement positioning Australia to benefit from China's expected continued future growth. Chinese participants also indicated broad support for an FTA.

The department's engagement with China on strategic issues built mutual understanding of our approaches to regional security concerns. We supported Mr Downer's August 2004 visit to China to exchange views on prospects for resolving the North Korean nuclear issue, the importance of stability in Hong Kong and, consistent with our wish to engage more closely with China on South Pacific issues, Australia's objectives for improving governance and stability in that region. With an eye on implications for Australian interests, we provided advice on policy responses to Taiwan's 'parliamentary' elections and China's passage of its anti-secession law.

The department continued to seek to influence human rights issues in China through the bilateral human rights dialogue and representations to the Chinese Government. In October 2004 we led Australia's delegation to the eighth round of the bilateral dialogue. The meeting, held in Australia, featured an unprecedented side-meeting between the Chinese delegation and a group of Australian non-government organisations (NGOs). At the Chinese delegation's request, we facilitated a visit by delegation members to Redfern in Sydney to discuss Indigenous issues. The ninth round of the dialogue was held in Beijing at the end of June 2005. It included a field visit to Hunan Province where the Australian delegation, including Australia's Special Representative for HIV/AIDS, visited relevant facilities and met HIV/AIDS sufferers to raise awareness of Australia's HIV/AIDS programs.

Republic of Korea (ROK)

The department supported Australian LNG suppliers in the ROK market, helping position them for future multi-billion dollar contracts (North West Shelf Australia LNG narrowly missed out on a contract in February 2005 but continues to look positively towards opportunities in the Korean market). We continued to highlight Australia's track record as a reliable and cost-effective resource supplier.

The ROK is hosting APEC in 2005. The department liaised closely with Korean authorities to shape the APEC agenda to match Australia's interests. Considering that Australia will host APEC in 2007, the department maintained a close working relationship with the ROK organisers in preparing for our responsibility in 2007.

Departmental advocacy was crucial in convening the first round of bilateral social security negotiations in Canberra in May 2005, led by the Department of Family and Community Services and the Treasury. An agreement would enhance people-to-people links and business opportunities by making it easier for Australians and Koreans to work in the other's country.

The department helped the Australian Political Exchange Council establish a reciprocal political visits program. The first visit under the program—a Korean delegation to Australia—is scheduled for August 2005. The exchange will create links between future leaders of both countries and increase mutual awareness.

With other agencies, the department organised the second Korea–Australia–New Zealand Broadband Summit, held in Seoul in June 2005. The summit brought together information technology (IT) ministers (Australia’s delegation was led by the Minister for Communications, Information Technology and the Arts, Senator Coonan) and industry delegations to enhance commercial links and raise the profile of Australia’s information and communications technology industry.

The department and Austrade overcame obstacles to the export of the Holden Statesman motor vehicle to the ROK—the first Australian car to be sold in Korea—including by hosting a technical seminar in Seoul on Australian motor vehicle design rules. Mr Vaile introduced the Statesman vehicle at a function in Seoul during his 31 May–4 June 2005 visit.

We coordinated Mr Vaile’s visit which centred on the fourth Ministerial Joint Trade and Economic Commission (MJTEC) meeting. Although ministers agreed to further develop trade and economic links, the ROK’s protection of its agriculture sector precludes the possibility of a comprehensive free trade agreement at this stage.

We contributed to close cooperation on bilateral, regional and global security and economic issues through our support for three other events: a visit to Australia by ROK Foreign Minister Ban Ki-moon in August 2004, senior officials’ talks in Canberra in October 2004 and MJTEC officials’ talks in Seoul in May 2005.

Democratic People’s Republic of Korea (DPRK)

Progress in Australia’s bilateral relationship with the DPRK remained suspended in 2004–05, as it has been since the late 2002 revelations about the DPRK’s nuclear weapons program. This situation will remain until there is substantive progress by North Korea to resolve the nuclear issue.

The department supported Mr Downer’s visit to Pyongyang in August 2004 to register Australia’s continuing concerns about the DPRK’s nuclear weapons program. Mr Downer met with the DPRK Supreme People’s Assembly President Kim Yong-Nam and Foreign Minister Paek Nam-Sun. Mr Downer urged the DPRK to renounce nuclear weapons programs and to return to the six-party talks in a constructive spirit, including by responding productively to the proposals tabled when the six parties met in June 2004. Mr Downer also urged the DPRK to engage more fully with the international community to address human rights concerns.

We worked closely with regional partners through the ASEAN Regional Forum to reinforce to the DPRK the extent of international concern over its nuclear programs. Australia again co-sponsored a resolution carried by the UN Commission on Human Rights in April 2005 urging the DPRK leadership to alleviate the human rights situation inside the country.



The Minister for Foreign Affairs Mr Alexander Downer visiting Pyongyang in August 2004. From left to right: Chris Kenny, Media Adviser Mr Downer's Office; Australian Ambassador to the DPRK Dr Alan Thomas; Mr Downer; HE Mr Kim Yong-nam, President of the Presidium of the Supreme People's Assembly; Australian Ambassador to Japan Murray McLean OAM; Brad Haynes, Senior Adviser Mr Downer's Office; Alice Cawte, Counsellor—Political, Australian embassy Beijing; Scott Dewar, First Secretary, Australian embassy Beijing. Photo: John Feder

Although the bilateral relationship remained on hold, Australia was very concerned about the humanitarian situation in the DPRK and contributed, through AusAID, \$6.5 million in food and other aid via multilateral channels in 2004–05.

The department continued to work with law enforcement and other government agencies on the investigation of the DPRK vessel, the *Pong Su*, allegedly involved in trafficking heroin into Australia in April 2003. The case is expected to go to court in the second half of 2005.

TABLE 5. AUSTRALIA'S TRADE IN GOODS AND SERVICES WITH NORTH ASIAN ECONOMIES

	Export	Export		Import	Import	
	2003	2004	Trend	2003	2004	Trend
Goods ^(a) and Services	\$m	\$m	Growth 1999–2004	\$m	\$m	Growth 1999–2004
Japan	22 836	25 595	2.6%	14 358	14 679	4.2%
China	10 106	12 296	19.1%	13 409	16 871	21.4%
Republic of Korea	8 940	10 054	5.2%	4 304	4 611	2.8%
Taiwan	4 087	4 520	-3.8%	3 102	3 376	1.9%
Hong Kong, China	4 123	4 010	-1.2%	334	392	52.9%
Other	70	69	32.6%	17	17	8.2%
Total North Asia	50 162	56 544	4.6%	44 560	49 624	8.2%

(a) Goods data is on a recorded trade basis.

Source: DFAT Stars database and ABS International trade in services by partner country 2004.

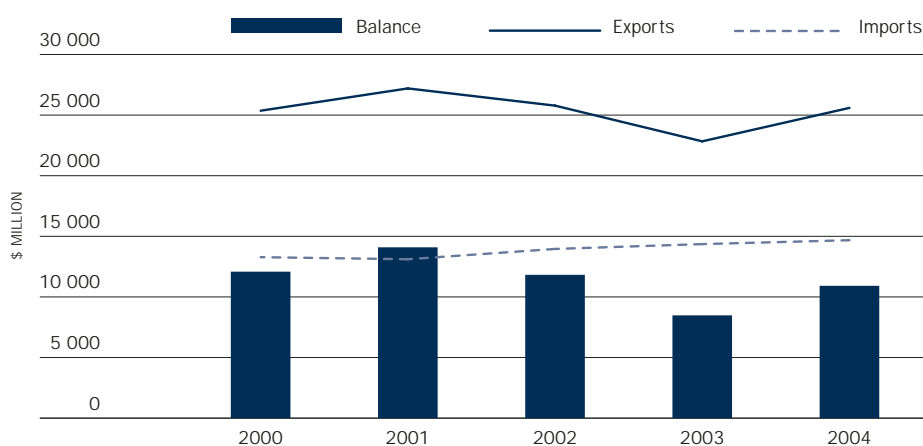
Economic relationships in North Asia

In addition to our successful efforts to implement the Trade and Economic Framework and launch an FTA feasibility study, the department worked with industry and other agencies to advance our trade and investment interests in **Japan**.

In conjunction with the Department of Agriculture, Fisheries and Forestry and producer organisations, we secured a substantial increase in Australian beef export volumes to Japan. With the United States absent from the market following the 2003 bovine spongiform encephalopathy (BSE) scare, Australia supplied over 91 per cent of Japan's imported beef needs in 2004. The department also supported ministerial efforts urging Japan not to impose its safeguard tariff on beef.

The department supported advocacy by the Australian Quarantine and Inspection Service that secured market access gains for Australian exports to Japan. Such gains included exports of citrus from South Australia's Riverland district and fresh cherry varieties from Tasmania grown especially for the Japanese market.

FIGURE 5. AUSTRALIA'S TRADE IN GOODS^(a) AND SERVICES WITH JAPAN



(a) Goods data is on a recorded trade basis.

Source: DFAT Stars database.

The department and the Department of Agriculture, Fisheries and Forestry supported Australian agricultural interests through a '1.5-track' (combined official and unofficial) agricultural dialogue held at the University of Tokyo in May 2005. The dialogue, organised by the Australia–Japan Research Centre of the Australian National University, resulted in a constructive exchange on food safety, social demographics and structural adjustment, strengthening links between the Australian and Japanese agriculture industries.

Further to the completion of the FTA feasibility study and the launch of FTA negotiations, the department pursued a range of trade and economic objectives in **China**. They included:

- with the Department of Industry, Tourism and Resources and the Western Australian Department of Industry and Resources, concluding the Australia–China Natural Gas Partnership Training Fund administrative arrangements following Australia LNG’s landmark \$25 billion gas deal in 2002
- with the Department of Agriculture, Fisheries and Forestry, improving market access for citrus and other agrifood products
- supporting Australian LNG suppliers in securing further supply contracts
- holding two rounds of the Joint Committee on Trade and Investment under the Australia–China Trade and Economic Framework (TEF) to further facilitate services trade, investment and business travel.



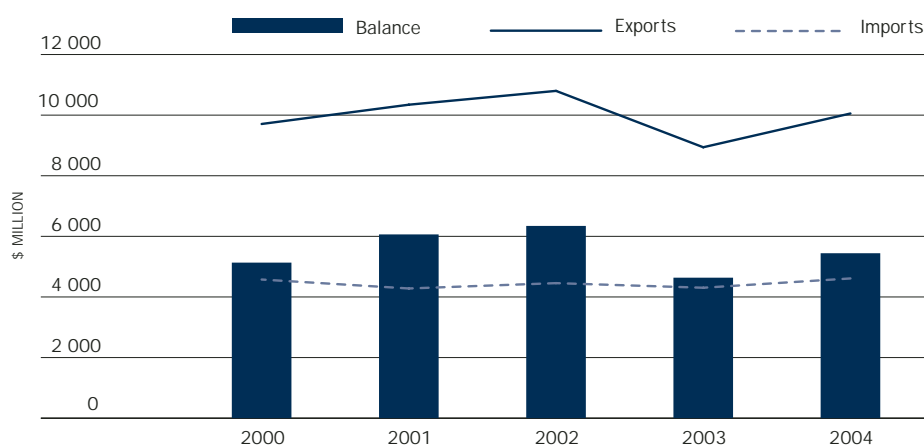
(a) Goods data is on a recorded trade basis.

Source: DFAT Stars database.

Beyond the support provided to Australian LNG suppliers and auto manufacturers, we advocated Australia's economic interests in the **ROK** in a range of commercial fields. The department:

- secured an annual import quota of 9030 tonnes of Australian rice under an extension to the ROK's 'special treatment' for rice imports under WTO rules
- supported the signing of a bilateral energy and resources agreement by the Industry, Tourism and Resources Minister, Mr Macfarlane, and the ROK Foreign Minister in August 2004, which creates a framework for enhanced commercial cooperation
- helped Macquarie Bank expand its operations in the ROK.

FIGURE 7. AUSTRALIA'S TRADE IN GOODS^(a) AND SERVICES WITH THE REPUBLIC OF KOREA



(a) Goods data is on a recorded trade basis.

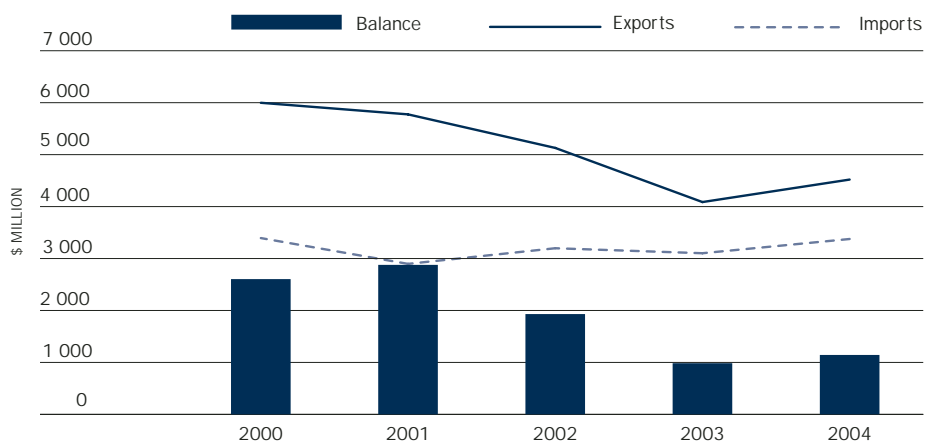
Source: DFAT Stars database.

The department took advantage of opportunities that continued to flow from **Taiwan's** accession to the WTO and its return to strong economic growth. We facilitated market access in agriculture and in promoting emerging opportunities in the biotechnology, electronics, aviation and minerals and energy sectors through officials' talks and advocacy on behalf of businesses.

The department supported bilateral high-level and officials' consultations on economic issues, minerals and energy, agriculture, higher education and science. We made targeted representations leading to:

- the lifting of restrictions on Australian exports of sugar, fruit and live animals
- agreements on working holiday-maker visas, education, nucleonics research, electromagnetic compatibility and a revised annex to the bilateral air services arrangement that increased capacity and introduced a new competition provision.

FIGURE 8. AUSTRALIA'S TRADE IN GOODS^(a) AND SERVICES WITH TAIWAN



(a) Goods data is on a recorded trade basis.

Source: DFAT Stars database.

The department helped Australian companies secure commercial opportunities in **Hong Kong**, focusing on education, tourism, hospitality equipment and services. Notable achievements included:

- facilitating expanded market access for seafood and citrus fruit
- strengthening Australia's reputation as an investment destination, which contributed to major Hong Kong investments in Australia, such as Cheung Kong Holdings' \$11 billion worth of investments in Australia's infrastructure, telecommunications and energy sectors
- working with Hong Kong officials to support preparations for a successful outcome at the WTO Ministerial Conference to be hosted by Hong Kong in December 2005.

We increased our engagement with **Macau**, supporting Australian business successes in the tourism, gaming and construction industries, as well as in training and education services. With support from the department, Australian companies won major engineering and construction projects on three new casino projects.

1.1.2 SOUTH AND SOUTH-EAST ASIA

Overview

The department advanced Australia's political, strategic and economic objectives in South and South-East Asia. Our efforts were underpinned by increasingly broad and deep linkages and high-level political contact. The department's significant contribution to the Government's swift and compassionate response to the Indian Ocean tsunami laid the groundwork for a legacy of practical cooperation in the region, in particular with Indonesia and Thailand.

We continued to engage countries in the region on security and counter-terrorism issues. We consolidated our framework for bilateral counter-terrorism cooperation, including through enhanced cooperation with the Philippines and a memorandum of understanding (MOU) with Pakistan.

We also continued to pursue Australian objectives for combating transnational crime, drug trafficking, people smuggling and money laundering, and promoted regional cooperation through the South-West Pacific Dialogue and the Interfaith Dialogue processes.

An unprecedented number of high-level visitors to Australia over the year demonstrated how our relations are gaining strength. The department supported visits by the heads of state of Brunei, Indonesia, Pakistan and Singapore, and visits by heads of government of Malaysia, Thailand and Vietnam. An extensive program of visits to Australia by ministers across a range of portfolios and visits to the region by Australian ministers supplemented these high-level contacts. Our support for Mr Downer's advocacy helped secure the agreement of the Association of Southeast Asian Nations (ASEAN) to Australia's participation in the first East Asia Summit, to be held in December 2005.

We promoted Australian commercial interests, including by pushing for increased market access and helping companies strengthen their presence in the region. Merchandise exports to the region held up despite some adverse conditions, including the continuing effects of the drought and the strength of the Australian dollar. The growth in merchandise exports to South Asia, particularly India, was underpinned by the strong performance of commodity exports, and reflected increased interest in these markets by Australian exporters.

We finalised a free trade agreement with Thailand (TAFTA) and a review and refinement of the provisions of the Singapore–Australia Free Trade Agreement (SAFTA).

The department led bilateral negotiations with East Timor on maritime boundaries and resource issues. Agreement was all but achieved.

South-East Asia

Indonesia

The mature and diverse bilateral relationship was significantly strengthened by the historic April 2005 Declaration on a Comprehensive Partnership (DCP). The DCP, developed in close cooperation with the department, signalled a new commitment to expanding bilateral cooperation on security and trade and in people-to-people links. Agreement to proceed with the DCP was reached during the visit by Indonesian President Dr Susilo Bambang Yudhoyono in April 2005, which the department supported.

The security relationship was boosted when Mr Downer and Indonesian Foreign Minister Dr Hassan Wirajuda agreed to discuss a framework for security cooperation.

The department coordinated the seventh Australia–Indonesia Ministerial Forum (AIMF), which brought together five Indonesian and eight Australian ministers and Mr Billson. The AIMF further advanced key bilateral interests in counter-terrorism, people smuggling, illegal fishing, and trade and investment.

With Indonesian counterparts, the department organised the Regional Interfaith Dialogue in Indonesia in December 2004, which brought together religious leaders from various faiths across the region. The meeting achieved its key objective with religious leaders issuing a joint statement condemning violence and terrorism and underlining their desire to foster understanding and harmony between faith communities in the region.

Through the Bali Process on People Smuggling, Trafficking and Related Transnational Crime, the department entrenched cooperation with Indonesia that built confidence and habits of dialogue among regional countries (see sub-output 1.1.7 for more information).

We continued to advance Australia's trade and investment interests. We facilitated more than 20 Australian companies' participation in the Indonesia Infrastructure Summit held in Jakarta in January 2005. In advocating the liberalisation of Indonesia's import regime and improvements to the business environment, we pushed for improved market access through tariff reductions for Australian exports, including frozen meat, wheat flour and horticulture products, with relevant Indonesian authorities. Mr Vaile and the Indonesian Minister of Trade, Dr Mari Pangestu, announced the development of a trade and investment framework, which will provide a focus for enhanced commercial ties.

The department facilitated high-level visits by Australian ministers and officials to Indonesia, including two visits by the Prime Minister, four by Mr Downer, two by Mr Vaile, and visits by the Attorney-General, Minister for Immigration and Multicultural and Indigenous Affairs, and Minister for Justice and Customs.

After the tsunami: the Australia–Indonesia Partnership for Reconstruction and Development

On 5 January 2005—ten days after the Boxing Day tsunami—the Prime Minister, Mr Howard, and Indonesia’s President Susilo Bambang Yudhoyono agreed to a historic bilateral program—the five-year, \$1 billion Australia–Indonesia Partnership for Reconstruction and Development (AIPRD). Its goal is to provide assistance for reconstruction and development in Aceh and throughout Indonesia.

The AIPRD Joint Commission, led by the Prime Minister and Indonesian President, oversees how the AIPRD is put into practice, with advice and assistance from foreign and economic ministers of both countries. The first meeting of the Joint Commission in Canberra on 17 March 2005 was co-chaired by Mr Downer and his Indonesian counterpart Dr Hassan Wirajuda. The Treasurer, Mr Costello, and Indonesia’s Development Planning Minister, Dr Sri Mulyani Indrawati, attended the meeting.

The Joint Commission agreed that the AIPRD’s primary objective was to support Indonesia’s reconstruction and development efforts, both in and beyond tsunami-affected areas, through sustained cooperation focused on the Indonesian Government’s programs of reform. The emphasis is to promote economic and social development.

Ministers agreed at the first Joint Commission meeting to fund a number of early activities. AusAID is to do the work on the ground with \$1 billion provided under the *Appropriation (Tsunami Financial Assistance and Australia–Indonesia Partnership) Act 2004–05*. (For more information on AIPRD-funded activities, see the AusAID annual report, which is volume 2 of this report.)

A Secretaries’ Committee advises Australian ministers on major activities to be funded and ensures strategic management of the AIPRD from a whole of government perspective. The Secretary of the Department of Foreign Affairs and Trade chairs the committee. Other members include the Secretary of the Department of the Prime Minister and Cabinet, the Secretary of the Treasury, the Secretary of the Department of Finance and Administration and the Director General of AusAID.

A small whole of government secretariat based in the Department of Foreign Affairs and Trade supports the work of the Secretaries’ Committee and Australian participation in the Joint Commission.

Thailand

The department strengthened Australia's cooperation with Thailand in a range of areas, including trade and investment, law enforcement, counter-terrorism, education, defence, migration and tourism.

The department led negotiations on the Thailand–Australia Free Trade Agreement (TAFTA) and the Agreement on Bilateral Cooperation. With the Department of the Prime Minister and Cabinet, we coordinated a successful visit to Australia by Prime Minister Thaksin Shinawatra in July 2004, when both agreements were signed.

We negotiated TAFTA over a 14-month period before its entry into force on 1 January 2005. TAFTA is a major market-opening agreement that will achieve the elimination by 1 January 2010 of Thai tariffs on virtually all goods imported from Australia. It will substantially improve the environment for bilateral services trade and investment. We conducted an advocacy program to promote the agreement's benefits to Australian business to ensure they make full use of its opportunities.


The department negotiated the Agreement on Bilateral Cooperation, which provides a framework for closer cooperation across a wide range of bilateral activity, including security and law enforcement, environment and heritage, education, culture, public administration, and science and technology. Prime Minister Thaksin Shinawatra's visit also resulted in the signature of important government-to-government agreements on work and holiday visas and environmental cooperation and education, which provide a framework for enriched people-to-people ties.

On counter-terrorism, we worked closely with the Department of Defence and relevant Thai authorities to initiate a combined counter-terrorism military exercise, Wyvern Sun, in Thailand in July 2004. With the cooperation of the Australian Federation of Islamic Councils, we hosted a visit to Australia by a delegation of moderate young southern Thai Muslims to expose them to the role of Islamic faith and the Australian Islamic community in Australian society. The exchange was followed by visits to Thailand by four prominent Australian experts on Islam, building mutual understanding of our cultures and societies.

Singapore

The department played a key role in maintaining and strengthening our dialogue with Singapore across common interests, including regional security and transnational crime.

Through the first Singapore–Australia Free Trade Agreement (SAFTA) review process, we advanced Australia's trade and investment interests by ensuring that SAFTA remained relevant to Australian business. The review, held in Sydney on 14 July 2004, was co-chaired by Mr Vaile and his then Singapore counterpart, Minister for Trade and Industry George Yeo. It resulted in a balanced package of gains for both Australia and Singapore. For Australia, these included recognition of further law degrees, certificates of origin and technical standards for food and horticultural goods.



The frequency of high-level visits in both directions underlined the close and productive bilateral relationship. Prime Minister Howard visited Singapore in February 2005. Singapore's President Nathan made an official visit to Australia in March 2005, the first visit to Australia by a Singapore Head of State. The department contributed to the strengthening of political, defence, educational, trade, tourism and Commonwealth links through its policy and organisational involvement in these and other visits.

Malaysia

The visit to Australia by Malaysian Prime Minister Abdullah Badawi and his ministerial delegation in April 2005—the first official bilateral visit by a Malaysian Prime Minister in 21 years—provided an important opportunity to strengthen political ties and build on Australia's longstanding and cooperative links with Malaysia. The visit was a culmination of the department's efforts to strengthen relations with Malaysia, particularly at the political level, following the change of leadership and elections in Malaysia in March 2004.

We made a substantial contribution to the visit outcomes, which included the launch of bilateral FTA negotiations and the establishment of the Australia–Malaysia Institute to enhance institutional and people-to-people ties.

The decision to proceed to FTA negotiations followed the conclusion of parallel scoping studies agreed by Mr Vaile and his Malaysian counterpart at the 11th Australia–Malaysia Joint Trade Committee meeting held in July 2004 in Melbourne. The meeting, organised by the department, helped advance commercial opportunities for Australian business in the construction, franchising, agriculture, medical devices regulation and coal sectors through identifying new areas for cooperation and facilitating private sector links.

The department continued to advocate Australian commercial interests in Malaysia. We lobbied in favour of an Australian firm's successful bid for one of five foreign stockbroking licences in Malaysia. We continued to work closely with the Department of Agriculture, Fisheries and Forestry in trying to resolve ongoing problems in the halal meat trade with Malaysia.

Philippines

In October 2004, the Government announced a doubling to \$10 million of the existing Counter-Terrorism Assistance Package to the Philippines. The department worked closely with a range of government agencies, including AusAID, the Australian Federal Police, the Department of Immigration and Multicultural and Indigenous Affairs, and the Department of Transport and Regional Services, to give effect to this expanded package of assistance.

We continued to work to improve the bilateral trade relationship. Although a number of bilateral trading irritants remained unresolved, we promoted new opportunities in the Philippines, including in the mining sector following a Philippines Supreme Court decision to uphold legislation to facilitate foreign investment in this sector.

These efforts contributed to decisions by a number of Australian companies to consider investment in the mining sector. Lafayette Mining began gold production at Rapu Rapu, the first new foreign-funded mine in the Philippines to be commissioned since 1968.

Vietnam

The department continued to promote close cooperation with Vietnam on counter-terrorism, defence, police, immigration, education and investment issues.

In cooperation with the Department of the Prime Minister and Cabinet, we coordinated a successful visit by Vietnam's Prime Minister Phan Van Khai in May 2005. In a joint statement Vietnam expressed support for Australian participation in the East Asia Summit, undertook to hold initial discussions on an International Transfer of Prisoners Agreement, expressed support for the University of Sydney's proposal to establish a medical school in Hanoi, welcomed Australian assistance during Vietnam's year as APEC host in 2006, and foreshadowed early signature of an MOU on police cooperation on transnational crime.

Through sustained trade advocacy, the department secured Vietnamese agreement to apply most favoured nation tariffs to most Australian goods from December 2004. The decision will improve Australia's prospects for an increased share of Vietnam's growing market for imported agricultural and manufactured goods. It represented a further step in the full integration of Vietnam's economy with the international trading system. The department continued to negotiate with Vietnam on its accession to the WTO, resulting in Vietnam improving its offers on Australian services.

East Timor

The department played an important role in shaping a new mandate for United Nations involvement in East Timor and in coordinating an Australian contribution to the new United Nations mission. To be known as the United Nations Office in Timor-Leste (UNOTIL), the mission represents a shift in the focus of international activities in East Timor from peace-keeping to peace-building. This reflects the significant improvement in East Timor's security situation.

The department facilitated the Governor-General's visit to East Timor in December 2004. As the first bilateral visit to East Timor by a foreign head of state, it represented a significant development in the bilateral relationship. The department led the Government's negotiations with East Timor on maritime boundary and resource issues, which reached the threshold of an agreement (see sub-output 1.1.7 for more information).

The department was closely involved in arrangements for the Sultan of Brunei's first State Visit to Australia, in February 2005, as well as the August 2004 visit by the **Brunei** Foreign Minister, Prince Mohamed Bolkiah. A key outcome of the Sultan's visit was signature of an Australia-Brunei MOU on cooperation to combat international terrorism, which the department was closely involved in drafting.

Australia's relations with **Laos** continued to expand on the back of our ongoing development assistance program, cooperation to combat terrorism and transnational crime, and Australia's significant foreign investment in Laos. The department contributed to a successful visit by the Prime Minister to Vientiane for the ASEAN–Australia–New Zealand Summit in November 2004, and to preparations for the visit to Australia by Laos's Foreign Minister and Deputy Prime Minister in February 2005 (see ASEAN and regional issues below).

With strong support from Australia and considerable lead-up negotiations involving the department, **Cambodia** joined the WTO in September 2004. Australia continued to have constructive relations with Cambodia on a range of issues, including counter-terrorism, where departmental officials helped draft necessary legislation.

On **Burma** we continued to make clear statements in the UN General Assembly, the UN Commission on Human Rights and the International Labor Organisation calling for the release of all political prisoners, including Aung San Suu Kyi, respect for human rights, and genuine progress on political reform. We emphasised the need for democratic political reform and national reconciliation at senior levels with the Burmese authorities. We pursued our other interests in Burma, such as combating narcotics trafficking, terrorism and money laundering, and secured the participation of Burmese officials in regional technical training focused on transnational crime and public health.

TABLE 6. AUSTRALIA'S TRADE IN GOODS AND SERVICES WITH SOUTH AND SOUTH-EAST ASIA

	Export			Import		
Goods ^(a) and Services	2003 \$ millions	2004 \$ millions	Trend Growth 1999–2004	2003 \$ millions	2004 \$ millions	Trend Growth 1999–2004
Indonesia	3 737	4 209	5.1%	4 547	4 239	6.9%
Malaysia	2 986	3 390	2.7%	4 982	6 290	6.4%
Philippines	1 089	1 116	-6.9%	983	957	11.2%
Singapore	5 617	5 595	-2.8%	6 825	8 814	7.3%
Thailand	2 711	3 551	11.3%	4 352	4 675	10.2%
Vietnam	628	874	11.9%	2 628	2 876	10.8%
Other ASEAN	115	161	2.7%	641	767	25.8%
Total Asean	16 883	18 897	2.0%	24 957	28 618	8.3%
India	3 902	6 053	25.2%	1 206	1 398	10.6%
Other South Asia	929	1 176	-3.0%	433	405	-3.2%
Total South Asia	4 831	7 229	16.8%	1 639	1 803	6.3%
Total	21 715	26 126	4.9%	26 596	30 421	8.1%

(a) Goods data is on a recorded trade basis.

Source: DFAT Stars database and ABS International trade in services by partner country 2004.

ASEAN and regional issues

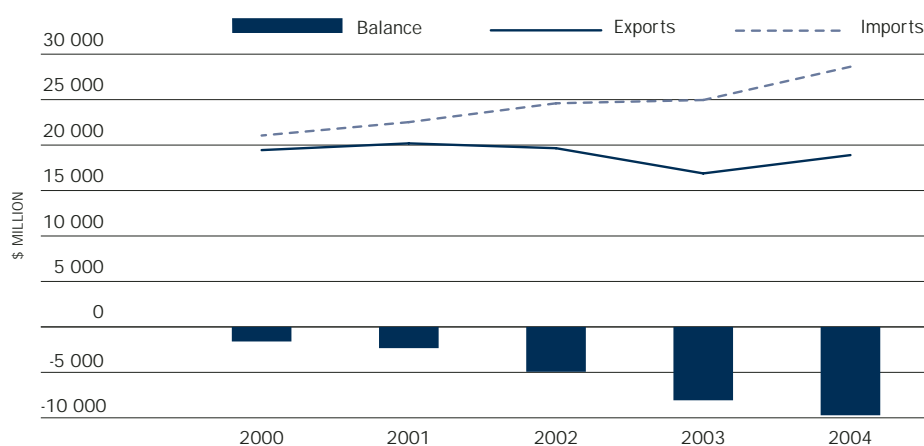
Three key events strengthened the relationship between ASEAN and Australia.

The Prime Minister attended an ASEAN–Australia–New Zealand Summit in Vientiane in November 2004 to celebrate Australia’s 30 years as a Dialogue Partner of ASEAN. Following the summit, Leaders announced the start of negotiations towards an ASEAN–Australia–New Zealand Free Trade Agreement.

In July 2004 Mr Downer signed an ASEAN–Australia Joint Declaration for Cooperation to Combat International Terrorism, which will underpin constructive regional cooperation on counter-terrorism and regional security issues.

Through our sustained, targeted advice the department supported Mr Downer’s advocacy with ASEAN leading to agreement for Australia’s participation in the first East Asia Summit, to be held in Kuala Lumpur in December 2005. This represents a very significant step forward in our engagement with ASEAN, and with the nations of East Asia generally.

FIGURE 9. AUSTRALIA’S TRADE^(a) IN GOODS AND SERVICES WITH ASEAN



(a) Goods data is on a recorded trade basis.

Source: DFAT Stars database.

South Asia

India

The department's endeavours added significant impetus to Australia's expanding relationship with India. In view of its strong economic growth and emergence as a major power in Asia, India is an increasingly important economic, political and strategic partner for Australia.

After a hiatus in high-level visits and official meetings during the second half of 2004—a result of national elections held in both countries—the bilateral relationship regained momentum in 2005 with a series of high-level meetings.

The department led logistical and policy support for the Senior Officials' Talks and Strategic Dialogue in March 2005, the Joint Ministerial Commission (JMC) (on trade) in May 2005 involving Mr Vaile and his Indian counterpart Kamal Nath, and the Foreign Ministers' Framework Dialogue in New Delhi in June 2005 involving Mr Downer and the Indian External Affairs Minister Natwar Singh.

At the JMC, the two trade ministers agreed to negotiate a Trade and Economic Framework to lift the profile of the bilateral trade and economic relationship and set the direction for its future development. They agreed to work towards lifting the level of bilateral merchandise trade from \$6.5 billion in 2004 to \$8 billion in 2007.



Minister for Foreign Affairs Mr Alexander Downer meets the Indian Prime Minister, the Hon. Dr Manmohan Singh, during his visit to India in June 2005.

Pakistan

Australia's bilateral relationship with Pakistan was strengthened by the visits to Australia by Foreign Minister Kasuri in May 2005 and by President General Pervez Musharraf in June 2005. The latter was the first visit ever to Australia by a head of state of Pakistan. The department helped coordinate the visit, which resulted in the signing of MOUs on counter-terrorism, agricultural sector linkages and cooperation between the Exchange Commissions of Australia and Pakistan.

We supported Australian commercial interests in Pakistan, particularly in the energy and mineral resources sectors. We provided strong advocacy on behalf of Australian wheat exports following allegations of contamination of Australian wheat shipments to Pakistan. We assisted AWB Limited in rebutting the allegations and in helping to promote systemic improvements in Pakistan to avoid a repeat of the episode.

Working closely with a number of other government agencies, including the Australian Federal Police and the Department of Immigration and Multicultural and Indigenous Affairs, we made a substantial contribution to Australia's security interests through cooperation with the Government of Pakistan on counter-terrorism, transnational crime, people-smuggling and irregular migration.



Minister for Foreign Affairs Mr Alexander Downer and Pakistan Minister for Industries, Production and Special Initiatives, Mr Jahangir Khan Tareen, sign a memorandum of understanding on counter-terrorism in Canberra in June 2005.
Photo: AUSPIC



Afghanistan

The department continued to encourage Afghanistan's progress towards a more secure, stable and prosperous future, particularly during the landmark presidential elections in October 2004. We supported AusAID's contribution to the international community's reconstruction efforts. Australia's aid commitment to Afghanistan since September 2001 amounts to \$110 million.

We worked closely with other Australian Government agencies, including the Australian Federal Police and the Department of Immigration and Multicultural and Indigenous Affairs, to assist the Government of Afghanistan on border control, counter narcotics, refugee resettlement, primary education and national parliamentary elections.

The department supported Australia's trade and investment interests in **Sri Lanka**, particularly through support for Australian companies' efforts to enter the Sri Lankan market and for Australian education services to maintain their leading position. In **Bangladesh**, the department continued to promote Australian commercial interests and counter-terrorism cooperation.

1.1.3 AMERICAS AND EUROPE

Overview

The department played a leading role in strengthening Australia's relationships with key allies and partners on both sides of the Atlantic in areas vital to Australian economic, political and security interests.

The Australia–US Free Trade Agreement (AUSFTA), Australia's most significant bilateral economic agreement, entered into force on 1 January 2005, providing new trade and investment opportunities for Australian business. The department worked to secure Congressional passage for the agreement and to help business take advantage of new market openings. The strength and vitality of the alliance with the United States was confirmed through successful Australia–US Ministerial (AUSMIN) consultations. A significant program of high-level visits helped advance trade and security objectives.

The department engaged Europe both bilaterally and multilaterally, expanding our relationships with individual countries in Europe and as member states of the European Union. Our advocacy of closer European engagement on Asia–Pacific security matters yielded positive results.

United States

The department's efforts to advance Australia's economic, security and people-to-people links with the United States produced a number of significant outcomes. We led a major advocacy campaign to encourage US Congressional support for the AUSFTA, which passed Congress in July 2004 by large margins and entered into force on 1 January 2005 (see output 1.1.5 for more information). We worked to make Australian business aware of the new opportunities opened up by the AUSFTA. With Austrade, we developed a website (www.fta.gov.au) to provide comprehensive information on the agreement, which Mr Vaile launched on 27 April 2005. To improve understanding of the FTA, we provided technical and practical advice in response to hundreds of Australian commercial inquiries by telephone and email. Important commitments under the AUSFTA were met through inaugural meetings of bilateral committees on sanitary and phytosanitary matters and professional services, which the department co-chaired.

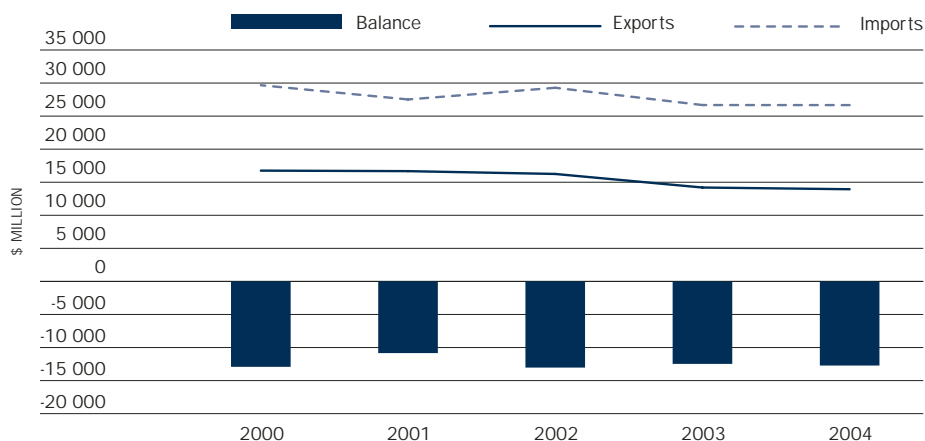
An intense program of high-level visits provided opportunities to share perspectives and shape US views. Building on a successful program of US Congressional visits aimed at winning support for the AUSFTA, we hosted more than 31 congressional staffers and five members or senators. These visits strengthened support for Australia in the US Congress and advanced important national interests, including Congressional support for a new category (E-3) of visa created specifically for Australian business. The department supported three visits by Mr Downer to the United States for meetings with senior US leaders and visits by six federal members and premiers.

The strength of alliance relations was reaffirmed during Australia–US Ministerial (AUSMIN) consultations in Washington in July 2004, attended by Mr Downer and Senator Hill. Outcomes included new commitments to strengthen Australia–US military interoperability and to cooperate on missile defence. Over the course of the year, we encouraged greater intelligence-sharing and worked closely with the United States in support of Iraq’s efforts to consolidate its new democracy and defeat terrorism. We advanced shared counter-proliferation and counter-terrorism objectives (see sub-outputs 1.1.4 and 1.1.8 for more information).

The department provided analysis and advice to ministers on the November 2004 US election and worked to maintain Australia’s standing and influence with new members of the second Bush Administration. We supported Mr Downer’s visit to Washington in May 2005 to meet the new US Secretary of State, Dr Condoleezza Rice, and Mr Vaile’s meetings with his new counterpart, US Trade Representative, Robert Portman.

In January 2005, the department again strengthened Australia’s economic and political links with California through a major ‘Australia Week’ promotion, which Mr Downer attended. The event saw a large increase in participation by Australian companies with around 150 represented. High profile Australian attendees generated significant positive media coverage in the US West Coast. The promotion of Australia as a safe and reliable supplier of liquefied natural gas (LNG) was an important commercial focus of the event.

FIGURE 10. AUSTRALIA’S TRADE IN GOODS^(a) AND SERVICES WITH THE UNITED STATES



(a) Goods data is on a recorded trade basis.

Source: DFAT Stars database.

North Atlantic Treaty Organisation (NATO)

The department advanced practical cooperation with NATO, building on our shared interests in countering terrorism, weapons of mass destruction (WMD) proliferation and the threat posed by weak and failing states. We made significant progress towards this objective in March–April 2005 when Jaap de Hoop Scheffer became the first NATO Secretary General to make an official visit to Australia. We achieved four major outcomes:

- agreement to exchange information and assessments on counter-terrorism
- the establishment of Department of Defence representation in Brussels
- facilitation of the exchange and reciprocal protection of classified information
- an agreement to share information on our respective training efforts in Iraq.

These outcomes established a framework to develop further practical cooperation.

Europe

European Union

The department supported the work of our ministers in managing Australia's response to a period of major change within the European Union, resulting from its enlargement from 15 to 25 members and the changeover of key EU decision makers in the European Commission. We coordinated Mr Downer's visit to Brussels and consultations with the Luxembourg EU Presidency in February 2005 when he registered Australia's priorities with several new European Commissioners, including Commission President Barroso.

We worked with other agencies to advance bilateral cooperation with the EU under the *Australia–European Union: An Agenda for Cooperation* action plan, adopted in 2003. We increased bilateral cooperation by securing EU support for the Jakarta Centre for Law Enforcement Cooperation (see sub-output 1.1.8). We initiated consultations with the EU on the issue of arms sales in the Asia Pacific region, securing an understanding on the importance of stringent export controls for regional security. The EU undertook to consult Australia in its decision-making on matters affecting security in our region.

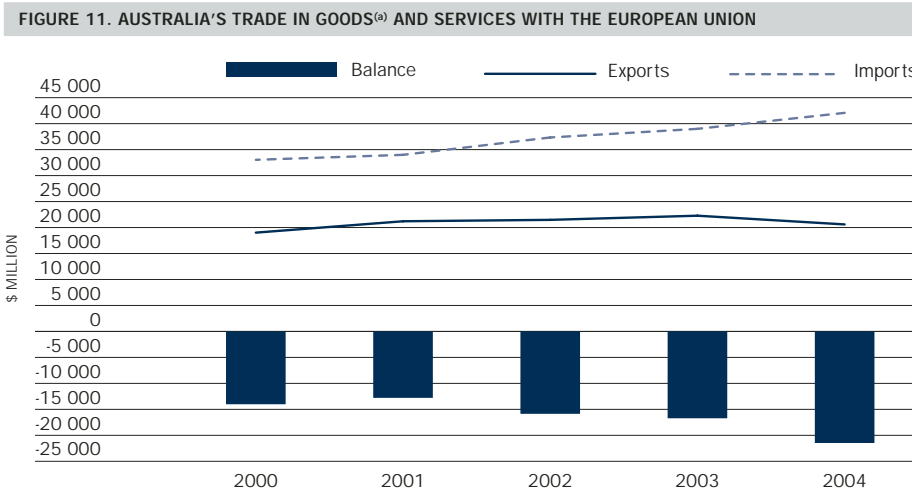
Under the Agenda for Cooperation, in close consultation with the Australian Federal Police, we began negotiations for an agreement with the European Police Office (Europol) to combat terrorism and transnational crime, including drug trafficking and people smuggling.

We supported air services discussions with the European Commission and member states, which led to agreement on a mandate to negotiate a comprehensive and fully-liberalised Air Services Agreement with the EU. This is a positive start to negotiations for an agreement that would significantly strengthen our commercial relationship with Europe.

With a number of large Australian companies, we successfully secured the UK Government's agreement to non-mandatory implementation of elements of the EU Takeovers Directive to protect the voting rights of Australian shareholders in Australia/UK dual-listed companies.

The department continued to conduct high-level lobbying to urge EU agricultural reform. Mr Vaile pressed for ambitious outcomes on agriculture in the Doha Round negotiations in his January 2005 discussions with the new European Commissioners for Trade and Agriculture, while registering Australia's concerns about the EU's decision to resume wheat export subsidies (see sub-output 1.1.5 for more information).

The department, in association with Austrade, updated the publication *ExportEU*, a guide to help Australian exporters understand the complex EU single market.



(a) Goods data is on a recorded trade basis.

Source: DFAT Stars database.

Europe—bilateral relationships

To advance cooperation in dealing with security challenges, including international terrorism, the department supported a number of high-level visits to the **United Kingdom**, including by the Governor-General, Prime Minister and Foreign Minister. These visits helped entrench our collaborative partnership with the United Kingdom across a range of shared interests, including on consular, political, military and aid

responses to the Indian Ocean tsunami. We worked closely with the UK Government to ensure positive outcomes for Australian business and investment interests in the United Kingdom, including in the implementation of EU regulations. Significant progress was made on the repatriation of Indigenous human remains, including on the return of holdings from UK institutions.

The department coordinated the visit to Australia in February 2005 by **German** Foreign Minister Fischer. The visit further strengthened bilateral relations and resulted in a range of initiatives to underpin regional security and stability. Initiatives included the joint reconstruction of the Banda Aceh hospital in the wake of the Indian Ocean tsunami, and German financial support for the Jakarta Centre for Law Enforcement Cooperation and for the election process in Bougainville. We also initiated economic and trade discussions with **Switzerland** to promote Swiss investment in Australia.

The department supported Mr Downer's visit to Paris in February 2005, which strengthened bilateral dialogue and cooperation with **France** on security and other key global issues, including counter-terrorism capacity building in South-East Asia. We worked with French and New Zealand officials to expand our cooperation with France in the South Pacific by extending to the region our existing successful cooperation in the Southern Ocean on measures to combat illegal fishing.

The department worked with counterparts in **the Netherlands** to increase bilateral cooperation on international security and trade liberalisation. We welcomed Dutch efforts to strengthen counter-terrorism measures in our region through its support for the Jakarta Centre for Law Enforcement Cooperation in Indonesia, and its commitment to a successful outcome in the Doha negotiations.

The Governor-General's first official visit to **Russia** in May 2005, supported by the department, was a significant boost for the bilateral relationship. The Governor-General represented Australia at the commemoration ceremony for the 60th Anniversary of the Victory in the Great Patriotic War (World War II). He opened the first ever *Australia Week in Moscow*, a major Austrade-led export promotion. We supported an Australian parliamentary visit to Russia in April 2005, which strengthened bilateral parliamentary links. We worked with other agencies to finalise negotiations on a bilateral veterinary cooperation agreement to improve access for Australian meat exports to Russia, we continued WTO accession negotiations with Russia, and we helped resolve a dispute about Qantas overflight rights across Russia.

The department provided direct support for democracy in **Ukraine**. We provided modest assistance through the direct aid program (DAP) to Ukrainian non-government organisations to monitor and conduct outreach programs to help ensure that the re-run of the presidential election, on 26 December 2004, was free and fair. Australia also sent an official delegation, led by our Ambassador to Ukraine, to monitor this election.

The department intensified Australia's strategic engagement with influential NATO member and new member of the European Union, **Poland**, through senior officials' talks hosted in Canberra in November 2004. We lobbied for and facilitated the opening of negotiations for a bilateral agreement between the Polish Environment Ministry

and the Department of Industry, Tourism and Resources to enhance prospects for the export of Australian environmental technologies, goods and services to Poland.

The department supported a visit to Australia by the **Hungarian** State Secretary for Foreign Affairs in June 2005 as a further step in increasing our strategic engagement with new EU members.

The department supported visits to Australia by the prime ministers of both **Sweden** and **Norway**. These visits demonstrated the increased attention paid to Australia by Scandinavian nations, eager to improve trade links and exchange views on regional and global strategic developments. The first official visit by Crown Prince Frederik and Princess Mary from 25 February to 11 March 2005, following their wedding in 2004, further increased Australia's profile in **Denmark**.

Assistance for victims of the Beslan terrorist attack

In September 2004 terrorists attacked a school in Beslan, Russia, leaving over 340 people dead. In response the department, working with AusAID, organised the Government's prompt provision of \$100 000 to help with medical assistance for victims hospitalised after the attack. We supported other agencies and organisations in providing aid for the Beslan victims, including by organising the delivery and distribution of toys for children who survived the attack, donated through an Australian Federal Police appeal.



Australia's then Ambassador to the Russian Federation Leslie Rowe presents 'Kenny Koalas' to Vladimir Gugkaev, the representative of the President of the Northern Osetia and Alania. The Kenny Koalas were donated by the Australian Federal Police for victims of the hostage situation at School No 1 in Beslan, Northern Osetia.

The department contributed to a range of initiatives to advance our historical, political, security and trade interests with **Turkey** (see box below).

Relations with Turkey on a new footing

The Prime Minister visited Turkey from 25 to 26 April 2005 to attend the 90th anniversary of the Gallipoli landings, and to meet his Turkish counterpart, Mr Erdogan.

Mr Howard announced a range of initiatives to develop our bilateral relations, including joint engineering and historical/archaeological studies of the Anzac area, a scholarship program, and an agreement to explore working holiday arrangements.

The department instituted an expanded trade dialogue with Turkey. Mr Vaile visited Istanbul in May 2005 to attend an Asian Development Bank meeting and meet Turkish ministers. An investment promotion and protection agreement was signed during a visit to Australia in June 2005 by the Turkish Minister for Foreign Trade.

The department contributed to the 90th anniversary Anzac commemorations in Gallipoli, working closely with Turkey and New Zealand to ensure a safe environment for the increased numbers of Australians (over 14 000) who attended this year. At our invitation, the Governor of Canakkale, the province in which Gallipoli is located, visited Australia in February 2005 to build a better appreciation in Turkey of Australia's interest in the Gallipoli area, including our approach to the preservation of historic sites.



Minister for Trade Mr Mark Vaile (right) and Mr Kursad Tuzman, Turkish Minister of State in Charge of Foreign Trade, sign an Investment Protection and Promotion Agreement on 16 June 2005 at Parliament House, Canberra. Photo: Courtesy of the Embassy of the Republic of Turkey

We worked closely with **Greece** to ensure an appropriate level of security for all Australians attending the Olympic and Paralympic Games in August and September 2004. We helped Australian companies win contracts for the Games valued at around \$180 million. We supported a visit by the Prime Minister to Athens in April 2005.

The department assisted the work of Australia's Special Envoy for Cyprus, Mr Jim Short, in support of international efforts to reunite **Cyprus**. The Special Envoy undertook a round of international consultations, including visits to Cyprus, Greece, Turkey and Brussels in May–June 2005. We contributed to a review resulting in the extension of tenure of Australia's 15 personnel attached to the UN Civilian Police Force in Cyprus.

TABLE 7. AUSTRALIA'S TRADE IN GOODS AND SERVICES WITH EUROPE

	Export	Export		Import	Import	
Goods ^(a) and Services	2003 \$ million	2004 \$ million	Trend Growth 1999–2004	2003 \$ million	2004 \$ million	Trend Growth 1999–2004
United Kingdom	11 112	8 882	8.3%	9 249	9 668	0.0%
Germany	2 088	2 159	0.9%	9 152	9 440	8.0%
Italy	1 812	1 639	-1.9%	4 574	4 945	8.3%
France	1 403	1 361	3.8%	4 381	5 076	15.4%
Netherlands	1 646	1 978	4.5%	1 746	1 840	5.2%
Total European Union 25	22 277	20 598	4.7%	38 995	42 074	6.8%
Non-EU East Europe^(b)	402	397	3.1%	186	209	17.8%
Other Europe	1 392	1 355	-1.6%	3 226	3 713	5.7%
Total	24 071	22 350	4.3%	42 407	45 996	6.7%

(a) Goods data is on a recorded trade basis.

(b) Data for merchandise trade only, services data is not available.

Source: DFAT Stars database and ABS International trade in services by partner country 2004.

Canada

Reflecting Canada's position as a close and valued partner to Australia in many fields, the department moved quickly to continue our productive relations with the new Canadian government elected on 28 June 2004. We helped deliver access for Australian game meat to the Canadian market. Australia's position as a honey and wine exporter to Canada was strengthened through our lobbying and advice. We supported a successful visit to Australia by a parliamentary delegation on national security, continuing the bilateral exchange on common public policy challenges. Our lobbying helped secure Canada's commitment to contribute to the Jakarta Centre for Law Enforcement Cooperation and highlighted our close cooperation on a range of international security issues.

Latin America and the Caribbean

The department led Australia's enhanced engagement with Latin America through the negotiation of new bilateral agreements to promote trade and industry, advocacy of Australian strategic and commercial interests, and support for high-level visits. We advanced Australian interests in trade liberalisation, environmental protection, fisheries management and the reform of the United Nations.

With Austrade, in May 2005 the department supported education, trade and tourism promotion 'festivals' in five major Latin American markets (Mexico, Brazil, Argentina, Chile and Peru). The festivals introduced a range of innovative Australian products, education services and culture to more than 14 000 visitors, resulting in direct sales, applications to undertake study in Australia and positive publicity about Australia in the media.

The department supported the Council on Australia Latin American Relations, implementing with other Commonwealth agencies several major Council strategies to build stronger economic links with Latin America and raise Australia's profile there. The Council sponsored a well-received Aboriginal cultural act that toured Latin America in conjunction with the May 2005 trade festivals, sponsored visits to Latin America by two Australian arts festival directors and supported government efforts to promote tourism and education (see sub-output 3.1.2 for more information).

The department continued to strengthen Australia's network of formal trade and investment arrangements with **Mexico**, supporting the successful negotiation of new agreements, including a memorandum of understanding on energy cooperation, an air services agreement and an investment promotion and protection agreement. Through promotional activities, we deepened Mexico's interest in a wide range of Australian goods and services, and continued to promote Australian credentials as a supplier of liquefied natural gas and coal to help meet Mexico's growing energy needs.

The department pursued a trade-focused work program with **Chile**, building on Chile's hosting of APEC meetings in 2004. We organised promotional activities around the visits to Santiago by the Prime Minister and senior ministers in support of Australian commercial interests in November 2004. We maintained a high level of advocacy on mining sector issues in support of Australian commercial interests.

The department worked successfully to encourage the **Argentine** Lower House to approve a bilateral Nuclear Cooperation Agreement, which occurred in December 2004. The agreement provides for enhanced research and commercial opportunities flowing from the construction of a replacement research reactor at Lucas Heights in Sydney by Argentine company INVAP. The department worked closely with Argentina to advocate common positions in multilateral forums, including the Cairns Group and the Commission for the Conservation of Antarctic Marine Living Resources.

The department celebrated the 60th anniversary of diplomatic relations between Australia and **Brazil** in 2005 with targeted promotions to highlight bilateral cooperation

in the United Nations and international trade forums, such as the Cairns Group. We supported a visit to Brazil in May 2005 by Dr Nelson, Minister for Education, Science and Training, which resulted in a memorandum of understanding on education cooperation, and a visit to Australia by Brazil's Agriculture Minister, Dr Rodriguez, that gave further impetus to collaboration in areas such as ethanol production. We hosted a bilateral senior officials meeting in February 2005 that identified opportunities to intensify cooperation between the Cairns Group and the G20 (a developing country trade group of which Brazil is a leading member) on trade liberalisation issues.

The department led Australia's participation in the CER–Mercosur Dialogue held in Brasilia in November 2004. In that dialogue, Australia and New Zealand explored options for closer economic cooperation with the members of Mercosur, South America's most significant regional trade agreement (comprising Brazil, Uruguay, Paraguay and Argentina).

The successful establishment of Australia's high commission in Port of Spain, **Trinidad and Tobago** facilitated greater support for Australia's commercial interests in the Caribbean region, following a decision to move the high commission from Barbados. The department achieved a higher profile for Australia through its support of the Australia Caribbean Community Sports Development Program and Trinidad's preparations for the 2007 Cricket World Cup.

TABLE 8. AUSTRALIA'S TRADE IN GOODS AND SERVICES WITH THE AMERICAS

	Export	Export		Import	Import	
	2003	2004	Trend	2003	2004	Trend
Goods ^(a) and Services	\$ million	\$ million	Growth 1999–2004	\$ million	\$ million	Growth 1999–2004
United States	14 199	13 941	-0.3%	26 674	26 665	-0.9%
Canada	2 144	2 425	7.8%	2 174	2 289	1.6%
Mexico	464	443	9.4%	621	724	10.5%
Total NAFTA	16 824	16 822	0.9%	29 730	29 965	-0.5%
Total Caribbean	155	187	-1.0%	544	550	7.3%
Brazil ^(b)	463	561	2.9%	484	547	3.8%
Chile	136	167	0.2%	208	167	15.0%
Argentina ^(b)	87	80	-4.8%	189	169	18.3%
Total South America ^(b)	847	954	3.5%	938	925	8.1%
Total	18 032	18 175	0.8%	31 500	31 699	-0.1%

(a) Goods data is on a recorded trade basis.

(b) Data for merchandise trade only, services data is not available.

Source: DFAT Stars database and ABS International trade in services by partner country 2004.

1.1.4 SOUTH PACIFIC, MIDDLE EAST AND AFRICA

Overview

The department contributed strongly to Australia's efforts to improve governance and security in the South Pacific, particularly through coordination of the Regional Assistance Mission to Solomon Islands and the Enhanced Cooperation Program in Papua New Guinea. We coordinated the participation of three Australians in the international monitoring mission for the election of the first autonomous government for Bougainville, a historic step forward in a process Australia has supported for a number of years.

We also played a central role in coordinating whole of government Australian policies to deal with instability in Vanuatu and to encourage economic and governance reform in Nauru.

The department ensured that the terms of reference for the draft Pacific Plan reflected the Pacific Islands Forum's goals of economic growth, good governance, security and sustainable development and that the draft plan included Australian proposals to support the pooling of regional resources, including in aviation, law enforcement and security.

In cooperation with the Attorney-General's Department, AusAID and the Government of New Zealand, the department encouraged Pacific island countries to take up offers of assistance from Australia and other donors to adopt and implement legislation on counter-terrorism and transnational crime. We provided direct assistance to facilitate island countries' compliance with counter-proliferation obligations.

Iraq's political transition, internal security and rehabilitation remained a key policy priority for the Government. The department's Iraq Task Force coordinated whole of government policy formation. The department led the response to several high-profile challenges, including hostage-takings, a bomb attack on our Baghdad embassy, and the resolution of a dispute about claims of contamination of Australian wheat exports.

The department advanced Australia's trade and investment interests in the South Pacific, the Middle East and Africa. Notable outcomes included the launch of negotiations for an Australia-UAE free trade agreement and the agreement of Pacific Islands Forum trade ministers to a study that will help prepare the ground for possible free trade agreement negotiations between Forum island countries, Australia and New Zealand. We played a significant role in the negotiation of a memorandum of understanding with Eritrea on agricultural cooperation and live animal trade, signed on 29 April 2005.

Iran continued to engage the department's attention because of increasing concerns about its nuclear program and Australia's trade and other bilateral interests there.

The department continued to advocate a just and comprehensive peace settlement in the Middle East and to encourage progress on the Gaza disengagement process.

A new embassy was established in Kuwait to help manage our growing strategic and commercial relationship with Kuwait. The department also worked with Austrade on opening a consulate-general in Libya as a first step towards opening an embassy.

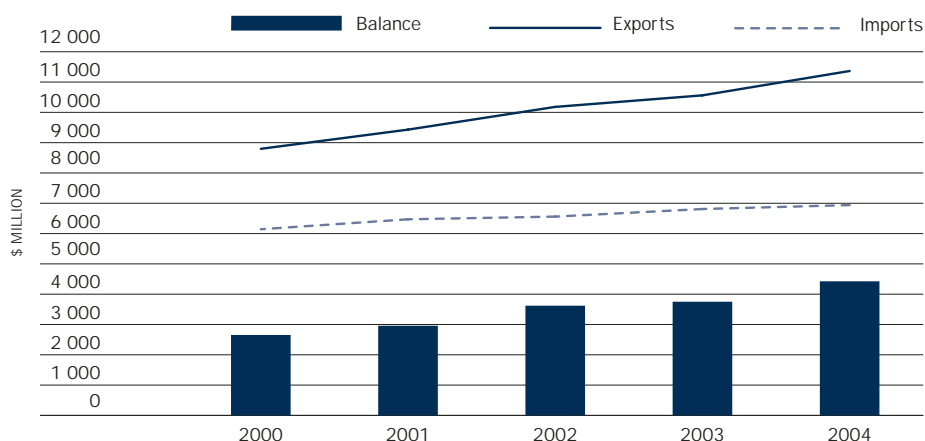
The department coordinated Australia's responses to the crisis in Darfur, Sudan and the Zimbabwe government's continuing disregard for human rights.

New Zealand

The department led negotiations with New Zealand to reform the rules of origin under the Closer Economic Relations (CER) agreement to reduce business compliance costs and bring greater efficiencies to both economies. Ministers from both sides announced the reform initiative at the annual Closer Economic Relations (CER) ministerial meeting in Queenstown, which the department helped organise. At the CER meeting ministers also resolved the wine equalisation tax rebate issue, which had caused tension in the bilateral trading relationship.

The department played a key role in Australia's hosting of the second Australia–New Zealand Leadership Forum, held from 29–30 April 2005 in Melbourne. The Forum brought together more than 80 delegates from government and business in Australia and New Zealand, including Mr Downer and the Treasurer, Mr Costello. This year's Forum deepened the level of engagement between ministers, senior officials and the business sector, with discussion focusing on the two governments' single economic market initiative, regulatory harmonisation and our respective FTA negotiations.

FIGURE 12. AUSTRALIA'S TRADE^(a) IN GOODS AND SERVICES WITH NEW ZEALAND



(a) Goods data is on a recorded trade basis.

Source: DFAT, STARS database; ABS Regional services data 2003.

Papua New Guinea

The department coordinated the implementation of Australia's commitments under the Enhanced Cooperation Program (ECP), established by the Australian and PNG Governments in 2004 to remove key impediments to PNG's development.

ECP's central focus was the provision of Australian police and public servants to work within PNG government agencies. By May 2005, 154 police and 43 public servants were deployed in PNG to focus on law and order, legal reform, economic and financial management, and border and transport security.

These efforts received a setback on 13 May 2005 when the PNG Supreme Court ruled that elements of the PNG legislation underpinning ECP, including the legal basis for Australian police to exercise police powers, were unconstitutional. Australian police were withdrawn and a number of public servants were shifted from 'line' positions in PNG government agencies to advisory roles. The department worked actively with PNG officials on new arrangements, helping ministers reach in-principle agreement on a revised ECP.

The department coordinated the participation of three Australians in an international mission to observe the historic election of the first autonomous government for Bougainville. The Australian observers were Mr Andrew Laming MP, Member for Bowman; Ms Marie Neilson, Deputy Electoral Officer for Tasmania; and Ms Sue Langford from the department. The mission concluded that the election result reflected credibly the wishes of the people of Bougainville. The outcome is a significant step forward in the peace process to which Australia has given substantial practical and financial support over a number of years, including its leadership of the Bougainville Peace Monitoring Group from May 1998 to June 2003.

TABLE 9. AUSTRALIA'S TRADE IN GOODS AND SERVICES WITH THE SOUTH PACIFIC, MIDDLE EAST AND AFRICA

	Export	Export		Import	Import	
	2003	2004	Trend	2003	2004	Trend
Goods ^(a) and Services	\$ million	\$ million	Growth 1999–2004	\$ million	\$ million	Growth 1999–2004
New Zealand and Territories	10 561	11 365	6.0%	6 810	6 940	4.1%
Papua New Guinea	1 141	1 269	-2.4%	1 677	1 786	5.2%
Other Pacific Islands	1 736	1 469	-2.6%	1 122	1 219	3.2%
Middle East ^(b)	5 321	5 918	7.2%	4 147	4 731	13.6%
South Africa	1 579	1 870	8.3%	1 427	1 523	12.5%
Other Africa ^(c)	1 359	2 042	6.4%	511	556	0.8%
Total	21 698	23 933	5.1%	15 701	16 598	6.5%

(a) Goods data is on a recorded trade basis.

(b) Excluding Egypt. No services data for 1999.

(c) Including Egypt.

Source: DFAT Stars database and ABS International trade in services by partner country 2004.

Solomon Islands

The department successfully coordinated Australian contributions to the Regional Assistance Mission to Solomon Islands (RAMSI), including the transition from the first phase to stabilise law and order and government finances to a second phase of longer-term strengthening of national infrastructure and institutions. This whole of government effort helped reinforce Solomon Islands' commitment to RAMSI and to vital reforms, including in economic governance and public sector management.

Through its chairing of regular inter-agency meetings on political, security, legal and economic issues affecting RAMSI's operations, the department helped RAMSI manage a number of complex and sensitive issues, in consultation with the Solomon Islands Government. The sense of partnership between RAMSI and the Solomon Islands Government was strengthened by the close and effective relations that the Office of the Special Coordinator and the Australian high commission developed with key political figures.

The department maintained and nurtured a high level of engagement by New Zealand and Pacific island countries. Eleven countries have now contributed personnel to RAMSI. Partner countries are kept informed through monthly reports, regular briefings provided by Australia's diplomatic missions and periodic presentations by the RAMSI Special Coordinator. The department played a central role in facilitating a review of RAMSI by a Pacific Islands Forum Eminent Persons Group (EPG). During its visit to Solomon Islands, the EPG highlighted RAMSI's achievements, noted the strong support for RAMSI on the part of the people of Solomon Islands and reaffirmed the ongoing commitment of Pacific island countries to the mission.

The department led efforts to communicate RAMSI's achievements and explain its forward program. The office of the Special Coordinator and the Australian high commission used the media, speeches and briefings to explain to Solomon Islanders the need for economic and machinery of government reforms, and for the strengthening of accountability institutions.

Fiji

The department took the lead in promoting a whole of government approach to delivering messages to the Fiji Government about the importance of political stability and genuine reconciliation. An example was our careful and constructive reaction to the Reconciliation, Tolerance and Unity Bill, in which we encouraged the Fiji Government to look at adopting a more open and flexible approach to possible changes to the bill. We stressed to the Fiji authorities that any amnesty provisions in the bill relevant to those involved in the 2000 coup should not compromise legal processes and the accountability of individuals for their actions. The Fiji Government has indicated a willingness to consider changes to the bill.

Australia succeeded in securing agreement to extend the textiles, clothing and footwear (TCF) component of the South Pacific Regional Trade and Economic Cooperation Agreement. At the same time, we promoted realistic expectations of the level of assistance we can provide in supporting Fiji's TCF industry.

Vanuatu

The department was instrumental in coordinating a whole of government approach to dealing with the instability created by the policies of then Prime Minister Vohor, whose government attempted to wind back governance and economic reform and to expel Australian advisors. In consultation with other agencies, we developed a strategy that involved delivering firm messages to the Vohor government that Australia would review the bilateral relationship, including possible reductions in our aid program, if the Prime Minister continued to renege on commitments made by previous Vanuatu governments to good governance and economic reform. Vohor's government was removed by a motion of no-confidence in December 2004. During a visit to Vanuatu that same month, Mr Downer signed a Statement of Joint Principles with the new government of Prime Minister Lini that committed the Vanuatu Government to good governance and economic reform.

Nauru

The department played a central role in coordinating government policy aimed at encouraging economic and governance reform in Nauru. Finance and police teams were deployed to Nauru in 2004 and have made impressive progress in promoting economic reform and rebuilding the Nauru Police Force. The department prepared a four-year strategy of engagement with Nauru that was agreed by ministers in June 2005. The strategy is designed to help rebuild the country and create a viable and self-sustaining economy. Included in this strategy is funding to refurbish Australia's temporary consulate-general in Nauru.

Pacific Islands Forum

The Government secured successful outcomes at the Pacific Islands Forum leaders' meeting in Apia in August 2004. These included adoption by leaders of principles to improve the governance of regional transport services and terms of reference for a Pacific Plan to strengthen regional cooperation and integration. In cooperation with AusAID and the Department of the Prime Minister and Cabinet, the department drafted the Forum Principles on Regional Transport Services. We worked with the Pacific Islands Forum Secretariat to ensure that draft terms of reference for the Pacific Plan reflected the Forum goals of economic growth, good governance, security and sustainable development. The draft Pacific Plan, which the department is helping to develop, includes Australian proposals to support the pooling of regional resources, including in aviation, law enforcement and maritime security.

The department advanced Australia's trade interests in the South Pacific, including through agreement by Forum trade ministers in May 2005 to a study that will help prepare the ground for possible free trade agreement negotiations between Forum island countries, Australia and New Zealand.

In cooperation with the Attorney-General's Department, AusAID and the Government of New Zealand, we encouraged island countries to take up offers of assistance from Australia and other donors to adopt and implement legislation on counter-terrorism and transnational crime. We provided direct assistance to facilitate island countries' compliance with international counter-proliferation obligations.

Iraq

Australian support for Iraq's political transition, internal security and rehabilitation has continued to be a major Government priority. The department's Iraq Task Force remained the primary whole of government focal point for Australian Iraq policy, coordinating regular meetings of key strategic departments and agencies, and providing policy advice to ministers.

Political transition process

Australia worked closely with Coalition and Iraqi partners to support the transfer of authority to Iraqis and the 30 January 2005 elections, which gave Iraqis their first opportunity in several decades to vote in open and fair elections.

Australia's contribution to the Iraqi elections

- Australia made an early commitment of \$5 million through the UN in support of the election process and \$1 million for governance and civil society initiatives.
- Two Iraqi electoral officials observed the 2004 Australian federal election as guests of the Australian Electoral Commission.
- Facilitated by the Iraq Task Force, the Australian Defence Force equipped a Fiji deployment to the UN protection force, enabling UN assistance personnel to support the Iraqi elections process.
- Australia supported the International Organisation for Migration's out-of-country voting process for Iraqis residing in Australia.
- The department facilitated the Australian Electoral Commission's participation on the steering committee of the International Mission for the Iraqi Elections (IMIE), providing international oversight and support to Iraq's electoral process.
- Mrs Joanna Gash, MP and AEC Deputy Electoral Commissioner Paul Dacey participated in a number of out-of-country voting observer activities in Jordan.

The department continued to support Iraq's political transition process, which will include the drafting of an Iraqi constitution and the conduct of elections for a permanent government. We participated in the joint EU/US Conference in Brussels on 22 June 2005 to highlight Australia's commitment to Iraq's political transition process, economic recovery and implementation of the rule of law.

Developing links with decision-makers and opinion-leaders

The department played a key role in managing Australia's relationship with core alliance partners (United States, United Kingdom) on Iraq issues, and helped expand strategic ties with Japan following the deployment of Australia's Al-Muthanna Task Group to southern Iraq to provide security and support for Japan's Iraq Reconstruction and Support Group. We supported ministerial and senior official visits to these countries, and managed high-level dialogue with alliance capitals on Iraq issues.

Through our embassy in Baghdad, we fostered strong links with the Iraqi Transitional Government and other leading decision-makers. We helped facilitate visits to Iraq by Defence Minister Hill in December 2004 and May 2005, building close ties with Prime Minister Dr Ibrahim Ja'afari and other senior government members. We also assisted the re-opening of the Iraqi embassy in Canberra—another step forward in the bilateral relationship.

The department coordinated Australia's engagement with the UN on Iraq issues, and in particular assisted the UN's Independent Inquiry Commission looking at the management of the UN Oil-for-Food program.

Security of Australians in Iraq

The security environment in Iraq remains extremely dangerous. The department kept the Australian public informed about the security situation through regular updates to the Iraq travel advice. We managed security issues for the Government by coordinating regular inter-departmental consultative processes and the despatch of and support for Emergency Response Teams to Iraq in response to hostage situations in September 2004 and May 2005.

The embassy faced a number of security incidents but continued to operate effectively and perform essential functions. Construction of permanent, more secure embassy facilities within Baghdad's International Zone was completed in July 2005. The department worked very closely with the embassy to support the project (see output 1.2 for more information).

Rehabilitation assistance

The department worked with AusAID, the Department of Defence and other agencies in developing and implementing Australia's Iraq rehabilitation assistance strategy. Australia has committed over \$171 million to Iraq's rehabilitation and reconstruction since 2003. This figure includes \$45 million allocated in the 2005 Federal Budget for further assistance in 2005–06 and 2006–07.

The department represented Australia at successful Paris Club negotiations on the forgiveness of Iraq's debt (see also sub-output 1.1.6).

The department and AusAID presented Australia's views on the reconstruction of Iraq at the October 2004 third donors' meeting of the International Reconstruction Fund Facility for Iraq (IRFFI) in Tokyo. Australia encouraged all donors to work with and support Iraq in implementing its national strategy, including through early disbursement of pledges. Donors have accepted quick disbursement as an important objective despite security and other obstacles.

Commercial opportunities

Ministers and the department worked intensively to protect Australia's wheat sales to Iraq following claims by the Iraqi Government in March 2005 that several shipments of AWB Ltd wheat were contaminated with iron filings. The claims, proved unfounded, prevented the unloading of wheat shipments in Iraq for almost three months (from early March to early June) and came at significant cost to AWB Ltd and Australian wheat farmers.

The department, working with the Baghdad embassy and AWB Ltd, coordinated a comprehensive response to resolve the dispute. The Government made over 30 representations to senior Iraqi leaders, involving the Prime Minister, Mr Anderson, Mr Vaile and Senator Hill. The impasse was resolved in AWB Ltd's favour in early June 2005.

Middle East

The department worked to improve the architecture for Australia's economic engagement with the Middle East, particularly with Gulf Cooperation Council states.

Mr Vaile, supported by the department, chaired a successful Joint Ministerial Commission (JMC) meeting with ministers from the United Arab Emirates and senior business representatives from both countries in March 2005, resulting in the launch of negotiations for the proposed Australia-UAE free trade agreement.

Mr Vaile's visit to the UAE in April 2005 built on the positive outcomes of the JMC and reinforced Australia's commitment to expanding and enhancing our trade and commercial relationship with the Gulf more generally. The second round of FTA negotiations in June produced substantial progress across a range of issues (see sub-output 1.1.5 for more information).

Australia's growing commercial engagement with the region was further reinforced by high-level visits supported by the department and posts. These included visits by the Minister for Agriculture, Fisheries and Forestry; the Minister for Defence; the Minister for Veterans' Affairs and a number of state ministers. The department played a key role in the negotiation of memorandums of understanding on the live animal trade (see sub-output 1.1.5 for more information).

We established a new embassy in Kuwait, a key strategic and trading partner. Underlining Australia's support for democratic government, we facilitated the participation of an official Australian election observer delegation, led by Mr Phillip Baressi, MP, for the Palestinian presidential election in January 2005 and for the final round of the Lebanese parliamentary elections in June 2005, led by Mr Don Randall, MP. Relevant embassy staff participated in both observer missions. We made strong representations in favour of free and fair elections in Lebanon. The elections, held without foreign interference, were the freest in a generation.

Iran continued to engage the department's attention because of increasing concerns about its nuclear program (see sub-output 1.1.8 for more information) and Australia's important trade and other bilateral interests there.

In light of good progress recently made on the Middle East peace process, the department continued to advocate a two state solution—a viable Palestinian state standing side-by-side with a secure Israeli state—and to encourage progress on the Gaza disengagement process. We provided support for the visit of Israeli President Katsav to Australia in March 2005, which demonstrated the warmth of the bilateral relationship.



Mr Don Randall MP and Julia Dixon, First Secretary, Australian embassy Beirut (standing at back), observe the ballot count in a polling booth in Zghorta during the fourth and final round of parliamentary elections held in northern Lebanon on 19 June 2005.

The Council for Australian–Arab Relations, for which the department provides the Secretariat, implemented a comprehensive program to strengthen and broaden relations. In March 2005 Mr Vaile launched guides to doing business with the UAE, Saudi Arabia and Qatar for small and medium exporters. Other key Council activities in 2004–05 included: visits from Saudi Arabia and Lebanon under the Business Speakers Program; placement of professionals from the UAE and Oman in Australia and professionals from Australia in Oman under the Young Professionals Exchange Program; and the continued development of a Teachers' Resource Kit (*Explore Australia*) for use initially in schools in the UAE, Kuwait and Qatar.

Africa

The department cooperated with other agencies and business to strengthen the bilateral relationship with South Africa, our largest trading partner in Africa and twentieth largest overall. The department hosted the first round of bilateral senior officials' talks in late 2004 in Canberra. In March 2005, our high commission in Pretoria organised visits by Mr Billson to Botswana for the Australia–Southern Africa Business Council Conference and then to South Africa for an extensive public diplomacy program and to promote Australian mining and sports business interests. We enhanced cooperation with South Africa and Mauritius to counter illegal fishing in Antarctic waters, including by encouraging South Africa to negotiate a fisheries cooperation agreement, which is nearing completion.

The department strongly pursued the Government's policy of working with like-minded countries to pressure the Zimbabwean Government to restore democratic governance and respect for human rights and the rule of law, and to reverse its disastrous management of the economy. Australia was prominent in condemning Zimbabwe's deeply flawed parliamentary elections in March 2005 and the subsequent 'Operation Restore Order', which exacerbated economic hardships in the country. In response to these developments, the Government tightened its smart sanctions (designed not to impact on the social and economic welfare of ordinary people) against Zimbabwe, but continued to provide emergency food and other humanitarian aid.

The department coordinated Australia's response to the situation in Sudan, focusing on the humanitarian crisis in Darfur. We worked with the international community to maintain pressure on the parties to the conflict and encourage passage of UN Security Council resolutions; offered logistical support for the deployment of African Union peacekeepers; worked with the Department of Defence on a contribution of Australian Defence Force specialists to the new UN Mission in Sudan; and, through AusAID, provided over \$40 million in assistance to those affected since the emergence of the crisis.

The department and our missions maintained strong support for Australian business interests in Africa, particularly in the natural resources sector, including new investments in energy extraction in North and West Africa.

Elsewhere in Africa, the department advanced Australia's relations by consolidating our new high commission in Ghana and working with Austrade on the opening of a consulate-general in Libya, as a first step towards a full mission. We expanded our consular coverage in West Africa. We facilitated a modest expansion of the diplomatic and consular presence of African countries in Australia. Our high commission in Nairobi supported visits to Kenya by Mr Vaile in May 2005 for international meetings to advance our multilateral trade interests and by the Minister for Agriculture, Fisheries and Forestry to Eritrea in April–May 2005 to sign a memorandum of understanding on agricultural cooperation and live animal trade.

1.1.5 BILATERAL, REGIONAL AND MULTILATERAL TRADE NEGOTIATIONS

Overview

The department vigorously pursued Australia's trade priorities during 2004–05 through a combination of multilateral, regional and bilateral negotiations.

The World Trade Organization (WTO) Doha Round negotiations represent the greatest opportunity for Australia to increase worldwide market access for our goods and services exporters. A successful conclusion to the Doha Round is the Government's highest trade policy priority and remained a key focus of ministerial and departmental activity during 2004–05.

The department worked hard during the year to ensure the outcomes of the Round will advance Australian economic interests. We supported the involvement of the Minister for Trade in an intense program of informal WTO ministerial meetings designed to advance the Round—at Davos, Switzerland in January 2005, at Mombasa, Kenya in March 2005 and in Paris in May 2005.

Protection and advancement of Australian trade interests through the WTO dispute settlement system also formed an important part of the department's engagement with the WTO during the year. We led Australia's successful challenges to the European Union's sugar regime and its legislation on geographical indications. We managed Australia's response to challenges by the EU and the Philippines to aspects of Australia's quarantine regime and also Australian involvement as a third party in other disputes that raised important legal or systemic issues.

The department pursued an ambitious bilateral and regional trade liberalisation agenda, progressing negotiations with key trading partners to secure new commercial opportunities for Australia. Four new free trade agreement (FTA) negotiations were launched—with New Zealand and the fast-growing countries of ASEAN in November 2004; with the United Arab Emirates—our first such negotiation in the Middle East—in March 2005; with Malaysia, a key regional trading partner, in April 2005; and with China, one of the fastest growing and largest economies in the world, in April 2005.

The department was active in advocacy and outreach on WTO issues. We consulted closely with the states and territories, industry, non-government organisations and community stakeholders to ensure Australia's negotiating objectives were informed by key Australian interests. Broad-based consultative forums serviced by the department, such as Mr Vaile's WTO Advisory Group, also helped to facilitate this interaction. We produced regular bulletins to update the public on the progress of WTO negotiations and on WTO disputes of interest to Australia.

The department also regularly consulted with Australian states and territories, industry, non-governmental organisations and community groups in the course of negotiating FTAs with other countries. During the reporting period the department sought public submissions on the negotiation of such agreements with China, ASEAN, Malaysia and the United Arab Emirates.

WTO Doha Round negotiations

The 1 August 2004 WTO General Council decision known as the 'Framework Package' was a major step forward, delivering key decisions on agriculture, non-agricultural market access, services, WTO rules and development issues—putting the Round back on track after the 2003 setback at Cancún. It also launched new negotiations on trade facilitation, aimed at reducing transaction costs to business in the cross-border movement and clearance of goods. The department has been extremely active during the year—both in its own right and in support of Mr Vaile—in intense negotiations to flesh out all aspects of the Framework Package (see sector specific paragraphs below).

WTO members aim to finalise key elements of the negotiations at the Sixth Ministerial Conference in Hong Kong, China in December 2005, to enable conclusion of the Doha Round in 2006 though securing outcomes across all issues will be a major challenge.

Agriculture

Australia remained at the forefront of efforts to achieve ambitious Doha Round outcomes in agriculture, maintaining the pressure for the negotiations to deliver substantial reductions in trade-distorting domestic support and fairer export competition, particularly through the elimination of export subsidies. We gave a high priority to securing market access improvements, reflecting World Bank research showing that over 90 per cent of the gains from agriculture reform will derive from greater market access opportunities.

Mr Vaile and departmental officials played a key role in the cross-regional Five Interested Parties group (Australia, India, Brazil, the United States, and the European Commission) on agriculture negotiations. The work of the Five Interested Parties paved the way to securing agreement on agriculture, including an historic commitment to eliminate export subsidies. In May 2005 the Five Interested Parties also resolved the controversial issue of how to convert all tariffs into percentage terms, a matter that had blocked further progress in the market access negotiations.

The Cairns Group of 17 agricultural exporting countries, led by Australia, continued to play a prominent role in all aspects of the agriculture negotiations. The department supported Mr Vaile, as the Group's Chair, in leading a successful 27th Cairns Group Ministerial Meeting in Cartagena, Colombia in March 2005. The meeting drew senior ministerial attendance from the United States and the European Union and reaffirmed Cairns Group members' commitment to agricultural reform through the Doha Round.

It advanced key linkages between the Group and other important players in the agriculture negotiations, including the G20 (a developing country coalition led by Brazil and India). During the year the department also facilitated visits to Australia by senior negotiators from a number of Cairns Group and G20 countries to build stronger linkages with industry and government.

We also worked to enhance the contribution of domestic consultative arrangements to sharpening Australian positions and negotiating strategies. In September 2004 we established a Technical Working Group on agriculture, comprising trade policy experts from peak Australian agriculture industry bodies.

The department made significant efforts to enhance cooperation with like-minded WTO members on key approaches to the negotiations and to build support for agricultural trade liberalisation. In October 2004 the department, with the Department of Agriculture, Fisheries and Forestry and the Australian Bureau of Agricultural Resource Economics, convened a two-day technical symposium in Canberra for trade negotiators, agricultural economists, and key officials from a number of WTO member countries. Our senior agriculture negotiator conducted agricultural trade policy seminars in key regional countries to enhance commitment to an ambitious result in the negotiations.



Ministers attending the Cairns Group 27th Ministerial Meeting, Cartagena, Colombia, 30 March – 1 April 2005. Minister for Trade Mr Mark Vaile, is third from left, front row.

Industrials

A strong outcome in the Doha Round negotiations to further liberalise industrial products would enhance Australia's goods export opportunities. Trade in non-agricultural products (which include minerals, energy, forestry and fisheries products, and manufactures) accounts for nearly 90 per cent of global trade in goods and 76 per cent of Australia's merchandise exports.

The department worked hard to try to maintain a high level of ambition in the negotiations, including in several informal ministerial meetings held during the year and in APEC (see below). Stalled since the Cancún Ministerial, these negotiations only effectively resumed following agreement on the Framework Package. However, progress has been slow, with some WTO members taking a cautious approach pending further progress in other areas of the Round, particularly on agricultural market access. As an active participant in the informal 'Friends of Ambition' grouping in Geneva, we have pushed for across-the-board tariff reductions, including on 'unbound tariffs' (those tariffs for which individual members have not previously made commitments).

Services

Services exports now represent 71 per cent of Australia's GDP. More than four out of every five Australians are employed in service industries, many of which have an export focus.

The Framework Package called for members that had not already done so to lodge initial services offers as soon as possible, and set a new May 2005 deadline for revised offers. As with industrials, the negotiations have been complicated by some members' linkage of the issue to greater progress elsewhere in the Round, such as agriculture. The department has continued to vigorously pursue all opportunities during the year—in the services negotiations and also bilaterally—to encourage more and better offers, particularly from our key services trading partners.

The department ensured that Australia led by example by making one of the most comprehensive and high quality revised services offers. The offer proposed commitments, subject to satisfactory offers from other WTO members, for liberalisation of Australian legal services, telecommunications, temporary entry of business people, freight logistics and other business services. We conducted extensive consultations within government and with the states and territories, industry and other stakeholders in developing the offer.

The department has also been active in coordinating and leading Australia's involvement in informal services negotiating coalitions such as the 'Friends of GATS' (General Agreement on Trade in Services) and various sectoral 'friends' groups. We led efforts in such groups to secure ambitious outcomes in sectors of interest to Australian services exporters, including freight logistics, professional services and computing services.

WTO rules including trade facilitation

Negotiations on WTO rules on trade remedies (anti-dumping, subsidies and countervailing measures) moved into a more intensive phase in 2004–05. Members are now working through more than 150 proposals for clarification and improvement of WTO rules and procedures. The department coordinated and produced Australian contributions on prohibited subsidies and how they should be removed. We also worked to build coalitions with like-minded WTO Members to advance the negotiations.

The department worked closely with others in the negotiations to promote efforts to strengthen disciplines on fisheries subsidies. This has the potential to deliver a positive outcome for trade, development and the environment, consistent with Australian policy and interests in these areas.

We took a leading role in managing Australia's approach to negotiations on WTO rules for regional trade agreements (free trade agreements). These negotiations aim to ensure that all such agreements negotiated by WTO members are subject to meaningful review and effective disciplines in the WTO. The department's two detailed submissions for enhancing these disciplines helped move the negotiations forward.

The new negotiations on trade facilitation have the potential to benefit all business by reducing the costs and time associated with the import, export and transit of goods across borders. In the negotiations the department worked to focus attention on practical improvements to relevant WTO rules and tangible benefits to business. We worked to build confidence among developing country WTO members which have concerns about their capacity to implement any new rules in this area. In March 2005, with AusAID funding, we organised a successful joint workshop with Malaysia in Kuala Lumpur for APEC officials and business people, to draw on APEC's successful experience of trade facilitation.

WTO development agenda

Addressing the development dimension of global trade liberalisation is an important part of the Doha Round agenda. This reflects the major role that trade and trade liberalisation can play to promote economic development and alleviate poverty.

The Government and the department were active during the year in promoting the substantial potential benefits for developing countries of comprehensive trade reform through the WTO, particularly in agriculture. Australia cooperated closely with developing country agricultural exporters through the Cairns Group to press for reform of global agricultural trade in the Doha Round negotiations. More than two-thirds of developing countries' total gains from the Doha Round would come from such reform.

The department helped developing countries enhance their own trade policy and trade negotiation capacity, and to deepen their support for global trade reform. We initiated or supported a number of AusAID-funded regional and bilateral trade-related technical assistance and capacity-building programs. This included comprehensive trade policy and WTO training for trade negotiators and officials from Botswana, Iraq, Sri Lanka, Bangladesh, Samoa, China and Pakistan.

In 2005 Mr Downer and Mr Vaile announced an additional \$500 000 contribution to the WTO Global Trust Fund to support developing country participation in the Doha round negotiations. This takes Australia's overall support for the Fund to \$1.96 million.

Supporting the WTO and trade liberalisation in other international trade bodies

The department took opportunities in other international forums to promote trade liberalisation and to support a successful and ambitious conclusion to the WTO negotiations.

We worked particularly hard to focus and enhance APEC's support for the Doha Round. We worked closely with other APEC trade and economic ministries in the lead-up to the APEC Ministers and Leaders meetings in Santiago, Chile in November 2004. These meetings delivered timely statements of support for the role of trade liberalisation in economic development and restated commitment by APEC leaders and ministers to maintaining momentum in the Doha Round negotiations.

Further efforts by Mr Vaile and the department also helped to ensure that the APEC Ministers Responsible for Trade meeting in Jeju, Korea in May 2005 delivered another strong message of support for the early and ambitious conclusion to the Round. In a significant breakthrough, trade ministers at Jeju also agreed a common position in favour of a Swiss formula for industrial tariff reductions in the non-agricultural market access negotiations (see sub-output 1.1.6 for more information).

The department worked with other OECD members to ensure OECD work on WTO-related issues facilitated the Doha Round negotiations. We supported Mr Vaile's participation in the annual OECD Council Meeting at Ministerial level in Paris in May 2005. The meeting provided an opportunity to highlight Australia's economic performance, commitment to multilateral trade liberalisation and the importance to global growth and development of a successful and ambitious conclusion to the Doha Round.

Compliance and dispute settlement

The year 2004–05 was one of the busiest ever for Australia in WTO dispute settlement. The department coordinated and led Australia's involvement in two major disputes. We achieved positive outcomes in both the challenge to the EU's sugar regime, in conjunction with Brazil and Thailand, and in Australia and the US's challenge to the EU's legislation on geographical indications (GIs). In the ten years of the WTO's existence, Australia has won all five of the complaints it has initiated and taken to the panel stage.

These successes should have a significant impact on international trade policy, to the benefit of Australian industry. The European Union will now be required to significantly reduce its sugar exports and expenditure on export subsidies. This will increase pressure for comprehensive reform of the EU sugar regime and will deliver better global conditions for Australian sugar growers and exporters. The outcome on GIs underlines to all WTO members the practical and legal difficulties—and commercial implications—of the EU's attempts to expand GI protection through the Doha Round negotiations.

In other disputes, the department worked closely with relevant agencies on the challenges by the EU and the Philippines to aspects of Australia's quarantine regime. Panellists have not yet been appointed to the relevant panels for either of these disputes.

The department was active in monitoring and protecting Australian interests in a range of disputes as a third party, including: the US challenge to the Canadian Wheat Board; the US challenge to Japan's quarantine regime on apples; the EU challenge to continued retaliation by Canada and the US pursuant to the EU Beef Hormones dispute; the EU challenge to US compliance on the Foreign Sales Corporations case; and the recent US challenge to the non-uniformity of the EU's customs laws.

Under the guidance of Australia's Ambassador to the WTO as Chair, the review of the WTO Dispute Settlement understanding also made progress. Given the importance to Australia of WTO dispute settlement, the department has maintained an active role in the review process, to ensure that the outcome maintains the integrity and effectiveness of the WTO dispute settlement mechanism.

WTO accessions

As in previous years, the department worked closely with Australian industry in seeking sound and commercially relevant outcomes from a range of accession negotiations, including Cambodia, Algeria, Kazakhstan, Russia, Samoa, Saudi Arabia, Ukraine and Vietnam, to set the terms under which they would join the WTO. At the same time, we worked with developing and least developed countries in the region to assist their accession negotiations. Cambodia acceded to the WTO in October 2004, bringing the total WTO membership to 148.

EU enlargement and WTO obligations

The department remained alert to the impact of EU enlargement on Australian interests in the WTO. In relevant WTO negotiations we sought to maintain market access or receive offsetting benefits for deterioration in market access for Australian goods as a result of changed arrangements in new EU members.

Free trade agreements

To open markets for Australian business and enhance our economic prosperity, the department contributed significantly to unprecedented activity and outcomes in advancing a range of bilateral free trade agreements (FTAs).

Implementation of existing agreements

Two new bilateral FTAs entered into force on 1 January 2005—with the United States, the world's single largest economy, and with Thailand, a key regional trading partner. The department supported the Government's efforts to complete domestic processes to bring these treaties into force.

Entry into force of the Australia–US Free Trade Agreement (AUSFTA) provided substantial benefits for Australian business: elimination of more than 97 per cent of US tariff lines for Australian industrial goods; substantial improved access for Australia's agricultural sector; a more liberal and improved services and investment environment; and equal competition for Australian goods and services exporters with US suppliers for the \$200 billion US federal government procurement programs. In addition, Australian firms will have equal access with US suppliers to the lucrative government procurement programs of 29 US states.

The department's active representations contributed importantly to the decision by the US Congress to create a new visa that will allow 10 500 Australians and their families to enter the United States temporarily to work in speciality professional occupations. These arrangements will assist Australians to take advantage of opportunities created through the AUSFTA.

The entry into force of the Thailand–Australia Free Trade Agreement (TAFTA) provided immediate improvement in the trading opportunities for a significant number of Australian goods, with tariffs on virtually all goods imported from Australia to be eliminated by 1 January 2010.

The department committed further resources to assist other agencies in implementing Australia's obligations under existing FTAs (with New Zealand, Singapore, Thailand and the United States) and to monitor implementation by our trading partners.

New FTA negotiations

The department boosted its trade negotiating resources to assist the Government's bilateral and regional agenda. Cross-cutting taskforces led by senior departmental officials were formed to manage the department's and other agencies' input into the four new FTA negotiations (ASEAN and New Zealand, Malaysia, China and the United Arab Emirates).

Ambitious negotiating timetables have been set, with significant, although not uniform, progress achieved already. In between formal negotiating rounds, the department continued discussions with counterparts and engaged in extensive consultations with Australian industry to refine negotiating priorities.

ASEAN–Australia–New Zealand

In November 2004, the Prime Minister and his counterparts from the ten countries of the Association of Southeast Asian Nations (ASEAN) and New Zealand agreed to launch negotiations on an ASEAN–Australia–New Zealand Free Trade Agreement. Leaders agreed that the negotiations would begin in early 2005 and be completed within two years. The department supported Mr Vaile, who opened the first round of negotiations in Melbourne in February 2005. Two subsequent rounds have been completed. The FTA negotiations build on the extensive trade and commercial linkages the department has helped foster between Australia and ASEAN, and will complement Australia's existing FTAs with Singapore and Thailand.

Australia–United Arab Emirates

At the fourth meeting of the Australia–United Arab Emirates (UAE) Joint Ministerial Commission (JMC) in Canberra in March 2005, Mr Vaile and the UAE's Economy and Planning Minister, Sheikha Lubna Al Qasimi, announced the commencement of bilateral FTA negotiations. As an important and growing regional hub for finance, services and transportation, the UAE is a natural choice for FTA negotiations in the Middle East. The department led Australia's participation in two rounds of negotiations in which both sides committed to securing a substantial, comprehensive and liberalising FTA covering goods, services and investment, and intellectual property protection.

Australia–Malaysia

The prime ministers of Australia and Malaysia agreed in April 2005 to launch negotiations for a bilateral FTA following the release of an Australian scoping study. The study, which the department prepared in close consultation with other government agencies, industry, state and territory governments, non-government groups and Malaysian officials, concluded that an FTA would deliver significant benefits to both countries. The department led the Australian delegation to the first round of FTA negotiations, held in Kuala Lumpur in May 2005, where both sides agreed to pursue a high-quality and comprehensive agreement.

Australia–China

Following an 18-month feasibility study (see sub-output 1.1.1 for more information), Australia and China agreed to launch FTA negotiations during the Prime Minister's visit to China in April 2005. The first meeting was held in Sydney in May 2005. This FTA will cement an important and growing trade relationship with a country that has accounted for a quarter of the world's economic growth in the past two years. As foreshadowed by Mr Vaile, the department has prepared for complex negotiations that will focus also on 'behind the border' issues—where Australian exporters face barriers beyond simply tariffs and other border measures.

1.1.6 TRADE DEVELOPMENT / POLICY COORDINATION AND ASIA-PACIFIC ECONOMIC COOPERATION

Overview

The department worked to maintain the standing of the Asia-Pacific Economic Cooperation (APEC) forum as the region's pre-eminent multilateral forum. APEC's contribution to regional cooperation, economic growth and stability in the Asia-Pacific remains integral to Australia's national interest. The department led efforts to promote and implement key elements of APEC's agenda, including trade and investment liberalisation and facilitation, counter-terrorism and secure trade, and disaster response and emergency preparedness.

To reinforce Australia's standing as a major driver of APEC and to ensure that the forum's future agenda continues to advance Australia's trade and foreign policy goals, we began early policy planning for Australia's hosting of APEC 2007.

To devise and promote trade policy that met public and commercial expectations, the department consulted business and community groups and made publicly available a considerable amount of information about the Government's trade policy agenda. This information included the annual, policy-setting *Trade 2005* statement, which Mr Vaile delivered and we drafted.

The department worked closely with the Department of Agriculture, Fisheries and Forestry in negotiating memorandums of understanding with four live-animal trading partners (the United Arab Emirates, Kuwait, Saudi Arabia and Jordan), solidifying relations with these important markets. We coordinated Australia's involvement in the Kimberley Process Certification Scheme for rough diamonds to help protect the trade interests of Australian diamond producers.

Consistent with the Government's objective of a democratic, stable and economically independent Iraq, the department contributed effectively to successful Paris Club negotiations on the forgiveness of Iraq's debt.

APEC

Trade and investment liberalisation and facilitation

The department worked throughout the year to promote and implement APEC's trade and investment liberalisation and facilitation agenda.

We led the Government's efforts within APEC to push forward the Doha Round of World Trade Organization (WTO) multilateral trade negotiations by working closely with other economies to develop common policy positions on key negotiating items. In a breakthrough for the Doha Round, APEC economies agreed for the first time in June 2005 on a common formula (the 'Swiss formula') to calculate tariff reductions for industrial goods. The Swiss formula involves steeper cuts to higher tariffs in order to harmonise tariff rates across countries. This would greatly reduce the gap between high and low tariff rates and set a top limit for all tariffs. The department played a central role in advocating this outcome and drafting language for the statement. As a country with relatively low tariffs, this approach is in Australia's interests.

At meetings in Chile in November 2004 and in the Republic of Korea in June 2005, the department played a lead role in drafting APEC Leaders' and Ministers' statements demonstrating support for Doha Round negotiations and committing APEC economies to an ambitious work program in the lead-up to the Sixth WTO Ministerial Conference in December 2005.



From left to right: Mr Chip Goodyear (CEO BHP), Minister for Trade Mr Mark Vaile, Sr. Diego Hernandez (President BHP), and Sr. Mauro Valdes (Vice President of Public Affairs, Minera Escondida), attend the BHP Copper Art Exhibition in Santiago, Chile during APEC 2004.

APEC's goals of free and open trade and investment in the Asia-Pacific region—known as 'the Bogor Goals'—remain the key organising principle for APEC. In support of these goals, the department led efforts to have APEC Leaders launch the Santiago Initiative for Expanded Trade in APEC in November 2004. The initiative commits economies to further liberalise trade and investment in the region, reduce business transaction costs and promote secure trade. We joined several other APEC economies to oversee work in 2005 on a mid-term stocktake of progress towards the Bogor Goals. The aim is to provide clear recommendations towards achieving the objective of an open, predictable and non-discriminatory trading environment in the Asia-Pacific. Our involvement included contributing to a symposium on the issue in the Republic of Korea in May 2005 and securing senior officials' agreement on the modalities, content and timeline for the stocktake. The latter was based on a paper prepared by the department. Final recommendations will be provided to APEC Ministers and Leaders in November 2005.

Discovering the real benefits of freer trade and investment in the APEC region

As a contribution to the mid-term stocktake of progress towards the Bogor Goals—the name given to APEC's goals of free and open trade and investment in the Asia-Pacific—the department commissioned a report *Open economies delivering to people, 2005: Regional integration and outcomes in the APEC region*.

The report outlines the significant liberalisation of trade and investment in the Asia-Pacific region since APEC's formation, and shows how these gains have delivered vital social and welfare benefits to the region's people, particularly those from developing economies. The benefits include:

- a significant decrease in the proportion of APEC's population living in poverty, which has more than halved since 1988
- increased access to primary and secondary education, with all but three APEC economies achieving net primary education enrolment of 97 per cent or above
- increased access to basic services such as water, health care and sanitation, with over 80 per cent of people in the APEC region now having access to improved water.

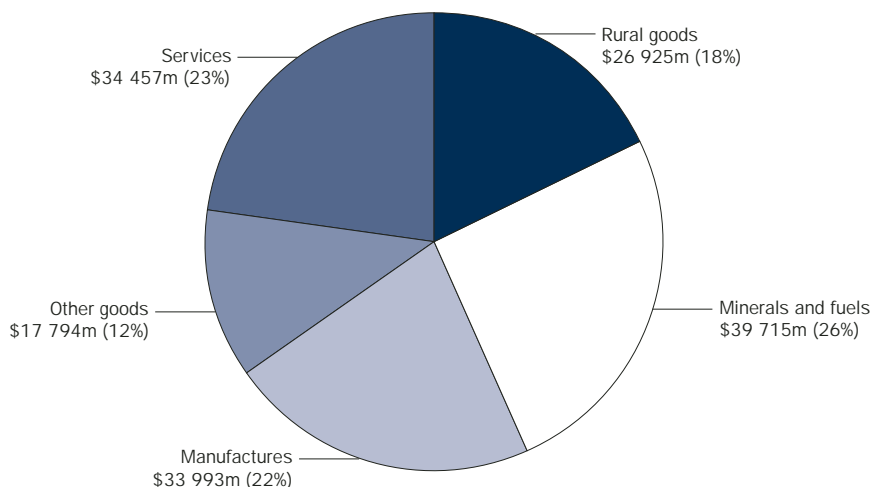
The report is available at: www.dfat.gov.au/publications

The department led efforts within APEC to advance understanding of the positive contribution that FTAs and regional trade agreements (RTAs) make to free and open trade, and to encourage the development of high-quality, well-constructed regional FTAs that are comprehensive, transparent and trade-liberalising. We played a central role in developing two tools APEC members can use in pursuit of those goals:

- a set of APEC best practice principles for RTAs/FTAs, endorsed by ministers in November 2004
- a set of 'model measures' for trade facilitation in RTAs/FTAs, agreed by APEC trade ministers in June 2005.

These initiatives will help APEC economies progress towards the Bogor Goals, increase market access and reduce costs to business in the region for Australian exporters.

FIGURE 13. AUSTRALIA'S EXPORTS BY BROAD CATEGORY 2004



Source: ABS Catalogue 5302.0 Balance of Payments and International Investment Position, March Quarter 2005.

The department further promoted the benefits of high-quality trade agreements by developing and co-hosting two FTA negotiations workshops held in Beijing and Bandar Seri Begawan in December 2004. Funded through AusAID's APEC Support Program, these workshops trained government officials from around the APEC region on major issues surrounding the lifecycle of FTA negotiations, including: identifying negotiating partners; maximising domestic support; options for liberalising trade in goods and services and freeing up investment flows; and ratification, implementation and review of agreements. More than 100 participants from 12 APEC economies attended, including sponsored participants from Indonesia, Papua New Guinea, the Philippines, Thailand and Vietnam. The accompanying report, *Negotiating free trade agreements: A guide*, was launched at the APEC Ministers Responsible for Trade Meeting in June 2005.



The department organised a workshop on preferential rules of origin (ROOs) held in Seoul in February 2005. It brought together market access experts and trade policy practitioners from the APEC region to examine the market access implications of ROOs as they apply to FTAs, such as approaches to tariff classification. The workshop was well received and contributed to Australia's promotion of high-quality FTAs/RTAs in the region.

Counter-terrorism and secure trade in APEC

The department remained active in shaping APEC's counter-terrorism and secure trade agenda. Secure trade—the safe movement of goods and people in the region through measures to protect cargo, ships, international aviation and people in transit—has become a priority for APEC to counteract increased barriers and costs to trade arising from the heightened international security environment.

We worked closely with other government agencies to secure APEC economies' agreement to implement effective export control systems for weapons of mass destruction, as well as ministers' agreement on guidelines for controlling Man-Portable Air Defence Systems (MANPADS). We continued to support the Department of Immigration and Multicultural and Indigenous Affairs' efforts to develop and trial the APEC Regional Movement Alert List (RMAL) passports system. At the front line of defence against illegal movements of people, including possibly terrorists, this system will enable border officials to use computer databases to make immediate checks on passenger movements and compare them against records of lost and stolen passports.

In response to regional concerns about security imperatives increasing business costs, the department produced the report *APEC: Best practice in secure trade*, which used case studies from around the APEC region to demonstrate how economies can meet the challenge of protecting their people while at the same time securing and facilitating trade. The report is an important public diplomacy tool in the Government's efforts to promote responsible trade practices within APEC, consistent with the Government's priorities.

Australia takes a leading role in APEC's tsunami response

Australia's leading role in the regional response to the Indian Ocean tsunami disaster was cemented when the department took on the role of co-chair, with Indonesia, of the APEC Task Force on Emergency Preparedness.

Established by APEC Senior Officials in March 2005, the Task Force held its inaugural meeting in Bali on 2–3 May 2005. By building regional networks and facilitating information-sharing between disaster-management experts, it aims to strengthen coordination among APEC member economies in preparing for and responding to regional emergencies such as disease outbreaks, natural disasters and terrorist actions (see sub-output 2.1.1 for more information on Australia's tsunami response).

Capacity-building

The department continued to be a leading contributor to APEC's capacity-building work program, helping other APEC economies develop the intellectual and physical capacity to implement their APEC trade liberalisation, facilitation, economic reform and security commitments. In November 2004 APEC Leaders endorsed an Australian proposal to establish an APEC Support Fund to supplement resources available for APEC's capacity-building work. Australia will contribute \$3 million over three years to the fund and has played a key role in developing its functions. The fund will begin operation before the end of 2005.

With the assistance of AusAID's APEC Support Program, the department coordinated capacity-building workshops covering FTA negotiations (see page 85) and the adoption of internationally recognised product standards. More than 100 regional participants attended the standards workshops, which helped participants understand the importance of high-quality standards and conformance regimes to facilitating trade and investment, improving competitiveness and reducing business costs.

Under AusAID's Public Sector Linkages Program for Asia, the department began three capacity-building projects for APEC developing economies. These projects will involve follow-up workshops on FTA negotiations, anti-corruption and international commercial dispute resolution. The program will help advance understanding within APEC of issues central to Australian objectives.

Strengthening APEC

The department led efforts to strengthen APEC as a key regional forum by advocating strongly that the forum's work program should respond directly to priorities established by APEC Leaders. We also worked to improve APEC's interaction with the business community by holding regular meetings with Australian APEC Business Advisory Council (ABAC) members to discuss developments in APEC and advocating reform of APEC operating procedures to make them more business-friendly and efficient.

We engaged in public outreach to explain APEC's objectives and achievements, producing a number of APEC-related publications, maintaining an up-to-date APEC section of the department's website and conducting an annual APEC Business Forum. Recent survey results suggest a high level of awareness of APEC in the Australian community.

APEC 2007

The department is responsible for coordinating Australia's role as host of APEC in 2007. We are leading policy coordination and public and media outreach for Australia's host year, and working closely with the Department of the Prime Minister and Cabinet task force responsible for meeting logistics and security planning. We have begun early policy planning for the event, with a view to ensuring real progress in the APEC work program in 2007, reinforcing Australia's standing as a major driver of APEC and producing strong outcomes that strengthen APEC as the key regional forum.

The department has initiated a public outreach strategy, initially involving ABAC and state and territory government officials. This will ensure that the Australian public, and in particular the business community, derives maximum benefit from APEC 2007. The strategy will showcase Australian society and culture to the international community.

Indian Ocean Rim Association for Regional Cooperation

The department successfully lobbied Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) member countries to participate in workshops on fisheries cooperation and management in Oman, and a disaster mitigation and management workshop in India—which took on greater relevance following the Indian Ocean tsunami disaster. Both workshops contributed directly to Australia's policy interests.

Trade finance

The department was heavily involved in prolonged Paris Club negotiations on the forgiveness of Iraq's debt. These negotiations produced international agreement, in part shaped by Australia, allowing secure recovery of a proportion of the debt, along with debt forgiveness of an order that will substantially help Iraq stabilise and renovate its economy.

We led the Australian team for negotiations on introduction of a debt moratorium for tsunami-affected countries. The final structure of that decision reflected sustained Australian lobbying within the Paris Club, and will help to ease the debt burden on affected countries during their extended rehabilitation and recovery phases.

Trade policy coordination and business liaison

Trade 2005 statement

The department drafted the Minister for Trade's annual trade statement, launched in April 2005. *Trade 2005* is an important public diplomacy document for the minister and the department. It highlights priorities and strategies for pursuing Australia's national trade interests and reviews Australia's 2004 trade outcomes. We issued concurrently a comprehensive Trade Resources Kit CD-ROM incorporating the statement, other trade policy materials, statistics and specialised teaching resources. The resource was distributed widely by the department and Austrade and has been used as an advocacy tool to highlight the Government's achievements across the trade agenda.

National trade consultations

Trade consultation processes between the department and the states and territories were further enhanced, especially through frequent meetings of the Senior Trade Officials' Group (STOG), comprising one representative from each state and territory, which the department chairs. Close engagement with the states and territories was particularly important in the context of FTA negotiations and the Government's revised services offer in the Doha Round, where a unified and coordinated whole of government approach strengthened Australia's position.

Live animal exports

The department continued to work actively with the Department of Agriculture, Fisheries and Forestry to secure memorandums of understanding (MOUs) on the live animal trade with Middle Eastern trading partners. During 2004–05, joint departmental teams succeeded in concluding MOUs with four countries: the United Arab Emirates, Kuwait, Saudi Arabia and Jordan. An MOU on cooperation on agricultural issues was also concluded with Eritrea. This set of MOUs has created a more robust and durable framework for Australia's live animal trade with the region. For example, each of the MOUs has a key provision that all animals suspected of carrying disease will be offloaded into a quarantine facility for testing. With the Department of Agriculture, Fisheries and Forestry, we will continue negotiating in 2005–06 with the remaining trading partners in the region.

Given the importance of the Australian wool industry to the economy, we assisted the industry by explaining Australia's animal health and welfare policies and practices to overseas wool users, in particular through posts in Europe, North America and India.

Conflict diamonds

In cooperation with the Department of Industry, Tourism and Resources and the Australian Customs Service, the department coordinated Australia's involvement in the UN-sanctioned Kimberley Process Certification Scheme for rough diamonds, introduced on 1 January 2003. Australia's \$508 million diamond export trade now benefits from a secure trading regime involving over 70 countries, including the world's major producers, traders and polishers of rough diamonds.

The scheme targets the illegal trade in rough diamonds (known as 'conflict diamonds'), which have financed war and civil conflict in Africa. Under the scheme, trade in rough diamonds with non-participant countries is banned and shipments must be accompanied by certificates declaring they have been handled in accordance with the scheme's requirements. Around 98 per cent of the rough diamond trade is now covered by the scheme.

Australia was an inaugural member of the scheme and is a member of the ad hoc working group that is mandated to carry out a review of the impact of the Kimberley Process Certification Scheme. The working group has been mandated to provide by 31 December 2006 a report of the review findings and recommendations. Australia is also a member of the Working Group of Diamond Experts and Technical Issues. This working group has been tasked to identify technical and practical problems in the implementation of the Kimberley Process Certification Scheme, to suggest solutions and to provide technical assistance.

1.1.7 INTERNATIONAL ORGANISATIONS, LEGAL AND ENVIRONMENT

Overview

The department played a lead role in whole of government efforts to advance Australia's extensive international political, legal and environmental interests in multilateral and other forums.


The department, including through our Mission to the United Nations in New York, strongly supported UN Secretary-General Kofi Annan's work to revitalise the UN system to deal with contemporary development, security and institutional issues. We gave our support through contributions to the Secretary-General's High-Level Panel on Threats, Challenges and Change, and to deliberations in New York in the lead-up to the September 2005 high-level UN Summit.

Following the devastating tsunami on 26 December 2004, the department successfully led Australia's international efforts to establish an Indian Ocean Tsunami Warning System (IOTWS) under the auspices of UNESCO's Intergovernmental Oceanographic Commission (IOC), with the secretariat to be located in Perth. We developed a legal framework to facilitate the delivery of Australian assistance following the tsunami.

The department-led Australian negotiating team made significant progress towards agreement with East Timor on sharing resource revenues in the Timor Sea. The agreement would greatly assist East Timor's economic development and bring economic benefits to Australia. With the Attorney-General's Department and Geoscience Australia, we prepared and presented Australia's landmark submission to the UN Commission on the Limits of the Continental Shelf (CLCS). The submission defines Australia's sovereign rights to 3.4 million square kilometres of seabed and related resources beyond the Exclusive Economic Zone (EEZ).

The department coordinated a major international lobbying campaign in the lead-up to and at the 2005 International Whaling Commission (IWC) meeting, which helped defeat attempts to reintroduce commercial whaling. We contributed to the Government's efforts to promote practical, technology-driven and economically sustainable approaches to managing global greenhouse gas emissions, including at an APEC Business and Climate Change Workshop in Seoul co-hosted by Australia's Ambassador for the Environment.

The Ambassador for People Smuggling Issues continued to work closely with Indonesian counterparts and relevant Australian departments and agencies to promote practical regional cooperation to combat people smuggling, trafficking in persons and related transnational crime through the Bali process. The Bali process has helped develop strong networks, habits of cooperation and improved capacity among regional operational agencies dealing with these difficult transnational issues.



The department, including through our UN Mission in Geneva, made a strong contribution to the work of the Commission on Human Rights and secured Australia's election for a further term on the Commission (2006–08). We led Australian delegations to two useful rounds of bilateral dialogue with China on human rights.

United Nations

The department, including through our UN mission in New York, strongly supported UN Secretary-General Annan's efforts to reform the UN system to make it more efficient and responsive to contemporary challenges. We helped shape the December 2004 report of the Secretary-General's High-level Panel on Threats, Challenges and Change, which included former foreign minister Gareth Evans as a member, by providing constructive ideas directly to panel members and the panel's secretariat.

The Secretary-General drew extensively on the report in his March 2005 report, *In larger freedom*, for consideration by governments in the lead up to the September 2005 UN Summit of world leaders. At the request of the President of the UN General Assembly, Australia's UN Ambassador facilitated discussion of security issues in advance of the Summit.

The department continued to promote other core Australian interests in the UN system. We supported an appropriate UN role in the conduct of elections in Iraq. Through our mission in New York, we engaged productively with Security Council members on issues of importance to Australia, including: negotiation of viable arrangements in East Timor following the withdrawal of the UN Mission in Support of East Timor (UNMISET); the smooth withdrawal of the UN Observer Mission in Bougainville; and, through combined advocacy with others countries, the referral to the International Criminal Court of breaches of international humanitarian law in the Darfur region of Sudan.

The department secured Australia's election to a range of international organisations, at times in strongly contested campaigns. This has enabled us to influence the operation of these bodies in ways consistent with our national interests and our relevant international legal and human rights obligations. The bodies include: the Governing Body of the International Labour Organisation; the Commission on Human Rights; the Commission on Narcotic Drugs; the Commission on Sustainable Development; the Program Coordination Board of the Joint UN Program on HIV/AIDS; and the Governing Councils of the International Civil Aviation Organisation and the Universal Postal Union.

With our assistance, distinguished Australian judge Justice Kevin Parker was re-elected to the panel of the International Criminal Tribunal for the Former Yugoslavia.

Environment

Tsunami warning

The department led Australia's international efforts resulting in the establishment of an Indian Ocean Tsunami Warning System (IOTWS) on 28 June 2005, under the auspices of the Intergovernmental Oceanographic Commission within the UN Educational, Scientific and Cultural Organization (UNESCO). The UN secretariat of the IOTWS will be located in Perth.

With other relevant agencies, we coordinated the establishment of an Australian tsunami warning system, which will underpin Australia's contribution to the IOTWS and the facilitation of tsunami warnings for the South West Pacific.


Whaling

The department coordinated a major international lobbying effort, including through Australia's diplomatic network, to promote the Government's pro-conservation agenda before and during the International Whaling Commission (IWC) meeting in the Republic of Korea in June 2005. With IWC members sharply divided, we supported the Minister for the Environment and Heritage in helping to defeat Japan's attempts to reintroduce commercial whaling and to maintain an IWC focus on whale conservation.

Climate change

Led by the Ambassador for the Environment, the department promoted the Government's objective of a more effective, equitable and inclusive response to climate change. We supported the Minister for the Environment and Heritage and contributed strongly to deliberations in two forums—the Tenth Conference of the Parties to the UN Framework Convention on Climate Change in Buenos Aires in December 2004, and the Energy and Environment Ministerial Roundtable hosted by the United Kingdom in March 2005. We continued our prominent international role as chair of the Umbrella Group (Australia, Canada, Iceland, Japan, New Zealand, Norway, Russia, Ukraine and the United States), an influential group in international climate change negotiations.

The department engaged in other multilateral initiatives to promote the development and adoption of strategic climate change and energy technologies, including carbon capture and storage, hydrogen, renewable energy, energy efficiency and methane capture and use. We supported Australia's bilateral climate change arrangements with the United States, the European Union, Japan, New Zealand and China. With other agencies, the department supported the creation of the Asia-Pacific Partnership on Clean Development and Climate, which aims to develop climate change solutions that protect the environment, promote economic development and reduce poverty.



The Ambassador for the Environment, with her counterpart from South Korea, co-hosted the first APEC Business and Climate Change Workshop in Seoul in April 2005. The workshop attracted 104 participants from 24 countries, including regional industry leaders and key climate and energy policy-makers. It was welcomed for its practical focus on climate change approaches compatible with sustainable economic growth.

Other international environment negotiations

The department led Australia's engagement in several major international environment negotiations and forums, securing outcomes that advanced Australia's environment and trade interests. We supported the Parliamentary Secretary for Foreign Affairs and Trade at the UN ministerial meeting for the 10-year review of the Barbados program of action for the sustainable development of small island developing states (Mauritius, January 2005). We highlighted our support for the sustainable development of Pacific island countries at the meeting.

We led Australia's delegation to the second meeting of the parties to the Cartagena Protocol on Biosafety (Montreal, May–June 2005). Our close consultation with like-minded agricultural exporting countries contributed to meeting outcomes that did not impose new burdensome documentation or legal requirements on Australia's wheat trade.

Law of the sea and Antarctica

The department supported Mr Downer in leading policy formulation and negotiations on Australia–East Timor maritime boundaries and revenue-sharing issues. The aim was to provide the legal and fiscal certainty to allow development of the Greater Sunrise gas reservoirs for the benefit of both countries. Following the last formal round of talks in May 2005, Australia and East Timor are liaising on an agreement that would defer the question of permanent maritime boundaries while providing East Timor with an increased share of Greater Sunrise revenues. With revenue already flowing from the Joint Development Petroleum Area, such an agreement would further assist East Timor's economic development.

Following the successful conclusion of negotiations on an Australia–New Zealand maritime boundary in April 2004, the Minister for Foreign Affairs signed the agreement with his New Zealand counterpart in July 2004. This has settled our longest outstanding maritime boundary.


The department worked closely with the Attorney-General's Department and Geoscience Australia to finalise (November 2004) and present (April 2005) Australia's submission to the UN Commission on the Limits of the Continental Shelf (CLCS). The submission defines Australia's entitlement to an extended shelf in ten areas, including the Australian Antarctic Territory. The CLCS process is a critical step towards securing international recognition of Australia's sovereign rights over large

areas of seabed beyond Australia's 200-nautical mile exclusive economic zone (EEZ). Australia's submission is the largest and most comprehensive of its type to date. Through extensive international consultations, the department allayed concerns of a number of states about the Antarctic elements of Australia's submission, thereby preserving our important Antarctic interests.

We made a strong contribution to the Government's efforts to combat illegal, unreported and unregulated fishing in Australian waters, with the aim of ensuring sustainable management of fisheries resources and protection of Australia's sovereign interests in its EEZ. We continued negotiating a number of draft bilateral fisheries cooperation and enforcement agreements (including with France and South Africa). We used our diplomatic network to promote international action to combat illegal, unreported and unregulated fishing activity, including through representations on a number of suspected illegal fishing vessels. We successfully advocated the establishment of a centralised vessel-monitoring system, adopted at the November 2004 meeting of the Commission for the Conservation of Antarctic Marine Living Resources.



An Australian observer team conducting inspections under Article VII of the Antarctic Treaty in the Ross Sea region of Antarctica in January 2005. Left to right are: Dr Conall O'Connell (Deputy Secretary, Department of the Environment and Heritage); Chris Moraitis (Senior Legal Adviser, DFAT, and leader of the Australian observer team); Brian Stone (US National Science Foundation representative, in charge of McMurdo Station); and Andrew Jackson (Manager, Antarctic and International Policy, Australian Antarctic Division). Photo: C O'Connell



The department continued to promote Australian interests in the Antarctic, playing a key role in negotiating an international liability regime for damage to the Antarctic environment. The regime was adopted in Stockholm in June 2005. Under it, we led an Australian team to inspect United States and New Zealand Antarctic bases and review their compliance with Antarctic Treaty obligations. We also hosted a visit to Australia by the newly appointed Secretary of the Antarctic Treaty Secretariat.

International law

The department developed a cooperative decision-making legal framework for the provision of Australian assistance to regional states in response to the 2004 Indian Ocean tsunami. We were instrumental in establishing appropriate legal frameworks for the deployment of Australian personnel to Iraq and Sudan. We provided legal advice and expertise on challenges to the legal framework of the Regional Assistance Mission to Solomon Islands (RAMSI) and the Enhanced Cooperation Program in Papua New Guinea.

With the Attorney-General's department, we assisted the repatriation of Mr Habib and helped ensure an improved judicial process for Mr Hicks. We are continuing to support ministers in seeking an expedited legal process for Mr Hicks.

Working with other areas of government, financial institutions and non-government organisations (NGOs), we continued our lead role in implementing Australia's international obligations in relation to terrorist financing, consistent with Australian law. We discussed means of increasing international cooperation and oversight to combat terrorist financing with Ambassador Heraldo Munoz, chair of the UN Security Council's 1267 Committee on sanctions against Al Qaida and the Taliban, during his October 2004 visit to Australia, which the department organised. We contributed to a positive international review of Australia's compliance with Financial Action Task Force (FATF) recommendations on money laundering and terrorist financing.

The department ensured that Australia's obligations under new or strengthened sanctions regimes established by the UN Security Council, including in relation to Sudan and Cote d'Ivoire, were implemented in domestic law.

Treaties and outreach

As part of the department's public outreach program highlighting the role of treaties and treaty-making, we co-hosted a special symposium to mark the tenth anniversary of the UN Convention on the Law of the Sea, at which Mr Downer gave the keynote address. We also organised an informative and popular exhibition in Parliament House on the Antarctic Treaty.

We continued to facilitate parliamentary scrutiny of treaty-making, providing comprehensive support to the Commonwealth Parliament's Joint Standing Committee on Treaties (JSCOT) in its review of 20 new treaties prior to their entry into force.

Human rights

At the 61st session of the UN Commission on Human Rights (CHR), the Australian delegation, led by our UN Ambassador in Geneva, promoted practical improvements to international observance and implementation of human rights standards. Australian-run resolutions on good governance and national human rights institutions were adopted by consensus. We won acceptance of improved access to CHR for national institutions. We also contributed to good outcomes on resolutions dealing with the human rights situations in Sudan, North Korea, Cuba and Myanmar, but were disappointed that the Commission failed to take action in regard to egregious human rights abuses in other countries.

Despite improvements to the operational efficiency of CHR, introduced during the Australian presidency at its 60th session, its inability to take action on a number of serious human rights situations brought its substantive flaws into sharp relief at a time when the UN Secretary-General has proposed significant reform of the UN human rights machinery. The department, through our UN missions in New York and Geneva, is working with others to promote practical proposals to strengthen the UN human rights machinery to make human rights abusers more accountable for their actions.

Bilateral human rights dialogues

The department led delegations to bilateral dialogues with China and Vietnam. The dialogues continued to provide important forums for frank and constructive exchanges on human rights and for identifying areas where Australia can help dialogue partners implement international human rights standards, including through technical cooperation (see sub-output 1.1.1 for more information on the China dialogue).

Committee on the Elimination of all Forms of Racial Discrimination

Australia's Ambassador to the UN in Geneva led Australia's delegation appearing before the UN Committee on the Elimination of all Forms of Racial Discrimination (CERD) in March 2005. As a leading proponent of reform of the UN human rights treaty bodies, we welcomed the improved procedural efficiency and cooperation that marked our appearance before the Committee, although we were disappointed by some ill-informed comments by a few members. We will be responding to the committee's concluding observations by early 2006.

Representations and consultations on human rights

Australian overseas posts made representations on individual human rights cases and issues of concern throughout the year. The department continued its regular human rights consultations with Australian and international NGOs, which enable a valuable two-way flow of information and advice on human rights issues of public interest.

Human Rights Manual

In August 2004 the department published the third edition of the *Human Rights Manual*. The manual provides extensive information on international human rights instruments and their history and is a valuable public diplomacy tool in describing current government policy.

People smuggling and trafficking

Working closely with the Department of Immigration and Multicultural and Indigenous Affairs and other Australian agencies, the Ambassador for People Smuggling Issues led Australia's efforts to improve regional cooperation against people smuggling and trafficking through the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime (co-chaired with Indonesia). More information on the Bali process can be found at www.baliprocess.net.

Flowing from regional agreement at the June 2004 Senior Officials' Meeting, the Bali process developed a dynamic and diverse program of regional, sub-regional and national activities during the year involving foreign ministry, immigration, justice, law enforcement, development assistance and family/women's affairs agencies. Bali process workshops took place in different regional countries. They focused on practical cooperative measures and capacity-building with respect to: operational law enforcement cooperation; raising public awareness of the need to protect victims of trafficking; targeting the people smugglers and traffickers; information exchange on lost and stolen passports; and developing coordinated inter-agency national action plans to eradicate trafficking in persons. These activities have helped develop strong networks, habits of cooperation and improved capacity among regional operational agencies dealing with these difficult transnational issues.

The department worked with other agencies to implement and publicise the Government's Action Plan to Eradicate Trafficking in Persons.

We remained an active member of the inter-agency People Smuggling Task Force. Through our network of overseas posts and in close cooperation with other relevant departments, we continued to work with host government authorities to disrupt and respond to people smuggling operations. The department helped extradite one alleged people smuggler from Thailand.

1.1.8 SECURITY, NUCLEAR, DISARMAMENT AND NON-PROLIFERATION

Overview

The department successfully built on Australia's contribution to global counter-terrorism efforts, with a strong focus on South-East Asia.

We extended Australia's network of bilateral counter-terrorism memorandums of understanding while working closely with other agencies to deepen counter-terrorism cooperation and dialogue with countries in our region. The Ambassador for Counter-Terrorism coordinated the further development of international counter-terrorism policies and activities and publication of the Government's Terrorism White Paper. The department contributed to outcomes across the national security agenda, including counter-terrorism exercises and transport security initiatives, and continued to work closely with intelligence and security agencies in responding to reports of terrorist threats and activities.

We continued to promote Australia's security interests through a program of bilateral security and strategic dialogues with partners in the Asia-Pacific region and beyond. These dialogues provided important opportunities to convey Australia's views on international security and strategic issues of common concern, as well as to explain to regional countries Australia's policies on important US alliance issues. Developing and strengthening the alliance relationship with the United States remained a priority.

The department was active in defending and strengthening multilateral non-proliferation regimes. We worked to uphold the integrity of the nuclear non-proliferation regime at the May 2005 Nuclear Non-Proliferation Treaty (NPT) Review Conference, in the International Atomic Energy Agency (IAEA) and in other forums. We pressed Iran to resolve international concerns about its nuclear program and the Democratic People's Republic of Korea (DPRK) to reverse its announced withdrawal from the NPT and return to full compliance with the Treaty.

We played a prominent part in advancing the Proliferation Security Initiative (PSI) as a practical means of impeding trafficking in Weapons of Mass Destruction (WMD), their delivery systems and related materials. Our efforts were principally directed at ensuring the operational effectiveness of the initiative and encouraging greater participation in and support for PSI activities, especially in the Asia-Pacific region. We worked closely with other Australian agencies and regional partners to improve practical barriers against proliferation and to meet the emerging challenges of secondary proliferation and increasingly sophisticated procurement activity.

The department provided the permanent chair and Secretariat of the Australia Group—the export control regime dedicated to preventing the proliferation of chemical and biological weapons. We organised the annual Australia Group Plenary in Sydney in April 2005—marking the Group's twentieth anniversary—and set a forward looking agenda for the Group. We stepped up our regional outreach program to build a wider

appreciation of the dangers of WMD proliferation and to provide assistance with the development and application of best practice WMD export controls. Outreach was conducted both at the bilateral level, including with the Philippines and Thailand, and through regional activities such as the ministerial Asia-Pacific Nuclear Safeguards and Security Conference, hosted by Australia in Sydney in November 2004.

Strategic policy and coordination

In meeting the challenges posed by the dynamic international security environment, the department continued to give the highest priority to the development and strengthening of the alliance relationship with the United States. The alliance continues to be crucial to Australia's security and plays a significant role in the maintenance of strategic stability in the Asia-Pacific region. We engaged energetically with key figures in the US administration to ensure that the alliance responded to the contemporary security environment, including the threat posed by terrorism and the increased incidence of proliferation of WMD and missile technology. Our close operational relationship with the US military proved invaluable in coordinating humanitarian operations in response to the Indian Ocean tsunami.

The department worked closely with the Australian Department of Defence on several major alliance-related developments, such as the US global force posture review which seeks a major re-alignment of US bases and forces overseas. We contributed to the negotiation of a research, development, test and evaluation annex to our bilateral memorandum of understanding on missile defence cooperation, and continued work to improve Australian access to US information and military technology.

In ensuring the integrity of Australia's export control framework, the department engaged closely with the Department of Defence to strengthen review mechanisms for the assessment of export applications of defence and related goods. We monitored



The 2005 Plenary of the Australia Group, marking the 20th anniversary of the Group, was held in Sydney in April 2005. The Australia Group includes 39 countries, plus the European Commission, which work to prevent the spread of chemical and biological weapons. Photo: Dominique B. Werner

changes to other countries' export control regimes and advised the Government on implications for national and regional security.

We contributed to whole of government work on key intelligence policy and related issues, including those flowing from the Government's endorsement of the recommendations of the Flood Report into Australian intelligence agencies. We streamlined procedures for dissemination of intelligence reporting within the department to better manage increased flows of this material.

Security dialogue and cooperation


The department continued to promote Australia's security interests through a program of bilateral security dialogues with key partners in the Asia-Pacific region and Europe, and with institutions such as the European Union (EU) and the North Atlantic Treaty Organisation (NATO). In 2004–05, Australia held strategic dialogues with the United Kingdom, India, Russia and Thailand, and finalised arrangements for an inaugural security dialogue with Malaysia. The talks enhanced mutual understanding of security perceptions and enabled us to present Australia's views on security and strategic issues of common concern, as well as to explain Australia's policies on important alliance issues in our relationship with the United States.

The May 2005 decision to upgrade the trilateral security dialogue with Japan and the United States to ministerial level reflected the strength of our shared interests in international security and cooperation across a broad range of issues. The department has supported this dialogue since its inception in August 2003 and, together with our missions in Washington and Tokyo, has worked to maintain its momentum and ensure a focus on current strategic issues of importance to Australia, such as Iraq, counter-terrorism and WMD proliferation issues.

The ASEAN Regional Forum (ARF) remains the region's pre-eminent forum for multilateral security dialogue and cooperation. We supported the ARF's continuing focus on the international terrorist threat and on other areas of shared concern, including arms control and WMD proliferation. We urged ARF members to maintain a firm approach to the DPRK nuclear problem.

We used ARF meetings to highlight our concerns about terrorist activity in and movement between South-East Asian countries. We strongly supported the ARF's growing focus on maritime security and encouraged the development of related confidence-building measures. We continued to contribute to these activities and—in keeping with our view that the ARF should have the capacity to respond in a meaningful way to regional security issues—to encourage heightened emphasis by the ARF on preventive diplomacy. Significant progress against these issues will take time.

The department participated in the ARF's efforts to respond to non-traditional security threats, including those arising from natural disasters such as the December 2004 tsunami. In this context, we supported the revival of the ARF Intersessional Meeting on Disaster Relief. The inaugural ARF Security Policy Conference held in Beijing was a



positive development in building confidence and transparency among regional defence forces. The department continues to use this forum to strengthen regional defence dialogue.

Counter-terrorism and national security

The department led efforts across a range of government agencies to strengthen counter-terrorism engagement with regional countries. We focused on building the capabilities of regional governments in key sectors such as law enforcement, border control, intelligence, defence, transport security and counter-terrorist financing. These efforts were underpinned by an expanding network of bilateral counter-terrorism memorandums of understanding (MOUs). The department negotiated MOUs with Brunei and Pakistan, bringing to eleven the number of such arrangements concluded with countries in our region.

At the regional and global levels we were active in building political and technical support for strengthened counter-terrorism efforts. We continued to advance counter-terrorism objectives in regional forums such as the ASEAN Regional Forum, APEC and the Pacific Islands Forum by pressing other governments to do more to ensure sustained and coordinated efforts to combat the regional terrorist threat. We contributed to efforts to enhance the effectiveness of the United Nations' counter-terrorism mechanisms, including by expanding the list of Jemaah Islamiyah and other Al Qaida-linked terrorists subject to UN sanctions. We further bolstered counter-terrorism ties with the ten ASEAN countries by concluding a Joint Declaration for Cooperation to Combat International Terrorism, and leading the first two rounds of a new counter-terrorism and transnational crime dialogue with senior ASEAN officials.

The department played a central role in taking forward outcomes of the Bali Regional Ministerial Meeting on Counter-Terrorism, which Mr Downer co-chaired with his Indonesian counterpart in February 2004. We provided close support to the Attorney-General's Department as chair of the working group established subsequently to deal with counter-terrorism legal issues—including that department's hosting of the group's inaugural meeting in Canberra in August 2004.

With the Australian Federal Police (AFP), we contributed to the efforts of a second working group dealing with law enforcement issues. We worked closely with the AFP in establishing and strengthening, with Indonesia, a significant regional counter-terrorism facility—the Jakarta Centre for Law Enforcement Cooperation (JCLEC). JCLEC has already attracted wide international participation and support through the department's efforts to encourage and promote the Centre's activities and development.

The department coordinated the development of a further cross-portfolio package of counter-terrorism assistance for regional countries, announced in the May 2005 Budget (see box below). In strengthening our network of regional counter-terrorism partnerships, we played a key role in overseeing the implementation of a previous

region-wide counter-terrorism assistance package, along with expanded programs for bilateral counter-terrorism cooperation with Indonesia (\$20 million) and the Philippines (\$10 million).

Regional counter-terrorism package

The department worked closely with other Australian agencies to identify options for further engagement with the region on counter-terrorism issues. We coordinated a new package of counter-terrorism assistance for regional countries—particularly in South-East Asia—worth an additional \$40.3 million over the next four years.

The new measures were announced as part of the 2005–06 Budget and will build on successful regional cooperation in law enforcement, border and transport security, intelligence and legal affairs. The measures include:

- assistance by the Attorney-General's Department to develop effective counter-terrorism legal frameworks in South-East Asia (\$6.8 million over four years)
- a Customs-led project to assist South-East Asian countries with border control (\$4.2 million over four years)
- Department of Immigration and Multicultural and Indigenous Affairs initiatives to strengthen document fraud detection and immigration intelligence capabilities (\$11.7 million over four years)
- enhanced law enforcement and intelligence cooperation capabilities (\$17.6 million over four years)
- increased liaison between the Department of Transport and Regional Services and its regional counterparts to enhance transport security (\$6.0 million over four years to be funded from existing resources).

Key elements of this package and other measures announced in 2004–05 will be directed at countering terrorist activity in and movement between South-East Asian countries.

The Ambassador for Counter-Terrorism played a lead role in developing and implementing the Government's international policies in these areas, including overseeing the production of the Government's White Paper on Terrorism (see box below). The Ambassador advanced Australia's engagement with the region on counter-terrorism issues through his role as chair of the multi-agency International Counter-Terrorism Coordination Group (ICTCG), which progressed Australia's comprehensive whole of government international counter-terrorism efforts, such as development of the regional counter-terrorism assistance package.

By conducting extensive visits to countries in our region and beyond, the Ambassador helped strengthen dialogue and cooperation with key partners in the fight against terrorism, including through major events such as the Counter-Terrorism International Conference in Riyadh in February 2005.

Terrorism White Paper: the threat and our response

The department led the inter-agency effort that produced the Government's White Paper *Transnational terrorism: The threat to Australia*, published in July 2004.

The White Paper provided an authoritative assessment of the contemporary terrorist threat, concluding that terrorism is a long-term challenge requiring a highly coordinated international response. The White Paper outlined Australia's multi-faceted response to terrorism internationally and underlined Australia's strong commitment to greater cooperation with regional partners, traditional allies and other members of the global community. It helped inform the public debate about transnational terrorism and projected a clear Australian analysis of the threat, and the necessary response, to our international partners. It reflected the Government's high priority on keeping the public fully informed of the threat of terrorism to Australia's interests.

The department continued to work, with other key agencies, to strengthen Australia's overseas counter-terrorism response arrangements. In concert with the Department of Defence, we organised an international counter-terrorism exercise with Thailand in July 2004, and followed this up with a multi-agency bilateral counter-terrorism response seminar in Bangkok in December 2004. We contributed to planning for two further counter-terrorism exercises overseas, in the Pacific region and in Cambodia, although neither exercise has taken place as yet. These practical initiatives help to enhance bilateral and regional cooperation against terrorist threats and attacks, building capacity among regional partners to improve their ability to tackle terrorism and transnational crime.

We participated in a range of whole of government national security and related processes, including the National Counter-Terrorism Committee and the major domestic counter-terrorism exercise series (*Mercury*). The department ensured that Australia's international interests were factored in to consideration of domestic security issues, to ensure seamless alignment between our international and domestic counter-terrorism policies and processes.

In this same vein, we contributed closely to the development of Australia's new offshore maritime security regime announced by the Prime Minister in December 2004. We arranged, through our posts abroad, to brief more than 50 countries (and several regional and international organisations) on the new arrangements—particularly the proposed Australian Maritime Identification System, which is a

framework for seeking, analysing and managing information on vessel identity, crews, cargoes and ship movements to support Australia's maritime security needs. We assisted Mr Downer in updating our neighbours, particularly Indonesia and East Timor, on developments and, with other agencies, will continue to consult and cooperate with both countries to implement the arrangements.

The department and other agencies contributed to Australia's aviation security through continued work with like-minded partners—bilaterally and through regional organisations including APEC—in developing practical initiatives to prevent the proliferation of shoulder-launched missiles (MANPADS—Man-Portable Air Defence Systems—see below), which could pose a threat to commercial airliners. We also lent strong support to the regional activities of other agencies, particularly the Department of Transport and Regional Services, aimed at strengthening our neighbours' aviation security regimes. With the AFP, Attorney-General's Department and others, we helped to take forward discussions with several South-East Asian countries on possible bilateral Air Security Officer (sky marshal) arrangements, as an extra layer of Australian aviation security.

We continued to collaborate closely with the Australian intelligence community and other agencies, in particular the National Threat Assessment Centre, in monitoring terrorism and other threats to Australian citizens and interests, ensuring the Government was in a position to respond quickly and effectively.

Counter-proliferation and export controls

The department advanced the effectiveness of the Proliferation Security Initiative (PSI), established in 2003 as a practical and informal arrangement among countries to cooperate in disrupting illicit WMD-related trade. The department continued to take the lead in coordinating inter-agency support for the initiative and participation in PSI activities. We participated in three meetings of PSI operational experts and were instrumental in achieving our key aim of broadening regional participation in PSI activities. For example, the department worked closely with the Department of Defence in hosting a meeting of PSI operational experts in Sydney on 30 November–2 December 2004 at which participants endorsed a regional approach to PSI activities. The department continued efforts to raise awareness of, and expand support for, the PSI by conducting outreach in the Asia-Pacific region.

The department facilitated Australia's active participation in the four major export control regimes—the Australia Group (see box below), the Nuclear Suppliers Group, the Wassenaar Arrangement and the Missile Technology Control Regime. Australia's contributions focused on advocating widespread adherence to the regimes and reinforcing agreed standards for trade in sensitive items.

The department promoted adherence to global non-proliferation norms through an active counter-proliferation outreach program, cooperating with other agencies and with partner countries in delivering practical technical assistance to key regional trading countries. This helped them meet obligations under UN Security Council Resolution 1540, which obliges all countries to enforce rigorous national export controls.

Joint training activities supported by the department included: counter-proliferation and safeguards training for Thai government and industry representatives in partnership with the United States; and WMD-related commodity identification training for Singapore Customs in partnership with the United States and Japan. The department also worked with Indonesia and the Philippines to encourage those countries to identify shortfalls in export control performance.

Marking twenty years of the Australia Group

Australia is permanent chair of the Australia Group, a body dedicated to preventing the proliferation of chemical and biological weapons through export controls. The department marked the Group's twentieth anniversary by organising the annual Australia Group Plenary in Sydney in April 2005—the first time the meeting has been held in Australia.

The Plenary was opened by Mr Downer, chaired by a departmental representative and attended by over 170 international delegates and a large multi-agency Australian delegation. The Plenary recognised the important contribution of the Group in controlling the spread of chemical and biological weapons for 20 years. Guided by Australia, the Plenary set a forward-looking agenda for the Group, addressing challenges such as the terrorist threat; controls on the activities of brokers and distributors; the use of transshipment or re-export of goods to conceal their end-use; emerging technologies with potential WMD applications; and intangible transfers of technology.

The Plenary secured a number of important outcomes to improve the effectiveness of the Australia Group export control lists in preventing illegal trade in dual-use chemical and biological items. Participants agreed to welcome Ukraine to the Group, bringing total participation to 39 countries plus the European Commission.

To encourage broader adherence to Australia Group measures, outreach strategies based on targeted regional approaches were further developed. Participants agreed to introduce a secure electronic communications system to improve the effectiveness and timeliness of their information-sharing.

Working closely with other agencies, the department coordinated the visa screening process under Public Interest Criterion 4003(b) of the Migration Regulations. This process is integral to assessing the WMD proliferation risk posed by individuals seeking to enter Australia and, where necessary, requesting a ministerial decision to prevent their entry.

Non-proliferation, compliance and verification

The department supported Australia's interest in preventing the spread of nuclear weapons and advancing nuclear disarmament at the May 2005 NPT Review Conference. We contributed actively to the efforts at the conference to agree to measures to strengthen the NPT in the face of current challenges, such as Iran's nuclear program and the DPRK's announced withdrawal from the NPT.

However, disagreement over the Treaty's priorities meant that the necessary consensus to adopt such measures could not be established. Mr Downer announced at the NPT Review Conference that Australia intended to make the Additional Protocol on strengthened IAEA safeguards a condition for the supply of Australian uranium to non-nuclear weapon states—the first country to do so. The department also coordinated a range of community outreach activities to support our participation in the NPT Review Conference.

The department played the lead role in Australian efforts to improve measures to limit the spread of sensitive nuclear technology. We were prominent in efforts to secure a start to negotiation of the Fissile Material Cut-off Treaty, which would ban the production of fissile material for nuclear weapons. However, differences among members of the Conference on Disarmament remain an impediment to negotiations.

Nuclear Safeguards and Security Conference fosters regional cooperation

In November 2004, Mr Downer hosted the Asia-Pacific Nuclear Safeguards and Security Conference in Sydney. The conference was attended by ministers or their representatives from 18 regional countries. IAEA Director General ElBaradei delivered a keynote address.

The conference provided new opportunities for regional engagement on nuclear safeguards and security issues. It underlined the common interest of all Asia-Pacific countries in combating nuclear proliferation and protecting against the threat of nuclear terrorism. Participants agreed to work together in a sustained and comprehensive effort to enhance the nuclear safeguards and security framework.

The conference statement emphasised that application of the highest international standards of nuclear safeguards and security supports national and regional security. Among the priorities identified by participants were:

- global implementation of the IAEA's strengthened safeguards system
- strengthening the protection of nuclear materials and facilities
- ensuring the effective control and protection of radioactive sources
- implementing effective domestic controls on nuclear and radioactive materials and relevant equipment and technology, including export controls.

The conference was a practical example of Australia's strong commitment to working with regional countries to combat nuclear weapons proliferation and the emerging threat of nuclear and radiological terrorism.

The department worked to counter challenges to the **compliance and verification mechanisms** in the NPT, the IAEA and in other multilateral and regional forums and bilaterally. There was no progress on reversing the DPRK's announced withdrawal from the NPT and its non-compliance with its safeguards obligations—the seriousness of which was underlined by the DPRK's statement in February 2005 that it had manufactured nuclear weapons. We contributed to concerted international efforts to convince Iran to maintain suspension of its uranium enrichment-related and plutonium separation activities. Through ministerial and diplomatic contacts, we continued to emphasise to Iran that it must cooperate fully with the IAEA to resolve outstanding questions about its nuclear program.


Australia maintained its support for the **Comprehensive Nuclear Test Ban Treaty** (CTBT) through ongoing development of the CTBT's verification mechanisms and representations to countries yet to sign or ratify the CTBT, in support of the treaty's entry into force. In view of Australia's forthcoming role as coordinator of the 2005 Article XIV Conference on facilitating the CTBT's entry into force, the department has been actively engaged in preparations for the conference to be held in New York in September 2005.

We worked to further the objectives of the **Biological Weapons Convention** (BWC) three-year work program agreed at the 2002 Review Conference. The department made a significant contribution to the February 2005 regional workshop on the BWC, hosted by the Department of Defence and attended by ASEAN states parties to the BWC, as well as Papua New Guinea and New Zealand. The workshop helped to build capacity for national implementation of the BWC work program.

The department supported efforts to achieve full adherence to the **Chemical Weapons Convention** (CWC) in our region. In addition to counter-proliferation outreach activity in Singapore on WMD-related commodity identification, the department assisted the Organisation for the Prohibition of Chemical Weapons (OPCW) to deliver a June 2005 seminar in Papua New Guinea to help that country meet its CWC obligations.



Left to right: CPL Todd Williams, Australian Defence Force; Parliamentary Secretary for Foreign Affairs and Trade Mr Bruce Billson (who is also Australia's Special Representative on Mine Action); David Stuart, First Assistant Secretary, International Security Division. CPL Williams is explaining the workings of a mine to Mr Billson and Mr Stuart. Mr Billson launched Landmine Action Week at DFAT on 24 May 2005.



The department led Australia's initiative as major sponsor of UN General Assembly Resolution 59/90, which called on states to prevent the illicit transfer and unauthorised access to and use of **MANPADS**. Adopted by consensus in December 2004, the resolution is the first global standard for this weapon type.

We played an active role in international and regional **small arms control** initiatives, focusing on practical cooperation with Pacific island countries. Australia supported efforts in the Pacific Islands Forum (PIF) to assist member countries implement model weapons control legislation developed earlier with Australian assistance. In particular, the department coordinated Australia's co-hosting, with Japan and the UN, of a PIF small arms and light weapons workshop in Fiji in August 2004. Working closely with other agencies, the department led Australia's participation in UN negotiations for an international instrument on the marking and tracing of illicit small arms and light weapons. The text of the instrument, adopted by consensus in June 2005, reflects Australia's interests and national practices.

The department, together with our overseas missions, worked to ensure that multilateral **conventional weapons** treaties were practical and effective in limiting harm to civilians. We played a central role in the negotiations for a new protocol to the Inhumane Weapons Convention which will reduce civilian casualties caused by anti-vehicle mines. The department supported Australia's active role at the Ottawa Landmines Convention, including through our contribution to the first Review Conference of the Convention, held in December 2004 in Nairobi. The department cooperated closely with the Australian NGO community and regional partners to promote adherence to the Landmine Convention among South-East Asian and Pacific countries yet to sign on. As a result of departmental efforts, in May 2005 Australia announced the donation of mine detectors to a Turkish-led NATO Partnership for Peace Program to clear unexploded ordnance in Azerbaijan—the first non-NATO country to make such a contribution.

Output 1.1 Quality and quantity information

Quality indicators

- Satisfaction of portfolio ministers with the department's policy advice, analysis, speeches and briefings, including the department's contribution to the development of policies of other Commonwealth agencies which have an international dimension
- Satisfaction of portfolio ministers with the protection and advancement of Australia's international interests, including the conduct and timeliness of bilateral and multilateral negotiations, effective advocacy and representations, post reporting and the organisation of official programs
- Strong capacity to assess, analyse and advise on responses to international developments

Quantity indicators

- Scope and composition of the DFAT-managed diplomatic network
- Number of units of policy advice delivered, including ministerial and cabinet submissions, ministerial correspondence, and speeches and briefings including parliamentary briefings
- Number of consultations conducted with other Commonwealth agencies, state and territory governments, business and non-government organisations in the context of the department's development of foreign and trade policy advice
- Number of representations made to other governments and international organisations in support of Australia's international interests
- Number of international meetings or negotiations attended, including on behalf of other Commonwealth agencies
- Number of official programs prepared for portfolio ministers and senior officials
- Number of official programs prepared for the Prime Minister, other Commonwealth ministers and senior officials
- Number of reporting cables produced by our overseas posts
- Number of occasions on which the department has contributed to the development of policies by other Commonwealth agencies
- Number of Foreign Affairs Council and Trade Policy Advisory Council meetings organised

Provision of policy advice, analysis, speeches and briefings

The department received informal feedback on its performance through regular contact between the department's Senior Executive and portfolio ministers, regular interaction between ministers' offices and departmental staff at all levels, and our support for ministers' international visits and their participation in international meetings. We also interact regularly with the Prime Minister and non-portfolio ministers on foreign and trade policy issues.

Structured mechanisms for ministers to provide performance feedback include:

- the policy discussions ministers hold with the Secretary and members of the department's Senior Executive, normally each week during parliamentary sitting periods and on an ad hoc basis otherwise
- ministers' comments on the department's formal written advice—mainly in the form of submissions and briefings
- meetings between ministers and our heads of mission at the start of, mid-way through, and sometimes at the end of their postings.

Through these means, ministers expressed strong satisfaction with the department's policy work, including our advice, analysis, speeches and briefings.

The department provided secretariat support to the Foreign Affairs Council. The Council provides a mechanism for distinguished Australians working in business, media and academia to share their expertise and views on a broad range of foreign policy issues with the Minister for Foreign Affairs. We also provided secretariat support to the Trade Policy Advisory Council, a key source of business advice to the Minister for Trade on issues like the WTO Doha Round negotiations, APEC, free trade agreements and market access.

We regularly convene and attend inter-departmental meetings in Australia and overseas on a range of issues that have an international dimension, such as international security, transnational crime, the environment, international legal issues and United Nations reform. We conducted over 36 000 consultations with other government agencies, state and territory governments, and business and non-government organizations in the context of developing foreign and trade policy advice. In our business planning processes, such as the Post Evaluation Report process (see Section 3: Corporate management and accountability, for more information), other government agencies provided very positive feedback on the department's input to policy development.

Ministerial submissions and briefings

The department produced 2127 written submissions and 3158 briefings during the reporting period. Portfolio ministers expressed strong satisfaction with our policy advice and analysis.

Ministerial correspondence

Ministerial correspondence is an important means of informing the public and responding to interest in foreign and trade policy matters. Ministers generally allow one week for draft replies for ministerial signature and two weeks for departmental replies. The department's Senior Executive pays close attention to our performance in this area. A monthly review notes issues of high public interest and monitors turnaround times for responses.

We received and processed 13 632 letters in 2004–05, an increase of 642 letters over the previous year. All responses were provided in the specified timeframe.

Questions on notice

The department prepares written responses for ministers' consideration to Questions on Notice (QON) asked by parliamentary members and to questions taken on notice during appearances by the department before parliamentary committees. The department prepared responses to 429 QON, incorporating 2955 subsidiary questions, during the reporting period.

Speeches

Speeches drafted by the department's speechwriters, in consultation with ministers' offices and relevant areas of the department, were well received by ministers. We prepared 176 ministerial and senior executive speeches.

Protection and advancement of Australia's international interests

In their regular meetings with the department's Senior Executive and in written comments on departmental submissions, ministers and the Parliamentary Secretary expressed satisfaction with the department's work in promoting the interests of Australia and Australians internationally. Our performance reporting against Outcome 1 and the Secretary's review indicate the breadth of issues against which outcomes were achieved. They included:

- closer engagement with the countries of the Association of Southeast Asian Nations (ASEAN), South Asia and North Asia (see sub-outputs 1.1.1 and 1.1.2)

- significant progress in advancing a range of bilateral free trade agreements (see sub-outputs 1.1.5 and 1.1.6)
- a successful campaign to defeat attempts by whaling countries to reintroduce commercial whaling at the International Whaling Commission meeting in June 2005 (see sub-output 1.1.7).

The department provided policy advice and logistical support to ministers across the range of portfolio objectives. For example, we supported Mr Vaile in his chairing of the Cairns Group, which promoted the goals of agriculture exporters in the WTO Doha Round negotiations; and we supported Mr Downer in his advocacy with ASEAN to promote Australia's views on establishing a new regional architecture in South-East Asia.

Capacity to respond to international developments

The department's performance reporting against Outcome 1 provides examples of our capacity to respond effectively to significant and sometimes unforeseen international developments. Some key examples included:

- our response to the Indian Ocean tsunami (see sub-outputs 1.1.2 and 1.1.6)
- our response to the changing international security environment, particularly through enhanced counter-terrorism cooperation (see sub-output 1.1.8)
- our response to the increased threat of weapons of mass destruction (WMD) proliferation, through enhancing practical counter-proliferation cooperation with regional partners (see sub-output 1.1.8)
- our practical and proactive response to governance problems in the South Pacific (see sub-output 1.1.4).

The department strengthened its flexibility and capacity to respond to priority issues through the judicious use of task forces—particularly in advancing our free trade agenda—and the quick establishment of crisis centres and emergency call centres, as needed, to respond to unforeseen events. We continued to expand the number of staff trained in crisis management and/or who have worked in our crisis centres. These staff are quickly re-deployed to line areas of the department once the surge in activity subsides (see Section 3: Corporate management and accountability for more information).

Quantity information for output 1.1

Indicator	2004–05	2003–04
Scope and composition of the DFAT-managed diplomatic network	See Appendix 13 (Summary of the overseas network)	
Number of units of policy advice delivered:		
Ministerial submissions	2 127	2 051
Cabinet submissions ¹	29	28
Ministerial correspondence	13 632	12 990
Speeches ²	176	204
Briefings not under submission ³	3 158	3 114
Cabinet briefings for ministers	56	92
Meeting briefs	349	352
Number of consultations conducted with other Commonwealth agencies, state and territory governments, and business and non-government organisations in the context of the department's development of foreign and trade policy advice ⁴	36 552	34 803
Number of representations made to other governments and international organisations in support of Australia's international interests ⁵	38 101	39 658
Number of international meetings or negotiations attended, including on behalf of other Commonwealth agencies ⁶	10 835	13 214
Number of official programs prepared for portfolio ministers and senior officials ⁷	877	792
Number of official programs prepared for the Prime Minister, other Commonwealth ministers and senior officials ⁸	881	813
Number of reporting cables produced by our overseas posts	86 468	82 698
Number of occasions on which the department has contributed to the development of policies by other Commonwealth agencies ⁹	5 760	5 271
Number of Foreign Affairs Council meetings organised ¹⁰	2	1
Number of Trade Policy Advisory Council meetings organised	1	4

1 The department was the lead sponsor of 27 cabinet submissions and co-sponsor of 2.

2 Includes speaking notes for both ministers, the parliamentary secretaries and the Senior Executive.

3 This figure includes daily consular briefings for ministers and senior officials.

4 This number includes semi-formal consultations such as telephone conversations and email correspondence.

5 This information was collected by all areas of the department, including overseas posts, and collated centrally. The difficulty in defining what constitutes a representation, given our different operating environments overseas, means that this figure is necessarily an approximate one.

6 This figure includes meetings with non-government organisations and business representatives.

7 This figure includes programs prepared for senior officials (broadband 4 level and equivalent and above).

8 This figure includes programs prepared for senior officials (broadband 4 level and equivalent and above).

9 This figure includes formal contact between departments such as interdepartmental committee meetings in which staff provided significant input to the policies of other agencies.

10 Lists of members of the Foreign Affairs Council and Trade Policy Advisory Council can be found on the department's website at www.dfat.gov.au/fac and www.dfat.gov.au/trade/opening_doors/tpac.html.

OUTPUT 1.2:

Secure government communications and security of overseas missions

Overview

The department continued to attach the highest priority to the security of its overseas missions and the people who visit and work in them.

The bombing at the Australian embassy in Jakarta in September 2004 underlined the highly challenging security environment in which Australia's overseas missions operate. Following the Jakarta bombing, the Government approved a total additional funding package to Australian government agencies of \$860 million to upgrade security at Australia's overseas missions. The package included departmental appropriation over four years of \$238 million provided at the 2004–05 Additional Estimates and \$99 million provided at Budget 2005–06. This decision enabled us to continue upgrading physical security at many of our overseas missions, in line with new standards, and to begin relocating other vulnerable missions.

Staff security awareness and practice remained a critical factor in managing security risks. For this reason, we continued to promote a high level of security awareness



Left to right: Departmental staff Rebecca Geach, Jack McEwen and Ann Thirlaway. In December 2004 the department put the finishing touches to an exhibition of historical communications equipment. The exhibition marked the closure of the department's Communications Centre, which had played a key role in Australia's international relations since 1943 when Prime Minister Curtin directed the department to coordinate all official overseas cable traffic.

and practice among staff in Canberra and at posts through training courses and regular advice.

The department's emergency consular communications systems underpinned the Government's rapid response to the tsunami crisis. As a result of experience gained through this crisis, we improved the crisis management capabilities of our consular information systems. We expanded links with partner agencies—Austrade, Centrelink, the Australian Federal Police and the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA)—improved office-in-the-field capabilities, and enhanced data exchange mechanisms between the Passports Information System and DIMIA's Entry Operations Centre.

The department replaced its 20-year old electronic message system with the new Official Diplomatic Information Network (ODIN), which provided significantly faster delivery times. We closed our Communications Centre, which had operated for 61 years but was no longer required under the new system.

Security of overseas missions

The ongoing threat of global terrorism posed a significant challenge for the department in safeguarding the security of Australia's missions overseas. In addition to the attack on the Jakarta embassy in September 2004, there was a stream of direct and indirect terrorist threats to our missions and staff. The embassy in Jakarta temporarily closed following the bombing, and two other posts temporarily curtailed operations as a result of threats. All three posts subsequently resumed normal operations. Criminal violence remained a major threat for a number of posts.

In managing threats and prioritising funding to overseas missions, the department conducted regular security risk assessments of posts. In addition to providing ongoing security advice and assistance, we inspected physical security arrangements at 63 posts and helped review security at a number of Austrade posts. We ensured strict consistency between the advice we gave to posts and to the Australian public through consular travel advisories.

Following the September 2004 bombing, the Government decided to relocate the Jakarta embassy. In the interim, we upgraded security at the current embassy, including through a further hardening of the perimeter, began security enhancements to staff residences and established a new position of Post Security Manager. The consulate in Bali also moved to more secure premises pending the completion of a purpose-built chancery.

The department worked very closely with the Australian Defence Force to safeguard the security of the embassy and its personnel in Baghdad. We took a range of risk mitigation measures and operational steps to ensure that the embassy could continue to operate despite several serious threats and incidents. The department coordinated work on the new, more secure chancery in Baghdad's International Zone, which was completed in July 2005 (see sub-output 4.1 for more information).

Physical security

At Additional Estimates 2004–05, the Government allocated \$83 million to DFAT and Austrade to install blastproofing on windows at 70 overseas missions where this had not been done already, and to strengthen windows at a number of higher-threat missions. The department relocated six posts to new premises, which entailed extensive security works, including fitout of the new embassy in Baghdad. Through regular consultation with posts, we ensured that additional resources were deployed effectively and in a timely manner, tailored to posts' specific circumstances.

The department advanced planning for other security works, including 11 chancery relocations, four chancery refurbishments, and other measures including facade hardening, perimeter strengthening and the purchase of additional armoured vehicles and metal detectors. This work has involved some very innovative approaches to solving complex security issues, including at our embassy in Baghdad where new building materials have been used to help protect against attack.

Responding to the increasingly challenging external security environment, the department developed new minimum security standards as part of the upgrade of security at all missions overseas. This also took into account the Jakarta experience. We expanded our capacity to support posts in monitoring and reviewing their physical security, through assessment, auditing and direct assistance with implementation.



In September 2004, the department hosted a commemorative event paying tribute to the Indonesian contract staff, police and innocent bystanders who were killed or injured as a result of the terrorist attack against the Australian embassy in Jakarta on 9 September 2004. Then acting Secretary Joanna Hewitt and His Excellency Imron Cotan, Ambassador of the Republic of Indonesia, light candles of remembrance for each person killed by the bomb.

Photo: Michael Jensen

After Jakarta—security boost for Australian missions overseas

The vehicle-borne device that exploded outside the Australian embassy in Jakarta on 9 September 2004 claimed 10 innocent lives and injured over 200 people. It also caused substantial damage to the perimeter fence at the embassy.

The bombing triggered a Government decision to fund an extensive program of security measures at Australia's overseas posts. A first stage of funding was provided through 2004–05 Additional Estimates, with a second stage provided through the 2005–06 Budget.

Funding for the new security measures for the department and other Australian government agencies represented at overseas posts was approved in stages:

- \$83 million for window blastproofing where this had not been already undertaken
- \$591 million for a range of other urgent security measures, including relocations, at more vulnerable missions
- \$186 million for additional measures to begin in 2005–06.

The new funding builds on previous measures and brings the total funding allocated to overseas security since 2002 to almost \$1 billion.

The measures will allow us to apply new security standards to our missions overseas and enhance our ability to protect the people who visit and work in them.

The department established a Post Security Task Force with overall responsibility for coordinating implementation of the new security measures.

Specific measures include structural facade hardening, enhanced perimeter security, detection and access control measures in chanceries and residences, window blast treatments, provision of x-ray and bomb detection equipment, armoured vehicles, emergency communication upgrades and additional residential security measures.

Most posts will benefit from at least some of the new measures.

Technical security

As part of the department's responsibility to protect Australian missions against technical and electronic attack, we carried out technical inspections at ten overseas posts, including at five relocated chanceries and two new chanceries. We provided technical security support on eight prime ministerial overseas visits. We continued the program to install back-to-base, high security intruder alarm systems (called type one alarms) at posts. Systems were installed or upgraded at 13 overseas posts.

Staff training

To ensure high levels of security awareness, we provided mandatory overseas security training to 219 staff from the department and 203 staff from other agencies prior to overseas postings. Many of these staff also attended the Personal Security Awareness course designed for staff and their partners posted to higher threat posts. A total of 249 staff attended the regular introductory and refresher security awareness courses. We also contributed to training courses run by other agencies, and provided personal security training at some missions, including Jakarta.

In November 2004, we introduced defensive driver training to address the increased threat from car-jackings overseas. The course is aimed at staff and spouses living and working in higher threat environments. We began developing other new courses including for staff with specific security responsibilities at posts, and a defensive driving course for locally engaged staff with driving responsibilities.

Security clearances

During the year, we granted 381 initial security clearances for new starters and approved 294 security clearance re-evaluations for existing staff. Overseas posts processed a further 73 initial clearances and re-evaluations for locally engaged staff. The department recognised 111 security clearances issued by other agencies. All active departmental employees had current security clearances at 30 June 2005.

Information and communications security

The management of security risks remained an important part of the department's ongoing development, support and implementation of information and communications technology (ICT) systems. As part of ongoing security measures we tested the accreditation of the network by beginning a rigorous review of threat and risk to all major components. Our network defence, developed and accredited in accordance with government guidelines, was further enhanced to ensure its continued effectiveness against evolving external threats. We updated our ICT security awareness training program. We monitored and inspected ICT systems at several overseas missions to ensure they were used in accordance with the department's security guidelines.

Information management and secure communications access

The department continued to work with other agencies to develop whole of government standards for the use and classification of emails. We also expanded our email communications with other agencies by linking to Fedlink, a gateway between agencies that provides security up to the 'In-Confidence' classification for email communications through a private government link. The department's email communications with 56 agencies and departments now pass through this link.

ODIN—the new Official Diplomatic Information Network

The department's new Official Diplomatic Information Network—ODIN—provides, for the first time, a common, fully-automated system across the entire global network for sending messages securely to and from the desktop. That means there is no longer any need for centralised, manual analysis or distribution of cables.

ODIN has provided more formatting options, making diplomatic cables easier to produce and read, and introduced a cable attachment facility that has simplified work practices. ODIN has also generated significant savings.

We completed the roll-out stage of ODIN and supported its introduction by providing extensive training and user awareness programs, including online user help, mandatory training for Canberra-based staff, and regional IT training programs to improve user understanding at posts.

We also started work on the final stage of the ODIN project, aimed at improving the management and storage of email. The new email system deployed in August 2005 complements other work practices that ensure appropriate use and storage of email.

We finalised arrangements for our ICT disaster recovery facility, which we expect to become operational in late 2005. The facility will support both the Government and departmental business continuity plans that aim to ensure continuity of communications to posts. It will allow recovery of communications on our classified messaging system (SATIN High) in the event of a major systems failure.

The department continued to enhance overseas communications by finalising a contract with Optus to provide international and domestic bandwidth to 50 posts and state and territory offices. We chose Optus by tender in mid-2004 after the existing contract with NewSkies expired. The Optus contract gives us much greater flexibility in providing bandwidth to posts while earning substantial savings for the department. The cut-over to Optus began in September 2004 and will continue progressively to April 2006.

Output 1.2 Quality and quantity information

Quality indicators

- Client satisfaction with the secure communications network and secure telecommunications infrastructure
- Availability to clients, and reliability, of communications through the secure network (including cable delivery)
- Client satisfaction with the level of physical security at overseas chanceries and residences, including responsiveness to unexpected events

Quantity indicators

- Number of posts and Commonwealth entities with access to the secure communications network and secure telecommunications infrastructure
- Number of clients serviced, types of services provided and volume of traffic handled
- Number of overseas missions for which security services are provided, including security review services
- Number of security clearances and reviews processed

Client satisfaction with the secure communications network and telecommunications infrastructure

The department replaced its 20-year old message system with a new automated system, the Official Diplomatic Information Network (ODIN), which provides significantly faster delivery times. We supported the introduction of ODIN by providing training and user awareness programs, including online user help, mandatory training for Canberra-based staff and regional IT training programs to improve user understanding at posts. We consulted other Australian Government agency users of our information and communications systems as part of the implementation process.

External feedback

- Meetings with clients from other agencies provided positive feedback on the department's level of service.
- Ministers and ministerial office staff expressed their appreciation for our responsiveness in dealing with ICT problems and the development of innovative solutions for remote access communications.

Internal feedback

- Departmental committees, such as the Information Technology Strategy Committee, the Technical Advisors' Group and the Consultative Committee on Information Management, were effective mechanisms for internal feedback. This feedback showed that staff satisfaction with our information technology and communication systems was high, user-friendliness had improved and the systems had facilitated more efficient work practices.
- Regional management and heads of mission meetings, post liaison visits, and divisional and post evaluation processes all provided opportunities for staff at post to provide feedback on information technology (IT) systems and training.
- The department's IT Global Support Centre help desk provides a 24-hour first-level telephone user support on issues related to our secure and non-secure information and communications systems, in Australia and overseas. During the year it provided services to 7730 departmental and other Australian government agency users in Australia and overseas and in ministers' parliamentary and electoral offices. It received 69 815 inquiries, mostly relating to minor faults in hardware or software, although call spikes occurred in January due to the Indian Ocean tsunami crisis response. Sixty-eight per cent of inquiries were resolved to the client's satisfaction without the need for escalation to higher-level support teams. The balance of inquiries was referred to second or third-level support teams for resolution. The majority of problems reported to the help desk were resolved within 72 hours.

Availability and reliability of communications

The department continued to improve its electronic communication services to clients. We finalised a new bandwidth contract with Optus that will improve our flexibility in providing bandwidth to posts and make substantial savings over the life of the contract.

The provision of upgraded secure mobile communications systems (the 'FlyAway' unit) ensured ministers and officials had access to secure communications to Canberra from remote or temporary office locations. We provided FlyAway units to staff in Accra, Nauru, Kuwait, Baghdad and Cancún (for World Trade Organization meetings). Mobile communications systems accompanied prime ministerial visits to locations remote

from Australian missions, and another two units were permanently on standby for use by the department, as needed.

The department expanded its email communications with other agencies by linking to Fedlink, a gateway between agencies that provides security up to the 'In-Confidence' classification for email communications through a private government link. Our email communications with 56 departments and agencies now pass through this link.

Client satisfaction security of overseas missions

Our posts' operational environments continued to face direct and indirect terrorist threats. Our service to posts included the provision of rapid advice on evolving security situations, special security assessments and inspection advisory visits at short notice, and enhancements to physical security. We kept partner agencies informed of key developing security situations and our response to them. Agencies expressed support for our consultative approach and implementation of measures to mitigate security threats, including enhanced training.

Quantity information for output 1.2

Indicators	2004–05	2003–04
Number of posts and Commonwealth entities with access to the secure communications network and secure telecommunications infrastructure	119	117
Number of clients ¹	119	117
Types of services:		
Number of cables ²	157 035	142 568
cables to posts ³	70 567	60 870
cables from posts ³	86 468	81 698
Cable pages printed	658 294	651 913
Number of overseas missions for which security services are provided, including security review services ⁴	88	88
Number of security clearances and reviews processed	859	622

1 This figure reflects the number of agencies and other external work units, including ministerial and parliamentary offices that receive paper or electronic copies of cables.

2 This figure reflects the total number of cables sent via the new messaging system, ODIN, which automatically analyses and distributes cables electronically to clients.

3 Cable breakdown to and from posts is provided for the first time this year.

4 This figure includes our overseas posts and other permanent overseas locations—see Appendix 13: Summary of the overseas network. It also includes an Australian Administrative Centre in Nauru set up to coordinate the activity of Australian officials working with the Nauru Government.

OUTPUT 1.3:

Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)

1.3.1 PARLIAMENT IN AUSTRALIA**1.3.2 SERVICES TO ATTACHED AGENCIES****1.3.3 SERVICES TO BUSINESS****1.3.4 SERVICES TO STATE GOVERNMENTS AND OTHER AGENCIES OVERSEAS AND IN AUSTRALIA****Overview**

In achieving whole of government objectives, the department, including our overseas posts, provided advice and assistance to parliamentary delegations, Australian government agencies overseas, Australian business and state governments. These outcomes helped advance Australia's national interests, in particular as reported in output 1.1.

Parliament in Australia

The department assisted 89 overseas visits by individual parliamentarians and parliamentary delegations. These visits helped build links between the Australian Parliament and parliaments of other countries and provided opportunities for study and observation of developments in a range of fields relevant to the Australian community.

We made suggestions and provided guidance on in-country travel; identified, and made appointments with, key people in specific fields of interest; and provided written and oral background briefings on foreign and trade policy matters related to the visits.

Members and Senators on many occasions commended the department for the support provided for their visits.

The department also assisted 21 visits to Australia by presiding officers, committees and delegations from parliaments of other countries. We provided written briefs and talking points for the presiding officers and members of the Australian Parliament in their meetings with visiting parliamentarians.

Our work for the Parliament included assistance to parliamentary delegation visits to:

- Africa, including visits to Mozambique and Kenya in July 2004
- Asia, including visits to China and Mongolia in April 2005, and Indonesia in June 2005
- the United States in September 2004
- Europe, including visits to Russia and Italy in April 2005
- the Pacific, including Solomon Islands, Papua New Guinea, Vanuatu, New Caledonia and New Zealand in December 2004, and Solomon Islands in April 2005
- the United Nations General Assembly in October 2004, a Commonwealth Parliamentary Association conference in Canada in September 2004, the Asia-Pacific Parliamentary Forum in Vietnam in January 2005 and the Inter-Parliamentary Union meeting in the Philippines in April 2005.

In addition, the department assisted a total of 71 visits by individual parliamentarians to Europe, the Americas, Asia, the Pacific and the Middle East.

We coordinated, on a whole of government basis, briefing on treaties and treaty action prepared for the Joint Standing Committee on Treaties. Our briefings to, and appearances before, a range of parliamentary committees are outlined in Appendix 6.

Services to attached agencies

A new Service Level Agreement (SLA) was signed on 1 September 2004. Under the SLA the department provides management services, on a user-pays basis, to 26 Australian government agencies overseas. These services include human resources, financial and property services for both Australia-based employees and locally engaged staff. The SLA facilitates the efficient administration of Australian government business overseas while avoiding duplication. In consultation with other agencies, revisions to the SLA improved the transparency of the fee structure and provided more clearly defined services and performance indicators.

Information and communication technology services are covered under separate memorandums of understanding with attached agencies. Feedback from our SLA clients has been positive.

Under separate arrangements the department provides payroll services to 11 agencies overseas.

Services to business

The department, in conjunction with Austrade, coordinated the development of a whole of government free trade agreement (FTA) website (www.fta.gov.au) that provides practical information to help businesses understand and take advantage of Australia's implemented FTAs. The website was launched by the Minister for Trade on 27 April 2005.

Market information and analysis

The department continued to offer a consultancy service providing statistical information and advice, on a fee-for-service basis, for Australian businesses and researchers interested in overseas markets. The service specialises in trade and economic data, covering our trading and business relationships with more than 220 countries and wider information about the international trade of more than 100 countries accounting for around 90 per cent of total world trade.



From left to right: The Australian Ambassador to the Republic of Korea Colin Heseltine; CEO and President of GM Daewoo Nick Reilly; Hyun-sun Kim, the first Korean buyer of the Daewoo Statesman; Australian Minister for Trade, Mr Mark Vaile; and Lee Dong-ho, CEO of Daewoo Motors Sales Corporation. Mr Vaile launched the new model Statesman in Seoul, Korea, on 31 May 2005. Photo: Courtesy of GM Daewoo

APEC

The department continued to deliver benefits to the business community through close consultation with the APEC Business Advisory Council (ABAC). Through regular meetings with Australian ABAC members, the department seeks business input into all relevant aspects of APEC's work program and keeps the business community abreast of important developments in the international trading environment. The department worked with Australian ABAC members to identify and promote ABAC priorities in APEC, particularly in areas such as trade facilitation and domestic measures that simplify the conduct of business. This close liaison resulted in better coordination of Australian positions in advance of international meetings.

The department continued to support amendments to APEC operating procedures to better facilitate business input. APEC senior officials endorsed an Australian proposal to improve APEC's peer reviews of individual economies' progress towards APEC's open markets goals, which will enhance business input into the review process.

Our network

The department's state and territory offices again played an important role in our trade advocacy and outreach work in 2004–05. Their strong links with state governments and local industry and business groups helped spread key trade messages to a wide audience. This proved particularly effective in publicising the benefits of Australia's existing bilateral FTAs, and for input into current FTA negotiations (see sub-output 1.1.5 for more information).

Services to state governments and other agencies overseas and in Australia

The department played a significant role supporting visits overseas by state and territory ministers, parliamentarians and officials, Australian government officials and others. Some examples included visits to:

- **Indonesia** by: a parliamentary delegation in June 2005 to deepen parliamentary links between the two countries; an election observer mission led by Australian parliamentarians in July 2004 for the first round of the Presidential elections; and the attendance of Australian business at the Indonesian Infrastructure Summit held in Jakarta in January 2005
- **India** by the Premier of Queensland (September 2004), the Premier of South Australia (October 2004), the Premier of New South Wales (October–November 2004) and the Premier of Victoria (April 2005). In addition, we supported a Victorian Aviation and Aerospace Mission together with the Minister for Information Technology (October–November 2004) and a visit by the Victorian Minister for Manufacturing and Export (September–October 2004). These visits supplemented the growing strength of the bilateral relationship across security, strategic and economic areas (see sub-output 1.1.2 for more information)

- **Singapore** by ministers from Queensland, the Northern Territory and South Australia to promote education, trade and tourism links
- **Thailand** by the Premier of Queensland, the Northern Territory Chief Minister, the South Australian Minister for Industry and Trade, Mineral Resources Development and Urban Development and Planning, and the Victorian Treasurer to promote exports and investment
- **Malaysia** by the Attorney-General to discuss legal services and security issues; the NSW Premier; Victorian Treasurer and the South Australian Minister for Industry and Trade, Mineral Resources Development and Urban Development and Planning to promote and strengthen links with Malaysia
- **Vietnam** by the Premier of Queensland and the South Australian Minister for Industry and Trade, Mineral Resources Development and Urban Development and Planning to promote exports and investment
- **Sri Lanka** by the Victorian Treasurer
- **Brunei** by the Northern Territory Chief Minister to foster trade links.

By promoting business, tourism, education and people-to-people ties, these visits further strengthened Australia's mature and diverse relationship with key regional partners.

We provided briefings, policy advice and other support for a wide range of Australian government agencies on international aspects of their agendas, activities and programs. The department helped arrange visit programs, participated in negotiations on bilateral agreements and understandings, and facilitated and provided representation at international meetings. Some examples include:

- cooperation with the Australian Federal Police (AFP) in conducting disaster victim identification in Thailand following the Indian Ocean tsunami; and support for the placement of a number of AFP officers in the Singapore Police Force and to the AFP in concluding a memorandum of understanding with that same force on combating transnational crime and developing police cooperation
- extensive assistance to the whole of government effort, funded by AusAID, to provide humanitarian relief and medical care in Singapore to Indonesian victims of the September 2004 bombing of the Australian embassy in Jakarta
- assistance to the Attorney-General's Department for discussions on a possible treaty with Indonesia on the transfer of sentenced persons; in negotiations for a mutual legal assistance treaty with Thailand; to secure a commitment from Vietnam to begin negotiations on a prisoner transfer treaty; and to promote legal services and counter-terrorism cooperation in Brunei
- assistance to the Department of Health and Ageing in Australia's cooperation with Vietnam on responses to human cases of avian influenza

- cooperation with the Department of Agriculture, Fisheries and Forestry and the Australian Quarantine and Inspection Service on quarantine and food safety issues with Thailand, Indonesia and Malaysia and halal certification arrangements for meat exports with Indonesia and Malaysia
- assistance to the Department of Defence on the Wyvern Sun counter-terrorism military exercise with Thailand
- assistance to the Department of Veterans' Affairs to commemorate the 60th anniversary of the Borneo landings
- assistance to AusAID in finalising a memorandum of understanding for the delivery of the Singapore–Australia Trilateral Cooperation Program, through which Australia is working with Singapore to build governance capacity in less-developed countries of the region
- assistance to the Department of Communications, Information Technology and the Arts in the negotiation of a memorandum of understanding on information and communications technology with Malaysia.

The department provides payroll services overseas to the WA Department of Premier and Cabinet and the NSW Department of State and Regional Development.

Output 1.3 Quality and quantity information

Quality indicators

- Client satisfaction with briefing, administrative, visit facilitation, communications and other services provided

Quantity indicators

- Scope and composition of administrative services provided to other agencies overseas
- Number of official programs organised for members of the Commonwealth Parliament (excluding the Prime Minister or ministers) and parliamentary delegations
- Number of services provided to parliamentary committees
- Number of overseas visits by representatives of state or territory governments, and by state and territory parliamentarians, supported by the department
- Number of Australian companies supported by the department with advice on market conditions, access to government and private sector contacts, and through representations directly connected with their particular interests

Services to clients

Our annual Post Evaluation Report (PER) process is the principal means for the department to obtain feedback on our work from other government agencies. It is a rigorous and inclusive process. We formally invited 79 departments and agencies to comment on the performance of posts in meeting government objectives. This was a large increase over the 33 departments and agencies we asked last year. The increase followed a suggestion from the Australian National Audit Office in its 2004–05 audit on the Management of Bilateral Relations with Selected Countries. The feedback we received from other agencies was very positive overall and contained useful suggestions for further enhancing whole of government cooperation.

The department does not have a formal mechanism for obtaining feedback for services provided to parliamentarians and business, although our high level of support received favourable comments from a number of companies throughout the reporting period. We were also commended for our briefings, overseas programs and logistics support for many federal and state parliamentarians.

Services to other agencies

Under the new Service Level Agreement (SLA) signed on 1 September 2004, the department provides management services to 26 Australian government agencies overseas, an increase on the 22 agencies serviced in 2003–04. The main purchasers of services under the agreement were the Department of Immigration and Multicultural and Indigenous Affairs, the Department of Defence, AusAID, the Australian Federal Police and the Department of Education, Science and Training (for more information see Appendix 9). Under separate arrangements the department provides payroll services to 11 agencies overseas. Feedback from the clients we provide services to has been very positive.

Quantity information for output 1.3

Indicator	2004–05	2003–04
Scope and composition of administrative services provided to other agencies overseas ¹	26	22
Number of official programs organised for members of the Commonwealth Parliament (excluding the Prime Minister or ministers) and parliamentary delegations ²	89	132
Number of services provided to parliamentary committees ³	38	44
Number of overseas visits by representatives of state or territory governments, and by state and territory parliamentarians, supported by the department ⁴	597	549
Number of Australian companies supported by the department with advice on market conditions, access to government and private sector contacts, and through representations directly connected with their particular interests ⁵	8 453	6 748

1 This is the number of agencies serviced under the Service Level Agreement. The services provided under the Service Level Agreement are grouped together in six categories: personnel services (Australia-based staff), personnel services (locally engaged staff), office services, property services, financial services and communications.

2 This figure is based on work undertaken by each post; that is, it reflects the number of programs organised on a country-by-country basis, rather than the number of Members of Parliament and Senators assisted by the department in Canberra.

3 This figure reflects the number of committee hearings before which the department appeared.

4 This figure is based on work undertaken by each post; that is, it reflects the number of programs organised on a country-by-country basis.

5 This information was collected by all areas of the department, including overseas posts, and collated centrally. It reflects the number of companies supported on a country-by-country basis.

OUTPUT 1.4:

Services to diplomatic and consular representatives in Australia

1.4.1 SERVICES TO DIPLOMATIC AND CONSULAR CORPS**1.4.2 PROVISION OF PROTECTION ADVICE THROUGH LIAISON WITH THE PROTECTIVE SECURITY COORDINATION CENTRE****Overview**

The department ensured that Australia met its obligations under the Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations, which codify international practice regarding the rights and responsibilities of diplomatic and consular officials. We worked closely with the Protective Security Coordination Centre to protect the security and dignity of missions, the members of a mission, and their right to free and secure communication with their home government.

The department, in consultation with law enforcement agencies, continued to send a strong message that abuses of privileges and immunities were unacceptable and that contravention of Australian law, including speeding and drink driving, would not be tolerated. The vast majority of the corps complied with this expectation and we took effective action, consistent with international conventions, against the small number of breaches that occurred in 2004–05.

At the close of the reporting year, the department was providing services to 88 diplomatic missions resident in Canberra, 26 non-resident diplomatic missions and 324 consular posts representing 153 countries, and 9 international organisations. We facilitated the establishment in Canberra of the new Bulgarian embassy in August 2004 and the Algerian embassy in February 2005, and the re-opening of the Iraqi embassy and Ugandan high commission in November 2004.

Engagement with the diplomatic and consular corps

The department's efficient and professional delivery of protocol services contributed to our constructive engagement with the diplomatic and consular corps. This engagement enhanced Australia's bilateral, regional and multilateral relations, complementing the work of our overseas missions.

The department organised the diplomatic corps' successful visit in April 2005 to Newcastle and the Hunter Valley, which Mr Downer led. The visit introduced Canberra-based heads of mission to the region's economic vitality and its trade and investment opportunities.

In December 2004 we hosted a reception in honour of the diplomatic corps, strengthening links between the corps and the department. An annual function co-hosted by Mr Downer and Mr Vaile in August 2004 facilitated constructive exchanges between the corps and senior members of Government.

Protection of diplomatic and consular missions

The department continued to accord a very high priority to protecting the security and dignity of foreign diplomatic and consular representatives in Australia, in line with international law and practice.

Concerns about the international security environment resulted in a significant number of requests from diplomatic and consular missions for additional security measures. The department continued to work closely with agencies with primary carriage for protecting foreign diplomatic and consular missions and their staff. We provided advice on the management of personal protection of heads of several diplomatic missions and consular posts. The department continued to be active in providing security advice and services to the many consular posts in Australian cities.

In consultation with relevant state and federal agencies, we managed a number of security incidents in which embassies and consulates received suspicious packages containing powder and other possible threats. We responded promptly and effectively to the security incidents and helped the embassies involved increase their preparedness for future threats. Affected embassies expressed their appreciation for the Government's decisive response.



Iraqi Ambassador His Excellency Ghanim Taha Al-Shibli (seated centre left), after presenting credentials to the Governor-General of the Commonwealth of Australia, His Excellency Major General Michael Jeffery AC CVO MC (seated centre right) in November 2004. Also pictured are Deputy Secretary Nick Warner (seated, far right) and the acting Chief of Protocol Anne Plunkett (seated, far left). Photo: Michael Jensen

Diplomatic corps visit to the Hunter Valley region

Mr Downer accompanied a group of 37 foreign heads of mission and their partners to Newcastle and the Hunter Valley from 13–15 April 2005 for the sixth interstate familiarisation visit. The visit provided Canberra-based diplomats with an insight into the successful transformation of Newcastle and the Hunter region from a coal and steel dominated economy to a robust, modern and diversified economy where the new drivers are trade, business services, value-added manufacturing, higher education, tourism and the agriculture, equine and wine industries.

The Newcastle program included briefings by the then Premier of New South Wales, Mr Bob Carr; Lord Mayor of Newcastle, Mr John Tate; a tour of the port hosted by Newcastle Port Corporation and visits to Piano Australia and Williamtown RAAF base. In the Hunter Valley, the program included visits to Coolmore, a world-class thoroughbred horse breeding stud, CB Alexander Agricultural College, Tocal Homestead and Tyrell's Winery.


The visit strengthened the relationship between the corps and the Minister and helped the corps develop a more complete picture of Australia's diverse culture, society and economy.

Services to the diplomatic and consular corps

Feedback from the corps indicated that the department continued to provide high-quality service. The department issued most diplomatic visas and identity cards within two to three working days and streamlined procedures relating to privileged vehicles.

The corps commented positively on the department's Protocol Guidelines as a source of clear advice to diplomatic and consular representatives on relevant Australian laws, regulations, policies and practices. The value of the guidelines, and their currency, were enhanced by their availability on the department's website, together with the guidelines for honorary consuls in Australia and diplomatic and consular lists. The department maintained up-to-date records through an annual staff return exercise to provide accurate census data for all missions and posts. We produced a DVD on credentials ceremonies for incoming heads of mission.

The department negotiated a number of new concession packages and amendments to existing packages under the Indirect Tax Concession Scheme (ITCS), which helped reduce the operating costs of foreign missions in Australia and Australian missions overseas.



The department continued to negotiate reciprocal arrangements with a number of countries to improve access to paid employment for the dependants of home-based officers of diplomatic and consular missions. A bilateral employment arrangement with India was adopted on 23 June 2005. These agreements facilitate foreign representation in Australia, and Australian representation overseas, by providing work opportunities for spouses and other dependants of diplomatic and consular officers.

The department and the Australian Electoral Commission provided a well-received briefing to the corps on Australian electoral processes in advance of the Federal election. Briefings were also provided on security issues. In particular, with the Department of Transport and Regional Services, the department organised briefings on airport screening procedures to clarify expectations about Australian practice.

Output 1.4 Quality and quantity information

Quality indicators

- Client satisfaction with the provision of services to diplomatic and consular representatives

Quantity indicators

- Number of diplomatic and consular representatives for whom the department provides services
- Number and category of services provided

Provision of services

Diplomatic and consular representatives provided regular positive feedback on the department's efficient and courteous service. The Dean of the Corps wrote to the Chief of Protocol to thank us for our positive and constructive relationship with the corps and individual missions. A number of missions expressed their satisfaction with our response to concerns relating to diplomatic protection, in particular, our prompt and effective response to a number of security incidents involving suspicious packages.

Newly arrived heads of mission commented positively on the department's coordination of arrangements for credentials ceremonies. They particularly appreciated the Chief of Protocol meeting them on arrival in-country, the comprehensive briefings on the credentials ceremony, including the updated information package, our organisation of programs of introductory calls and the prompt issue of identity cards.

Members of the diplomatic and consular corps appreciated the department's assistance with tax concession-related issues. They welcomed our enhanced services in processing arrivals and departures and requests to purchase and dispose of privileged motor vehicles.

Quantity information for output 1.4

Indicator	2004-05	2003-04
Number of diplomatic representatives for whom the department provides services	835	855
Number of consular representatives for whom the department provides services ¹	832	847
Number and category of services provided:		
visas issued to corps members	2 139	2 308
visas issued to corps domestic employees	93	100
arrivals and departures processed	1 391	1 178
identity cards issued	1 249	1 247
presentations of credentials	28	26
exequaturs issued	20	16
facilitation of purchase and registration or disposal of cars by privileged personnel	1 451	374 ²
dependants given permission to work	86	70
requests processed for foreign awards to Australian citizens	80	101
approvals for new missions in Australia	4	4
approvals for defence advisers/attaches	13	11
payment of non-beneficial component of rates for owned diplomatic premises	\$403 399	\$182 291

1. If representatives' dependants are added to this figure and the figure above, the total number of people to whom we provided services in 2004-05 was 4275.

2. The figure for 2003-04 is the number of purchases only. In 2003-04 the department facilitated the registration of 371 vehicles and the disposal of 411 vehicles by privileged personnel.

Administered items for Outcome 1

Contributions to international organisations

Quality indicator

- Efficiency and timeliness of administration of contributions paid in accordance with the requirements of relevant organisations

Quantity indicator

- Number of international organisations to which Australia contributes

The department made payments totalling \$170 775 000. The payments consisted of \$74 896 000 to 25 international organisations, including the United Nations, and \$95 879 000 to 15 UN peacekeeping operations.

Quantity information

In 2004–05, the department paid Australia's contributions to 25 international organisations and 15 individual UN peacekeeping operations. A complete listing of these international organisations is at Appendix 11.

Export Finance and Insurance Corporation (EFIC) ***National Interest Account***

Quality indicator

- National interest payments and receipts managed in accordance with the national interest provisions of the *Export Finance and Insurance Corporation Act 1991*

Quantity indicator

- Value of exports supported on EFIC's National Interest Account; value of claims paid on National Interest Account business

The department managed, in accordance with the national interest provisions of the *Export Finance and Insurance Corporation Act 1991*, whole of government coordination of National Interest Account transactions. This process involves assessing the risks and benefits of proposed transactions in consultation with other departments and EFIC. The value of exports supported on the National Interest Account in 2004–05 increased compared with the previous year. Exports supported on the National Interest Account remain, however, well below that of years prior to 2003–04. This reflects, among other factors, the divestment of the short-term business in 2003, the increased willingness of the private sector to cover transactions that have traditionally received National Interest Account or EFIC Commercial account support and efforts by EFIC and the Government to avoid taxpayer exposures where possible. Further information may be obtained from EFIC's own annual report. The department managed efficiently national interest payments and receipts involving EFIC and the Commonwealth.

Quantity information

Value of exports supported on EFIC's National Interest Account	\$30 300 000
Value of claims paid on National Interest Account business	\$10 700 000

Compensation for detriment caused by defective administration

Quality indicator

- Efficiency and timeliness of case management, where necessary

Quantity indicator

- Where necessary, number of cases successfully managed

Nine cases were lodged under the compensation scheme for detriment caused by defective administration. Four cases were resolved satisfactorily, three of which were ongoing from previous financial years, resulting in five payments made from administered funds. Three cases were rejected and six cases remained in progress at the end of the financial year, one of which was lodged in the previous financial year. Five cases lodged in previous financial years have not been pursued by the claimants. See also Section 3: Corporate Management and Accountability on page 239.



The Prime Minister Mr John Howard and Australia's Ambassador to Indonesia David Ritchie inspect medical supplies provided by the Australian Government on board a C-130 Hercules ready to depart Medan for Banda Aceh in February 2005. The supplies formed part of Australia's tsunami relief. Photo: AUSPIC/David Foote

Douglas Wood, held hostage for 47 days in Iraq, visiting the DFAT Crisis Centre established to coordinate the Government's efforts for his release. From left to right: Chelsey Martin, Consular Branch; Simeon Gilding, Assistant Secretary, Consular Branch; Douglas Wood; Nick Warner, Deputy Secretary and Head of the Emergency Response Team; Gillian Bird, Deputy Secretary; Rod Smith, First Assistant Secretary, Public Diplomacy, Consular and Passports Division; and Colin Rigby, Senior Staff Counsellor.



Outcome 2

Australians informed about and provided access to consular and passport services in Australia and overseas

OUTPUT 2.1

EFFECTIVENESS

Consular services

Passport services

QUALITY AND QUANTITY

ADMINISTERED ITEMS FOR OUTCOME 2

QUALITY AND QUANTITY



PERFORMANCE INFORMATION FOR OUTCOME 2

Effectiveness indicators—overall achievement of the outcome

Indicators to assist in assessing the success of the department's contribution to the achievement of this outcome are:

- Delivery of comprehensive, responsive, high-quality consular and passport services
- Effectiveness of activities to improve awareness among Australian travellers of potential trouble spots and an understanding of the extent of assistance that the Australian Government can provide
- Responsiveness to international crises or natural disasters to help Australians affected by them.

TABLE 10. FINANCIAL AND STAFFING RESOURCES SUMMARY FOR OUTCOME 2

Australians informed about and provided access to consular and passport services in Australia and overseas

	2004–05 Budget and Supplementary Additional Estimates (\$'000)	Actual 2004–05 (\$'000)	Variation (actual less budget) (\$'000)	Budget 2005–06 (\$'000)
Administered expenses				
Suppliers*	14 742	13 157	(1 585)	0
Emergency advances to Australian travellers**	500	208	(292)	500
Passport and consular refunds under s.28 Special Appropriation	500	412	(88)	500
Total administered expenses	15 742	13 777	(1 965)	1 000
Price of departmental outputs				
Output 2.1—Consular and passport services	149 366	150 224	858	150 231
Total price of departmental outputs	149 366	150 224	858	150 231
Appropriation from government for departmental outputs	149 366	150 224	858	149 810
Revenue from other sources	0	0	0	421
Total resourcing for outcome 2 (Price of departmental outputs plus administered expenses)	165 108	164 001	(1 107)	151 231

* Tsunami related expenses.

** The total amount of loans provided under this item by the department in 2004–05 was \$0.229m. These loans are reported as receivables and not expenses as it is expected they will be fully repaid in the future.

	2004–05 Budget and Supplementary Additional Estimates	2004–05 Actual	2005–06 Estimate
Average staffing level (number)*	666	672	670

* Includes overseas locally engaged staff.

OUTPUT 2.1:

Consular and passport services

2.1.1 CONSULAR SERVICES

2.1.2 PASSPORT SERVICES

Overview

The department delivered a range of high-quality consular and passport services to Australians travelling and living overseas and to their families in Australia. We effectively managed the consular and passport implications of, and led whole of government responses to, a significant number of international crises:

- The Indian Ocean tsunami that hit on 26 December 2004 involved us in our most extensive and complex crisis response to date. Although the Bali bombing of 2003 led to greater numbers of Australian casualties, the tsunami required us to confirm the whereabouts and welfare of over 15 000 Australians across six countries, including in locations where there was no Australian consular office.
- Hostage-taking presented a significant new challenge to the department and other agencies. We responded to the kidnapping of an Australian in Iraq in May 2005 by deploying an inter-agency Emergency Response Team (ERT) for six weeks, supported by sustained inter-agency efforts in Canberra and at a large number of overseas posts.
- The bombing of our embassy in Jakarta in September 2004 was another compelling reminder of the difficult international security environment faced by Australians living and working overseas—an environment that continues to pose challenges for the consular service.

These incidents tested the department's crisis management arrangements. Refinements to our systems following these events included the creation of a new crisis management information technology system that can share information between Canberra and remote locations overseas where consular officers are sent to assist Australians. Centrelink call centres were also linked into the new system to ensure a greatly increased capacity to manage inquiries from Australians concerned about mass casualty incidents overseas.

In its second year, the Government's \$9.7 million *smartraveller* travel advice and consular services information campaign continued to promote safe overseas travel. We issued 447 travel advisory updates for 152 countries, providing Australians with up-to-date advice on security and related conditions in major overseas destinations.

We established the Smartraveller Consultative Group, a high-level body chaired at parliamentary secretary level, to enhance cooperation between government agencies and key travel industry representatives on safe travel issues.

In 2004–05, of the 4.7 million Australians who travelled overseas 25 731 required significant consular assistance. A large number of cases attracted strong media interest. The department's efforts to provide information to the media rose by 70 per cent compared to 2003–04.

The department continued to face an increased demand for passports. The number of travel documents issued rose by 16 per cent from 2003–04 to 2004–05. Despite this, the average issue time for a passport decreased from 9.4 days to 5.8 days, a significant improvement and well within the department's advertised ten working day service level. In response to growth in demand, average passport staff numbers across the passports network in Australia increased by 19.2 per cent from 239 to 285.

Arrangements to regionalise passport production, introduced in December 2003, led to greater security and efficiency in issuing passports overseas. During the year, posts issued 6481 emergency passports. The three production centres in London, Washington and Canberra produced 41 756 full validity passports for their respective overseas regions. Of these, 91.6 per cent were returned to the initiating posts within ten working days.

The department drafted the new *Australian Passports Act 2005*, passed by Parliament on 8 February 2005, to replace the *Passports Act 1938*. We developed and implemented supporting policies and procedures to bring the Act into force on 1 July 2005.

The department introduced new arrangements for reporting lost and stolen passports to Interpol and some other countries to curtail possible illegal use of Australian passports overseas. We continued research and development on the use of biometric identifiers in passports with very strong preliminary results.

Passport training was a major focus, with increased attention to regional post training and to staff proceeding on long-term postings. The use of online passport services continued to be well received by the Australian public, with 56 per cent of applicants visiting the website to access information and services. This growth in online services contributed to reductions in costs in other facilities, such as the Australian Passport Information Service call centre. The department made further enhancements to the online service to support the new Passports Act.

Consular services

Australians can now access consular services in 172 locations overseas. The department opened a new embassy in Kuwait and the Minister for Foreign Affairs agreed to the establishment of a new consulate headed by an honorary consul in Phuket, Thailand, which remains an important tourist destination in Asia with increasing business opportunities. Canada agreed to provide consular services to Australians in Algeria under the Consular Sharing Agreement. There are now 23 locations where Canada provides consular services for Australians. Australia, in return, provides similar services for Canadian citizens in 21 locations.

The department looked for additional opportunities to meet the needs of the increasing number of Australians travelling overseas. We concluded a Service Level Agreement with Austrade establishing a comprehensive set of service level standards for the delivery of consular and passport services at Austrade-managed posts. To help deliver consular services, Austrade funded a web-enabled version of the department's consular management information system (CMIS), a tool that will improve Austrade's ability to deliver consular services overseas.

The department completed a review of the Honorary Consul Program to examine the coverage and effectiveness of our honorary consul network. The findings and recommendations are yet to be considered by ministers.

Travel advice: protecting Australians overseas

Against a backdrop of continued strong media and community interest in the department's consular information services, we continued to refine the format and presentation of travel advisories. Travel advisories provide up-to-date, practical information about most destinations to which Australians travel, helping them to make informed decisions about travelling safely. We issued 447 travel advice updates during the year, and the number of destinations covered by travel advisories grew from 144 to 152.

The department continued to give urgent priority to alerting Australians to possible terrorist and other security-related threats that could affect their safety overseas. We liaised closely with the National Threat Assessment Centre (NTAC) to ensure strong linkage between travel advice and NTAC country threat assessments. We worked to ensure that our advice remained credible in the public mind and was not blunted by a perception that risk is overstated. Timeliness and a move from prescriptive to more descriptive language, with detailed explanations of the risks in each country, helped travellers reach a more informed decision on travel to particular destinations. We actively engaged partners in the travel industry to promote our travel advisory service and general safe travel messages.

Now in its second year, the Government's \$9.7million three-year travel advice public information campaign, *smartraveller*, continued to promote safe overseas travel through targeted national television and print advertising, and the *smartraveller* website. Market research confirmed that the Internet continued to be the most popular method of accessing travel advice. The *smartraveller* website recorded 217 000 page-views per week (a 32 per cent increase over the average for the previous year). More than 65 000 clients have email subscriptions to travel advice updates (up from 42 000 last year). The automated *smartraveller* telephone service (1300 139 281), which ensures travel advisories are accessible to Australians without Internet access, registered an average of 2528 calls per month.

The department's 14 different consular information publications continued to generate strong public interest, with 1.5 million printed brochures distributed throughout the year. We continued to promote online access to the brochures, including through the *smartraveller* website. To provide security and events-related information to the record 14 000 Australians who travelled to the Anzac Day commemoration services in Gallipoli in April 2005, the department distributed 15 000 copies of a new *Travelling to Turkey for Anzac Day?* brochure to travellers, travel agencies and tour operators.

The department continued efforts to combat the abuse of children overseas. Reflecting particular concern about the safety and welfare of children placed in child care facilities at hotels in Bali, the department engaged Child Wise (an internationally recognised child protection advocacy NGO) to conduct two training workshops for hotels in Bali on risk minimisation strategies to help prevent child abuse.

The department initiated outreach to representatives of the Australian–Lebanese community and travel agents to raise awareness of potential consular difficulties affecting Australian minors travelling to Lebanon, including forced marriage and child custody issues, as well as military service obligations affecting holders of Australian–Lebanese nationality.

Who reads travel advice?

An increasing number of Australian travellers are reading the department's travel advice:

- Average *smartraveller* website page-views per week increased to 217 000, a 32 per cent increase over 2003–04.
- Subscriptions to the automatic travel advice email update service increased by 55 per cent, with 65 000 travellers now receiving regular updates.

Spikes in the use of the *smartraveller* phone service following specific travel-related events demonstrated increased reliance on this information:

- Immediately following the Indian Ocean tsunami, the service received 3981 calls over six days—six times more than the average.
- The Australian embassy bombing in Jakarta prompted a 583 per cent increase in calls.

The travel industry also showed its support for the *smartraveller* campaign:

- Membership of the Charter for Safe Travel doubled over the course of the year, bringing the total to 2200, or nearly 50 per cent of all Australian travel agents registered with the Travel Compensation Fund.
- Charter members commit to encouraging their customers to access the latest travel advice.
- According to independent research, 95 per cent of travel agents claim to advise their customers to read the department's travel advice.

Responsiveness to consular crises

The Indian Ocean tsunami presented a significant new challenge in both scale and complexity for the department's crisis response systems (see box below). More than 15 000 Australians were reported as missing to the department's consular crisis hotline. Working closely with other agencies, we and several of our overseas missions coordinated relief flights and medical assistance and provided consular assistance to hundreds of Australians stranded by the tsunami. Within a fortnight following the tsunami, we were able to account for 10 500 Australians. Tragically, 26 Australians lost their lives. An unprecedented number of staff was recalled to duty across the department's network to serve either overseas or in Canberra to provide consular services to Australians affected by the crisis (see box below).

The department received over 85 000 calls to its hotline in the immediate aftermath of the tsunami. To improve our hotline capacity, we collaborated effectively with Centrelink call centres. We deployed consular information systems to Centrelink and provided systems training for Centrelink staff. This will ensure increased capacity and a more efficient hotline service in the event of a future significant incident overseas that generates a large volume of consular enquiries in Australia.

The department developed technologies to enable access to key consular management information systems for consular staff deployed in the event of a significant incident in a remote overseas location. We consolidated a close working relationship with the Australian Federal Police and, through it, with state and territory police forces. This helped us locate Australians reported as unaccounted for as a result of crises overseas.



The Secretary, Michael L'Estrange, with representatives of the Tsunami Disaster Response Team receiving a joint citation for their work. Photo: Michael Jensen

The tsunami, the Australian embassy bombing in Jakarta and hostage taking in Iraq provided thorough tests of the department's consular crisis mechanisms. After each event, the department, together with other agencies represented on the Inter-Departmental Emergency Task Force (IDETF), conducted a series of debriefing exercises to identify areas for improvement, including enhancements to communications technologies and systems. These have been implemented.

Emergency Response Teams (ERTs) were despatched twice to Iraq to respond to hostage incidents (the first proving to be a hoax) and to Thailand following the tsunami. In the Iraq hostage cases, in addition to departmental officers, the ERTs included representatives of the Department of Defence and the Australian Federal Police. The Indian Ocean tsunami response team used Australian Federal Police expertise in forensics and disaster victim identification. A medical team and counsellors from Centrelink were also included in that ERT.

In planning for the large numbers of Australians travelling to Athens for the Olympic Games in September 2004, we invested considerable effort to develop contingency plans for that event. That experience, and lessons learned from the tsunami crisis, underpinned contingency planning for the 90th anniversary of Anzac Day in Gallipoli. We deployed our new remote access technology to the Gallipoli peninsula and to Centrelink in time for the commemorations. This provided a useful test for the system.



In advance of Prime Minister Howard's visit to Banda Aceh on 2 February 2005, Elizabeth O'Neill (Counsellor, Public Affairs, Australian embassy Jakarta) (centre) and Andrew Chandler (First Secretary, Defence, Australian embassy Jakarta) (right), and Major Matt Grant (Defence Headquarters Task Force, Banda Aceh) (left), inspect the damage caused by the Indian Ocean tsunami.

Indian Ocean tsunami: the consular response

The Indian Ocean tsunami presented an unprecedented challenge to the department's consular service.

From the early afternoon of 26 December 2004, the department moved quickly to activate our crisis centre and our emergency call unit. Both were fully operational by 6.00 pm Canberra time. The first Inter-Departmental Emergency Task Force (IDETF) meeting, chaired by the department, was held at 9.00 pm that night and brought together senior representatives of all relevant agencies to coordinate whole of government policy and operational responses. The IDETF met a total of 22 times between 26 December 2004 and 14 January 2005.

The consular complexities posed by the tsunami were unique in scale and geographic scope. The department activated a consular response in six countries, including in remote locations. Our hotline took over 85 000 calls, with over 15 000 Australians reported as unaccounted for.

In the immediate aftermath, our diplomatic posts in Thailand, India, Malaysia, Indonesia and Sri Lanka worked with local authorities, hospitals and hotels to account for, and provide assistance to, affected Australians. Temporary offices were established in Phuket and Krabi in Thailand, and in the Maldives. Consular officers and local staff worked tirelessly in the field locating and assisting Australians. We helped Australians with medical treatment and emergency shelter, replaced travel documents and facilitated departures from affected areas. We worked closely with Virgin Blue and Qantas to ensure relief flights were available to as many Australians as possible who wanted to leave. Staff worked closely with the Australian Federal Police to put victim identification and support arrangements in place and assisted the repatriation of the remains of Australians killed. Forty additional staff were deployed to the region to supplement consular staff on the ground.

The department had teams in Canberra working around the clock coordinating with teams on the ground to confirm the safety of Australians and identify those unaccounted for, and to support and inform next of kin of developments. Over 300 staff, 150 of whom voluntarily returned from leave, worked on the tsunami response in Canberra.

Since the tsunami, the department has strengthened its crisis management systems to deal more efficiently with such large-scale events. The hotline has been expanded through an agreement with Centrelink call centres. We have developed a remote access consular emergency database that can be deployed in remote locations overseas and, through other systems, to Centrelink.

Assisting Australians overseas

The department assisted 25 731 Australians in difficulty in over 152 countries. This was significantly more than the previous year due to the high number of welfare and whereabouts enquiries for Australians possibly affected by the Indian Ocean tsunami. We managed greater numbers of serious category consular cases, including medical evacuations, deaths, welfare, whereabouts and repatriations. The department also dealt with additional cases of arrests of Australians overseas, continuing the trend of recent years.

Consular officers dealt with many highly complex cases in isolated areas or countries with unique cultural, health and legal systems, often unfamiliar to Australians. The abandonment of a 12-year old child, a fisherman lost at sea in a small dinghy and a tourist attacked by a hippopotamus in an isolated game park were examples of the diversity of cases the department managed.

A number of high-profile cases and issues—including Australians detained for drug trafficking offences (some facing the death penalty), search and rescue operations, and kidnappings—contributed to misconceptions about what the consular service can deliver. Through targeted public campaigns in the media and on the Internet, the department promoted realistic expectations about the level of assistance that can be provided to Australian overseas travellers, and to highlight the risks they face and their responsibility to minimise and avoid exposure to risks.

The department continued its constructive cooperation with consular partner governments (Canada, New Zealand, the United States and the United Kingdom) to identify common problems and share solutions, with a strong focus this year on the tsunami response. The Consular Sharing Agreement with Canada again proved its usefulness, with Canadian consular officials assisting a number of Australians overseas where we are not represented, for example in the Caribbean region during the devastating Hurricane Ivan. We provided similar assistance for Canadians in other locations.

To improve service delivery to consular clients, the department introduced a new complaints handling mechanism that enabled consular clients to provide feedback on our services. Since its introduction on 1 December 2004, only 47 of the 372 items of correspondence recorded gave negative feedback. We investigated all complaints and, where warranted, took corrective action.

The demand for notarial services grew again this year, representing a 54 per cent increase over the past four years. Given the increase, we undertook a review of notarial services. Recommendations on how to deal with the resource implications are being considered by the department's Senior Executive.

The department delivered a wide range of services on behalf of other government agencies to Australians either resident or visiting overseas. For example, our missions overseas provided voting services for the 2004 federal election. Overseas voting centres issued a total of 69 000 ballot papers. The largest voting centre for the federal election again was Australia House in London, which issued over 20 000 ballot papers. Working with the Australian Electoral Commission, the department streamlined the electronic despatch of ballot material and ensured Australians overseas were well informed about the election through our website and the issue of a special consular bulletin.

Iraq hostage: response to the kidnapping of Douglas Wood

On 15 June 2005, 63-year old Australian engineer Douglas Wood was rescued by Iraqi forces after being held captive in Iraq for 47 days. Mr Wood's safe release followed exhaustive efforts by the Government—in Australia, Iraq and other countries—by Mr Wood's family, and by Muslim community leaders.

Within two hours of learning of Mr Wood's kidnapping, the department activated its Crisis Centre and convened the first of 54 Inter-Departmental Emergency Task Force meetings. An Emergency Response Team (ERT), headed by Nick Warner, a departmental Deputy Secretary, was despatched to Baghdad within 12 hours. The team included personnel from the department, the Australian Federal Police and the Department of Defence.

The department's response to the kidnapping followed our established crisis management response procedures. It also drew on a specific hostage crisis strategy developed last year. This framework proved to be robust, allowing the Government to respond quickly to the specific circumstances of Mr Wood's kidnapping.

During Mr Wood's captivity, consular officials, together with the department's senior staff counsellor and AFP personnel, were in daily contact with his family, providing support, assistance and the latest information from Iraq on the case. The department worked closely with the family on a public information strategy emphasising Mr Wood's family relationships and responsibilities, and his poor health. This message was disseminated widely in Iraq through the print and visual media and the Internet.

Following the rescue, the ERT implemented a staged repatriation strategy that ensured Mr Wood received medical and psychological assistance and facilitated a quick reunion with his family. Mr Wood and his family have since expressed their strong appreciation for the efforts of the department and other government agencies.

TABLE 11. CONSULAR SERVICES PROVIDED TO AUSTRALIAN TRAVELLERS

	2000-01	2001-02	2002-03	2003-04	2004-05
Australian travellers	3 716 790	3 508 200	3 429 960	4 080 300	4 745 540 ¹
Hospitalised Australians given general welfare and guidance	766	722	864	666	638
Australians evacuated to another location for medical purposes	138	116	203	81	167
Next of kin guided or assisted with disposal of remains in relation to overseas deaths	547	639	681	547	642
Australians having difficulty arranging their own return to Australia given guidance and assistance	71	81	109	66	1599
Inquiries made about Australians overseas who could not be contacted by their next of kin	1 712	1 838	5 767	711	16 545 ²
Australians arrested overseas	568	649	649	728	736
Australians in prison overseas (as at 30 June)	208	180	184	215	166
Australians in financial difficulty who were lent public funds to cover immediate needs (travellers' emergency loans)	738	739	610	454	395
Australians given general welfare and guidance ³	16 975 ⁴	19 914 ⁴	10 129	9 478	6 283
Total number of cases involving Australians in difficulty	21 723	24 158	19 196	12 946	25 731
Notarial acts ⁵	67 319	74 932	73 514	87 545	100 851
Total number of Australians provided with consular assistance	89 042	99 090	92 710	100 491	126 582

1 This figure draws on ABS data and includes permanent departures, long-term departures and short-term departures of Australian residents.

2 Whereabouts figure includes tsunami-related inquiries (15 178).

3 Includes the following sub-categories: assaults (135), theft (4619), welfare of children (256) and other serious welfare matters (1273).

4 Includes minor non-case inquiries which in subsequent years have been recorded separately under quantity information.

5 These statistics include notarial acts performed by overseas posts, Canberra and state and territory offices in Australia.

Passport services

Demand for Australian travel documents grew significantly during the year with 1 260 831 documents issued compared to 1 086 366 during the previous year, reflecting the strong, ongoing interest of Australians in overseas travel. The continued strong performance of the Australian dollar and competition within the travel industry on airfares appear to have contributed to this trend.

The number of passports reported as lost or stolen by Australians increased to 37 616, up from 33 954. The department has sought to address this trend through tighter controls on the replacement of lost and stolen documents under the new Passports Act. As a result of the department's concerted efforts, in conjunction with Australia Post, the number of passports reported as missing in the mail was significantly reduced to 129, down from 498 last year.

The department re-appointed Australia Post as its agent to conduct passport interviews for a further five years, ensuring Australians continue to have ready access to passport services. Interviews conducted by Australia Post agencies over the year increased slightly to 85.4 per cent of all applications lodged in Australia.

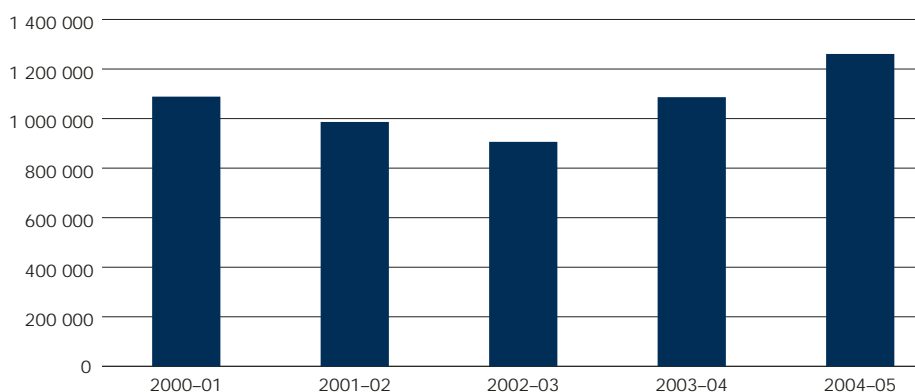
The use of the department's online passport services increased significantly: 179 403 applications were completed online (82 504 in 2003–04); 57 877 applicants viewed online the status of their application in the production process; 372 327 applicants were advised by email that their passport was ready (186 032 in 2003–04). The department selected a service provider to implement a content



The Secretary, Michael L'Estrange, with representatives of the M-series Passport team recognised for producing a world class, highly secure travel document. Photo: Michael Jensen

management system to improve online passport services. This initiative is scheduled for completion by September 2005. The department let a tender for the provision of an appointment system to manage attendance at interviews in passport offices. The new arrangements, to be implemented in early 2006, will allow passport applicants to book ahead for interview, reducing waiting times for applicants and improving staff time management.

FIGURE 14. TRAVEL DOCUMENTS ISSUED



The Australian Passport Information Service (APIS) call centre, operated by Centrelink on the department's behalf, provided advice and assistance on all passport matters to the public on a seven-days-a-week basis. APIS handled 1 303 822 calls (a decrease of 12.9 per cent due to growth in use of the online services). The APIS network expanded in August 2004 to receive passport calls from Australians resident in New Zealand and registered 6980 calls.

Passport technology

The department developed a biometric identifier for Australian passports, working closely with other Australian Government agencies, international organisations and foreign governments. A trial of the electronic passport (ePassport), incorporating a contact-less chip that stores an electronic copy of the information on the data page of the passport, began in May 2005 (see box below). Over 2400 ePassports were issued for this trial. Provided the outcome of the trial is successful, the Australian ePassport is scheduled to enter into full production in October 2005.

Passport security

The department established a new Passport Fraud Section in June 2004 as part of our strategy to enhance the security of the passport issuing system. We worked closely with other agencies as a member of the Commonwealth Reference Group on Identity Security to develop a national approach to identity protection and verification. Memorandums of understanding were signed with New Zealand, the United States and Interpol to enable the exchange of lost and stolen passport information to increase our capacity to detect and prevent the misuse of those documents. A total of 301 passport fraud cases were detected.

Passports client service charter

The department revised the Passports Client Service Charter to incorporate changes to reflect the *Australian Passports Act 2005* and to state more clearly our service level commitments.

Client survey gives thumbs up to passport service delivery

An external client satisfaction survey conducted in early 2005 indicated that clients considered the department's delivery of passport services to be of a high standard, with some areas showing substantial improvements since the previous survey conducted in 2003.

- 87 per cent rated passport services as good to very good
- 11 per cent believed the services were satisfactory
- 97 per cent thought a ten working days turnaround was a reasonable standard
- 31 per cent went to the website for information on how to apply for a passport (compared to 7 per cent in 2003)
- 30 per cent of new passport applicants downloaded the application form from the website
- 60 per cent of those renewing their passport used the website
- 89 per cent rated the interview process as good to very good
- 93 per cent were happy with the method used to deliver passports
- 87 per cent rated the quality of the passport as good to very good (compared to 81 per cent in 2003)
- 89 per cent indicated they approved of the use of biometric technology.

New Passport Act

The department coordinated the drafting and approval of the *Australian Passports Act 2005*, which came into force on 1 July 2005. The new Act, which replaced the *Passports Act 1938*, strengthens the capacity and integrity of Australia's passport system. It includes increased penalties for breaches of the Act and stricter procedures for dealing with lost or stolen passports, including additional fees to replace such travel documents.

Under the new Act, law enforcement, border control and counter-terrorism authorities are supported by clearer powers for the minister to refuse or cancel a passport in connection with serious offences. The new Act regulates the use of emerging technologies, such as biometrics, which will better protect passports against misuse.

ePassport—preventing identity theft

The department's ePassport project aims to protect Australia and the identities of Australian passport holders by making sure the person who uses the passport is the person it was issued to.

The ePassport project involves the adoption of biometric passport technology to improve identity verification processes and to reduce identity-related fraud through the use of facial recognition technology.

A three-year biometric passport research and development project has proven that facial recognition technology works and that inter-operability with border control systems can be achieved at national and international levels.

Australia has already mass produced ePassports using equipment designed specially for this purpose. Personalisation facilities have been established and data has been written to, and read from, the microchips embedded in the centre of these documents.

The Australian ePassport has been extensively tested and is currently being used by about 2400 Qantas staff. A live trial involving Qantas, United Airlines and Air New Zealand air crew is under way at Los Angeles and Sydney airports.

If this testing is successful, Australia's ePassport will be rolled out to all new and replacement Australian passport applicants from October 2005. The ePassport will ensure that Australian citizens have a world class passport that provides an unprecedented level of security for the bearer's identity and protection against fraudulent use.

Output 2.1 Quality and quantity information

2.1.1 Consular services

Quality indicators

- Satisfaction of the public and travel industry with consular services
- Extent to which highly developed crisis management procedures are in place and tested
- Client satisfaction with the suitability and effectiveness of contingency plans at overseas posts
- Response time to consular issues

Quantity indicators

- Number of Australians assisted overseas, including the number of public inquiries handled, notarial acts performed and travel advisories issued
- Number of unexpected events or crises handled by the department, number of associated Departmental Emergency Task Force and Inter-Departmental Emergency Task Force meetings held, and the duration of Crisis Centre operations

Satisfaction of the public and the travel industry

The department monitored public feedback on our travel advice, including through independent research conducted as part of the *smartraveller* initiative. This research confirmed that the *smartraveller* campaign and the cooperative relationships we developed with the travel industry are motivating increasing numbers of Australians to access our travel advice before they depart Australia. The research conducted in 2004–05 indicated that:

- 95 per cent of travel agents are encouraging their customers to access the department's travel advice
- more than 70 per cent of the general community intend to access the department's travel advice before they next travel overseas
- the percentage of departing travellers who had personally accessed the *smartraveller* website increased from 25 to 32 per cent over the course of the year
- the majority of departing travellers who had used the travel advice were happy with the amount of the information it contained, with the safety and security information section considered to be the most useful.

In the five months from July to November 2004, we received 131 letters and emails from the public on consular issues. Eighty-four were general inquiries, 30 commented positively on services provided for particular consular cases and on our information service, and 17 expressed dissatisfaction about elements of the department's service.

To improve our level of service, in December 2004 we introduced a formal complaints mechanism to capture feedback on consular services. Since then, the department received 138 items of correspondence commenting positively on the consular service and a further 187 containing general inquiries. Forty-seven letters and emails provided negative feedback.

The bulk of complaints concerned the timeliness of updates to the website, while some users expressed difficulty with cancelling subscriptions to the department's email alert service. A small number of users reported difficulty accessing the *smartraveller* online registration service. The remaining items of negative correspondence expressed concern about response times for passport processing, staff attitudes and service received, the accuracy of information contained in brochures and the reliability of automated telephone services.

Of the annual total, 64 items of correspondence expressed dissatisfaction, with over 50 per cent of these relating to the department's travel advice. This compares with 168 items of positive correspondence, most of which concerned service delivery. In all instances, we responded to complaints after investigating the concerns and, where warranted, took corrective action.

The department consolidated relations with the travel industry through initiatives such as the Smartraveller Consultative Group (SCG) and the *Charter for Safe Travel*, aimed at promoting awareness and use of travel advisories.

The SCG held its inaugural meeting in November 2004. Following SCG consultations, two key airline reservation system providers agreed to include hyperlinks to the *smartraveller* website in reservation software used by travel agents. We secured agreement from travel insurance providers and travel agents to highlight key travel advice and consular service messages in their publicity material.

The department encouraged travel industry representatives to join the *Charter for Safe Travel*, with membership of the Charter doubling to 2200 in the past year. As a result, nearly 50 per cent of the travel industry organisations registered with the Travel Compensation Fund (the national licensing and regulatory body for travel agents) have committed to working with the department to promote safe travel. We will work to increase this number.

Recognising the importance of the travel industry in communicating our messages to the travelling public, the department participated in 32 travel industry expos, conferences and seminars across Australia (compared to 11 similar events in 2003–04) to promote travel advice and consular services. We received overwhelmingly positive feedback from event organisers and the public.

Crisis management procedures in place and tested

The department's crisis centre was activated for the following incidents during 2004–05:

- Defence training in July 2004 for five days
- Jakarta bombing in September 2004 for five days with two Inter-Departmental Emergency Taskforce (IDETF) meetings
- purported Iraq hostage incident in September 2004 for 12 days with 11 IDETF meetings
- tsunami crisis in December 2004 for 20 days with 22 IDETF meetings
- Iraq hostage incident in May 2005 for 47 days with 54 IDETF meetings
- Cambodia hostage in June 2005 for one day with one IDETF meeting.



The department responded to a number of major consular events including:

- a suicide bombing in Sri Lanka—July 2004
- a plane crash in Papua New Guinea—July 2004
- a train crash in Turkey—July 2004
- a yacht sinking in Noumea—July 2004
- a plane crash in Russia—August 2004
- a bus crash south of Salzburg, Austria—August 2004
- a bus crash in Los Angeles, USA—September 2004
- the unauthorised landing of a private plane in Bougainville—September 2004
- hurricane Ivan in Cayman Islands—September 2004
- a hostage situation in Iraq—September 2004
- explosions in Egypt—October 2004
- a bus crash in Cairo, Egypt—October 2004
- a hotel fire in Cairo, Egypt—October 2004
- civil unrest and riots in the Ivory Coast—November 2004
- a plane crash in Java, Indonesia—November 2004
- an earthquake in East Timor—November 2004
- seizure of a bus in Athens, Greece—December 2004
- petrol station explosions in Madrid, Spain—December 2004
- the Indian Ocean tsunami—December 2004
- a train crash in Bangkok, Thailand—January 2005
- civil unrest in Nepal—February 2005
- a car bomb in Beirut, Lebanon—February 2005
- a car crash in Mexico City, Mexico—February 2005
- a ferry sinking in Thailand—February 2005
- an earthquake in Nias, Indonesia—March 2005
- a train crash in Tokyo, Japan—April 2005

- a sinking vessel off the coast of Nias, Indonesia—April 2005
- a hostage situation in Iraq—May 2005
- a hostage situation in Cambodia—June 2005
- civil unrest in Bolivia—June 2005.

Suitability and effectiveness of contingency plans at overseas posts

The department evaluated 82 contingency plans held by our overseas missions and secured Austrade's agreement to participate in our contingency plan program for its posts.

The department developed event-specific contingency plans for three events where Australians were expected to gather in numbers: the Athens Olympics; the Aichi Expo in Japan; and Anzac Day commemorations in Turkey.

Building on work by the Department of Health and Ageing, we developed a generic contingency plan, to be rolled out soon, for posts in South-East Asia to respond to any outbreak of avian flu.

Client satisfaction with plans was consistently high:

- Contingency plans developed for both the Aichi Expo and Anzac Day were well received by other agencies involved in the planning.
- We received positive feedback from the Australian Olympic Committee for our joint work on consular contingency planning for the Athens Olympics.

Response time to consular issues

The department operates a 24-hour Consular Emergency Centre to respond to the consular needs of Australians overseas and as a point of advice on consular issues for Australian diplomatic and consular missions. To supplement this standing after-hours arrangement, we introduced an after-hours Watch Office with responsibility for monitoring international developments, including those likely to affect Australians, and for providing timely advice on passport issues to clients.

The department's significant consular workload, including in response to the attack on the Australian embassy in Jakarta, hostage taking in Iraq and the Indian Ocean tsunami, was demonstrated by the number of days of operation of our crisis centre and the number of IDETF meetings we convened and serviced (see table below).

Quantity information for output 2.1: consular services

Indicator	2004–05	2003–04
Number of Australians assisted overseas:		
Consular cases ¹	25 731	12 946
Public inquiries ²	355 490	363 952
Number of inquiries in response to the Indian Ocean tsunami (approx.) ³	85 000	
Notarial acts performed ⁴	100 851	87 545
Travel advice notices issued	447	527
Number of unexpected events or crises handled by the department	33	26
Number of associated Departmental Emergency Task Force and Inter-departmental Emergency Task Force meetings held	90	6
Duration of Crisis Centre operations	90 days	5 days

1 These statistics refer to inquiries about actual cases at posts and do not include general inquiries on non-case-related consular matters (eg travel advice). These are reported under public inquiries. The figure for 2004–05 includes 15 153 cases related to our response to the Indian Ocean tsunami.

2 Public inquiries include inquiries on non-case related matters made at overseas posts and through the 1300 and 1800 call numbers in Australia. The 2004–05 figure does not include calls received in response to the Indian Ocean tsunami reported below.

3 In the aftermath of the Indian Ocean tsunami the department received over 85 000 inquiries related to locating and assisting Australians.

4 These figures include notarial acts performed at overseas posts, in Canberra and in state and territory offices.

2.1.2 Passport services

Quality indicators

- Satisfaction of the public and travel industry with passport services
- Turnaround time for passport issue, including urgent issues

Quantity indicators

- Number of passport inquiries handled by the Australian Passport Information Service
- Number of travel documents issued, including urgent issues

Satisfaction of the public and the travel industry

An external customer satisfaction survey commissioned in early 2005 found that 98 per cent of passport applicants were satisfied with the level of service they received. The survey also indicated that 97 per cent of applicants considered that ten working days was a reasonable period to wait for a passport. Almost two-thirds of those interviewed reported accessing passport information or services online.

The department conducted an extensive public information campaign both in Australia and overseas advising the travelling public of changes resulting from the new Passports Act effective from 1 July 2005. The campaign included written advice to the Australian Federation of Travel Agents and other travel industry representatives in Australia, print media advertisements, and television advertisements on ABC Asia Pacific. New passports information was incorporated in consular travel advices.

The priority processing service continued to be popular, with 177 860 applicants paying a fee to ensure their passports were issued within 48 hours. This compares to 165 549 applicants last year.

Turnaround time for passport issue

Passport demand rose by 16 per cent over the previous year, placing considerable pressure on passport offices to meet service commitments. Nevertheless, 92.4 per cent of normal applications were processed within the ten working days service commitment, achieving an average turnaround time of 5.8 days. Of those who paid the priority processing fee, 97.9 per cent received their travel document within 48 hours. Fees were refunded to only 107 applicants because the 48-hour turnaround time was not met. A further 682 applicants had their fees refunded on compassionate grounds.

Quantity information for output 2.1: passport services

Indicator	2004-05	2003-04
Number of passport inquiries handled by the Australian Passport Information Service ¹	1 303 822	1 496 907
Number of travel documents issued, including urgent issues ²	1 260 831	1 086 366

1 The decrease in the number of inquiries handled by the Australian Passport Information Service reflects increased use by applicants of the Passports website.

2 Travel documents include passports, documents of identity, certificates of identity and convention travel documents.

Administered items for Outcome 2

Travellers' emergency loans

Quality indicator

- Travellers emergency loans granted to Australian travellers in accordance with the guidelines laid down in the Consular Instructions

Quantity indicator

- Number of Australian travellers assisted by emergency loans
- Success of debt recovery activities

During 2004–05, the department granted 387 travellers emergency loans in accordance with the guidelines in our consular handbook, including loans made through the Prisoner Loans Scheme to 22 Australians imprisoned overseas. This compared to 454 loans granted in 2003–04 and 610 loans granted in 2002–03. The total value of the loans we issued was \$228 882.

We issued fewer loans than in previous years due, in part, to Australians being better prepared—for example, by having insurance—and by continued rigorous analysis of client needs.

Decisions to issue emergency loans are made on a case-by-case basis, and only when it has been established that concern for a person's welfare warrants such assistance and that the person has no alternative means to access funds, including through family members in Australia.

In 2004–05, Australians issued with travellers emergency loans repaid a total of \$59 082, compared to \$76 333 in 2003–04. We issue emergency loans according to a traveller's need and not on their ability to repay. This affects the success of debt recovery efforts. The higher proportion of loans for repatriation, which are by nature more expensive than straightforward travellers emergency loans, also impacted on the sum of money we were able to recover. We used many means to encourage the repayment of loans, including by making a person's eligibility for a new passport subject to repayment of the loan.

Quantity information

Indicator	2004–05	2003–04
Number of Australian travellers assisted by emergency loans	387	454
Success of debt recovery activities	\$59 082	\$76 333

Tsunami financial assistance

Quality indicator

- Effective and immediate assistance for disaster victim identification and repatriation of Australian remains and personal effects

Quantity indicator

- Number of Australian victims identified

In the wake of the Boxing Day 2004 tsunami, an amount of \$14.742 million was provided to the department in Administered Appropriations under Outcome 2 in the *Portfolio Supplementary Additional Estimates Statements (PSAES) 2004–05* for tsunami financial assistance. An amount of \$173 000 was provided for financial assistance to affected Australians and \$14.569 million was provided for the disaster victim identification process and the repatriation of the remains of Australian citizens and their personal effects. Financial assistance provided to Australians in tsunami-affected areas is treated as ex gratia.

The department engaged the services of Kenyon International, a disaster management company, to support the efforts of the Australian Federal Police (AFP) disaster victim identification (DVI) team on the ground in Phuket, Thailand and to arrange the repatriation of the remains of Australian victims.

Given the scale of disaster, including the fact that 15 000 Australians were initially reported as being present in tsunami-affected areas, the department needed to urgently establish a process to identify possible Australian victims. Because the remains of most Australian victims could not be distinguished from the remains of over 3800 victims, the department underwrote the overall logistical support provided by Kenyon International for the DVI process until 30 June 2005.

Of the over 3800 remains of victims unaccounted for following the tsunami, the formal identification process for 26 Australians has been completed and their remains, according to the wishes of their families, returned to Australia.

As at 30 June 2005 a total of 2000 victims' remains had been identified through the DVI process, leaving around 1800 victims' remains still awaiting identification. The DVI process is unlikely to be completed before the end of 2005. While Australia's funding for Kenyon's services ceased on 30 June 2005, the Australian Government remains engaged in the process through the provision of support by the AFP.

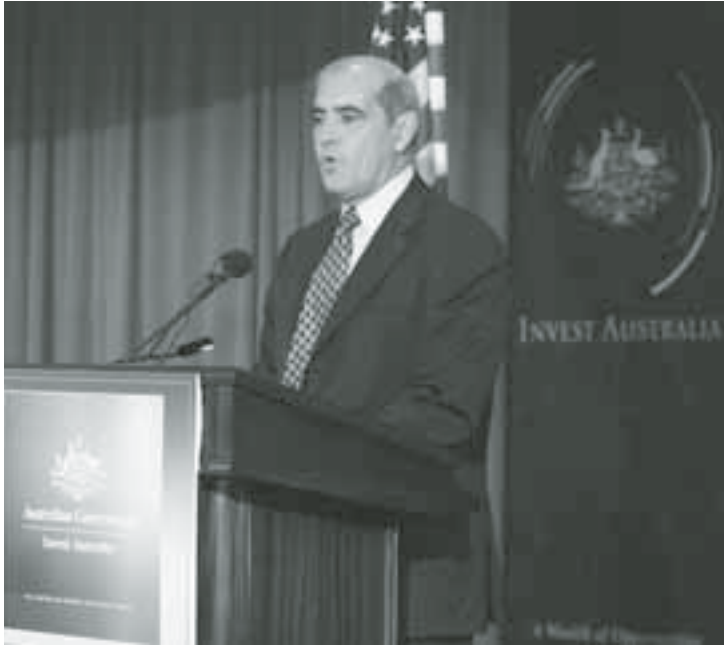
Given the high proportion of foreign nationals who were victims of the tsunami, a number of foreign governments have already contributed to the costs of Kenyon International's services and a number of others have agreed to contribute. The department has continued to liaise with foreign governments to seek contributions to recover the costs of the disaster victim identification process relating to the remains of victims of other foreign countries.

Accounts for Kenyon International's services from 26 December 2004 until 25 March 2005 amounted to \$9 778 739.94. Accounts for services provided in the period since 25 March 2005 are yet to be finalised.

Following the tsunami we issued \$164 107 in emergency financial assistance to 92 Australians.

Quantity information

Indicator	2004-05
Number of Australian victims of the tsunami identified	26



Consul-General John Olsen addressing guests at a trade and investment seminar during Australia Week in Los Angeles, held from 15 to 23 January 2005.

Australian High Commissioner to Ghana Jon Richardson cuts the first sod for work to begin on the construction of a kitchen for the Baptist School Complex and Orphanage at Trotor, watched by Rev. Victor Ofori, head of the school. The school received support under the department's Direct Aid Program. Photo: Andy Somers



Outcome 3

Public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally

OUTPUT 3.1

EFFECTIVENESS

Public information and media services on Australia's foreign and trade policy

Projecting a positive image of Australia internationally

Freedom of information and archival research and clearance

QUALITY AND QUANTITY

ADMINISTERED ITEMS FOR OUTCOME 3

QUALITY AND QUANTITY



PERFORMANCE INFORMATION FOR OUTCOME 3

Effectiveness indicators—overall achievement of the outcome

Indicators to assist in assessing the success of the department's contribution to the achievement of this outcome are:

- Australians provided with comprehensive, relevant, up-to-date information on Australia's foreign and trade policy
- Effective promotion of accurate and positive perceptions of Australia overseas.

TABLE 12. FINANCIAL AND STAFFING RESOURCES SUMMARY FOR OUTCOME 3

Public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally

	2004-05 Budget and Supplementary Additional Estimates (\$'000)	Actual 2004-05 (\$'000)	Variation (actual less budget) (\$'000)	Budget 2005-06 (\$'000)
Administered expenses				
Grants and contributions	21 899	22 086	187	22 376
Australia's participation at 2005 World Expo in Aichi, Japan*	26 722	28 961	2 239	8 499
Total administered expenses	48 621	51 047	2 426	30 875
Price of departmental outputs				
Output 3.1—Public information services and public diplomacy	50 358	50 842	484	50 595
Total price of departmental outputs	50 358	50 842	484	50 595
Appropriation from government for departmental outputs	49 812	50 098	286	49 960
Revenue from other sources	546	744	198	635
Total resourcing for Outcome 3 (Price of departmental outputs plus administered expenses)	98 979	101 889	2 910	81 470

* A component of 2005 World Expo Aichi, Japan's expenses are funded by private contribution. The total sponsorship revenue received in 2004-05 was \$2.244m. There is no over-budget in this expense item.

	2004-05 Budget and Supplementary Additional Estimates	2004-05 Actual	2005-06 Estimate
Average staffing level (number)*	223	225	224

* Includes overseas locally engaged staff.

OUTPUT 3.1:

Public information services and public diplomacy

3.1.1 PUBLIC INFORMATION AND MEDIA SERVICES ON AUSTRALIA'S FOREIGN AND TRADE POLICY

Overview

There was significant public and media focus on the department's work over the year, due in large measure to the Indian Ocean tsunami, our management of high-profile consular cases and a number of significant foreign and trade policy developments. The challenges presented by the international security environment and their impact on the department's programs and operations received a high level of attention.

We pursued a strategic approach to the media, contributing to balanced media coverage of major foreign and trade policy initiatives, such as negotiations for free trade agreements and the Counter-Terrorism White Paper, and events including the ASEAN–Australia–New Zealand Leaders' Summit in Laos and the Asia–Pacific Nuclear Safeguards Conference in Sydney. The Enhanced Cooperation Program with Papua New Guinea, the Australia–East Timor maritime boundary and resource issues negotiations, and the Doha Round of World Trade Organization (WTO) negotiations also attracted strong media and public interest.

The department provided information to the media through briefings in Australia and overseas and through the production of public affairs materials used by posts and disseminated on our websites. We actively promoted the Government's foreign and trade policy agenda, where necessary correcting inaccurate or negative media reporting in Australia and overseas.

We developed and conducted public diplomacy programs designed to advance an accurate and contemporary view of Australia and to promote our cultural assets. The department's visits programs—targeting international media representatives, opinion makers and cultural visitors—generated significant and balanced international coverage about Australia via influential media outlets, and created new opportunities for Australian artists in the global market.

Australia's participation in the 2005 World Expo in Aichi, Japan presented an important opportunity to project an image of Australia as technologically sophisticated and culturally diverse and harmonious. Our presence at the Aichi World Expo highlighted the importance of the Australia–Japan relationship. Our pavilion showcased Australia as a leading business, tourism and education destination.

The Internet continued to be the department's principal tool for communicating advice and information quickly to mass audiences in Australia and overseas. We used it strategically to support whole of government exercises, such as the response to the Indian Ocean tsunami disaster. Specific websites developed for key government programs such as the Australia Group, the Cairns Group, the 2006 Australia–Japan Year of Exchange and passport services, underscored the importance of effective website management in achieving core public diplomacy and broader policy objectives.



The staff of the Australian Pavilion at the 2005 World Exposition Aichi, Japan. The Expo ran from 25 March until 25 September 2005. DFAT staff in front from left: Peter Sams (Pavilion Director), Paul Molloy (Deputy Commissioner-General), Andrew Todd (Commissioner General) and Tom Menadue (Director, Business Liaison and Protocol).

Photo: Terry Hope

Media services

The department's active and systematic engagement with Australian and international media, including through a 24-hour service, facilitated a high level of informed and positive coverage of foreign and trade policy issues.

We responded to 8700 requests for information from Australian and international media, including rural, regional and online media, community radio, pay television and industry publications. This represented an increase of some 2000 enquiries over the previous year, resulting from interest in high-profile consular cases, including the tsunami disaster, the Douglas Wood Iraq hostage case and drugs cases involving Australians overseas.

We provided portfolio ministers, the Parliamentary Secretary and the Prime Minister's Office with strategic media advice and support for events and initiatives. These included major events such as the Athens Olympics, the 90th Anniversary of the Gallipoli campaign at Anzac Cove, the ASEAN–Australia–New Zealand Leaders' Summit in Laos, the APEC Ministerial and Leaders' Meetings in Chile, the Asia–Pacific Nuclear Safeguards Conference in Sydney and the Pacific Islands Forum in Apia.

Issues of significant media interest included the terrorist attack on the Australian embassy in Jakarta, the Australia–United States Free Trade Agreement (AUSFTA), the Enhanced Cooperation Program with Papua New Guinea, the Counter-Terrorism White Paper, the first anniversary of the Regional Assistance Mission to Solomon Islands, the Australia–Indonesia Partnership for Reconstruction and Development, Australia–East Timor maritime boundary and resource issues negotiations, the proposed China FTA and other bilateral FTAs, and the WTO Doha Round.

The department's responsive and strategic approaches to media management continued to play an important role in supporting and promoting our portfolio priorities and ensured that portfolio ministers, the Parliamentary Secretary and the department's Senior Executive were fully informed of media interest in relevant emerging issues. Improvements in media monitoring, such as the inclusion of summaries of portfolio-relevant major electronic broadcasts into the department's daily media round-ups, enhanced our ability to anticipate and respond to negative or incorrect reporting and to provide corrections.

The department strengthened its engagement with local, national and international media. One-on-one interviews and briefings by senior departmental officers remained the most popular means of communication for journalists, and proved effective in informing and providing balance to media reports. The department arranged 225 targeted briefings of influential commentators both in Canberra and at posts, on topics such as WTO negotiations and the China Free Trade Agreement negotiations. Continuing strong media interest in portfolio matters saw the department hold 31 general media briefings on ministerial visits and on key foreign and trade policy issues, including joint press conferences with portfolio ministers and their overseas counterparts. Ministers' comments and press releases, which the department drafted, were regularly reported by the media.

The department issued over 350 media releases on behalf of portfolio ministers and the Parliamentary Secretary, 22 departmental releases, and 113 media notes.

Website services

Public interest in free trade agreements and some high-profile consular issues led to heightened activity on the department's websites. Key content additions to the main website included a new edition of *Australia in brief* and comprehensive material on Australia's approach to negotiations for free trade agreements with Japan, ASEAN–New Zealand, Thailand, China, Malaysia, and the UAE. The department consolidated and made more visible other trade-related material by integrating it into country-specific information under our *Tradewatch* service, which includes information about the economies of and our trade with important trading partners.

On 26 December 2004, soon after the department activated the Indian Ocean tsunami crisis centre, we established a special purpose website to provide information about the Government's consular response. Consistent with whole of government interests, the department updated the website continuously for several weeks and continues to update some relevant sections.

The department established or upgraded a number of additional websites relevant to the portfolio: a new website was established for the 2006 Australia–Japan Year of Exchange; we assumed responsibility for hosting and maintaining the Australia Group website; and we updated the passports website to reflect changes introduced in the *Australian Passports Act 2005*.

The department continued to transfer the hosting of overseas post websites from local service providers to a central system in Canberra. More than 60 websites were transferred and a content management system was finalised to allow posts to maintain website content. This improvement will minimise hosting costs, allow consistency in content and presentation of website material, and ensure maintenance of website security standards.

Peak website activity occurred in May 2005, coinciding with interest in the Australia–China Free Trade Agreement and high-profile consular cases. Each week the website provided an average of 19GB of data, attracted 785 000 page-views and served more than 71 000 unique users. In addition, the *smartraveller* website recorded 217 000 page-views per week.

Trade advocacy and outreach

The department's wide-ranging trade advocacy and outreach strategy uses print and electronic media extensively to inform the Australian public of the benefits of international trade. The Government's active free trade agreement agenda, including the implementation of two new FTAs and the launch of four new negotiations, was the main focus during the year.

The department's website provided detailed information on trade policy developments as soon as it was available, including detailed and up-to-date information on existing or potential FTA negotiations. The Tradewatch service was upgraded and made more accessible.

We published regular electronic newsletters on Doha Round developments as well as on Australia's participation in WTO dispute settlement. We also began preparations for a publication on a decade of WTO dispute settlement. We continued to publish on our website, where possible, Australia's submissions in WTO disputes.

Australia's revised offer in the WTO services negotiations was made public as soon as it was tabled in Geneva on 26 May 2005 and is available on the departmental website. The document was accompanied by a plain English explanatory note to help industry, community groups and others understand what is covered in the offer.



www.fta.gov.au

The Government's new free trade agreement (FTA) website, launched by Mr Vaile on 27 April 2005, is a one-stop online resource to help Australian businesses make the most of Australia's FTAs. It contains a wealth of practical information compiled by Australian government agencies to help Australian businesses understand and take advantage of our FTAs with the United States, Thailand, Singapore and New Zealand. Its development was coordinated by the department in conjunction with Austrade.

www.fta.gov.au helps businesses to:

- learn about the wide range of services available to exporters and investors from across the entire Australian government sector
- find practical guides on doing business in-market
- learn about upcoming trade fairs and missions
- subscribe to useful e-newsletters about trade and investment opportunities.

There was particular public interest in the completion of the joint feasibility study and subsequent launch of FTA negotiations with China. The department maintained a steady flow of information to a broad audience of interested parties, including through close liaison with the media, wide dissemination of newsletters and fact sheets, and a broad range of speaking engagements and consultations to build understanding of why Australia is pursuing an FTA, and to seek stakeholder views. We undertook a similar broad range of communications activities to promote the launch of new bilateral FTA negotiations. The department also ensured there was an extensive information campaign in place related to Australia's revised offer in WTO services negotiations, both in Australia and overseas.

The department's key messages about the benefits of trade and about the Government's trade policy agenda have continued to be reinforced by people-to-people links with industry and community groups across all states and territories, including through the outreach activities of Mr Vaile, Mr Billson and senior departmental officials across the country.

Trade publications

To promote the Government's trade policies the department produced or commissioned a number of targeted publications.

Negotiating free trade agreements: A guide was aimed at officials involved in such negotiations for the first time. It explained the main negotiating steps needed to arrive at an agreement. The guide was launched at the APEC Ministers Responsible for Trade Meeting in Jeju, Korea in June 2005.

Open economies delivering to people, 2005: Regional integration and outcomes in the APEC region contributed to APEC's Mid-Term Stocktake of progress towards the Bogor Goals of free and open trade in the region. Produced by the Centre for International Economics, the report outlined the significant liberalisation of trade and investment in the region since APEC's formation, and quantified the major social and welfare benefits delivered to the people of the Asia-Pacific, particularly within developing economies.

APEC: Best practice in secure trade highlighted the active role APEC has played in addressing counter-terrorism issues, particularly their impact on regional and global trade. It examined the experiences of individual APEC economies in securing their trade, to identify best practices that may help others develop responses.

Business case for standards (in conjunction with Standards Australia) highlighted the business case for adopting internationally recognised standards in the APEC region, and suggested ways to enhance the development of standards and conformance infrastructures.

Volume III: Asian agrifood demand trends and outlook to 2010, and a special stand-alone report, *China: Asian agrifood megamarket*, formed part of the 'Subsistence to Supermarket II: Agrifood Globalisation and Asia' series. They analysed the opportunities for the Australian agrifood sector in Asia.

Economic analysis

The department produced four new economic analytical reports on topics reflecting Australia's foreign and trade policy priorities.

Following the restoration of law and order by the Australian-led Regional Assistance Mission to Solomon Islands, the department published *Solomon Islands: Rebuilding an island economy*. It focused on the next most pressing challenge—economic recovery. The report analysed the causes of the island nation's rapid economic decline and the reforms necessary to rebuild the economy. We attracted around 100 people to the Brisbane launch.

Papua New Guinea: The road ahead examined recent economic developments in Papua New Guinea. The report found that after years of contraction, macroeconomic conditions in Papua New Guinea had improved thanks to favourable commodity prices and a number of successful policy reforms. But greater agricultural productivity, increased investment and a stronger private sector were needed to create income and employment opportunities as mine deposits ran out and oil reserves depleted.



Parliamentary Secretary for Foreign Affairs and Trade, Mr Bruce Billson, launching the report 'Australia and the United States: Trade and Multinationals in a New Era', at Parliament House, June 2005. Looking on is Nicholas Coppel, Executive Director, Economic Analytical Unit.

The report was launched in both Canberra and Port Moresby and the main findings were presented at a major industry conference in Sydney.

Malaysia: An economy transformed analysed Malaysia's strong growth performance and the path to further economic development in the context of improved bilateral relations and a possible FTA. The report gave prominence to strong education links between Australia and Malaysia. It was launched in Canberra and Kuala Lumpur.

Australia and the United States: Trade and the multinationals in a new era found that Australian companies could realise the benefits of the Australia–United States Free Trade Agreement by working with US multinationals. The report analysed the importance of US multinationals to the further internationalisation of the Australian economy.

Commercial and statistical services

The department produces a wide range of statistical publications about Australia's international trade relationships. They assist policy-making and business decisions and contribute to community understanding of trade issues. In 2004–05, 4155 publications were distributed to a wide range of users in the public and private sectors.

We launched a new quarterly compendium publication, *Trade topics: A quarterly review of Australia's international trade*. The publication brought together a wide range of statistics on Australia's international trade. It included articles on Australia's trade policy and performance. The department introduced three electronic publications focusing on regional trade—*Australia's trade with East Asia*, *Australia's trade with the European Union*, and *Australia's trade with the Americas*.

We produced *Trade at a glance*, a pocket-sized free booklet summarising concisely Australia's trade with the rest of the world, including key policies and statistics.

Much of the department's statistical information is available either at no charge or on a fee-for-service basis for Australian businesses and researchers interested in overseas markets. Our statistical consultancy service answered 8812 such queries.

A set of country/economy fact sheets, including economic and demographic data for more than 165 of Australia's trading partners and summaries of their trade with Australia, is available on the department's website at www.dfat.gov.au/geo/fs. The fact sheets are a valuable resource for Australian business people travelling overseas.

Other public information activities

The department's website continued to provide an accessible one-stop shop to a range of departmental publications with information about Australia's foreign and trade policy. These publications include recent policy white papers, past annual reports, the department's corporate plan, ministerial and departmental media releases and major speeches. This material increases awareness and understanding of Australia's foreign and trade policy among domestic and international audiences. The department's publications officer can be contacted through the website.

Speeches

The department's speechwriters, in consultation with ministers' offices and relevant areas of the department, prepared 176 speeches for ministers and the department's Senior Executive.

Consultative activities

To promote consultation with Australian community groups that helped inform policy processes, the department supported several standing consultative bodies chaired by Mr Downer, Mr Vaile and Mr Billson. They included the Foreign Affairs Council (Mr Downer), the Australia International Cultural Council (Mr Downer), the Trade Policy Advisory Council (Mr Vaile), the World Trade Organization Advisory Council (Mr Vaile) and the Smartraveller Consultative Group (Mr Billson).

We conducted biannual human rights consultations with non-government organisations (NGOs). Where possible, Mr Downer participated in the consultations, covering the full range of human rights issues. The National Consultative Committee on International Security Issues, replacing the former National Consultative Committee on Peace and Disarmament, met for the first time in April 2005. The new committee's remit is better aligned with the Government's policy priorities. We also continued to liaise with the Australian Network of the International Campaign to Ban Landmines.

Treaties

The Australian Treaties Database lists the treaties signed or that came into force each year. We maintain the database at www.info.dfat.gov.au/treaties. The department links the database to all government legislation and regulations passed or issued relevant to Australian treaty action since 1983.

3.1.2 PROJECTING A POSITIVE IMAGE OF AUSTRALIA INTERNATIONALLY

Overview

International media reporting of Australia covered a range of issues, including our regional cooperation initiatives on security and counter-terrorism, the visits to Australia of the presidents of Indonesia and Malaysia, free trade discussions with China and Japan, Australia's position on Iraq and the deployment of Australian Defence Force personnel, Australia's strong economic performance and our quick response in providing humanitarian aid in the wake of the tsunami disaster.

There was consistently positive media coverage of our posts' promotion of Australian culture, including Indigenous art, development assistance programs, and Australia as a provider of high-quality education opportunities, a competitive exporter, and an investment and tourism destination.

Monitoring of international reporting on Australia enabled the department to respond quickly through targeted public affairs material and early placement of relevant material on our websites to counter media or public misconceptions. The department countered negative or inaccurate international reporting on a range of issues including the Government's immigration and asylum policies, the practice of mulesing of sheep, live sheep exports, kangaroo culling, security checks at Australian airports, Australia's stance on the Kyoto Protocol, and the security of foreign embassies and consulates in Australia.

International public diplomacy

Our posts overseas conducted 3143 public diplomacy briefings, events and initiatives, (not including the Aichi Expo), attracting more than 580 000 people. Developed in support of Australia's foreign and trade policy interests and designed to promote an accurate and contemporary view of Australia, these events included:

- successful public advocacy activities in Washington in support of our FTA negotiations, including through targeted media visits and the production of high-quality information materials in print and on the embassy website
- placement of articles by our ministers in influential newspapers, including an article titled *Transnational terrorism: The threat to Australia* by the Minister for Foreign Affairs, Mr Downer, which was published in Canada, China, India, Japan, the Republic of Korea, Singapore and Turkey; an article by Mr Downer on *Pacific partnership to tackle HIV/AIDS*, published widely in Pacific newspapers; and an article on interfaith dialogue published widely in Asia. An article by the Minister for Trade, Mr Vaile, on Australia's revised offer in World Trade Organization (WTO) services trade negotiations was published in Malaysia and Thailand

- a *Think Australia Month*, organised by Australia's high commission in Ottawa as a series of public events across Canada to highlight Australia's accomplishments in education, trade, health research, literature and film
- a speaking tour to Abu Dhabi, Amman and Tehran by Professor Helen Garnett, Vice-Chancellor Charles Darwin University, and Ms Wendy McCarthy, Chancellor of the University of Canberra, to take part in high-level seminars on 'Women, Education and Achievement' and promote educational opportunities in Australia
- successful public advocacy in Bangkok in support of the Thailand–Australia Free Trade Agreement negotiations, by promoting the benefits of the Agreement to relevant sectors of Thai industry and government
- *Australia Week 2005*, a major promotion organised in Los Angeles by the Consulate-General in collaboration with Austrade, Tourism Australia and Qantas, which included an integrated series of high-profile activities
- using the Queen's baton relay as it travelled through Commonwealth countries on its way to Australia for the 2006 Commonwealth Games in Melbourne as a platform to disseminate wider messages about Australia and the Commonwealth.

The department worked effectively to tie in public diplomacy activities with our broader policy objectives, particularly concerning global cooperation, security and trade policy. We held four regional public diplomacy workshops that provided overseas staff—Australia-based and locally engaged—with targeted advice on the need for close integration of public diplomacy activities with foreign and trade policy objectives. Held in Tokyo, Kuala Lumpur, Rome and Washington, the workshops were attended by 110 staff from 54 posts and received uniformly positive feedback from participants.

The European regional workshop developed a Europe-wide public advocacy and communications strategy to deliver consistent messages in support of key Australian interests and government policies. We worked similarly with Americas posts to identify key audiences and develop messages for North America, Latin America and the Caribbean that would deal with bilateral, regional and international strategic issues. The workshops identified coordination and resource-sharing mechanisms to help smaller posts in their public advocacy of Australian policy positions on security and global cooperation and trade policy, as well as the projection of Australia as a multicultural, democratic, innovative and technologically advanced nation.

Promotion of Australia's strengths in science and conservation was enhanced by the extensive positive publicity generated through the gift to Taiwan's National Museum of Natural Science of specimens of Wollemi pine.

The department continued to provide a weekly key messages brief summarising government views on current foreign, trade and economic developments and policy issues for use by overseas posts to advocate Australian positions. Posts distributed the brief to representatives of other Australian government agencies and locally engaged staff and drew on it widely in contacts with local media, industry and government officials.

We produced an updated and expanded edition of our *Public diplomacy handbook*, which provides practical advice and guidance to staff on conducting effective public diplomacy and advocacy programs.

Public affairs material

Although the department has effectively harnessed the Internet as the key means of disseminating public affairs material, we continued to meet a significant demand for hard copy publications for direct distribution to target audiences overseas.

We produced:

- a new edition of *Australia in brief*, in both soft and hard copy, highlighting Australia's trade, investment, new economy credentials and way of life
- an Arabic-language version of our general information and wall map of Australia
- a new edition of our *Australia Fast facts* brochure, which includes comparative statistics highlighting Australia's economic, trade, information and communications technology and investment strengths.

We progressively updated our series of 65 online *Australia Now* fact sheets, and produced new titles on Australian food and wine and the Arab community in Australia.

Posts produced 231 publications with a total distribution of almost 700 000. They dealt with a variety of issues but focused primarily on bilateral relations. Our post in Beijing produced a series of fact sheets on Australia–China trade. Our post in Pretoria published a booklet, on the tenth anniversary of the first democratic elections in South Africa, 'An Enduring Partnership', covering Australia's support for a non-racial South Africa. Our post in Noumea produced a French-language book, to coincide with Anzac Day, commemorating Australian, New Zealand and French wartime cooperation.

Special visits program

The Special Visits Program (SVP) is the department's premier visits program. It is a valuable tool for promoting Australia's foreign and trade policies. Its purpose is to bring to Australia influential or potentially influential people who, on their return home, contribute to a greater understanding of Australian policies and institutions. Through the SVP the department builds a network of international contacts relevant to Australia's interests. The department organised 32 visits during the year, including:

- two visits from China focused on legal reform issues and energy resources trade
- four visits from China for participants at the August 2004 Australia–China Free Trade Agreement Conference

- two visits from the Republic of Korea focused on finance, economic and trade issues
- a visit from Hong Kong to promote positive outcomes at the Sixth WTO Ministerial Conference in Hong Kong to be held in December 2005
- a visit by the Deputy Chairman of Muhammadiyah, Dr Din Syamsuddin, contributing to the development of links with moderate Islamic leaders in Indonesia
- two visits from Malaysia: one by the Attorney-General that advanced our interests in legal services in Malaysia and the other by a Malaysian academic and strategic analyst that advanced dialogue on counter-terrorism issues
- visits from Bangladesh and Cambodia focused on counter-terrorism and, in the case of Cambodia, legal, judicial and administrative reform
- a senior visitor from Thailand looking at the Australian experience with economic restructuring, small business development, and the mining and fashion sectors
- a visit from Iraq to examine cooperation in developing Iraq's electricity infrastructure and capacity
- three visitors from Nauru, one from Papua New Guinea and one from Solomon Islands to discuss economic and governance issues
- a visit from Germany on agriculture issues
- a visitor from Turkey to advance cooperation in handling annual Gallipoli commemorations.

International media visitors

The department's International Media Visits (IMV) program brings senior international journalists and commentators to Australia in support of our foreign and trade policy objectives.

A total of 33 media representatives from the following countries visited Australia under the IMV program: Argentina, China, Fiji, Hong Kong, Indonesia, Japan, Kuwait, Malaysia, Papua New Guinea, the Philippines, Samoa, Singapore, Solomon Islands, Thailand, Tonga, Turkey, the United Arab Emirates, the United States and Zimbabwe.

These visits generated significant and balanced international coverage in influential media outlets on issues such as: the continuing strong performance of the Australian economy; our trade and investment policies; Australia and ASEAN relations; regional cooperation; Australia's role in the Pacific region; trade and economic links with the Middle East; and Australia's agricultural trade liberalisation.

Highlights for the year included:

- a group visit by five Pacific island editors timed to cover the first anniversary of the Regional Assistance Mission to Solomon Islands (RAMSI) and explain Australia's broader Pacific policies in advance of the Pacific Islands Forum
- a visit by a group of senior journalists from ASEAN nations to report on regional cooperation and the strength of Australia–ASEAN ties
- a visit by three editors from the United Arab Emirates (UAE) and Kuwait, which coincided with a visit by the UAE Minister for Economy and Planning for a Joint Ministerial Commission meeting, to increase their understanding of Australia's trade and economic linkages with the region
- a visit by three Japanese media representatives to publicise Australia's involvement in the Aichi Expo
- a group visit by three senior Chinese editors to report on the trade and investment relationship between Australia and China.

All visits attracted favourable comment from participants and resulted in extensive media coverage, including: the production of two special programs of more than ten minutes each by Japan's CBC TV and a three-part series in the *Chunichi Shimbun* newspaper (circulation 2 750 000) on our involvement in the Aichi Expo; a series of three articles in Thailand's *The Nation* newspaper on Australia's relations with Thailand and the region; positive articles in the *Fiji Times* on RAMSI; and three articles in the Singapore *Straits Times* on Australia–ASEAN ties.

The department's International Media Centre in Sydney continued to work closely with the resident and foreign media based in Australia by providing information and assistance on a range of issues. Media briefings were arranged with ministers and senior officials, often on specific issues such as Australia's free trade agreements, Australia's relations with Solomon Islands and our role with RAMSI, and the East Timor maritime boundary and resource issues negotiations. The department organised a special Prime Ministerial briefing for regional media on the eve of his visits to Japan and China.

The department arranged a familiarisation visit to Canberra for a group of 14 Sydney-based foreign media representatives, which included interviews with the Ministers for Foreign Affairs, Trade, and Immigration and Multicultural and Indigenous Affairs.

Cultural visitors

The department continued to manage the Cultural Awards Scheme (CAS). Fifteen CAS participants from 12 countries visited Australia in 2004–05, including arts media representatives, festival directors, performing arts presenters, gallery and museum directors, and chief curators.

The visits, several planned in cooperation with key partners such as the Australia Council and the Melbourne Art Fair, gave CAS participants an opportunity to meet leaders in the Australian cultural community, preview touring productions, profile individual arts practitioners and participate in Australia's major arts and film festivals.

They provided a platform to develop future collaborative projects and create significant opportunities for the programming of Australian performing arts work internationally. Several emerging Australian visual artists were selected to exhibit at the Yokohama Triennale in September 2005. Arising from the visit of Guy Boyce, Artistic Director of the Christchurch Festival, Australia and New Zealand will collaborate artistically in developing proposals for consideration under the Major Festivals Initiative, and four Australian productions were earmarked for inclusion in the 2007 Christchurch Festival. The visit of the executive editor of *China film news* and her subsequent series of articles on Australian post-production facilities, where major Chinese films *Hero* and *House of flying daggers* were post-produced, underpinned Australia's film promotion plans for China and work on a co-production treaty. CAS participants commented very favourably on the organisation and value of their visits in providing accurate, contemporary perceptions of Australia.

The department initiated a new publication—*CAS newsletter*—designed to publicise the CAS program and strengthen the department's links with the arts industry. Two editions of the newsletter are circulated each year to about 400 supporters of the program.

Promotion of Australia through our cultural assets

The department continued to use art and culture as a platform for projecting a positive and contemporary image of Australia internationally.

Australia International Cultural Council

The Australia International Cultural Council (AICC) is the peak consultative group for the promotion of Australian culture internationally. Chaired by Mr Downer, it brings together representatives from government, the arts and business to project a positive image of Australia that enhances our foreign and trade policy interests and to promote the export of Australian cultural product.

The department provides the AICC secretariat and plays a lead role in delivering AICC programs, particularly through our network of overseas posts. We work closely with the Australia Council and the Australian Film Commission, both of which are represented on the AICC.

Major AICC cultural programs launched in 2005 included the first stage of a two-year program in the United Kingdom titled *Undergrowth*, which incorporates dance and film elements in its diverse range of activities, and *oZmosis*, a program featuring contemporary arts and design in Singapore. The AICC also funded cultural events to commemorate the 30th anniversary of Australia's dialogue partnership with ASEAN, supported the visit of Australian jazz performers to Japan as a follow-up to the *Ancient Future—Australian Arts, Japan 03* promotion in Tokyo, continued the successful Embassy Roadshow series of mini film festivals, and supported the development of OzArts Online—an interactive service to promote Australian art overseas.

At the 11th AICC meeting, held on 25 February 2005, members agreed to a forward program involving targeted promotions in: India (2006–07), France and Malaysia (both 2007), the United States (2008–09), Indonesia (2009) and China and Germany (both 2010).

Supporting Australian artists overseas

The Cultural Relations Discretionary Grant (CRDG) Program provides seed funding to help high-quality Australian artists and companies take their work overseas. The objective of the program is to project internationally an image of a creative, sophisticated, diverse and technologically advanced Australia in support of the Government's key foreign and trade policy objectives.

The CRDG program provided funding for 28 projects in Italy, France, Austria, Malta, the Netherlands, Korea, Singapore, China, the United States, Mexico, Turkey, Tonga, Samoa, Fiji, South Africa, United Arab Emirates, New Caledonia, Finland, Portugal, Germany, Uganda, Tanzania, Kenya and Brazil. Funding was provided to a diverse range of artistic disciplines and companies, including: NovaMedia, which performed at Art Electronica, the world's foremost international festival for electronic and new media arts held at Linz, Austria; cutting-edge contemporary dance exponents BalletLab, which toured their production of *Amplification* to the Seoul International Dance Festival in Korea; the exhibition of *Our place: Indigenous Australia now*, a comprehensive showcasing of the culture of Australia's Indigenous peoples, at the National Museum of China in Beijing; and performances by the Australian Art Orchestra at the Festival Centro Historico in Mexico.

The department promoted Australia's reputation as a tolerant, multicultural society by selecting a wide range of artists, including youth, multicultural and Indigenous representatives. CRDG projects facilitated direct links between Australia's arts and culture industries and overseas markets, helping to promote Australia's cultural exports.

The department funded the Australian Visual Arts Touring Program and Fine Music Touring Program, which projected a positive image of contemporary Australian cultural excellence and diversity through the presentation of high-quality Australian visual art and music to South and South-East Asia.

Indigenous Australian culture

The department's Aboriginal and Torres Strait Islander Program projects an accurate and positive image of contemporary Indigenous peoples and cultures in Australia. A major component of the program is the management of three touring Indigenous art exhibitions: *Kickin' up dust* (a photographic display of four Indigenous cultural festivals); *Kiripuranji—Contemporary art from the Tiwi Islands*; and *Seasons of the Kunwinjku* (paintings and photographs from Arnhem Land). During 2004–05, the three exhibitions were displayed in more than 19 major cities in 17 countries across Europe, South America, Africa, the Middle East, and North Asia.

Posts used exhibitions under the Aboriginal and Torres Strait Islander Program as part of their public diplomacy programs to support the Government's foreign and trade policy objectives. For example, in Mauritius, the *Kiripuranji* exhibition was the centrepiece of a highly successful three-week 'Australia Festival', which incorporated Aboriginal dance performances and Australian food, wine and education promotions. *Kickin' up dust* was programmed throughout South America to coincide with Australian tourism and education promotions. The *Seasons of the Kunwinjku* toured two cities in Japan in the lead up to the Aichi World Expo, before exhibiting in the Australian Pavilion.



Australian High Commissioner Ian McConville is joined by members of Wadumbah Aboriginal Dance Group and the women and children of The Shelter, a recipient of Direct Aid Project funding in Mauritius. Wadumbah headlined at the 2005 'Australia Festival' in Mauritius.

The department actively supported National Reconciliation Week and the National Aboriginal and Torres Strait Islander Day Observance Committee (NAIDOC) Week, holding events in Canberra and at many posts and encouraging posts to display the Aboriginal and Torres Strait Islander flags.

Embassy Film Roadshow

The department continued to support the Embassy Roadshow—a film initiative funded by the AICC and co-managed by the department and the Australian Film Commission (AFC). The program aims to project a contemporary image of Australia and to promote the Australian film industry through a series of stand-alone film mini-festivals. It has proven to be a highly effective public diplomacy tool, with posts continuing to report a strong demand from overseas audiences. The roadshow has helped generate strong local media coverage, increase networking opportunities, promote the ‘Australian brand’ in a variety of markets, and build relationships and awareness of Australia and Australian culture. The AFC maintains two sets of 45 contemporary features, a selection of shorts, and one set of ten Spanish sub-titled features, which are circulated to Australian diplomatic missions. In 2004–05, posts in 22 countries hosted Roadshow festivals in 28 cities.

Sports diplomacy

The department promoted and supported sports development and participation at all levels in the South Pacific through the Australia–South Pacific Sports Development Program. Working with the Australian Sports Commission, the department approved 24 grants to support programs in Samoa, Solomon Islands, Tonga, Micronesia, Papua New Guinea, Vanuatu, Fiji and Niue. The sports assisted included cricket, netball, rugby union, Australian Rules football, swimming, volleyball, hockey, weightlifting and disabled sports.

Bilateral engagement: creating people-to-people links

The department provides secretariats for nine bilateral foundations, councils and institutes that work with business and community groups to promote people-to-people links and positive and contemporary images of Australia. We undertook preparatory work for the establishment of two new bilateral bodies—the Australia–Malaysia Institute and the Australia–Thailand Institute—that were launched during the year.

Australia–China Council

The Australia–China Council (ACC) funded a suite of educational and cultural programs to expand people-to-people contacts and underpin the further development of bilateral relations. In the field of education, the Council provided three scholarship programs for Australian students to study in China. It continued supporting Australian studies in China, by funding two conferences, 21 research projects and Australian studies centres for teaching, publication and community activities. To promote cultural

ties, the Council supported the Australia–China Council Asialink Arts Fellowship for Melbourne sound artist Iain Mott and provided an additional 41 grants for projects including martial arts, education and Indigenous music.

Australia–India Council

The Australia–India Council (AIC) continued to promote mutual understanding, in support of Australia’s foreign and trade policy interests, through bilateral contacts and exchanges in the arts, education (in particular Australian studies), commerce, health, social issues, environment, education, law and governance, sport, news media and film.

High-profile AIC projects included the fourth Australia–India Security Roundtable, visiting Australian Studies fellowships, support to the WA Art Gallery for an Indian exhibition, and further doctor training in HIV/AIDS, which has continued to showcase Australian expertise. Of particular note was the AIC’s support of an Australian authors’ tour. Cricket ties continued to flourish, with the AIC funding a sixth year of the Border–Gavaskar scholarship program for young Indian cricketers. A direct outcome of the AIC’s continuing work in the area of Australian studies was the launch of an Australian Studies Resource Centre within the Central Library at Jawaharlal Nehru University. Professor Ross Garnaut AO delivered the third Sir John Crawford lecture hosted by the National Centre for Applied Economic Research in New Delhi.

Australia–Indonesia Institute

The Australia–Indonesia Institute (All) maintained support for a broad range of activities to expand and strengthen bilateral people-to-people contact. The All continued the program of visits to each country by prominent Muslim community leaders to better inform perceptions of Islam in Australia and Indonesia. The Institute began a new training program in Australia for Indonesian teachers at Islamic higher education institutions to strengthen mainstream Islamic education in Indonesia. This program will continue and expand into 2006, including for a group from Aceh.

The All encouraged more focused media reporting on Indonesia by supporting a series of radio interviews with prominent Indonesians for broadcast in Australia. The Institute continued to develop an Australian studies network in Indonesian universities. The All’s support for successful exchanges and visits by students, teachers and arts performers broadened contact between young Australians and Indonesians and improved mutual knowledge about respective cultures and societies.

Australia–Japan Foundation

The Australia–Japan Foundation (AJF) was established by the *Australia–Japan Foundation Act 1976* to encourage a closer relationship between the peoples of Australia and Japan. It is a statutory body and therefore required to submit its annual report to Parliament, which contains a detailed account of its activities over the year.

The Foundation supported portfolio objectives by initiating and facilitating interaction between the two countries to expand and promote the relationship. The AJF funded educational programs including *Experience Australia* (a resource kit for Japanese primary schools) and *Discovering Australia* (a teachers' kit for Japanese high schools). The Australia–Japan Foundation library, located in the Australian embassy in Tokyo, provided a unique information service to Japanese schools, business and academic institutions. The Foundation facilitated professional exchanges among academics, teachers, teacher trainers, arts managers, bureaucrats, debaters and community groups.

Australia–Korea Foundation

The Australia–Korea Foundation (AKF) helped broaden and deepen relations with the Republic of Korea by supporting a range of commercial, cultural and educational activities. The AKF distributed the *Investigating Australia* study kit to a wider Korean audience and promoted a stronger awareness of Australia and the kit. It arranged, with the Korea–Australia Foundation, a three-month internship program for Australian business and finance students in Korea and launched an AKF–Korea Press Foundation scholarship to allow one mid-career Korean journalist to study and report on Australia for a year. The Foundation co-hosted, with the Korea Press Foundation, the *2nd Korea–Australia Media Forum*, focusing on film and new media—an area where there is strong potential to boost bilateral cooperation. It agreed with the National Institute of Korean History to work together on a history of Australian involvement in the Korean War. The AKF organised the exhibition *George Rose photographs of Korea in 1904* at the University of Adelaide, opened by Mr Downer, and arranged to print a second edition of the book based on Rose's photographs—*1904 Korea through Australian eyes*.

Council on Australia Latin America Relations

The Council on Australia Latin America Relations (COALAR) continued to support Australia's diplomatic and trade objectives in Latin America through targeted public advocacy activities. Maintaining its business focus, the Council worked with Austrade and the Australian–Latin America Business Council (ALABC). It supported Austrade's *Australia Festival* (the largest annual promotion of Australia in Latin America) and funded a range of ALABC activities, including the production of a business newsletter for the region.

COALAR co-funded visits to Australia by two high-profile education delegations from Chile and Mexico that strengthened links in areas such as Vocational Education and Training and English language teaching. The Council implemented stage one of its cultural strategy and sent two Australian Festival Directors to Latin America. It established a tourism action group and engaged the tourism industry in opportunities to raise Australia's profile in the region as a travel destination. The Council's visits program enhanced people-to-people links between Australia and Latin America in areas such as journalism and science and technology.

Council for Australian–Arab Relations (CAAR)

The Council for Australian–Arab Relations (CAAR) aims to broaden awareness and understanding between Australia and the Arab world, promote a greater understanding of mutual foreign policy interests, encourage activities that lead to mutual economic benefit and promote Australia's image in the Arab world. Initially established for a three-year period, it has now been made permanent.

Building on the previous year's program, CAAR's activities in 2004–05 included: launching online guides *Doing Business with the UAE*, *Doing Business with Saudi* and *Doing Business with Qatar* to help Australian small and medium enterprises do business in the Arab world; funding visits to Australia under the CAAR Business Speakers Program from Saudi Arabia and Lebanon; under the CAAR Young Professionals Exchange Program, placing young professionals from the UAE and Oman with educational and health institutions and government agencies in Australia and two Australians with government ministries in Oman; and visits to the region by two Australian journalists.

Australia–Malaysia Institute

The department undertook the preparatory work for the establishment of the Australia–Malaysia Institute (AMI), announced by Mr Downer on 7 April 2005. The Institute's role is to enhance bilateral people-to-people and institutional links with Malaysia. Eight prominent Australians drawn from business, media and academia form the AMI's Executive Committee. At its inaugural meeting in May 2005 the Institute determined its strategic directions for the first three years. AMI Chairman Michael Abbott QC visited Malaysia in June 2005 to promote the Institute and to establish contacts with potential Malaysian partners.

Australia–Thailand Institute

The department undertook preparatory work for the establishment of the Australia–Thailand Institute announced by Mr Downer on 29 June 2005. The Institute aims to build community linkages between Australia and Thailand, with particular reference to public policy, health, culture and the arts.

Former Deputy Prime Minister and Minister for Trade, The Hon. Tim Fisher AC, was appointed as the Chairman of the Australia–Thailand Institute Executive Committee, which includes seven other prominent Australians drawn from business, academia and the arts.

Direct Aid Program

In 2004–05, the department disbursed \$3 696 642 in Direct Aid Program (DAP) funds, through 46 posts, to projects in over 70 countries. The DAP is a flexible small grants scheme that aims to lessen humanitarian hardship while supporting the Government's international relations and public diplomacy goals. The following examples demonstrate the diversity of projects funded:

- 'training the trainers' across Ghana, through a two-day course for women teachers to equip them to address domestic violence in their communities
- providing musical instruments for the only school for the disabled in Kiribati, to widen the skills base of students
- improving safety and hygiene at a kindergarten in Laos by installing a fence, toilets, taps and kitchen
- supplying 100 soak-pit latrines to ten villages in Pakistan, and educating the communities in hygiene.

ABC Asia Pacific satellite television service

Now in its fourth year, the ABC Asia Pacific (ABCAP) satellite television service has continued to consolidate its reach and appeal to viewers in the Asia-Pacific region. The service is funded by the Government under contractual arrangements managed by the department. ABCAP is now available in 38 countries in the region on 155 broadcasting platforms. The service is available in approximately 8.7 million homes and over 200 000 hotel rooms.

The Government's current five-year contract with the ABC for the operation of ABCAP ends in August 2006. In June 2005, the Government decided to undertake a tender process to test the market for the most efficient and effective provider for Australia's regional television service for the period 2006–2011. The tender will open in early 2005–06.

Australian participation in the 2005 World Expo—Aichi, Japan

Prime Minister Howard committed Australia to participate in the 2005 World Exposition in Aichi, Japan in recognition of the importance of the Australia–Japan relationship. The Government committed a budget of \$35 million. A significant number of corporate sponsors and state government partners contributed approximately \$4.5 million in sponsorship for the Australian Pavilion.

The Aichi World Expo site is located in Nagoya, the capital of Aichi Prefecture. The theme of the Expo, which commenced on 25 March and will run until 25 September 2005, is 'Nature's Wisdom'. A record 121 countries and four international organisations are participating. Projected attendance is 15 million over six months.

The Australian Pavilion

The department has project-managed Australia's participation at the World Expo. Our key objective has been to project a contemporary image of Australia as culturally diverse and harmonious, and technologically sophisticated with a dynamic forward-looking economy.

The Government awarded the contract to design the Australian Pavilion to Melbourne-based company Think!OTS. The pavilion, both in design and function, reflects the theme of the Expo from an Australian perspective and showcases Australia's unique lifestyle and cultural diversity. The pavilion's facade is an artwork on a 'canvas' of stainless steel. Incorporating some of Australia's best known constellations—such as the Southern Cross and the Seven Sisters—it aims to bring the southern sky to the northern hemisphere. The pavilion's storyline is consistent with the 'Nature's Wisdom' theme. Using Australian images and themes, the storyline provides visitors with an understanding that through the lessons of the past and using modern-day technology, we will better provide for a sustainable future—environmentally, economically and socially.



Crown Prince Frederik and Crown Princess Mary of Denmark visit the Australian Pavilion at the World Expo 2005 in Aichi, Japan in June 2005. They are seen here with the pavilion 'platypus'. Photo: José Manuel Ramírez

Visitors are guided by Japanese-speaking Australians, underscoring this generation's close links with Japan and the future friendship between our two peoples. The Australian Pavilion has a specially-designed business facility for business and community functions.

Business program

The Aichi World Expo has provided a unique opportunity to showcase Australia as a leading business, tourism and education destination throughout Japan and the Asia-Pacific. The Australian Pavilion is hosting highly targeted business seminars and networking meetings for Australian and Japanese business representatives, in support of the promotion of tourism and education services. Mr Ian Grigg AM, Australian Business Envoy to Aichi World Expo, is responsible for coordinating the business program. The program features one priority sector for each month of the Aichi World Expo, covering: automotive; agribusiness; information and communications technology; environmental technology; biotechnology; natural resources and energy; and health and ageing. Austrade has played a major role in organising business missions, with assistance from state government agencies.

Arts and entertainment program

The Australian Pavilion's arts and entertainment program portrays an inventive, youthful and contemporary Australia. It merges traditional cultures with modern technology. Australia has a permanent troupe of six performers at the Expo plus more than 200 visiting performers, including leading Australian artists, such as jazz musician James Morrison, pianist Simon Tedeschi, guitarist Slava Grigoryan, Bangarra Dance Theatre and aerial performance artists Strange Fruit.

3.1.3 FREEDOM OF INFORMATION AND ARCHIVAL RESEARCH AND CLEARANCE

Freedom of information

The *Freedom of Information Act 1982* extends to the Australian community the right to obtain access to information held by the Australian Government. Access is limited only by exemptions protecting essential public interests and the business and private affairs of people about whom departments and statutory authorities may hold information.

The department processed 87 requests from the public during the review period, an increase of 11 per cent over the previous year. Around one-third of these applications were complex requests for a substantial volume of information on sensitive topics. The limited number of applications not completed within the statutory deadline generally reflected the volume or complexity of the information requested. In these cases we kept applicants advised of progress.

The department strengthened its capacity to meet obligations under the Act by providing training to all officers at the director and senior executive level on their responsibilities under the Act. The department was proactive in managing FOI applications, liaising closely with applicants in an effort to better meet their requests for information. Where appropriate, senior departmental staff briefed applicants outside the formal FOI process, achieving an improved service from the applicants' perspective. A significant outcome of the department's handling of FOI applications was that no appeals were made to the Administrative Appeals Tribunal and there were only seven applications for internal review. Only one complaint was made to the Commonwealth Ombudsman about the department's handling of an application. After the department explained its position to the Commonwealth Ombudsman, further enquiries ceased.

The department also met its obligations under Sections 8 and 9 of the *Freedom of Information Act 1982*. The department's Section 8 statement is at Appendix 5.

TABLE 13. REQUESTS PROCESSED UNDER THE *FREEDOM OF INFORMATION ACT 1982*

	2004–05	2003–04	2002–03
Requests for information			
Access granted in full	22	13	8
Access granted in part	21	27	19
Access refused	26	22	20
Requests transferred or withdrawn	18	16	16
Total	87	78	63
Requests subject to review or legal appeal			
Subject to internal review (s.54)	7	9	5
Subject to AAT appeal (s.55)	0	3	1
Ombudsman	1	1	3

Freedom of information requests

Of the 87 FOI requests processed, 79 were not subject to review or appeal.

Privacy Act 1988


No complaints were received in the department under the *Privacy Act 1988* during the reporting period.

Historical publications and information

The department continued to research and prepare publications on Australia's foreign and trade policy history. These publications are an important resource for scholars and also help to explain the department's functions and activities to the public.

In September 2004, the department launched a new historical monograph series, *Australia in the world: The Foreign Affairs and Trade files*. The first publication in this series was *Australia and the origins of the Pacific Islands Forum*, published to commemorate the 35th meeting of the Pacific Islands Forum in Apia. In November 2004, the department published the proceedings of the Seventh International Conference of Editors of Diplomatic Documents, a conference we hosted in 2003 in Canberra.

Showing the links between historical accounts of foreign policy and today's foreign policy priorities, Mr Downer launched *Documents on Australian Foreign Policy: Australia and the Formation of Malaysia, 1961–1966* at the Australia–Malaysia Free Trade Agreement Conference in Melbourne in March 2005. The publication was also



launched in Malaysia, an event which underscored the real and sustained contributions Australia made to Malaysia in its formative years. The Prime Minister, Mr Howard presented a copy of the volume to the Malaysian Prime Minister, Dato' Seri Abdullah Badawi during the latter's visit to Australia.

Mr Downer also launched *Documents on Australian Foreign Policy: Australia and the Colombo Plan, 1949–1957*. This book documents the role played by the Australian Government in conceiving and implementing the British Commonwealth (and later international) plan to provide economic and technical assistance to developing countries in South and South-East Asia.

We continued research towards production of other publications, including *Australia and the Independence of Papua New Guinea*, *Australia and the Cairns Group*, and *Australia and Japan*.

Historical research and access

Departmental records more than 30 years old are available for public access under the *Archives Act 1983*. Before public access the National Archives of Australia refers highly-classified records back to the department for expert assessment regarding sensitivities relating to intelligence, security, defence or international relations.

Table 14 outlines requests assessed by the department under the Archives Act. We received 505 files from the National Archives to be assessed for public access. Including outstanding file requests from 2003–04, 572 files were completed, with 271 containing at least one exemption on national security or international relations grounds. We referred 34 files to other agencies (ASIO and the Department of Defence) and 14 requests to foreign governments (United Kingdom, United States, Canada and New Zealand) for clearance. We completed 19 requests for clearance from foreign governments (United Kingdom and United States) and 28 requests from other agencies. There were two requests for internal review and no appeals against our decisions to the Administrative Appeals Tribunal. We granted three applications for special or privileged access to records not available to the public.

The department successfully reduced the backlog of files that had been received from the National Archives for access examination and also completed other access review work equivalent to 80 files (45 000 folios).

TABLE 14. REQUESTS ASSESSED UNDER THE ARCHIVES ACT 1983

	2004–05	2003–04	2002–03
Files received	505	464	461
Total files assessed	574	375	546
Files completed	572	299	490
Number of folios assessed	103 470	81 643	107 591
Open access	301	77	198
Wholly or partly exempt	271	222	275
Subject to review	2	0	1
Subject to appeal	0	0	0

Corporate records

The department continued to undertake a range of activities designed to comply with the recommendations from the ANAO Report of 2003 on Recordkeeping in Large Commonwealth Agencies.

Key results included the development and endorsement by the department's Senior Executive of the Strategic Plan for Recordkeeping 2004–07 and a new Recordkeeping Policy for the department. We established a panel of service providers, the Records and Archival Services Panel 2004–07, with 17 companies offering a range of training, records management, archival and information systems consultancy services. Training programs were reviewed and improved and a scoping study was conducted looking at potential solutions for the implementation of an Electronic Document and Records Management System. By December 2004, the department had rolled out the TRIM records management software system to all overseas posts. We completed ten sentencing projects in Canberra and at overseas posts.

Output 3.1 Quality and quantity information

Quality indicators

- Satisfaction, particularly of ministers, with the provision and impact of public diplomacy and information activities in Australia and the degree to which a positive image of Australia is projected internationally and Australia's profile raised
- Timeliness and relevance of cultural and media activities and publications
- Number of departmentally processed Freedom of Information and Archives requests not subject to requests for review and appeal

Quantity indicators

- Number of Australian performing groups, artists, exhibitors and other cultural visitors supported
- Number of public briefings given by departmental staff in Australia and overseas
- Number of other public diplomacy/cultural activities organised
- Number of media-related inquiries handled by the media liaison section
- Number of visits organised under the International Media and Special Visits Programs and the Cultural Awards Scheme
- Number of publications produced and number of copies distributed
- Number of statistical services provided to external clients
- Number of treaties maintained on, and added to, the international treaties database
- Number of Freedom of Information requests processed
- Number of records assessed for international relations sensitivities before release under the *Archives Act 1983* and number of completed requests for archival information

Satisfaction with public diplomacy

Portfolio and other ministers commented favourably on the department's efforts to promote Australia's image abroad and to enhance understanding of, and support for, the national foreign and trade policy agenda in Australia.

Specifically, Mr Downer and Mr Vaile paid tribute to our role in projecting accurate and positive messages to overseas and domestic stakeholders about trade liberalisation initiatives, including free trade agreements (FTAs) with China, Malaysia, the United Arab Emirates, ASEAN and New Zealand and continuing work on the AUSFTA, and World Trade Organization (WTO) negotiations. Industry groups (agriculture, manufacturing, services and resources) and state governments expressed appreciation for the department's trade outreach programs, and complimented our web-based and other published resources, print runs of which were fully subscribed.

Senior government officials and senior executives of Australian companies were pleased with our successful promotion of a positive image of Australia internationally through the Aichi World Expo. The department received written letters of appreciation from many senior visitors to the Australian Pavilion.

The department's public advocacy programs in consular crises (such as the Indian Ocean tsunami) and high-profile consular cases (for example, the Douglas Wood hostage situation in Iraq) were praised by ministers and families of those affected. The public and travel industry reaction to our public information programs in support of the introduction of the new *Australian Passports Act 2005*—including the positioning of posters at international airports and elsewhere—has been generally positive although the programs have been in place a relatively short time.

Mr Downer, Senator Patterson and senior staff of the Office of the Status of Women commended the department on its production of an historical display featuring Australian women in international diplomacy, which was launched both in Canberra and New York and has since toured other international venues, promoting the diverse roles played by Australian women in achieving Australia's foreign and trade policy goals.

We established websites to provide information on, and promote national interests in, key events (including our consular response to the tsunami). Positive feedback from users on other specific websites (such as *smartraveller* and sites on Australia's trade policies) underscored the department's successful use of new technologies to support its broad public information agenda.

A well-targeted International Media Visits program produced extensive and constructive media reporting on key foreign and trade policy initiatives such as FTAs, our relations with ASEAN countries and Australia's policies in the South Pacific. Feedback from participants, our overseas posts and external clients was uniformly positive. Senior media representatives from China, ASEAN, the Middle East and the Pacific commented favourably on the program. A member of the ASEAN media group visit commented that

their visit 'met our objectives of communicating the extent of Australia's economic, trade and investment linkages in the region and underlining the strength of ties between Australia and ASEAN'.

The company NWS Australia LNG praised the visit of three Chinese media representatives organised by the department as 'very important for the Sino-Australia relationship'.

A targeted program of group and individual briefings conducted by senior officials with Australian media representatives resulted in broad and better informed coverage of key portfolio interests, including FTAs, biometric passports, international security issues (including Australia's terrorism White Paper), WTO negotiations, East Timor maritime boundary and resource issues negotiations and Australia's uranium export policy.

The Melbourne 2006 Commonwealth Games Corporation commended the department on its assistance for the Commonwealth Games Queen's Baton Relay, saying we 'provided tremendous support to the team with their advice here in Australia and on the ground in the destinations that the Relay has visited.'

The department's Cultural Awards Scheme (CAS) visit program attracted appreciative comments from international visitors and led quickly to concrete outcomes, such as programming of Australian artists into international events. CAS clearly strengthened our links with overseas arts industries. Some significant outcomes from CAS visits included:

- exhibitions by two Australian visual artists (Shaun Gladwell and Craig Walsh) to be held at the Yokohama Triennale 2005 at the invitation of CAS visitor, Taro Amano, Curator at the Yokohama Museum of Modern Art
- the permanent display of Australian flora at Taiwan's National Museum of Natural Science following the visit of its Director, Dr Li Chia-wei
- ongoing Radio New Zealand promotion of Australian cultural programs following the visit of an RNZ journalist.

Publications

The department produced a range of publications designed to provide general information on Australia, plus more specialised publications on Australia's foreign and trade policy and the economic and political climate of other countries. Publications are available in hard copy, online, on CD or downloadable PDF files.

Economic publications attracted strong media coverage. *Solomon Islands: Rebuilding an island economy* was featured in a full-page article in the *Australian Financial Review* and in an editorial in *Solomon Star*. It also was reported widely on radio in Solomon Islands and on ABC Radio Australia News. *Papua New Guinea: The road ahead* was covered in most of the major Australian and both Papua New Guinean dailies.

Malaysia: An economy transformed attracted strong, positive media coverage in both Australia and Malaysia (*New Straits Times* and *The Edge Malaysia*). The publication was distributed to all participants and used extensively in a paper presented at the opening session of the Australia–Malaysia Free Trade Agreement Conference organised by the Australian APEC Studies Centre.

The key findings of the report *Australia and the United States: Trade and the multinationals in a new era* were included in a number of industry association newsletters and web page entries. The report was included in Austrade's *Australian export update*, the Industry Capability Network website and the Government's FTA website (www.fta.gov.au).

Following a departmental review of our compilation of trade statistics, we introduced a new *Trade Topics Quarterly* and reduced from 10 to 7 the annual set of statistical publications. We produced three new PDF publications on Australia's trade statistics with East Asia, the European Union and the Americas.

Publications on *Australia—Trading with the World* were well received. Continuing demand for the popular *Australia in brief* saw a new edition produced and dispatched to all posts for international distribution. VIP guests visiting the Australian Pavilion at the Aichi Expo welcomed our distribution of a bilingual text *Australia–Japan Connections*, which addressed cultural, trade and education links, as a high quality memento of their visits.

The department's latest publications of historical documents on Australian foreign policy, *Australia and the Formation of Malaysia 1961–1966* and *Australia and the Colombo Plan*, were positively received in Australia and the region. Prime Minister Howard presented a copy of the Malaysian volume to the Malaysian Prime Minister who commented favourably. The Malaysian media and senior Malaysian officials welcomed the publication's launch. The Deputy Prime Minister of Singapore said it provided a 'useful third-party account of many significant events in the early years of Singapore's nationhood and shared history with Malaysia'. In his launch of the Colombo Plan volume, Mr Downer noted the historical dimensions of Australia–Asia people-to-people contacts and educational engagement.

Freedom of information requests

Of the 87 freedom of information requests processed, 79 were not subject to review and appeal. No complaints were received in the department under the *Privacy Act 1988* during the reporting period.

Quantity information for output 3.1

Indicators	2004–05	2003–04
Number of Australian performing groups, artists, exhibitors and other cultural visitors supported	1 439	1 634
Number of public briefings given by departmental staff in Australia and overseas	2 434	1 985
Number of other public diplomacy/cultural activities organised	1 641	1 463
Number of media-related inquiries handled by the media liaison section	8 700	6 700
Number of visits organised under:		
International Media Program	33	41
Special Visits Program	32	32
Cultural Awards Scheme	15	15
Number of publications produced and number of copies distributed ¹	367	473
Number of statistical services provided to external clients	8 812	8 587
Number of treaties maintained on, and added to, the international treaties database ²	3 073	2 677
Number of Freedom of Information requests processed	87	68
Number of records assessed for international relations sensitivities before release under the <i>Archives Act 1983</i> and number of completed requests for archival information	1 146	674

1 The department continues to distribute a substantial number of publications in hard copy form. However, given our increasing use of the website to disseminate publications—including to our overseas posts—the quantity of hard copy documents distributed has become a less meaningful indicator.

2 For information on treaties, see the Australian Treaties Database at www.info.dfat.gov.au/treaties.

Administered items for Outcome 3

Grants

Quality indicator

- Grants administered in accordance with Government guidelines on the administration of the Discretionary Grants Program

Quantity indicator

- Number of grants

Grants were administered in accordance with Government guidelines on the administration of the Discretionary Grants Program. See Appendix 11 for a list of discretionary grant programs administered by the department.

Quantity information

Nine grants were administered in 2004–05.

ABC Asia Pacific (ABCAP) television service

Quality indicator

- ABCAP television service to meet its contractual obligations with the department in regard to the quality, coverage and management of the new television service

Quantity indicator

- ABCAP's performance measured by the tests and assessments prescribed in the DFAT-ABCAP contract

Key indicators were met.

Quantity information

ABCAP has secured distribution on more than 150 re-broadcast platforms in 38 countries. Independent surveys confirm that ABCAP ranks in the top 25 broadcast channels and consistently ranks ahead of channels such as Channel News Asia, CNBC, Fox News, Bloomberg and Hallmark.

Australian participation in the 2005 World Expo—Aichi, Japan

Quality indicator

- Australia's participation at the Expo will provide an opportunity to further develop Australia–Japan relations across a range of areas, including economic, cultural, environment and people-to-people links

Quantity indicator

- Performance is measured by a range of quantitative and qualitative indicators described in project documentation

As of 30 June 2005, the Australian pavilion had welcomed 1.28 million visitors since Aichi World Expo began on 25 March 2005. The Australian pavilion and associated activities attracted a total of 1060 media items in Japan and Australia, contributing to positive reporting on the Australia–Japan relationship. The Australian pavilion has been consistently voted in the top five national pavilions by Japanese publications.

More than 100 invitational events promoting tourism, business, education and other aspects of the relationship have been held at the pavilion, attracting over 5000 Japanese guests. More than 400 Australian cultural performances have been held on the stages of the Aichi World Expo site.

High-level visitors to the pavilion have included the Prime Minister, Mr Howard, the Minister for Foreign Affairs, Mr Downer, the Minister for Trade, Mr Vaile, the premiers of Queensland and Victoria, state government ministers, the Prime Minister of New Zealand, the Crown Prince of Japan, the Crown Prince and Princess of Denmark, senior executives from Toyota Australia, Woodside, Rio Tinto and Northwest Shelf LNG, the Governor of Aichi Prefecture and the Commissioner-General of the Bureau International des Exposition. The Australian pavilion has received letters of appreciation from many senior visitors, outlining their positive experience.



*Departmental staff visit the site of the new chancery in Baghdad in February 2005.
Left to right: Glenn Ashe (Senior Administrative Officer, Baghdad); Howard Brown (Ambassador); Nick Warner (Deputy Secretary); Kevin Nixon (Assistant Secretary, Overseas Property Office) and John Richardson (Assistant Secretary, Diplomatic Security Branch).*

Repairs to the Australian embassy Jakarta and additional security works under construction following the terrorist bombing in September 2004.



Outcome 4

Efficient management of the Commonwealth overseas owned estate

OUTPUT 4.1

EFFECTIVENESS
QUALITY AND QUANTITY

OUTPUT 4.2

EFFECTIVENESS
QUALITY AND QUANTITY



PERFORMANCE INFORMATION FOR OUTCOME 4

Effectiveness indicators—overall achievement of the outcome

Indicators to assist in assessing the success of the department's contribution to the achievement of this outcome are:

- Management of the owned overseas property estate meets the Government's property needs, and achieves the agreed dividend and return on investment in accordance with the Government's overseas property principles
- Australian Government representatives overseas provided with appropriate accommodation, including through effective management of the United Process Solutions strategic alliance contract
- Efficient financial and physical management of assets.

TABLE 15. FINANCIAL AND STAFFING RESOURCES SUMMARY FOR OUTCOME 4

Efficient management of the Commonwealth overseas owned estate

	2004-05 Budget and Supplementary Additional Estimates (\$'000)	* Actual 2004-05 (\$'000)	Variation (actual less budget) (\$'000)	Budget 2005-06 (\$'000)
Administered expenses	0	0	0	0
Total administered expenses	0	0	0	0
Price of departmental outputs				
Output 4.1—Property management	51 210	68 863	17 653	48 889
Output 4.2—Contract management	0	0	0	0
Total price of departmental outputs	51 210	68 863	17 653	48 889
Appropriation from government for departmental outputs	0	0	0	0
Revenue from other sources	51 210	68 863	17 653	48 889
Total resourcing for Outcome 4 (Price of departmental outputs plus administered expenses)	51 210	68 863	17 653	48 889

* Includes proceeds from property divestments.

	2004-05 Budget and Supplementary Additional Estimates	2004-05 Actual	2005-06 Estimate
Average staffing level (number)*	17	17	21

* Includes overseas locally engaged staff.

OUTPUT 4.1:

Property management

Overview

Through effective management of the overseas owned property estate, the department met the Government's property needs in accordance with the Australian Government Property Principles—the standard that ensures maintenance of the value of the Government's property assets.

The department's Overseas Property Office (OPO), which is responsible for the management of all aspects of the Australian Government's overseas owned property estate, continued to apply rigorous commercial practice to management of the estate.

The department met indicative targets under output 4.1 relating to the maintenance of the overseas property portfolio. We paid a dividend to the Government, made a return on investment and maintained a management expense ratio consistent with property industry guidelines.

The department maintained regular close consultation with the Department of Finance and Administration and government agencies represented at our overseas posts to ensure effective inter-agency communication on relevant property management issues.

The international security environment continued to place significant additional pressures on the management of the overseas property estate, necessitating the relocation of a number of our overseas properties to meet new security requirements (see output 1.2 for more information).

Provision of accommodation overseas

Through a combination of owned property and property leased from private landlords, the Government fully met the wide range of office and staff accommodation requirements of agencies representing the Australian Government's interests overseas.

In 2004–05, the department managed owned properties in 57 locations, commercially valued at \$1.3 billion at 30 June 2005.

The leased overseas estate comprises property leased by the department and other agencies from private landlords. The leased estate is funded from departmental appropriations (see Section 3: Corporate management and accountability on page 251 for information about the department's leased estate).

New chancery for the Australian embassy in Baghdad

The Overseas Property Office (OPO) completed construction of our new chancery in Baghdad in June 2005. The building, located in the International Zone, is leased from the Iraqi Government. It was extensively reconstructed and modified to provide a secure working and living environment for embassy staff.

The fast-track delivery of this project called for detailed planning and management in a uniquely difficult environment. There was close collaboration between relevant work areas of the department and consultation with the post throughout the project's design and delivery stages.

OPO managed the project through an on-site Australian project manager employing Iraqi contractors and a local work force. Difficult logistical problems caused in part by the security situation were overcome to ensure the regular supply of labour and the shipping and delivery of materials, including from Australia.

From the beginning of construction, continuous reviews of security requirements led to substantial additional works to ensure the chancery's effective future operation, as well as staff and visitor safety. A detachment of the Australian Defence Force provided security at the site, and will continue to provide security for the new chancery and embassy staff.

Physical management of assets

The department maintained a program of continuous assessment of all overseas property, involving annual inspections by qualified facilities managers and consultation with post management and agencies.

We assess properties using a model we developed for measuring and monitoring their physical condition. The model is based on property industry standards, including: expenditure on repairs and maintenance as a percentage of asset value; compliance with safety and storage codes; structural soundness; strategic importance of the individual properties; age of the properties with allowance for mid-life upgrades and refurbishments; and functionality and amenity of the properties.

The model is used to develop an age and condition profile of the estate, which provides a basis for determining priorities for upgrading, acquiring or disposal. It also guides the forward refurbishment program approved annually by the department's Senior Executive. The model identified a continuing significant trend of modernisation and renewal in the age profile, reflecting current and recently completed major construction works and relocations, as well as property divestments determined on the basis of market assessments.



Financial management of assets

The department operates a Special Account to manage the overseas owned estate. The account, which is separate from the department's Budget appropriations, was established in May 2002 by the Minister for Finance and Administration. Revenue into the account is derived from commercially based rents paid by agencies that occupy Government owned property overseas.

For detailed reporting on financial management of the overseas owned estate, see quality and quantity information for output 4.1, which reports on the rate of return on investment achieved from the operation of the estate in 2004–05, the annual dividend paid to the Government and the management expense ratio, which measures management costs.

Output 4.1: Quality and quantity information

Quality indicators

- Portfolio condition to be maintained to industry standards
- Tenant satisfaction to be reviewed by annual survey

Quantity indicators

- Return on investment to be compared with external industry benchmarks and the agreed annual requirement as determined each year
- Management expense ratio to be consistent with external industry benchmarks
- Pay agreed annual dividend to Government

Portfolio condition

The department's Overseas Property Office (OPO) assessed the overall condition of the overseas owned estate in 2005 as good, based on the assessment model described in the Overview section. The condition of the estate continued to improve, reflecting a substantially increased construction program, refurbishments of existing properties and an increased rate of delivery of maintenance programs.

The condition of properties in the estate can be expected to improve further over the next five years as a result of planned refurbishments, updated compliance with relevant Australian and local building codes, and current and proposed major construction projects (see output 4.2).

Tenant satisfaction

The department conducts surveys twice a year to monitor the level of tenant satisfaction with the delivery of property management services in the overseas estate by United Process Solutions (UPS). In general, survey results demonstrated a satisfactory level of performance by UPS. OPO's estate managers ensured that liaison was maintained between tenants and the service provider and that service was delivered to agreed standards (see also output 4.2 quality and quantity information).



Quantity information for output 4.1

Return on investment

The rate of return on investment on the overseas owned estate was 21.32 per cent. This relatively high rate of return reflected a number of specific property revaluations in 2005, and net proceeds from the sale of property as foreshadowed in the department's 2003–04 annual report.

Management expense ratio

The management expense ratio indicates the relationship between costs of management and value of the estate. For 2004–05 the ratio was assessed at 0.67 per cent, which was consistent with external industry benchmarks.

Annual dividend

The department paid to the Government a dividend of \$21.986 million from the operations of the overseas owned estate in 2004–05, as agreed between the Minister for Foreign Affairs and the Minister for Finance and Administration. The department also paid \$20.675 million to the Government in property divestment proceeds.

OUTPUT 4.2:**Contract management****Overview**

The department made extensive use of contracted services to ensure effective management of the overseas estate. Providers of these services were selected in accordance with the department's competitive tendering and contracting procedures. Services provided under contract included project management, property disposal, audit and legal.

The department effectively managed a substantial program of construction projects to provide secure and functional accommodation and office space for Australia's overseas representatives. Construction services were also provided on a subcontracted basis.

A range of outsourced property services was provided to the overseas owned estate under the department's contract with United Process Solutions (UPS).

Construction projects

The department managed the planning and implementation of a significant construction program in the overseas estate throughout 2004–05. Construction continued on two major new chanceries, in Colombo and New Delhi. Parliament's approval was obtained for the construction of new offices for the consulate-general in Bali, and a new chancery in Vientiane. Parliament also approved projects for the substantial refurbishment of owned chanceries in Singapore, Wellington and London.

In addition to projects in the owned estate, OPO managed the department's leased estate projects, including the fitting-out of our new chancery in Baghdad. Leased estate projects completed or begun in 2004–05 included the relocation of a number of our chanceries and the fitting-out of chanceries for our newly opened posts in Accra and Kuwait.

Details of projects undertaken in 2004–05 are provided under output 4.2 quality and quantity information.

Contract with United Process Solutions (UPS)

The department has an outsourcing contract with UPS for the provision of property services in the overseas owned estate. The department maintained its dialogue with UPS throughout the year to ensure the effective delivery of contract services.

Under the contract, UPS provides facilities management in the owned overseas estate, including servicing of plant and equipment and preventive maintenance programs in posts. In some larger posts UPS provides on-site facilities managers to oversee locally engaged UPS staff. Posts report faults or problems to the company's 24-hour call service in Australia.

Posts' satisfaction with services provided by UPS was surveyed through the year as a measure of the contract's effectiveness. In general, survey results demonstrated a satisfactory level of performance by UPS (see output 4.1 quality information, and output 4.2 quality and quantity information).

Output 4.2: Quality and quantity information

Quality indicators

- Efficient and effective management of construction projects for new capital works
- Ensuring measurement of contractual outcomes required of United Process Solutions
- Tenant satisfaction with United Process Solutions contract delivery


Quantity indicators

- Number of project contracts managed
- Number of calls answered by United Process Solutions call centre and agreed response times for successful service delivery achieved

Management of construction projects

Major projects in the overseas owned estate that began in 2003–04 continued on schedule in 2004–05. These were construction of new chanceries in Colombo and New Delhi and refurbishment of staff apartments in the embassy complex in Paris. Projects in the overseas owned estate were managed in accordance with contract specifications, and within current budget and timing parameters. Projects for refurbishment of the chanceries in Wellington and Singapore, works on Australia House in London, and proposals for the construction of new premises for our embassy in Vientiane and our consulate-general in Bali were the subject of departmental submissions to the Parliamentary Joint Standing Committee on Public Works and were subsequently approved by Parliament. Refurbishment works began on the head of mission residence in Washington. Planning continued for proposed construction of new chanceries in Phnom Penh and Rangoon.

In addition to these works in the owned estate, repairs and additional security works were begun on the chancery in Jakarta following the bombing at the embassy in September 2004. Because of the urgency of this project, Parliament approved these works without formal reference to the Public Works Committee. The department provided an informal briefing on this project to the Committee.



Leased estate projects completed in 2004–05 included the relocation of our embassies in Ankara, Athens, Baghdad and Rome. We continued work on relocating chanceries in Brunei and Harare. Premises for new posts were completed in Accra and Port of Spain. Work proceeded on establishing offices for our new post in Kuwait. Project development continued on new chanceries in Port Vila and Tehran, to provide improved protection against local seismic risk.

Contractual outcomes required of United Process Solutions (UPS)

The performance of UPS is measured against contractual indicators relating to financial and business processes, tenant satisfaction, portfolio condition, divestments and capital works. Overall, the contract delivered acceptable outcomes.

Tenant satisfaction with UPS

See output 4.1 quality and quantity information.

Quantity information for output 4.2

Number of project contracts managed

During 2004–05 OPO had oversight of 23 substantial construction and refurbishment projects in the overseas owned and leased estate (see above and output 4.2 overview).

Number of calls answered and response times

A total of 6534 calls were made to the call centre, with 97.41 per cent of calls responded to within contractually defined response times.

The Minister for Foreign Affairs Alexander Downer with former and serving female employees of the department at the launch of the 'Women Working for Australia' display, 8 March 2005. Back row (L-R): Penny Richards, Minister, Australian embassy Tokyo; Caroline Millar, First Assistant Secretary, International Organisations and Legal Division and Ambassador for People Smuggling Issues; Felicity Volk, Director-Projects, Images of Australia Branch; Diana Page, Department of External Affairs cadet recruited in 1943; Mr Downer; Di Johnstone, former Ambassador to Nepal; Sue Tanner, Ambassador to Spain. Front row (L-R): Glenda Gauci, former Executive Director, Aichi Expo Unit; Karina Campell, former Ambassador to Laos; Ruth Pearce, recently returned Ambassador to the Philippines; and Heidi Venamore, recently returned deputy Head of Mission in Iraq. 'Women Working for Australia' celebrated the contribution made by Australian women to international diplomacy since the early 1900s. Photo: Michael Jensen



CORPORATE MANAGEMENT AND ACCOUNTABILITY

SECTION 3

Overview

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CORPORATE MANAGEMENT AND ACCOUNTABILITY

Overview

The department's flexible work structures, supported by centralised staffing arrangements, underpinned our responses to changing priorities in a demanding international environment.

We effectively deployed staff to manage consular and often emergency situations. The department's well-established crisis management systems, including 24-hour crisis centres in Canberra and special teams deployed overseas at short notice, ensured timely and effective responses to the Indian Ocean tsunami, the Jakarta embassy bombing and the kidnapping of an Australian in Iraq.

The department also ensured adequate numbers of qualified staff were identified and deployed to meet our objectives for high-profile events such as the Athens Olympics and Anzac Day commemorations at Gallipoli. We met an increased demand for resources to pursue the Government's ambitious trade policy agenda, in particular for negotiating free trade agreements (FTAs) with China, ASEAN and New Zealand, Malaysia, and the United Arab Emirates (UAE).

The safety, health and welfare of employees and their families is critical to the department's ability to achieve its goals, including in demanding and unpredictable overseas environments. We expanded our Staff Counsellor's Office to consolidate existing support networks for staff and their families. The Staff Counsellor's Office and our Principal Medical Adviser also provided expert professional assistance that informed the department's response to consular emergencies overseas.

The department worked to improve the efficiency of our management and accountability practices. We began a project to acquire and implement a successor to our human resource management information system that will consolidate existing tools and may position us to implement aspects of the system for locally engaged staff overseas. The department began implementing an audit self-assessment program for posts that will make our internal audit capacity more rigorous and efficient.

Our training programs continued to provide opportunities for staff skilling across a range of policy and corporate areas, as well as in foreign languages. Formal staff responses to our training programs were positive overall.

We concluded a new Service Level Agreement (SLA) for the provision of management services to 26 attached agencies at overseas posts (see sub-output 1.3.2 for more information).

Corporate governance

The department's strong institutional governance framework ensures we fulfil corporate responsibilities that support our performance outcomes (see performance reporting under Outcomes 1–4).

Senior Executive

The Secretary and the four deputy secretaries make up the department's Senior Executive (see also Departmental Overview: Organisational structure on page 12). The Senior Executive provides leadership and strategic direction for the department and ensures we meet our corporate governance requirements.

Dr Ashton Calvert AC, who was Secretary and Chief Executive until 4 January 2005, and Mr Michael L'Estrange, from 17 January 2005, provided close direction on all major foreign and trade policy issues and on the department's corporate management. The Secretary provided direct leadership in shaping and communicating the professional values and culture of the department in Australia and abroad. He decided all Senior Executive Service (SES) staff placements.

The four deputy secretaries supported the Secretary in overseeing the department's divisions as follows:

- Dr Geoff Raby—Office of Trade Negotiations; North Asia Division; Americas and Europe Division
- Mr Doug Chester—Corporate Management Division; Trade Development Division; Economic Analytical Unit
- Mr Nick Warner—International Security Division; South Pacific, Africa and Middle East Division; Australian Safeguards and Non-Proliferation Office; Diplomatic Security, Information Management and Services Division; Overseas Property Office
- Ms Gillian Bird—Public Diplomacy, Consular and Passports Division; South and South-East Asia Division; International Organisations and Legal Division.

Members of the Senior Executive frequently represented the Government at high-level meetings in Australia and overseas. The deputy secretaries also chaired key corporate governance bodies (see below).

Management mechanisms

Our management mechanisms—listed below—provide effective decision-making and communication of corporate policy and priorities.

Senior Executive meetings

The Senior Executive held regular meetings on current policy issues with Mr Downer and Mr Vaile.

Weekly meetings of the Senior Executive, chaired by the Secretary, considered a range of issues requiring liaison with portfolio ministers. The heads of the Corporate Management Division, the Diplomatic Security, Information Management and Services Division and, as appropriate, the Director General of AusAID, also attended these meetings. These meetings considered regular reports on the department's budgetary and staffing situation, IT performance, property issues, passport developments, and divisional performance on ministerial correspondence and security breaches.

Senior management committees

Audit Committee

The Audit Committee, which meets quarterly, helps the Secretary ensure that the assurance and control framework operating in the department is effective and supports departmental objectives. Chaired by a deputy secretary not directly responsible for overseeing the Corporate Management Division, the Audit Committee is charged with:

- enhancing the department's corporate governance, risk management and control framework, including business continuity planning
- improving the objectivity and reliability of externally published financial and other management information
- assisting the Secretary comply with all legislative and other obligations
- providing strategic guidance for evaluation and performance audit activities
- advising the Secretary of issues that require management attention
- ensuring the role and scope of the department's internal audit function meets the definition of internal auditing approved by the Institute of Internal Auditors and endorsed by the Australian National Audit Office (ANAO).

In addition to senior departmental officers, the committee includes an independent member. Our Chief Finance Officer, staff from our Evaluation and Audit Section and ANAO officers attend each meeting as observers.

Ethics Committee

The Ethics Committee oversees the development and implementation of policy on conduct and ethics issues and the work of the department's Conduct and Ethics Unit. The committee comprises ten members from various levels within the department and is chaired by a deputy secretary. It meets regularly to provide guidance on departmental practice and process in handling ethics-related issues. In doing so it draws on the expertise of its ex-officio members, including the First Assistant Secretary, Corporate Management Division; the Director, Administrative and Domestic Law Group; and the Director, Management Strategy, Conduct and Coordination Section.

Workplace Relations Committee

The Workplace Relations Committee is the primary consultative body for human resource management and conditions of service issues affecting the department's Australia-based employees. It provides a forum for discussions between management and staff representatives about the working environment, conditions of service and matters of concern to staff.

The committee is chaired by the Secretary or his nominee, normally a deputy secretary. Members include representatives from management areas and nine elected staff representatives (two from each of the four employee broadbands and one SES employee). The Association of Foreign Affairs and Trade Employees (AFTE), the Community and Public Sector Union (CPSU), the Australian Manufacturing Workers' Union (AMWU) and the Media, Entertainment and Arts Alliance (MEAA) are also represented on the committee. The committee meets at least four times a year.

Other senior management meetings and mechanisms

The Secretary's weekly meeting with division heads is the central means of communicating corporate and policy priorities throughout the department. Division heads are responsible for disseminating key messages from these meetings to their staff. In addition, on an as required basis, the Secretary holds policy planning meetings with senior executive staff to discuss priority or emerging policy issues. These meetings help develop a stronger sense of coherence and corporate unity in our policy work and in determining corporate management strategies.

The Secretary communicates with staff through his weekly meetings with division heads, weekly policy reports, administrative circulars, the department's intranet and the staff newsletter, *DFATNEWS*.

Posts were kept informed of and contributed to policy and corporate initiatives through:

- the Secretary's weekly policy reports
- weekly 'key messages' briefs distributed by cable to all posts
- regular formal and informal communication with 'parent' divisions in Canberra
- periodic regional heads of mission/post meetings and consultations
- periodic visits by Canberra-based officials, sometimes in conjunction with ministerial and senior officials' consultations
- post liaison visits led by a deputy secretary, the head of Corporate Management Division or the head of Diplomatic Security, Information Management and Services Division
- regional seminars with senior post management attended by senior representatives of Corporate Management Division and Diplomatic Security, Information Management and Services Division to convey and seek feedback on corporate policy and resource issues

- regional public diplomacy workshops led by staff from Canberra
- policy and administrative guidance through administrative circulars.

Planning and review

The corporate plan provides guidance on the department's goals in implementing foreign and trade policy and informs activity planning. Performance expectations and planned use of resources are set out in our portfolio budget statements.

A series of departmental planning and review processes—covering all divisions, overseas posts and state and territory offices—takes place throughout the year, ensuring resources are directed effectively to support the Government's foreign and trade policy objectives.

Divisional evaluation reviews

Divisional evaluation reviews take place in August each year, with a mid-term review in February. They serve two main purposes:

- to enable the Senior Executive to evaluate the performance of each division over the review period and to determine divisional priorities for the period ahead
- to provide the Senior Executive with an opportunity to review the department's resources and to adjust allocations to match evolving priorities.

At the review in August 2004 and the mid-term review in February 2005, the department's Senior Executive evaluated the performance of all divisions and fine-tuned their work programs to take account of key government priorities. They also reviewed the resource allocations for all divisions, posts and state and territory offices, reallocating resources to meet new requirements and to facilitate higher priority projects.

Post evaluation reports

The department undertakes an annual evaluation of the performance of our overseas posts over the previous 12 months. The process is a central mechanism for ensuring posts' work is focused on the Government's priorities. We assess posts' contributions to policy outcomes, examine the quality of post management and set priorities for the forthcoming year. Post evaluation helps inform the Senior Executive's appraisal of the performance of individual heads of mission and post.

Incorporating the views of other departments and agencies is a key element of our post evaluation. For 2004–05, we invited comment from 79 departments and agencies, compared to 33 in the previous year. The increase followed a suggestion from the ANAO in its 2004–05 audit on the Management of Bilateral Relations with Selected Countries. We seek strategic-level assessments of posts' performance in meeting the Government's policy objectives, although feedback on operational issues is also welcome. Agency comments were very positive overall, demonstrating that posts were meeting whole of government objectives.

Evaluation of performance of state offices

As with posts, state and territory offices are subject to a performance review at the end of each financial year. Office evaluation reporting focuses on key areas including support to ministers, liaison with the local consular corps, business liaison programs and trade advocacy and outreach activities, as well as areas such as assistance with major meetings, notarial services and office administration. The 2004–05 evaluation found that state and territory offices were meeting their expectations in these areas.

Post liaison visits

In 2004–05, deputy secretaries, the head of Corporate Management Division or the head of Diplomatic Security, Information Management and Services Division led small teams that conducted post liaison visits to 10 posts. The annual program of post liaison visits allows us to assess first-hand post performance against agreed objectives and provides an opportunity for post staff and their families to raise any concerns direct with senior staff from Canberra. As a result of the visits, the department assessed whether posts were appropriately staffed and resourced and, as appropriate, considered adjustments. Each PLV produces a list of recommendations on post operations that are subsequently considered for implementation.


Internal audit

The Audit Committee has governance responsibility in the department for internal and external audit. It guides and reviews our audit program to ensure the department maintains an effective internal control framework and complies with legislative and other obligations.

We completed and presented to the Audit Committee general assurance and compliance audits covering:

- eleven posts on site
- four posts as desk audits in Canberra
- one state and territory office on site
- six divisions in Canberra
- superannuation delegations (annual requirement)
- handling and storage of highly sensitive national security material by the department (annual requirement)
- internal controls in the procurement preparation system in Canberra
- internal controls in the transfer of salary data to the payments system.

The Audit Committee noted that all recommendations arising from these audits were satisfactorily addressed during the year.



The Audit Committee approved the department's move to full risk-based audit selection, the trialling of a self-assessment tool that will complete our control self-assessment framework for posts, and the move to internal control targeted audits that will better assess the extent to which our internal controls mitigate risks. The Audit Committee also approved the start of scoping for the first fully independent performance audit—parts of which will be conducted in 2005–06. These modifications will align the audit program with contemporary best practice in auditing.

Risk management and business continuity planning

The Audit Committee has governance responsibility for risk management and business continuity planning. In 2004–05 the department: updated our risk register; developed and began implementing a risk management communications plan to promote the application of effective risk mitigation procedures; ran quarterly risk management and business continuity training sessions for departmental staff; and incorporated the identification of risks into the department's business planning through the divisional and post evaluation report processes. We updated our business continuity plan based on a test conducted in April 2005 and monitored posts' and divisions' individual plans.

Conduct and ethics

The department has instituted a workplace culture that promotes high ethical standards. We continued to develop the existing strong staff awareness of the APS Values and Code of Conduct. In October 2004 we revised and re-issued our Code of Conduct for Overseas Service for Australia-based staff. The code takes account of the significance of the department's representational role outside Australia.

We conducted investigations into both Australian-based and locally engaged staff on an as required basis, again recording low levels of reported fraud and misconduct. We continued extensive outreach activities, including mandatory conduct and ethics training for all staff on pre-posting training and for new staff and graduate and other trainees. Conduct and ethics awareness was an important component of a range of other staff development and management courses, such as management workshops, the locally engaged staff Leadership and Development Program, and Regional Management Conferences. We provided briefings on post-specific conduct and ethics issues to heads of mission and post, deputy heads of mission and senior administrative officers before their departure on posting.

The department's human resources manual includes a chapter with departmental-specific guidance on: procedures for dealing with gifts, benefits and hospitality; SES returns of private interests; offers of sponsored travel; and diplomatic and consular privileges.

Fraud measures

In accordance with the requirements of the Commonwealth Fraud Control Guidelines, the department has in place fraud risk assessments and a fraud control plan. The department has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of the department and comply with the Commonwealth guidelines.

Management of corporate records

Following the report of a departmental Risk Management Taskforce, issued in 2003, we developed a Strategic Plan for Records Management 2004–07. The plan, available to all staff on the department’s intranet, is designed to improve our record keeping capacity and performance for paper and electronic records. Phase 1 of the plan—setting the foundation for better records management—has been implemented. Phase 2—conducting a scoping study to evaluate options for resolving management software issues—is under way. Phases 3 and 4 are scheduled for completion during the life of the plan.

Whole of government issues

The department worked with other agencies on issues requiring a whole of government response. In particular, our consular emergency and crisis management systems, including the prompt establishment of Inter-Departmental Emergency Taskforces (chaired by the department), provided coordination points for implementing whole of government policy and operational approaches (see sub-output 2.1.1—with reference to our responses to the Indian Ocean tsunami and Douglas Wood’s kidnapping—for more information). To further cement the department’s whole of government culture—in keeping with the Department of the Prime Minister and Cabinet’s guidelines on *Working Together: Principles and Practices to guide the Australian Public Service*—we are integrating whole of government issues into departmental training programs and performance management templates for managers. The Secretary issued an Administrative Circular outlining the expectation that staff implement whole of government approaches to issues that cross traditional agency boundaries.

External scrutiny

Reports by the Australian National Audit Office

The Auditor-General tabled in Parliament a number of audit reports relevant to departmental operations. Two audits were specific to our operations and six cross-agency audits required our response.

The two ANAO reports relating directly to the department were:

Report No. 8: Management of Bilateral Relations with Selected Countries

The objective of the audit was to assess the department's management of bilateral relations and to identify any scope for improvement. We have implemented both recommendations arising from the report: to improve the integration of risk management in our strategic planning and review processes; and to strengthen reporting against outcome indicators in the department's Performance Information Framework.

Report No. 28: Protecting Australian Missions and Staff Overseas

The audit's overall objective was to assess the management of the physical protection of Australian missions and staff overseas. The department was the main focus of the audit, given its responsibility for security at some 80 overseas missions. The audit also included limited coverage of Austrade, which has responsibility for security of the 17 consulates it operates. Because of the sensitive security nature of this document, details of this audit report are not available for public dissemination.

The cross-agency ANAO reports requiring responses from the department were:

Report No. 3: Management of Internal Audit in Commonwealth Organisations

The audit examined whether selected Commonwealth organisations had used better practice principles when establishing the role, and managing the use, of their internal audit groups. In evaluating internal audit processes, the audit considered the status and accountabilities of internal audit within the overall governance framework of the organisations audited, in particular its accountabilities to the audit committee. The department has implemented all eight recommendations resulting from the report.

Report No. 13: Superannuation Payments for Independent Contractors working for the Australian Government

This audit examined whether Commonwealth organisations were identifying contracts that were wholly or principally for the labour of the contractor and meeting statutory superannuation obligations under the *Superannuation (Productivity Benefit) Act 1988*. The ANAO recommended that agencies ensure their administrative processes adequately controlled the risks of contracting with individuals; and that agencies address the risk that statutory obligations in past and current contracts have not been met. The department is confident that its current arrangements adequately control the risks concerned, and that the risk of superannuation liabilities in past cases has been adequately addressed.

Report No. 15: Financial Management of Special Appropriations

The audit sought to: identify all Special Appropriations and ascertain which entities are responsible for their financial management and reporting; and assess entities' financial management and reporting of Special Appropriations against the Commonwealth's financial management and reporting frameworks. The audit examined the financial management of all Special Appropriations in the period 1998–99 to 2002–03, with the exception of those related to Special Accounts and those administered by Government Business Enterprises. The department has implemented the three recommendations relevant to our operation.

Report No. 26: Measuring the Efficiency and Effectiveness of E-Government

This audit was designed to identify the methods used by selected agencies to: measure the efficiency and effectiveness of their delivery of services through the Internet; evaluate the adequacy of these methods; and identify better practices and opportunities for improvement. The department has implemented all seven recommendations.

Report No. 37: Management of Business Support Service Contracts

The audit examined the management of business support service contracts in selected agencies to: assess the effectiveness of business support service contract management in the transition, ongoing management and monitoring and succession planning stages of the contract management lifecycle; and identify examples of better practice and opportunities for improvement for individual agencies and Australian Government agencies more broadly. The department has implemented the report's two recommendations.

Report No. 41: Administration of Security Incidents, including the Conduct of Security Investigations

The audit evaluated the policies and practices of selected organisations to determine whether they had established sound arrangements for, and maintained effective control over, the administration of security incidents and investigations. The department has implemented all seven recommendations.

The department is currently examining the recommendations contained in the following five cross-agency reports tabled in May–June 2005:

- Audit Report No 46: Management of Trust Monies in CAC Act Entities
- Audit Report No 49: Administration of Fringe Benefits Tax
- Audit Report No 52: Legal Services Arrangements in the Australian Public Service
- Audit Report No 55: Workforce Planning
- Audit Report No 57: Purchasing Procedures and Practices

Courts and administrative tribunals

Thirteen legal matters were resolved during the reporting period. Of these, eight were resolved in favour of the department and five were withdrawn by the applicants. Four other decisions in favour of the department are subject to appeal or other legal process. Details of these and other matters currently before the courts and administrative tribunals are at Appendix 7.

Parliamentary committees

The department made submissions or gave evidence to 19 parliamentary committee inquiries. In addition, departmental staff appeared before the Joint Standing Committee on Treaties on seven occasions in relation to proposed treaty actions (see Appendix 6 for further details).

Ombudsman

The Commonwealth Ombudsman investigated 28 issues with respect to the department's activities in 2004–05 and arrived at three negative findings. No formal reports were issued.

Legislation

The department managed effectively the process for adoption of all portfolio-related legislation. The *US Free Trade Agreement Implementation Act 2004* and the *US Free Trade Agreement Implementation (Customs Tariff) Act 2004*, implementing Australia's obligations under the Australia–United States Free Trade Agreement, were assented to on 16 August 2004.

The department drafted and facilitated the adoption of the *Australian Passports Act 2005*, the *Australian Passports (Application Fees) Act 2005* and the *Australian Passports (Transitional and Consequential) Act 2005*, which received assent on 18 February 2005. These acts introduced major improvements to the regulation of passports (see sub-output 2.1.2 for more information).

The Consular Privileges and Immunities (Amendment) Bill 2005 was successfully introduced into the Senate on 16 March 2005.

We facilitated the enactment and variation of several regulations, including changes for the introduction of the new passports regime, implementation of sanctions in accordance with our obligations to implement UN Security Council resolutions, and various changes to privileges and immunities.

We contributed to the development of legislation initiated by other portfolios that affected the foreign affairs and trade portfolio.

Compensation for detriment caused by defective administration

Nine cases were lodged under the compensation scheme for detriment caused by defective administration. Four cases were resolved satisfactorily, three of which were ongoing from previous financial years, resulting in five payments made from administered funds. Three cases were rejected and six cases remained in progress at the end of the financial year, one of which was lodged in the previous financial year. Five cases lodged in previous financial years have not been pursued by the claimants.

Management of human resources

The department deployed staff efficiently and flexibly to meet the Government's busy foreign and trade policy agenda and deliver consular and other services.

We positioned additional staff with appropriate skills to begin negotiating four new free trade agreements (with ASEAN and New Zealand, China, Malaysia, and the United Arab Emirates) and to provide consular and administrative support for high profile events such as the Olympic Games in Athens and Anzac Day commemorations at Gallipoli. We adjusted staffing levels at our consulate-general in Bali in response to increased consular demand.

The department's crisis management planning stood up well to emergency situations. Well-established systems allowed quick activation of our 24-hour crisis management centre in Canberra and, as required, the deployment overseas of special teams at short notice after incidents such as the Jakarta embassy bombing, the Indian Ocean tsunami and the kidnapping of an Australian in Iraq. We provided additional staff training to develop a bigger pool of officers with the required skills to work in our crisis and emergency call centres.

Based on headcount as at 30 June 2005 (see tables 16 and 18), the department had 3389 staff, comprising 1986 A-based staff and 1403 locally engaged staff. Of the department's A-based staff, 1207 were in Canberra, 493 were in our overseas missions, and 286 were located in state and territory offices. There was a net increase of 36 in A-based staff numbers over the previous year. The changes in the A-based staffing profile resulted from a growing demand for passports production and additional resources required to upgrade security at our overseas posts, and a restructuring of communications and information technology services.

As part of the Government's commitment to strengthening Australia's relationship with the Middle East, the department opened and staffed a new embassy in Kuwait City.

Workforce planning, staff retention and staff turnover

The department is working to improve forecasting capability and to analyse and manage the long-term implications of our workforce profile. We are committed to developing our employees' skills and experience to provide for flexible deployment in a variety of roles according to changing priorities and objectives. In a tightening

labour market, especially for graduates, we aim to ensure the department remains an employer of choice, as reflected in high numbers of applications for generalist and specialist positions. The implications of an ageing workforce and succession planning will continue to be important areas of focus.

The department embraces workforce planning as part of its strategic approach to human resources management. The fluid nature of the policy environment we face and the need to regularly post and place a significant portion of our staff demand that we continually anticipate required staffing levels and skills. Despite a highly mobile workforce, we consistently fill essential positions with appropriately skilled staff.

A healthy organisation—a productive organisation

The low incidence of unscheduled leave in the department demonstrates the success of our efforts to maintain a healthy workplace and high productivity. In 2004–05, our staff took 6.34 days of unscheduled leave per full-time equivalent employee (FTE)—much lower than the APS average of 11.9 days per FTE employee and below the private sector median of 6.8 days per FTE employee. We also have a lower number of compensation claims than the APS average.



The new extension of the Currawong Childcare Centre was officially opened in February 2005 by the Secretary, Mr Michael L'Estrange. Departmental staff Margaret Bowen with her daughter Eri (left), and Mardu Wu with her daughter Siena (right), flank the Secretary.

Currawong Childcare Centre

The new extension of the department's childcare centre was officially opened on 25 February 2005 by the Secretary, Mr Michael L'Estrange. The Currawong Childcare Centre now caters for up to 90 children in five age groups from newborns to five years. Opened in 1996, the Currawong was among the first childcare centres in government agencies in the ACT and it remains one of a few such facilities. The provision of work-based childcare is a key element in the department's commitment to help employees balance their professional and personal responsibilities and is consistent with our family-friendly policies.

Human resource management information system

We analysed the department's work practices relevant to Peoplesoft, our electronic human resource management information system (HRMIS). As a result, we automated a number of administrative processes via Peoplesoft. For example, Peoplesoft's Posting Dates Proposal module has replaced the manual Staff Movement Action Advice, and the Leave Deeming and Leave Audit modules have improved the accuracy and accountability of leave processing.

We initiated the 'HRMIS Succession Project' to provide clearly defined options for the acquisition and implementation of a successor to PeopleSoft (Version 7). The project will consider the department's future strategic requirements in HRMIS to place us favourably to achieve other potential long-term goals, such as a consolidation of HRMIS tools and possible implementation of a global locally engaged staff HRMIS solution.

Recruitment

The department's recruitment and selection processes are based on the merit principle and the APS values set out in the *Public Service Act 1999*. We continue to meet our staffing needs through annual 'promotion-to-level' bulk selection processes at each broadband and SES level. We undertake specialist selection processes as required to fill gaps in specific skills areas such as accounting, law and information technology.

We attracted more than 2300 applicants for our graduate intake for 2005. Through our program of visits to Australian universities and our updated graduate recruitment website, we continued to emphasise the department's need for staff with a broad range of skills and experiences. These needs were amply met in the 2005 graduate trainee intake, which included graduates of international relations, law and economics, as well as engineering, strategic studies, science and education. There was also increased interest in our corporate and financial management trainee program, which aims to attract new staff with high-level skills and qualifications in accounting and management.

The department's Contractor Management Unit (CMU) further tightened procedures for engaging contractors, paying particular attention to the revised Commonwealth Procurement Guidelines introduced in January 2005.

Workplace diversity

Our workplace diversity activities promote a high level of awareness among employees of the principles of sustainable teamwork—respect, personal courtesy, inclusion and the elimination of bullying, harassment and discrimination. There are designated workplace diversity contact officers in all work units in the department in Canberra, in state and territory offices and at overseas posts.

Through our workplace diversity program, the department seeks to provide Indigenous Australians with employment opportunities in Australia and overseas. We recruited five Indigenous employees and promoted awareness of employment opportunities in the department through increased outreach activities with Indigenous communities and networks. We concentrated efforts to promote the career development of Indigenous employees through the Indigenous Task Force, which provided a forum for Indigenous employees to discuss issues of concern with senior management. The department launched in November 2004 a new *Indigenous Recruitment and Career Development Strategy 2004–07* to assist the career development of our Indigenous employees.



Pictured at DFAT's 2004 Roni Ellis Indigenous Study Awards (REISA) presentation ceremony on 3 December 2004 (standing, left to right): Doug Chester, Deputy Secretary; Nicole Rawson-Harris, daughter of Roni Ellis; Andrew Horne, REISA winner 2001; Terry Williams, Manager, Ngunnawal Indigenous Studies Centre, University of Canberra; Daphne Bennell, REISA winner 2003; Patrick Johnson, departmental officer, elite sprinter and 2004 Olympian; Jillian Omosigbo, REISA winner 2002. Seated, left to right: Peter Backhus, who accepted the 2004 award for his daughter Tarran Backhus; and Jessica Wanganeen, REISA winner 2004. Photo: Michael Jensen

During 2004–05 ten cadets participated in the department’s Indigenous Cadetship Program (see section on trainee programs below).

The department supported and hosted workplace diversity activities for NAIDOC Week in July 2004 and International Women’s Week in March 2005. As part of our NAIDOC Week celebrations, acting Secretary Murray McLean launched the specially commissioned ‘Currawong Children’s Indigenous Mural’ in the R G Casey Building Atrium, which is now displayed in the Currawong Children’s Centre. For International Women’s Day, the Minister for Foreign Affairs Mr Downer launched the *Women working for Australia* display. The display was an important record of the department’s history against the backdrop of developments in Australia and internationally to promote gender equality.

We also acknowledged Harmony Day (21 March) and National Reconciliation Week 2005 throughout our network of offices in Australia and overseas.

The department’s performance in implementing the Commonwealth Disability Strategy is reported in Appendix 4.

Training and development

The department provides staff with training and development opportunities to meet their professional needs, including in such areas as management, leadership, finance and administration, conduct and ethics, information technology, foreign languages, consular issues and security. The training program reflects organisational goals and reinforces key corporate messages such as the importance of strong advocacy skills, exemplary standards of conduct and ethics, and a high level of security awareness.

The department offers more than 70 different training programs. During 2004–05 we established a working group to coordinate training at a strategic level across the department, both in Australia and at our overseas missions. The average number of training days per employee in 2004–05 was 8.6, well above the minimum amount of five days a year required under the department’s training and development strategy (see Table 26 in Appendix 2 for details of training days and costs).

Trainee programs

In February 2005, 31 foreign affairs and trade graduate trainees joined the department. We provide them with a two-year in-house training program before they go on their first postings. The program consists of four workplace rotations, two training blocks focused on professional skills development and, as required, short academic courses in international politics, international law and economics.

Five corporate and financial management trainees joined the department in February 2005. The trainees undertake four workplace rotations in our corporate areas over two years and complete their Certified Practising Accountant, or equivalent, qualification. They can then expect to be posted overseas in an administrative capacity.

The two-year Administrative Officer Development Program aims to provide a pool of skilled staff to fill junior administrative positions at overseas posts and in Canberra. Over the longer term, these staff provide a feeder group for senior administrative officer positions overseas. Five staff participated in the program in 2004–05.

In 2004–05, our Indigenous Cadetship Program assisted ten cadets with tertiary studies. Two cadets graduated from the program in November 2004. Three others undertook work assignments in the department between November 2004 and February 2005, and four new cadets joined us in March 2005. On completion of their tertiary studies, cadets graduate from the program and begin permanent employment with the department. We encourage cadets to apply for other traineeships, including the Graduate Trainee Program and the Corporate and Financial Management Trainee Program.

Language training

The department continued to train staff in priority languages that reflect Australia's foreign and trade policy interests. At any given time around 40 staff were undertaking long-term language training in Australia or overseas. Total expenditure on language training was \$2.19 million.

To encourage staff to maintain existing high-level proficiency in key languages, we conducted four intensive one-week in-house immersion courses in Indonesian, Japanese, Mandarin and Thai. We also conducted well-attended weekly lunchtime language discussion classes.

Studies assistance

The department offers a Studybank scheme providing study leave and financial assistance to staff to complete academic courses in areas relevant to the department's work. At June 2005, 62 staff were studying under the scheme. Postgraduate studies in international law, public policy, accounting and financial management, and business administration accounted for 73 per cent of total enrolments.

Regional management conferences

The department organised regional management conferences for managers at our overseas posts and key locally engaged staff. Conference participants, including senior staff from Canberra, discussed consular and passport, finance, security, property and other administration issues. We held meetings in Miami in August–September 2004 for posts in North and South America and in Paris in March 2005 for posts in Europe.

Performance management

Annual performance appraisal is a vital component of the department's people management strategy. The performance management system is designed to encourage and reward high achievement, manage individual performance and provide a clear link for staff between their work and broader corporate goals. Appraisal reports feed into promotion, placement and posting decisions (for information on the payment of performance rewards see Table 25 in Appendix 2).

Locally engaged staff management

Our overseas missions continued to ensure that locally engaged staff were employed in accordance with local labour law requirements and that salaries and conditions packages were appropriate to local markets. Heads of mission and post managers continued to play a vital role in the effective management of LES and their employment arrangements.

The department remains committed to providing locally engaged staff with a safe and productive work environment, appropriate training and fair and effective performance management systems that deliver appropriate rewards. We ensure our posts have consultative mechanisms for effective dialogue between Australia-based and locally engaged staff.

Australian Workplace Agreements

All SES staff and a small number of non-SES staff in specialist positions are employed under Australian Workplace Agreements (AWAs). The AWAs reflect the conditions of service, including salary increases, applying to departmental staff covered by the Certified Agreement 2003–06. The AWAs are valid for three years from July 2003 to June 2006.

Certified agreement

The department's current certified agreement came into effect from 1 July 2003. The agreement expires on 30 June 2006. The agreement includes a salary increase of 11.5 per cent over three years. The second increase of 4 per cent was paid with effect from 1 July 2004. On 8 June 2005 the Australian Industrial Relations Commission approved a variation to the certified agreement to increase the final year pay increase under the agreement to 4 per cent, bringing the total salary increase under the agreement to 12 per cent over three years.

Non-salary benefits under the certified agreement and Australian Workplace Agreements

Both the certified agreement and AWAs in the department provide non-salary benefits, including access to performance-based bonuses and a range of flexible and family-friendly work practices, such as flex-time, time off in lieu, half-pay maternity leave and emergency child care costs. The allowances for overseas service are a significant non-salary benefit available to departmental staff posted overseas.

SES staff employed under AWAs have access to vehicles and mobile phones.

Overseas conditions of service

Conclusion of the department's review of overseas conditions of service has been delayed to allow more detailed consideration of issues. Staff have been consulted throughout the review and it is expected to be finalised in 2005.

Staff welfare

Through specialist services provided by our Staff Counsellor's Office, Principal Medical Adviser and Family Liaison Officer, the department continued to support staff and their families on postings and in Canberra.

The Staff Counsellor's Office and the Principal Medical Adviser played an important role in our response to consular and other emergencies. The Senior Staff Counsellor coordinated trauma support services following the terrorist bombing attack on the Jakarta embassy. The office and the Principal Medical Adviser provided specialist support services for Australian citizens and departmental officers after the Indian Ocean tsunami in Thailand, Indonesia and Sri Lanka. The Principal Medical Adviser visited injured Australians in hospital in Phuket and Bangkok, and provided support to other Australian citizens and government officials deployed in Phuket. The Staff Counsellor's Office coordinated the counselling activities provided in Phuket to Australian families, local expatriate Australians and visitors. Eight families received full case management services, which included counselling on an at-call basis, as well as extensive practical assistance and advice. The office also provided oversight of services by Centrelink social workers.

The office and the adviser contributed to the department's contingency planning for a possible outbreak of avian flu.

The Principal Medical Adviser provided advice to 436 staff and dependants before they undertook overseas postings and more than 360 staff undertaking short-term missions overseas. The department managed 52 medical evacuations. The Principal Medical Adviser provided travel-related medical advice to parliamentarians and staff from other government agencies. The department operated six doctor-based clinics attached to posts in the Asia-Pacific region providing services to Australian Government staff and expatriates.

The department expanded the Staff Counsellor's Office to strengthen the existing support network for staff and their families. The Senior Staff Counsellor provided clinical services in Australia and overseas in support of a range of departmental functions. The office provided on-site psychological support services to staff and families in 19 posts, including Jakarta, Baghdad and Port Moresby. It helped develop improved personal security awareness training for staff posts in difficult environments.

The department's Family Liaison Officer, with the assistance of a network of community liaison officers at many of our overseas posts, briefed more than 130 employees and spouses prior to posting, approved 28 cases of compassionate travel from posts, and provided support to staff and their dependants on issues such as employment and education opportunities while posted overseas.

We continued to consult staff on occupational health and safety (OHS) issues, including through regular OHS forums to discuss OHS policy and procedures (see Appendix 3 for more information on our OHS policy and measures). We delivered training modules on OHS and workers' compensation and rehabilitation through

in-house management courses and mandatory courses for newly appointed senior executive staff. We continued our program of OHS briefings to employees proceeding on overseas postings. We enhanced our OHS policy framework to include guidelines on risk management and on first aid.

Remuneration of senior executives

All SES employees are employed under Australian Workplace Agreements (AWAs). The provisions of the AWAs are consistent with the department's Certified Agreement 2003–06. While the agreements provide for an 11.5 per cent pay rise over the three-year period, consistent with the variation to the Certified Agreement (see page 245), SES employees will also receive the additional half a per cent pay increase in financial year 2005–06, bringing the total pay rise to 12 per cent over the three year period (see note on executive remuneration in the financial statements and Table 24 in Appendix 2 for more information).

Management of financial resources

The department's financial resource management function supports our operations in Australia and overseas by:

- managing our internal and external financial and budgetary processes
- further enhancing our financial management information system
- providing comprehensive and timely financial and budgetary performance reports to the department's Senior Executive and the Government
- developing and monitoring financial management, budgeting and contracting policies
- implementing and monitoring a system of effective internal controls, including financial delegations
- managing the internal and external financial audit process
- managing our treasury and tax function.

We continued to improve our financial management framework, including by revising significantly our Finance Management Manual; adopting a project accounting framework; improving our asset management systems and processes; and better tailoring financial management training for staff taking up management positions overseas.

In the ANAO's review of major government agencies' control structures that underpin the 2004–05 financial statements, tabled in Parliament in June 2005, the department ranked equal first, with no significant business or financial risk noted. We were the only agency reported to achieve this result in both the 2003–04 and 2004–05 financial years.

Following the Jakarta embassy bombing, the Government provided the department with further appropriation funding through Additional Estimates to enhance physical security measures at overseas posts. Departmental funding of \$238 million over four years was provided at 2004–05 Additional Estimates, comprising \$73.7 million for 2004–05, \$45.8 million for 2005–06, \$24.6 million for 2006–07 and \$94.8 million for 2007–08 for the installation of bomb blast protection, strengthening of perimeter barriers and security systems and the relocation of some overseas diplomatic missions. This funding forms part of the Government's \$860 million package provided through the 2004–05 Additional Estimates and 2005–06 Budget for agencies represented at Australia's overseas posts.

In the wake of the Indian Ocean tsunami, the department also received Supplementary Additional Estimates funding of \$2.3 million for the provision of emergency consular assistance and for managing the whole of government crisis response, as well as \$15 million in administered funding for financial assistance to affected Australians, disaster victim identification and repatriation of remains, and compensation to the Export Finance Insurance Corporation for the temporary freezing of tsunami-affected countries' debts.

The department, including the operations of our Overseas Property Office (OPO), recorded an operating surplus of \$123.7 million for 2004–05 before the payment of dividends. Dividends of \$25.7 million were paid during the year, consisting of:

- an OPO distribution of \$22 million
- the department's repayment of unspent funding of \$3.7 million received on a 'no win–no loss' basis.

The department received audit clearance of its financial statements on 20 July 2005. The ANAO has again issued an unqualified audit report.

There have been no developments or events since 30 June 2005 that have affected or will affect the operations or financial results of the department.

Harmonisation with International Accounting Standards

From the financial year ending 30 June 2006, the department will be required to present financial information in compliance with Australian Equivalents to International Financial Reporting Standards (AEIFRS) as though the new standards had always been applied.

The department has implemented a comprehensive strategy in line with Department of Finance and Administration (DoFA) recommendations to ensure that it is AEIFRS compliant within the required timeframe. All issues relevant to our transition to AEIFRS for 2004–05 have been identified and resolved. We have reached the following milestones:

- Our transitional AEIFRS balance sheet as at 1 July 2004 has been prepared and audited by the ANAO, which issued an unqualified audit report.

- The adjustments to our 2004–05 financial data that would have resulted had AEIFRS been applied for that year have been disclosed as part of our audited 2004–05 financial statements.
- Our 2004–05 financial statements have been restated as if they had been prepared under AEIFRS in preparation for the 2005–06 year and submission to DoFA.
- We have put in place an appropriate governance structure with close monitoring of the project by our Chief Finance Officer and regular reporting to the Financial Statement Sub-Committee of the departmental Audit Committee.
- We have categorised and addressed project issues on a risk management basis according to their impact on the department.
- We have dedicated appropriate resources and expertise to the transition task.

Financial management information system

The department implemented a number of system enhancements to our financial management information system (SAP). We adopted a Project Accounting Framework, which will allow us to adopt a consistent approach to project accounting and project asset policy. The framework is being implemented via the SAP Project Systems module. This will capture, manage and report project costs.

We developed and implemented the Consular Loans Management module in SAP to improve accuracy and accountability for consular loans.

Assets management

The department continued to improve its asset management through close scrutiny of work areas' asset acquisition proposals. We ensured prudent replacement of our assets in accordance with their useful lives. Work areas continued to improve their five-year asset replacement planning cycles.

The department revalued nine asset classes to 'fair value': vehicles, information technology equipment with a useful life of five years, information technology equipment with a useful life of ten years, plant and equipment with a useful life of five years, plant and equipment with a useful life of ten years, furniture and fittings, works of art, office equipment and leasehold improvement. This ensured we complied with new international accounting standards.

Competitive tendering and contracting

The department reviewed and updated its Procurement Manual to comply with the newly released *Commonwealth Procurement Guidelines—January 2005*. We also developed new departmental standard contracts to streamline the contracting process.

The department's website provides notification of all tenders, including select tenders, as well as expressions of interest and pre-tender notices.

New contracts for outsourced services exceeding \$100 000 included:

- a three-year contract from July 2004 for the provision of Helpdesk and Desktop Support signed with Exceed Systems Integration Pty Ltd at a cost of approximately \$6 million
- a three-year contract from March 2005 for the provision of Facilities Management—Voice Operations Unit signed with Telstra Business Systems Pty Ltd at a cost of \$3.9 million
- a three-year contract from September 2004 for the provision of Technical Drawing Office—Facilities Management with Infinite Consulting Pty Ltd at a cost of \$1 million
- a three-year contract from September 2004 for the provision of Technical Services Support—Facilities Management with Bridge IT Engineering Pty Ltd at a cost of \$2.7 million
- a three-year panel contract from February 2005 for the provision of Overseas Cabling and Technical services with Allied Technologies Australia Pty Ltd, Bridge IT Engineering Pty Ltd, C & L Veit Family Trust and J & S McCluskey Family Trust, Ecowise Services (Australia) Pty Ltd, Exceed Systems Integration Pty Ltd, Kaz Technology Services Pty Ltd and Rivercorp Pty Ltd. This contract is on a fee-for-service basis at a total cost of approximately \$1.5 million.

Contracts for outsourced services let in previous years but still current exceeding \$100 000 include:

- a three-year contract from April 2004 for the provision of travel management services to the Foreign Affairs and Trade portfolio signed with Carlson Wagonlit Travel Australia Pty Ltd. This contract is on a fee-for-service basis at a cost of approximately \$550 000 a year to the department
- a five-year contract from March 2004 for the provision of diplomatic mail management and freight services signed with DHL International (Aust) Pty Ltd at a cost of \$8.3 million
- a three-year contract from February 2003 for the management of language tuition services signed with CIT Solutions Pty Ltd at a cost of \$5.7 million
- a three-year contract from December 2002 for the provision of recruitment services signed with Spherion Recruitment Solutions Pty Ltd at a cost of \$850 000
- a five-year contract from May 2001 for the provision of the department's mainframe services signed with CITEC at a cost of \$12.7 million over the period of the contract.

All competitive tendering and contracting contracts of \$100 000 or more let during the reporting period provide for the Auditor-General to have access to the contractors' premises.

Purchasing performance

The department's procurement policy provides for the efficient, effective and ethical delivery of the Government's purchasing and procurement programs. All contractual arrangements entered into were conducted in accordance with the *Commonwealth Procurement Guidelines—July 2004* (and subsequently the *Commonwealth Procurement Guidelines—January 2005*), industry development policies and the department's Procurement Manual guidelines. There were no contracts in excess of \$10 000 or standing offers exempted from being published in the Purchasing and Disposal Gazette (AusTender) on the basis that publication would disclose exempt matters under the *Freedom of Information Act 1982*.

Consultancy services

The department engages recognised experts on an ad hoc basis where we lack specialist expertise or where independent assessments or input are considered desirable.

The selection process for consultancy services both in Australia and at overseas posts is consistent with our broader procurement policies and the *Commonwealth Procurement Guidelines—July 2004* (and subsequently the *Commonwealth Procurement Guidelines—January 2005*).

During the 2004–05 financial year, \$4 333 595 was spent on new and existing consultancies. A total of 38 new consultancy contracts over \$10 000 were entered into during the 2004–05 financial year involving a total contract value of \$2 273 110. In addition, 24 ongoing consultancy contracts were active during the 2004–05 financial year, involving total actual expenditure of \$1 805 017.

More detailed information, including a summary of the department's policy on the selection and engagement of consultants and a detailed list of all consultancy contracts let during the year to the value of \$10 000 or more, is available in an appendix to the Internet version of the annual report at www.dfat.gov.au/dept/annual_reports.

Overseas property—leased estate

The overseas property estate comprises owned and leased properties. The department's Overseas Property Office (OPO) manages the overseas owned estate, which is funded from a Special Account (see Outcome 4). The overseas leased estate comprises properties leased from private landlords, and is funded from the department's appropriations.

The department leases nearly 500 properties overseas, including chanceries, head of mission residences and staff accommodation and other facilities. Posts are funded by the department to pay for properties. They are responsible also for paying office and residential rent and meeting tenant maintenance obligations.

Properties in the overseas estate must meet functional needs and satisfy security requirements. Occupational health and safety and staff welfare are important aspects of managing the overseas estate.

In relation to the leased estate, OPO provides specialist property advice and oversees project management for refurbishment and relocation of leased chanceries and head of mission residences, as required.

Overseas owned and leased estate projects completed in 2004–05 included the relocation of our chanceries in Ankara, Athens and Rome, the establishment of new premises for the embassy in Baghdad (see Outcome 4), and the establishment of chanceries for new posts in Accra and Port of Spain. We successfully completed the urgent temporary relocation of the consulate-general in Bali, pending completion of new Australian Government owned purpose built premises. Ongoing projects during 2005 included the construction of a new chancery for our high commission in Port Vila and new premises for our embassy in Tehran, to provide improved protection against seismic risks. In 2005 we began the relocation of the chanceries in Brunei and Harare and the consulate-general in Guangzhou and of premises for our new embassy in Kuwait.

Head of mission residence refurbishments and furniture and fittings upgrades are managed from centrally held funds.

Domestic property

Within Australia, the department provides leased office accommodation for staff in the state and territory capitals, Newcastle and Thursday Island.

The department began rent review negotiations with the owners of the R G Casey Building in Canberra, which houses the department's central headquarters, to determine rent for the period 1 March 2005 to 28 February 2007.

To enhance the perimeter security of the R G Casey Building, the department began work to restrict access to the building to pass-holders and create a new visitor security processing facility. As part of this program, a new passport shop front was built in the Sydney Avenue courtyard, outside the controlled area of the building. The enhancement and relocation of the visitor processing facility to the building's main entrance is due for completion in the second half of 2005.

The department continued to develop our Environmental Management System (EMS) and to incorporate environmental considerations in its business systems, including procurement guidelines, and in building and maintenance work. We are working towards obtaining certification of its EMS in the R G Casey Building to International Standard ISO 14001 (see Appendix 8 for more information).

APPENDIXES

SECTION 4

Appendixes

Appendixes

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**The following appendix is available on the Internet.
See www.dfat.gov.au/dept/annual_reports.**

- Consultancy services

APPENDIX 1

Ministerial responsibilities

Minister for Foreign Affairs, The Hon. Alexander Downer, MP



Mr Downer has overall responsibility for the portfolio, including the department's administration and management, and all non-trade international political, multilateral and legal issues (including the treaty-making process), consular and passport functions, and development assistance matters. In addition, he is responsible for all human rights, arms control and disarmament issues, peacekeeping, and the non-trade related aspects of the UN system. Mr Downer shares responsibility for international security issues with the Minister for Defence and is also responsible for taking the lead on international efforts to combat terrorism. International environment issues, while primarily the responsibility of the Minister for Foreign Affairs, in many cases also fall within the responsibility of the Minister for the Environment and Heritage. Mr Downer has primary carriage of non-trade related public affairs activities and questions of protocol. He also has responsibility for the administration and management of AusAID, the Australian Secret Intelligence Service, the Australian Safeguards and Non-Proliferation Office, the Australian Centre for International Agricultural Research, and the Australia–Japan Foundation.

Minister for Trade, The Hon. Mark Vaile, MP



Mr Vaile is responsible for all trade matters—bilateral, regional and multilateral—and has responsibility for Austrade (including TradeStart and the Export Market Development Grants Scheme) and the Export Finance and Insurance Corporation (EFIC). Bilateral responsibilities include free trade agreements and other trade and economic agreements with important trading partners. Regional responsibilities include APEC and ASEAN Free Trade Area—Australia–New Zealand Closer Economic Relations Trade Agreement (AFTA–CER) arrangements. Multilateral responsibilities include the World Trade Organization (WTO) and Organisation for Economic Co-operation and Development (OECD). In the WTO context, Mr Vaile chairs the 17-member Cairns Group of fair agricultural trading nations. WTO rules cover trade in goods (both agricultural and non-agricultural products), trade in services, trade-related intellectual property rights, as well as the dispute settlement system for managing trade disputes between WTO members. When travelling overseas to promote and advance Australian trade and commercial interests, Mr Vaile often leads industry missions.

**Parliamentary Secretary for Foreign Affairs and Trade,
The Hon. Bruce Billson, MP**



Mr Billson is responsible for the day-to-day management of issues related to the aid program, and provides assistance to Mr Downer in carrying out his responsibility for aid policy. He also assists Mr Vaile with outreach and advocacy on trade and development issues. Mr Billson works actively with members of the public, non-government organisations, the business community, academia and other key stakeholders to build an understanding of Australia's official aid program. He promotes recognition of the efforts of Australian volunteers

in developing countries. Mr Billson is the Government's Special Representative on Mine Action, chair of the Consultative Council of the Centre for Democratic Institutions and Deputy Chair of the Aid Advisory Council. Mr Billson actively promotes the portfolio's consular and passports functions by raising community awareness about travel advisory services and building partnerships with the travel industry, including through the Charter for Safe Travel and the Smartraveller Consultative Group.

Further information about the Ministers and the Parliamentary Secretary is available from the department's website at <http://www.dfat.gov.au/minister>.

APPENDIX 2 Staffing overview

Note: All figures in tables 16–24 include staff in transit to and from post as well as staff temporarily seconded to other agencies.

TABLE 16. EMPLOYEES BY CLASSIFICATION, GENDER AND LOCATION (EXCLUDING LOCALLY ENGAGED EMPLOYEES OVERSEAS)

Classification*	Female			Male			Total Staff	
	State			State				
	Canberra	Offices	Overseas	Canberra	Offices	Overseas	30 June 2005	30 June 2004
APS Level 1	0	0	0	0	0	0	0	20
APS Level 2	11	77	0	10	27	0	125	108
APS Level 3	35	50	4	13	13	1	116	127
APS Level 4	74	20	35	38	5	26	198	192
APS Level 5	80	51	26	31	13	16	217	189
APS Level 6	95	0	28	74	8	36	241	272
Exec. Level 1	130	10	37	190	8	95	470	430
Exec. Level 2	55	2	27	106	0	69	259	254
Non SES Unattached**	61	0	0	44	0	0	105	116
SES Band 1	15	1	13	33	0	32	94	97
SES Band 2	5	0	5	15	1	27	53	50
SES Band 3	1	0	1	4	0	10	16	15
SES (Spec.) Band 1	0	0	0	2	0	0	2	1
SES (Spec.) Band 2	1	0	0	0	0	0	1	1
SES Unattached**	4	0	0	12	0	0	16	13
Director of Safeguards***	0	0	0	1	0	0	1	1
Secretary	0	0	0	1	0	0	1	1
Cadet	3	0	0	4	0	0	7	6
Graduate APS	33	0	0	24	0	0	57	50
Medical Officer Cl. 2	0	0	1	0	0	5	6	6
Medical Officer Cl. 4	0	0	0	1	0	0	1	1
Total	603	211	177	603	75	317	1986	1950

* Broadband classifications applicable to APS1–6, Exec Levels 1–2, cadets and graduates are identified at Table 24 on page 261.

** Includes staff on leave without pay, long service leave, seconded to other agencies and staff covered by the Members of Parliament (Staff) Act.

*** Director of Safeguards, a statutory officer responsible to the Minister for Foreign Affairs, occupies the position of Director General of the Australian Safeguards and Non-Proliferation Office.

**TABLE 17. ONGOING AND NON-ONGOING EMPLOYEES
(EXCLUDING LOCALLY ENGAGED EMPLOYEES OVERSEAS), FULL-TIME AND PART-TIME**

Ongoing employees		Non-ongoing employees		Total	Total
Full-time	Part-time	Full-time	Part-time	30 June 2005	30 June 2004
1740	98	109	39	1986	1950

**TABLE 18. EMPLOYEES BY CATEGORIES OF EMPLOYMENT
(AS DEFINED UNDER SECTIONS 22 AND 74 OF THE PUBLIC SERVICE ACT 1999)**

Category	Female	Male	Total 30 June 2005	Total 30 June 2004
Ongoing employees	892	946	1838	1817
Non-ongoing employees	99	49	148	133
Overseas employees* (locally engaged employees)	719	684	1403	1406
Total	1710	1679	3389	3356

* Includes permanent and contract employees.

TABLE 19. SENIOR EXECUTIVE SERVICE BY LEVEL AND LOCATION

Category	Canberra	State Offices	Overseas	Total 30 June 2005	Total 30 June 2004
SES Band 1	48	1	23	72	73
SES Band 2	20	1	7	28	27
SES Band 3	5	0	0	5	4
SES (Spec.) Band 1	2	0	0	2	1
SES (Spec.) Band 2	1	0	0	1	1
Director of Safeguards*	1	0	0	1	1
Head of Mission Band 1	0	0	22	22	24
Head of Mission Band 2	0	0	25	25	23
Head of Mission Band 3	0	0	11	11	11
Secretary	1	0	0	1	1
SES unattached**	16	0	0	16	13
Total	94	2	88	184	179

* Director of Safeguards, a statutory officer responsible to the Minister for Foreign Affairs, occupies the position of Director General of the Australian Safeguards and Non-Proliferation Office.

** Includes staff on leave without pay, long service leave, seconded to other agencies and staff covered by the Members of Parliament (Staff) Act.

TABLE 20. SENIOR EXECUTIVE SERVICE BY GENDER

Category	Female	Male	Total	Total
			30 June 2005	30 June 2004
SES Band 1	23	49	72	73
SES Band 2	6	22	28	27
SES Band 3	1	4	5	4
SES (Spec.) Band 1	0	2	2	1
SES (Spec.) Band 2	1	0	1	1
Director of Safeguards*	0	1	1	1
Head of Mission Band 1	6	16	22	24
Head of Mission Band 2	4	21	25	23
Head of Mission Band 3	1	10	11	11
Secretary	0	1	1	1
SES Unattached**	4	12	16	13
Total	46	138	184	179

* Director of Safeguards, a statutory officer responsible to the Minister for Foreign Affairs, occupies the position of Director General of the Australian Safeguards and Non-Proliferation Office.

** Includes staff on leave without pay, long service leave, seconded to other agencies and covered by the Members of Parliament (Staff) Act.

TABLE 21. SENIOR EXECUTIVE SERVICE: GAINS AND LOSSES DURING THE YEAR

	Total
Commenced in the department*	20
Separated from the department	15

* Includes promotions of non-SES staff to the SES from within the department.

TABLE 22. SENIOR EXECUTIVE SERVICE: INTER-AGENCY MOBILITY DURING THE YEAR*

	Band 1	Band 2	Band 3	Total
To the department	1	1	1	3
From the department	1	3	1	5

* Includes SES staff on temporary movement to or from other agencies.

TABLE 23. EMPLOYEES BY LOCATION AND GENDER AS AT 30 JUNE 2005

Location/ Overseas Post Region	Australia- based: female	Australia- based: male	Australia- based: total	Locally engaged: female	Locally engaged: male	Locally engaged: total
Canberra						
<i>Subtotal</i>	603	603	1206	–	–	–
Overseas Post Region						
North Asia	19	40	59	95	70	165
South and South-East Asia	42	79	121	192	236	428
Americas	26	44	70	98	77	175
Europe	49	70	119	189	153	342
New Zealand and the South Pacific	27	34	61	74	74	148
Middle East and Africa	14	50	64	71	74	145
<i>Subtotal</i>	177	317	494	719	684	1403
State and Territory Offices						
New South Wales	73	18	91	–	–	–
Northern Territory	4	2	6	–	–	–
Queensland	38	14	52	–	–	–
South Australia	12	6	18	–	–	–
Tasmania	3	3	6	–	–	–
Victoria	55	24	79	–	–	–
Western Australia	26	8	34	–	–	–
<i>Subtotal</i>	211	75	286	–	–	–
Total	991	995	1986	719	684	1403

TABLE 24. EMPLOYEES COVERED BY THE CERTIFIED AGREEMENT AND AUSTRALIAN WORKPLACE AGREEMENTS AS AT 30 JUNE 2005

Classification	Certified Agreement		AWA		Total
	Salary range (\$)	No.	Salary range (\$)	No.	
APS Level 1–3 Broadband 1 (includes graduates and Indigenous cadets)	32 614 – 45 514	312	n.a.	0	312
APS Level 4–5 Broadband 2	48 453 – 55 524	431	*	2	433
APS Level 6–Exec. Level 1 Broadband 3	57 849 – 81 075	758	70 510 – 92 182	6	764
Exec. Level 2 Broadband 4**	85 768 – 99 206	254	86 000 – 113 775	32	286
Medical Officers	95 828 – 120 250	6	*	1	7
<i>Sub-total non-SES</i>		1 761		41	1 802
SES***	n.a.	0	113 775 – 205 786	182	182
<i>Sub-total SES</i>		0		182	182
Total		1 761		223	1 984[#]

n.a. not applicable

* Where there is a possibility that payments to individuals may be identified (ie: 5 or fewer employees at a classification level on AWAs) the salary range is not shown.

** Includes Broadband 4 staff acting in Head of Mission SES positions overseas.

*** The Director General of Australian Safeguards and Non-Proliferation Office has not been included in this table as his remuneration is set by the Remuneration Tribunal.

The Secretary has not been included in this table as his remuneration is set by Prime Ministerial Determinations and does not come under any of the above categories.

Performance pay

Performance bonuses paid during 2004–05, as shown in the following table, relate to the 2003–04 performance appraisal cycle. Non-SES employees were entitled to be paid a bonus or (where applicable) receive a pay point movement or in some cases a combination of both. Members of the SES continued to be eligible for performance pay in the form of bonuses only.

Performance assessment is on the basis of a five-point rating scale: Outstanding, Superior, Fully Effective, Effective and Unsatisfactory. Staff are initially assessed as Fully Effective, Effective or Unsatisfactory. All those who are assessed as being Fully Effective are entitled to performance rewards. Additional rewards are provided to the top 10 per cent of staff (Outstanding) and the next 20 per cent of staff (Superior) according to a comparative rating system across broadbands and work units. The same rating scale applies to both SES and non-SES employees.

Non-SES employees rated as Outstanding advance one pay point and receive a 6 per cent bonus or, if they are at the top of a broadband, receive a 12 per cent bonus. Those rated Superior advance one pay point or, if they are at the top of a broadband, receive a 6 per cent bonus. Fully Effective ratings are banked and can then be combined with another Fully Effective rating in a following year to advance a pay point. Employees rated Fully Effective receive a 3 per cent bonus if they are at the top of a broadband. Employees rated Effective do not receive a performance-related reward. Employees rated Unsatisfactory are subject to the underperformance provisions of the Certified Agreement.

The cash value of performance-related bonuses and pay point movements for the 2003–04 performance cycle was \$4.9 million (compared to \$4.0 million for 2002–03). The increase in costs is attributed to changes introduced in the Certified Agreement 2003–06 which introduced new top pay points in the EL 1 and EL 2 classifications. The number of employees advancing a pay point was up 8.3 per cent in 2003–04.

SES employees rated Outstanding receive a 12 per cent bonus, those rated Superior receive a 6 per cent bonus, and those rated Fully Effective receive a 3 per cent bonus. SES bonuses for the 2003–04 cycle cost \$1.2 million (the same as in 2002–03). Bonus payments ranged from \$1295 (SES Band 1 employees with a part-year 3 per cent bonus) to \$23 745 (SES Band 3 employees with a full year 12 per cent bonus). For non-SES employees, the cost of performance bonuses and pay point movements was around \$3.7 million. Pay point advancements were received by 718 non-SES employees (46.4 per cent) as a result of their 2003–04 performance ratings.

TABLE 25. PERFORMANCE BONUS PAYMENTS BY LEVEL: 2003–04 PERFORMANCE CYCLE

	Number	Aggregated Amount (\$'000)	Average Amount (\$)	Range of Payments (\$)
Non-SES				
APS 2	5	13	2 610	2 136–4 271
APS 3	84	163	1 937	239–5 252
APS 4	38	98	2 585	661–5 882
APS 5	61	170	2 794	876–6 407
APS 6	34	103	3 042	801–3 741
EL 1	143	567	3 963	531–9 896
EL 2	68	301	4 427	1 072–11 447
Other	2	14	7 085	2 658–11 511
<i>Subtotal Non-SES</i>	435	1 429	3 285	239–11 511
<i>Subtotal SES (including heads of mission)</i>	188	1 208	6 424	1 295–23 745
Total	623	2 637	4 234	239–23 745

Staff training and development

TABLE 26. TRAINING DAYS

	Number of training days 2004–05
Location	
Overseas posts: Australia-based staff	3 150
Overseas posts: locally engaged staff	7 574
State offices	226
Divisions	9 050
Language training	7 621
Graduate training	1 835
Total number of training days	29 456
Average days of training per employee	8.7

TABLE 27. TRAINING COSTS

	Amount (\$) 2004-05
Location	
Overseas posts: Australia-based staff	488 727
Overseas posts: locally engaged staff	907 985
State offices	21 344
Divisions	271 262
Training, Development and Performance Management Section *	884 894
Language training **	2 185 818
Information Technology training	578 802
Total expenditure	5 338 832
Training expenditure as a percentage of total salary costs	2.6

* Includes training in management / leadership, finance, and professional skills training, but does not include consular, passports, trade policy and other specialist training provided by divisions.

** Includes language training both in Australia and in-country where paid for by the department's Language Studies Unit, but does not include language training paid for by posts.

APPENDIX 3

Occupational health and safety

Information in this appendix is provided in accordance with Section 74 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991* (the Act).

The department's occupational health and safety policy

The department attaches a high priority to the wellbeing of its employees and is committed to facilitating an organisational culture that actively seeks to improve work practices and to foster attitudes that sustain healthy and safe work environments. Underpinning this approach is the two-year Employer/Employee Occupational Health and Safety Agreement, dated 9 September 2003, between management, staff and union representatives, which defines the structural framework within which OHS is managed in the department.

OHS committees


The department's Workplace Relations Committee (WRC) OHS Sub-Committee meets every three months and represents the collective interests of the employer, employees, contractors, clients and visitors. All sub-committee business decisions are referred to the WRC for endorsement and/or acknowledgement. OHS forums also operate in state and territory offices and at our overseas posts to facilitate cooperation on OHS matters between management and employees and to help disseminate health and safety information.

Health and safety representatives

In Australia, there are 32 designated work groups with, at present, 28 elected or nominated health and safety representatives. Each overseas post is also a designated work group.

Health and safety of employees

The OHS/rehabilitation case manager is located in the department's Staffing Branch. A key purpose of the position is to provide policy and procedural advice to senior management to ensure our OHS management systems comply with our obligations under the Act. The occupant liaises with the department's Medical Unit, Staff Counselling Office, personnel and property managers and IT staff to promote a safe and healthy workplace. The occupant maintains regular contact with staff responsible for OHS at overseas posts.



The potential Comcare client group includes all APS employees located in Australia and overseas and 42 per cent of locally engaged staff at overseas posts. The case manager is also available to help staff not covered by Comcare; this includes locally engaged staff covered under overseas insurance agreements and contract employees.

Measures taken during the year to ensure the health, safety and welfare at work of employees and contractors

In consultation with Comcare Australia, training modules on OHS and workers compensation and rehabilitation have been incorporated into mandatory management courses for newly appointed SES and staff at all APS levels. The department provided briefings to recently recruited employees and staff proceeding to or returning from overseas postings, including heads of mission/post.

The OHS/rehabilitation case manager arranged for external ergonomic consultants to undertake 96 workstation assessments for employees experiencing discomfort at their work place. Several in-house health promotion activities were conducted by professionally qualified consultants, including fitness classes and a flu vaccination program. Using the department's intranet, we communicated health and safety awareness messages throughout Australia and overseas. Other departmental OHS measures included employer-subsidised eyesight testing for screen-based work and training for first aid, fire warden and designated work group health and safety representatives.

A total of 63 OHS incidents were reported to the OHS/rehabilitation case manager in accordance with section 69 of the Act. Seven incidents were reported to Comcare as work-related incidents involving serious personal injury. Remedial action was undertaken to eliminate or minimise recurrences where possible.

Reporting requirements under the Act

There were 15 incidents or potentially dangerous occurrences reported to Comcare under section 68 of the Act.

No directions were given to the department under section 45.

No notices were issued under section 29, section 46 or section 47.

No investigations were conducted.

TABLE 28. OCCUPATIONAL HEALTH AND SAFETY STATISTICS

	2002–03	2003–04	2004–05
Total departmental staff covered by Comcare (includes employees located in Australia, Australia-based employees overseas and, where applicable, locally engaged staff)	2 518	2 464	2 400
Number of claims accepted by Comcare, comprising:	20	16	14
— back injuries	2	4	2
— sprains and strains, excluding backs	8	2	3
— occupational overuse injuries	4	6	2
— other	6	4	7
Average cost of compensation claims to date*	\$10 488	\$3 871	\$1 597
Departmental premium for Comcare coverage (as a percentage of total departmental wages and salaries)	0.48	0.65	0.71

* Based on customer information data compiled by Comcare for all years shown as at 30 June 2005; covers cost of sick leave taken and all hospital/medical/pharmaceutical costs associated with claims made in each financial year.

APPENDIX 4

Commonwealth disability strategy

In its core roles of policy adviser, provider and employer, the department continued to fulfil its obligations in relation to the Commonwealth Disability Strategy (CDS). The mechanisms that the department uses to carry out its commitment to services for people with disabilities are its human resource management policies and two service charters, the Passports Client Service Charter and the Consular Services Charter.

To support employees with sight impairment and physical disability, the department has installed WDP-related applications for SATIN, the Secure Australian Telecommunications and Information Network. Staff with sight disabilities have Zoomtext and Jaws software programs and 21-inch flat screen monitors. Employees whose disabilities prevent their use of IT keyboards have been provided with access to Dragon Dictate software to enable them to produce documents.

We promoted the department's Workplace Diversity Program throughout the year through a network of Workplace Diversity Contact Officers in all divisions, state and territory offices, and overseas posts. The officers disseminated information to employees and ensured continuing awareness of the needs and contributions of employees with disabilities.

As at June 2005, approximately 1.3 per cent of our employees identified themselves as having a disability. We continued to seek more comprehensive baseline data and to explore means for monitoring performance on CDS issues.

Policy adviser role

Performance indicator	Performance measure	Current level of performance, 2004–05
New or revised program/policy proposals: assess the impact on the lives of people with disabilities prior to decision	Percentage of new or revised policy/program proposals that document that the impact of the proposal was considered prior to the decision-making stage	The department's role in formulating Australia's foreign and trade policies is such that its direct impact on people with disabilities, if any, cannot be quantified easily. Where Australia participates, for example, in an international meeting involving the rights of the disabled, the relevant Australian government agency would have prime carriage for developing Australia's position, including consultation as appropriate with the disabled community. This includes negotiations in a UN General Assembly ad hoc committee (the Ad Hoc Committee on a Comprehensive and Integral International Convention on the Protection and Promotion of the Rights and Dignity of Persons with Disabilities). Australia's delegation to these negotiations includes people with disabilities.
People with disabilities are included in consultations about new or revised policy/program proposals	Percentage of consultations about new or revised policy/program proposals that are developed in consultation with people with disabilities	See above comment.
Public announcements of new, revised or proposed policy/program initiatives are available in accessible formats for people with disabilities in a timely manner	<p>Percentage of new, revised or proposed policy/program announcements in a range of accessible formats</p> <p>Time taken in providing announcements in accessible formats</p>	The department regularly updates its Internet site at www.dfat.gov.au to ensure that information on foreign and trade policy is current and accurate. Policies are expressed in clear English. The department makes documents available in other formats (for example audio, large print) on request.

Provider role

Performance indicator	Performance measure	Current level of performance, 2004–05
Providers have established mechanisms for quality improvement and assurance	Evidence of quality improvement and assurance systems in operation	<p>Access to online consular services meets the accessibility standards set by the Australian Government Information Management Office.</p> <p>Information for travellers with disabilities is included in the booklet <i>Hints for Australian Travellers</i> (issued free with every passport and updated annually) and on the <i>smartraveller</i> website at www.smartraveller.gov.au.</p> <p>Client responses to passports feedback questionnaires have made no references or requests concerning areas of improvement for people with disabilities.</p> <p>Physical security arrangements in the department take account of the needs of people with disabilities. These include special escort arrangements.</p>
Providers have an established service charter that specifies the roles of provider and consumer and service standards which address accessibility for people with disabilities	Established service charter that adequately reflects the needs of people with disabilities in operation	<p>The department has a Consular Services Charter in place. The Charter states the department's commitment to provide consular services in an equitable way.</p> <p>The Passports Client Service Charter includes a commitment to the provision of appropriate passport services for people with disabilities.</p>

Provider role *(continued)*

Performance indicator	Performance measure	Current level of performance, 2004–05
Complaints/grievance mechanisms, including access to external mechanisms, in place to address issues and concerns raised about performance	Established complaints/grievance mechanisms, including access to external mechanisms, in operation	<p>The department has complaints and grievances mechanisms to handle any matters relating to harassment and discrimination, including those which concern people with disabilities.</p> <p>The department's Passports Branch Client Service Charter states that complaints and other feedback can be provided to the Australian Passport Information Service; to the passports website www.passports.gov.au; and directly in writing or by email to the Director, Passport Operations Section.</p> <p>The Consular Services Charter outlines various ways of lodging complaints. Complaints can be taken up directly with the overseas office concerned, submitted electronically to centre.conops@dfat.gov.au, or by writing to the Assistant Secretary, Consular Branch.</p> <p>Complainants can use external mechanisms such as the Commonwealth Ombudsman, the Human Rights and Equal Opportunity Commission and the Administrative Appeals Tribunal.</p>

Employer role

Performance indicator	Performance measure	Current level of performance, 2004–05
Employment policies and procedures comply with the requirements of the <i>Disability Discrimination Act 1992</i>	Number of employment policies, procedures and practices that meet the requirements of the <i>Disability Discrimination Act 1992</i>	<p>The department's <i>Certified Agreement 2003–2006</i> precludes discrimination on the basis of physical or mental disability, consistent with the <i>Disability Discrimination Act 1992</i>.</p> <p>The department's Workplace Diversity Program precludes discrimination on the basis of physical and mental disability, consistent with the <i>Disability Discrimination Act 1992</i>.</p>
Recruitment information for potential job applicants is available in accessible formats on request	<p>Percentage of recruitment information requested and provided in:</p> <ul style="list-style-type: none"> — accessible electronic formats — accessible formats other than electronic <p>Average time taken to provide accessible material in:</p> <ul style="list-style-type: none"> — electronic format — formats other than electronic 	<p>Although no data are available on requests for recruitment information in other accessible formats, the department ensures that recruitment information in accessible format is available on request.</p> <p>Guidelines provided to employee Selection Advisory Committees include advice to avoid discrimination on the grounds of disability and relevant legal issues.</p> <p>Recruitment documentation makes provision for potential applicants to identify any special needs as part of the recruitment process.</p>
Agency recruiters and managers apply the principle of 'reasonable adjustment'	Percentage of recruiters and managers provided with information on 'reasonable adjustment'	All recruitment/employment managers are aware of and implement, as a matter of routine, the principle of 'reasonable adjustment' to the extent practicable. Examples of adjustment made by the department include the use, as appropriate, of: specific interpreters; large computer screens for the visually impaired; provision of voice-activated software; and specially designed furniture.
Training and development programs consider and respond to the needs of staff with disabilities	Percentage of training and development programs that consider the needs of staff with disabilities	All training and development programs take into account the needs of individuals with disabilities on a case-by-case basis.
Training and development programs include information on disability issues as they relate to the content of the program	Percentage of training and development programs that include information on disability issues as they relate to the program	Information on the department's policies and programs addressing disability issues is included in training and development programs.

Employer role *(continued)*

Performance indicator	Performance measure	Current level of performance, 2004–05
Complaints/grievance mechanisms, including access to external mechanisms, in place to address issues raised by staff and the public	Established complaints/grievance mechanisms, including access to external mechanisms, in operation	The department has established complaints/grievances mechanisms as part of its human resource management arrangements. These include the department's <i>Certified Agreement 2003–2006</i> , the Workplace Diversity Contact Officer Network and the Workplace Relations Committee.

APPENDIX 5

Freedom of information

This statement is provided in accordance with section 8 of the *Freedom of Information Act 1982* and is correct to 30 June 2005.

The statement covers:

- access to records under the *Freedom of Information Act 1982*
- access to records under the *Archives Act 1983*
- functions and powers
- organisation
- outside participation
- categories of documents
- registers of Australian births overseas
- documents for sale and free of charge.

Access to records under the *Freedom of Information Act 1982*

The *Freedom of Information Act 1982* extends the right to obtain access to documents in the Government's possession. Access is limited only by exemptions that protect essential public interests and the private and business affairs of people about whom departments and statutory authorities collect and hold information. During the year, we met our obligations under the *Freedom of Information Act 1982*, processing 87 requests.

Members of the public seeking access to documents should lodge a formal Freedom of Information request. This must be made in writing, be accompanied by a \$30 application fee, and include a telephone number, a fax number (if available) and an address within Australia to which notifications are to be addressed.

Requests should be sent to:

Document Access and FOI Section
Department of Foreign Affairs and Trade
R G Casey Building
John McEwen Crescent
Barton ACT 0221
Tel: (02) 6261 2619
Tel: (02) 6261 2903

The department's state and territory offices can also be contacted for this purpose (see inside back cover of this annual report for a list of addresses).

Decisions on granting access to documents under the *Freedom of Information Act 1982* are generally made by the departmental Senior Executive Service member responsible for the work area to which the request relates.

The department levies the applicable fees and charges imposed under the Freedom of Information Regulations (Fees and Charges). Such fees and charges may be remitted, reduced or not imposed for any reason, including if grounds of financial hardship or general public interest can be established. Further advice regarding fees and charges may be obtained from the department's Document Access and FOI Section.

Access to records under the *Archives Act 1983*

Records more than 30 years old are available for public access under the *Archives Act 1983*, except for information that falls into an exempted category. Archival records are not subject to the *Privacy Act 1988* and most exemptions in departmental records relate to intelligence, security, defence or international relations sensitivities. Records are mostly held by the National Archives of Australia.

Applications for access under the *Archives Act 1983* should be addressed to:

Director
Access and Information Services
National Archives of Australia
PO Box 7425
Canberra Mail Centre ACT 2610
Tel: (02) 6212 3600

The *Archives Act 1983* also allows the department to grant approved individuals special access to records not generally available to the public. Inquiries about eligibility for special access or information on departmental history should be addressed to:

Director
Document Access and FOI Section
Department of Foreign Affairs and Trade
R G Casey Building
John McEwen Crescent
Barton ACT 0221
Tel: (02) 6261 2619
Tel: (02) 6261 2903

We also publish a comprehensive range of public information on our website at <http://www.dfat.gov.au/>

Functions and powers

The department exercises, or participates in the exercise of, the following functions and decision-making powers:

- entering into multilateral and bilateral treaties and arrangements, and their administration, including:
 - implementing the World Trade Organization (WTO) Agreement and its annexed agreements, including formal dispute settlement processes
 - negotiating amendments to the WTO Agreement and its annexed agreements
 - negotiating and implementing bilateral arrangements to promote trade and investment, and undertaking feasibility studies into bilateral trade agreements
 - negotiating bilateral free trade agreements, including with China, Malaysia, ASEAN and the UAE
 - implementing bilateral free trade agreements, including those with New Zealand, Singapore and the United States and Thailand
 - negotiating and implementing investment promotion and protection agreements
 - negotiating commodity agreements
 - fulfilling responsibilities under the Torres Strait Treaty and Timor Gap Exchange of Notes
 - implementing the provisions of the Vienna conventions on diplomatic and consular relations
 - fulfilling Australia's obligations under the United Nations (UN) Charter and international conventions
 - implementing Australia's nuclear safeguards agreements and related multilateral arrangements
 - implementing treaties and agreements relating to arms control and disarmament
 - negotiating and implementing agreements to promote and protect human rights
 - negotiating and implementing the Statute of the International Criminal Court
 - monitoring the implementation of Australia's extradition treaties and similar arrangements with Commonwealth and other countries and treaties of mutual assistance on criminal matters and the negotiation of further treaties
 - negotiating and implementing environmental treaties
 - implementing the UN Convention on the Law of the Sea and associated maritime delimitation and fisheries agreements
 - implementing the Antarctic Treaty, associated conventions and protocols and negotiating related instruments

- fulfilling Australia's obligations in relation to the Headquarters Agreement under the Convention for the Conservation of Antarctic Marine Living Resources
- administering Australia's bilateral cultural agreements
- negotiating bilateral arrangements on cooperation to combat international terrorism
- representing and negotiating Australian interests in the Asia-Pacific Economic Cooperation forum and the Pacific Islands Forum
- assisting Australian citizens travelling and residing overseas, including:
 - providing welfare assistance in cases such as death, arrest, hospitalisation, war, civil unrest and disaster
 - granting relief to, and assisting with repatriation of, Australians in difficulty overseas, where appropriate
 - registering Australian citizens
 - performing notarial acts
 - registering children born overseas to Australian parents as Australian citizens, as provided for under the *Citizenship Act 1948*, where the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) is not represented
 - taking evidence overseas on the authority of an Australian court order
- providing postal voting facilities overseas under the direction of the Australian Electoral Commission and state and territory electoral authorities
- issuing passports and other travel documents under the *Passports Act 1938* and reviewing decisions under the Act
- granting territorial and extra-territorial asylum
- processing full-time student applications on behalf of the Department of Education, Science and Training
- facilitating and supervising exams on behalf of Australian educational bodies
- issuing visas for entry into Australia in countries where DIMIA is not represented
- undertaking and publishing analyses of economic and political developments affecting Australia, with a view to encouraging informed debate on their implications
- providing advice and export permits to Australian government agencies and the private sector with regard to Australia's obligations under UN sanctions regimes
- certifying that countries have acceded to relevant international agreements in respect of international arbitration

- representing the Government in international litigation, including in the International Court of Justice
- assisting Australian exporters through the provision of advice to the Minister for Trade on trade finance issues, including the operations of the Export Finance and Insurance Corporation (EFIC), and Australia's obligations under the Organisation for Economic Co-operation and Development (OECD) Arrangement on Guidelines for Officially Supported Export Credits
- representing the Government at meetings of the Paris Club group of official creditors to consider the coordinated treatment of debts owed by developing countries
- granting official financial assistance for holding international conferences in Australia
- authorising official expenditure on cultural exchanges, tours, exhibitions, academic exchanges and visits
- overseas property management, including acquisition, ownership and disposal of real property
- performing duties overseas under the *Shipping Registration Act 1981* and the *Navigation Act 1912* under the direction of the Australian Maritime Safety Authority
- authorising official expenditure under the Direct Aid Program
- negotiating bilateral employment agreements or arrangements, which allow dependants of Australian diplomatic and consular personnel posted overseas to seek paid employment
- employing locally engaged staff at overseas missions in accordance with local labour law
- providing management services at overseas posts to other agencies under the Service Level Agreement (SLA) arrangements.

Organisation

A chart showing the department's senior executive structure as at 30 June 2005 appears in the Departmental Overview section of this report. Further information on the organisation of the department can be found in Section 3: Corporate management and accountability.

Outside participation

The department is open to the views of outside organisations and provides opportunities for members of the community to contribute to developing aspects of Australia's international relations through:

- representation on bodies such as the Council for Australian–Arab Relations, Foreign Affairs Council, Australia International Cultural Council, Australia–China Council, Australia–France Foundation (whose director is located in the Australian embassy in Paris), Australia–India Council, Australia–Indonesia Institute, Australia–Japan Foundation (whose director is located in the Australian embassy in Tokyo), Australia–Korea Foundation, the Council on Australia Latin America Relations, the Australia–Malaysia Institute, the Australia–Thailand Institute, the Australian National Commission for UNESCO, the National Consultative Committee for International Security Issues, Australian Strategic Policy Institute
- consultations with the Australian Industry Group, the Business Council of Australia, the Australian Chamber of Commerce and Industry, the National Farmers' Federation (and a number of other organisations representing specific industry sectors), and Australian industry, including AWB Ltd, Dairy Australia, Meat and Livestock Australia, Australian Services Roundtable, Australian Ricegrowers' Cooperative Limited, Sheepmeat Council of Australia, Horticulture Australia, and Queensland Sugar Ltd. These consultations consider market access priorities for multilateral trade negotiations and other negotiations
- consultations with firms, industry organisations and other groups in the development and prosecution of Australia's approach to dispute settlement cases and issues in the WTO, including through the department's WTO disputes inquiry point
- broad-based community consultations on Australia's position on multilateral trade negotiations in the WTO, including through the WTO Advisory Group, calls for public submissions, consultations with industry, non-government organisations, community groups and state and territory governments
- consultations with the business community, state and territory governments, and non-government organisations, on Australia's interests in negotiating bilateral free trade agreements or developing new bilateral trade and economic arrangements
- consultations with the business community, state and territory governments, industry and other bodies on Australian participation in international expositions
- formal arrangements for consultations with interested bodies on trade-related matters, including the Trade Policy Advisory Council, the Agricultural Trade Consultative Group and the AFTA-CER Business Council

- consultation on Australia's policy approach to the Asia-Pacific Economic Cooperation (APEC) Forum with the business and academic community, including the APEC Business Advisory Council (ABAC) and the Australian chapter of the Pacific Economic Cooperation Council (PECC)
- consultation with industry and the academic community in preparation of Economic Analytical Unit reports
- business relations programs operated by the department's state and territory offices, which provide briefings and organise seminars on trade policy and development issues, and conduct other regular consultations with business
- liaison with the business and academic community to shape Australia's position in the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) through our representatives to the Indian Ocean Rim Business Forum and Indian Ocean Rim Academic Group
- liaison with other departments and agencies with relevant technical competencies in areas such as quarantine, mining and air services
- consultations with state and territory governments, industry and environmental organisations in respect of negotiations affecting specific multilateral environment treaties, such as the Biosafety Protocol and the UN Framework Convention on Climate Change
- consultation with Australia's financial sector concerning the freezing of terrorist assets
- consultations with the National Consultative Group on Biosecurity Issues
- liaison with the Council for Security Cooperation in the Asia Pacific and its Australian Member Committee
- regular exchanges of views with organisations including Amnesty International and other human rights organisations, and the UN Association of Australia
- participation in consultations with the UN Sanctions Committee
- participation in Australian delegations to certain international meetings and/or conferences
- consultation with the Australian Federation of Travel Agents and other peak travel industry bodies on promoting awareness and use of the department's travel advisories.

Categories of documents

Documents are captured, managed and maintained in accordance with the department's recordkeeping policy. Documents not needed for current business are transferred into archival custody or destroyed in accordance with an authorised disposal schedule. Australia's overseas posts have documentary holdings of their own, which may parallel or complement those the department holds in Canberra and in state and territory offices.

The department has extensive documentary holdings, including:

- cables, minutes, memorandums, file notes, and other documents concerning political and economic matters, human rights, refugees, international arms control, security, trade, environment and other issues in foreign countries and international organisations
- submissions to portfolio ministers and senior officers
- electronic records of departmental file titles
- storage of texts of inwards and outwards cables and some email
- computer disk storage of statistical and other material
- working files, including passport case files, consular case files and case management databases, and correspondence
- documents and database records related to implementation of the *Nuclear Non-Proliferation (Safeguards) Act 1987*
- documents and database records related to visa applications referred for clearance under Public Interest Criteria 4003 of the Migration Regulations
- documents received from foreign governments, including notes verbale and aides memoire
- Australian and foreign intelligence community documents
- documents prepared for use in legal proceedings
- texts of speeches and press statements on foreign affairs and trade
- documents prepared to brief the business community on the economic/business environment of overseas countries
- ministerial correspondence
- the Australian treaty collection and the collection of agreements of less-than-treaty status

- National Interest Analysis on treaties submitted to Parliament's Joint Standing Committee on Treaties
- briefs for Australian delegations and ministers visiting overseas
- programs for ministers visiting overseas
- cabinet submissions and decisions
- series *Documents on Australian Foreign Policy 1937–1949* and *Documents on Australian Foreign Policy* (post–1950 series)
- series *Current Notes 1936–1972*, *Australian Foreign Affairs Record 1973–1988*, *Australian Foreign Affairs and Trade Record 1989–1992*, *Backgrounder journal 1992–1993*, *Insight 1993–1996* and *Australian Foreign Affairs and Trade Record 1997–2000*
- Department of Foreign Affairs and Trade publications register
- documents of international agencies
- Australia Group documents
- emergency task force papers
- Executive Council minutes and accompanying documentation
- annual reports
- post evaluation reports
- divisional evaluation reviews
- office evaluation reports
- evaluation and audit reports and audit plans
- reports and working papers of the Economic Analytical Unit
- directives to, instructions to, and briefings for overseas posts
- reports on meetings and conferences
- reports to UN treaty bodies
- briefings for ministers on possible parliamentary questions, records of appearances by departmental officers before the Joint Standing Committee on Foreign Affairs, Defence and Trade, and other parliamentary committees
- ad hoc reports on overseas official travel by federal and state members of Parliament
- briefs for, and reports on, post liaison visits
- policy planning documents

- corporate planning documents
- Portfolio Budget Statements and Portfolio Additional Estimates Statements
- business continuity plans
- resumes and contracts for contractors/consultants
- information on employees' qualifications
- documents and databases relating to budget and human resources management
- documents on office supplies and equipment, motor vehicles, telephones and general office services matters
- documents on property and accommodation matters within Australia
- documents relating to overseas property
- documents relating to agreement making
- documents relating to the selection of experts, engagements of individual and institutional experts, advisory board members, project managers and contracts for the engagement of consultants
- documents on personnel planning, conditions of service, career development counselling, and discipline and review of action and termination matters
- reports of selection advisory committees and independent selection advisory committees
- information on individual graduate trainee applications
- documents on average staffing levels
- documents and databases relating to staff employed overseas (locally engaged staff), their salaries, conditions, classifications and numbers
- documents and databases relating to the design, implementation and operation of the department's computer-based information handling, storage, retrieval and control systems serving the areas of communications, accounting, records management, consular, passports, freedom of information, training, management, aid projects and training awards
- documents on fraud investigations
- documents on personnel security, physical and protective security, funding of protective security measures, post inspection reports, technical and information technology security, and contingency plans in relation to the department's operations abroad and in Australia
- a database on incidents affecting security overseas

- a database of business clients in the department's state and territory offices
- a database of business clients in relation to negotiations on trade agreements
- documents and a database relating to foreign diplomatic and consular personnel in Australia
- documents relating to funding, financial operations, debtors and payment of claims in Australia and overseas
- documents relating to claims under the scheme for compensation for detriment caused by defective administration
- compiled information on employment histories and biographical details (the *Statement of Service: Appointments and Biographies*)
- records of passport issue details, electronic records of passport applications and relevant attachments
- master sets of *DFATNEWS*, an internal departmental bulletin
- organisation charts and related information
- documents and databases relating to staff employed in Canberra, state and territory offices and overseas, their salaries, conditions, classifications and numbers
- information on Indigenous staff including cadets
- staff medical and compensation information
- documents and databases relating to former employees of the department
- documents and databases relating to employee/s performance management
- documents and databases relating to employee/s training and development, including individual records
- documents and database relating to procurement and contract management
- personal security files on security-cleared personnel
- records of travel, removals and storage
- sets of administrative circulars
- sets of current and discontinued information papers
- discretionary grant program annual review papers
- public information materials projecting Australia and its policies overseas on film, video cassette, radio tape, compact disc, slide, DVD and written forms
- documents relating to cultural promotion activities and visits programs

- training material in various forms
- documents and records related to implementation of the Comprehensive Nuclear Test Ban Treaty
- documents and a database relating to international counter-terrorism cooperation
- documents and database records related to policy and transactional issues under the *Export Finance and Insurance Corporation Act 1991* (note: EFIC's activities under parts 4 and 5 of the Act are exempt from the *Freedom of Information Act 1982*)
- documents presented in electronic form on the publicly accessible websites maintained by the department at <http://www.dfat.gov.au/> and <http://www.dfat.gov.au/tw/>
- information on individual Indigenous cadetship applications.

Registers of Australian births overseas

The Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) records details of Australians born overseas. People may seek extracts from the registers through that department. Consular officials of the Department of Foreign Affairs and Trade performing functions under the *Australian Citizenship Act 1948* at Australian overseas posts also maintain registers of Australians born overseas. Although data entered in our registers is regularly notified to DIMIA, the registers themselves are held at the posts concerned. People may request and obtain extracts from the relevant posts.

Documents for sale and free of charge

A range of documents, including the department's annual report, are available either for purchase or for free from the department. Many are also accessible on the department's website.

APPENDIX 6

Inquiries by parliamentary committees

The Senate Foreign Affairs, Defence and Trade Legislation Committee reported on the department's proposed expenditure on 15 March 2005 (Additional Estimates 2004–05) and on 20 June 2005 (Budget Estimates 2005–06), and tabled its reports *Annual reports (No. 2 of 2004)* on 1 September 2004 and *Annual reports (No. 1 of 2005)* on 16 March 2005.

During the review period, the department made submissions or gave evidence to the following parliamentary committee inquiries:

Joint Standing Committee on Foreign Affairs, Defence and Trade

- *Inquiry into Australia's Human Rights Dialogue Process*, submitted February 2005 and hearing held on 14 March 2005
- *Inquiry into Australia's Relations with the Republic of Korea and Developments in the Korean Peninsula*, submission dated 2 June 2005

Joint Committee on Public Works

- *Mid-life upgrade of existing chancery building at the Australian High Commission, Singapore*, submitted February 2005, hearing held on 13 May 2005
- *Proposed refurbishment of Australia House in London*, submitted February 2005, hearing held on 13 May 2005
- *Construction of a new chancery building for the Australian Embassy in Vientiane, Laos*, submitted March 2005, hearing held on 27 May 2005
- *New offices for the Australian Consulate-General in Bali, Indonesia*, submitted March 2005, hearing held on 27 May 2005

Parliamentary Joint Committee on ASIO, ASIS and DSD

- *Review of the listing of six terrorist organisations*, hearing held on 1 February 2005, submission dated 10 February 2005
- *Review of the listing of seven terrorist organisations*, hearing held on 2 May 2005, submitted May 2005
- *Review of the listing of Tanzim Qa'idat al-Jihad fi Bilad al-Rafidayn (the al-Zarqawi network) as a Terrorist Organisation under the Criminal Code Act 1995*, hearing held on 2 May 2005, submission dated 11 May 2005

Senate Select Committee on the Free Trade Agreement between Australia and the United States of America

- *Inquiry into the Free Trade Agreement between Australia and the United States of America*, hearing held on 6 July 2004

Senate Foreign Affairs, Defence and Trade References Committee

- *Inquiry into Security Threats to Australians in South-East Asia*, hearing held on 5 August 2004
- *Inquiry into Australia's relationship with China*, submission dated 24 March 2005, hearing held on 16 June 2005

Senate Rural and Regional Affairs and Transport References Committee

- *Inquiry into the Iraqi wheat debt*, submission dated 21 February 2005, hearing held on 23 February 2005

Senate Finance and Public Administration References Committee

- *Inquiry into matters relating to the Gallipoli Peninsula*, submission dated 9 June 2005, hearing held on 17 June 2005

Senate Legal and Constitutional References Committee

- *Inquiry into Australian Expatriates*, hearing held on 29 July 2004
- *Inquiry into the Privacy Act 1988*, submission dated 8 March 2005, hearing held on 20 May 2005

Standing Committee on Industry and Resources

- *Inquiry into developing Australia's non-fossil fuel energy industry*, submission dated 12 May 2005 (from the Hon Alexander Downer, MP), briefing given to the Committee on 26 May 2005

Standing Committee on Aboriginal and Torres Strait Islander Affairs

- *Inquiry into indigenous employment*, submission dated 30 May 2005

Standing Committee on Legal and Constitutional Affairs

- *Inquiry into harmonisation of legal systems*, submission dated 31 May 2005

Joint Standing Committee on Treaties

Departmental officers appeared before the Joint Standing Committee on Treaties in respect of the proposed treaty actions shown below:

- The department appeared on 26 July 2004 in respect of:
 - Treaty between the Government of Australia and the Government of the French Republic on cooperation in the Maritime areas adjacent to the French Southern Antarctic Territories, Heard Island and the McDonald Islands, done at Canberra, 24 November 2003
 - Agreement between the Government of Australia and the Government of the United Arab Emirates relating to Air Services, done at Dubai City on 8 September 2002
 - Thailand–Australia Free Trade Agreement
- The department appeared on 9 August 2004 in respect of:
 - Agreement between Australia and Nauru concerning additional police and other assistance to Nauru, done at Melbourne on 10 May 2004
 - Optional Protocol to the Convention on the Rights of the Child on Involvement of Children in Armed Conflict, done at New York on 25 May 2000
- The department appeared again on 10 August 2004 in respect of:
 - Optional Protocol to the Convention on the Rights of the Child on Involvement of Children in Armed Conflict, done at New York on 25 May 2000
- The department appeared on 7 March 2005 in respect of:
 - Agreement between the Government of Australia and the Government of the Republic of Poland relating to Air Services, done at Warsaw, 28 April 2004
 - Termination of the Agreement between the Government of Australia and the Government of the Slovak Republic on Trade and Economic Cooperation, done at Canberra, 23 April 1999
 - Joint Agreement on Enhanced Cooperation between Australia and Papua New Guinea, done at Port Moresby, 30 June 2004
 - Agreement on Bilateral Cooperation between the Government of Australia and the Government of the Kingdom of Thailand, done at Canberra, 5 July 2004
 - Treaty between the Government of Australia and the Government of New Zealand Establishing Certain Exclusive Economic Zone Boundaries and Continental Shelf Boundaries, done at Adelaide, 25 July 2004

- The department appeared on 14 March 2005 in respect of:
 - Treaty between the Government of Australia and the Government of New Zealand Establishing Certain Exclusive Economic Zone Boundaries and Continental Shelf Boundaries, done at Adelaide, 25 July 2004
 - Agreement on Social Security between the Government of Australia and the Government of Malta, done at Valletta, 16 June 2004
 - Beijing Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer, done at Beijing November 1999
- The department appeared on 31 May 2005 in respect of:
 - Treaty between the Government of Australia and the Government of New Zealand Establishing Certain Exclusive Economic Zone Boundaries and Continental Shelf Boundaries, done at Adelaide, 25 July 2004
- The department appeared on 20 June 2005 in respect of:
 - Singapore–Australia Free Trade Agreement Amendments
 - Agreement between the Government of Australia and the Government of the Republic of Korea on Cooperation in the Fields of Energy and Mineral Resources, done at Canberra, 30 August 2004
 - Agreement between the Government of Australia and the Government of the Republic of Singapore concerning the Use of Shoalwater Bay Training Area and the Use of Associated Facilities in Australia
 - Mutual Recognition Agreement of Conformity Assessment in Relation to Medicines Good Manufacturing Practice Inspection and Certification between the Government of Australia and the Government of Canada, done at Canberra, 16 March 2005
 - Measure 1 (2003) Secretariat of the Antarctic Treaty, adopted at Madrid, Spain on 20 June 2003, under the Antarctic Treaty, done at Washington on 1 December 1959.

Briefings provided to parliamentary committees

The department provided briefings to the Joint Standing Committee on Foreign Affairs, Defence and Trade, on the following issues:

- RAMSI and the Solomon Islands, on 4 August 2004
- Malaysia, on 31 August 2004
- Economic Analytical Unit report *PNG—the Road Ahead*, on 8 December 2004
- Darfur, Sudan and Human Rights Dialogue Process, on 10 February 2005
- Free Trade Agreements currently being negotiated and those under consideration, on 16 March 2005
- Australia's relationship with the Republic of Korea and Japan, on 14 March 2005.

APPENDIX 7

Decisions by courts and administrative tribunals

During the year the department was involved in the following matters before courts and administrative tribunals.

Courts

- The department responded to an ongoing discovery order in relation to proceedings under way before the ACT Supreme Court against another Commonwealth agency.
- The Full Federal Court upheld the department's appeal that the Administrative Appeals Tribunal (AAT) had erred in law in ordering the release under the Freedom of Information Act (FOI Act) of certain documents. The matter was remitted to the AAT but the applicant withdrew his application.
- The department successfully appealed a preliminary decision made by the NSW Supreme Court relating to jurisdictional issues in a personal injuries claim against the department.
- The department is continuing to seek to have set aside a subpoena served on the Minister of Foreign Affairs (along with other Commonwealth ministers) in a family law matter.
- Legal proceedings against the department are continuing in the ACT Supreme Court in another personal injuries claim arising out of an incident at an overseas post.
- The Federal Court dismissed an appeal by an applicant against the Court's decision to strike out a claim against the department. An application for special leave to appeal to the High Court has been lodged by the applicant.
- The department responded to a subpoena in relation to proceedings under way in the Federal Court against another agency. The department's public interest immunity claims in respect of documents over which an FOI application had also been made were not challenged.
- The department responded to a subpoena in relation to oral and documentary evidence required for committal proceedings under way in the Victorian Magistrates Court.
- One decision by the Minister for Foreign Affairs to cancel a passport was appealed to the Federal Court. The applicant withdrew the appeal before any hearing was held.

- A former locally engaged employee has re-lodged an unfair dismissal claim that a court in Athens had found to be out-of-time.
- The department successfully had a subpoena struck out in the Western Australian District Court arising from prosecutions under the *Fisheries Management Act 1991*.
- Two claimants have made applications to foreign courts for damages arising from motor vehicle incidents. One claim has been withdrawn.
- Two claimants have commenced proceedings in the ACT Supreme Court challenging the issue of ministerial certificates relating to Falun Gong protest activity outside the Chinese Embassy.

Tribunals

- The Administrative Appeals Tribunal (AAT) upheld in full exemptions claimed by the department in respect of two separate applications under the FOI Act for release of certain documents. In one of those cases, the AAT also upheld in full the conclusive certificate issued by the Minister for Foreign Affairs under section 33 of the FOI Act. A third AAT decision ordering the release of documents under the FOI Act was overturned on appeal to the Full Federal Court (see above).
- The department successfully argued that the AAT lacked jurisdiction to summons a departmental officer in relation to Timor Sea Treaty negotiations.
- Six decisions by the Minister for Foreign Affairs to cancel passports were appealed to the AAT. One application was withdrawn. These and several other appeals to the AAT from the previous year have not been finalised.
- Five decisions by the department concerning the issuing of passports to minors were appealed to the AAT. Two of these appeals were subsequently withdrawn by the applicants. The AAT dismissed another appeal.
- A former locally engaged employee has appealed a decision made by a tribunal in Manila dismissing an unfair dismissal claim by that former locally engaged employee.
- A tribunal in Paris found a claim for additional benefits by a former locally engaged employee to be procedurally flawed.
- An employee of an embassy contractor has initiated proceedings before a Philippines tribunal claiming unfair dismissal.
- The department is continuing to seek to settle administrative liabilities arising out an earlier decision by a foreign tribunal against an overseas post in relation to an employment matter.
- A security clearance decision by the department has been appealed to the Merit Protection Review Commission.

APPENDIX 8

Ecologically sustainable development and environmental performance

Following is the department's report on its ecologically sustainable development and environmental performance in accordance with section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*.

How the activities of the organisation, and the administration of legislation by the organisation, accorded with the principles of ecologically sustainable development

The department, in pursuing the interests of Australia and Australians internationally, seeks to the extent possible to ensure that its policy activities and other operations accord with and contribute to the principles of ecologically sustainable development, and are shaped and implemented with appropriate reference to environmental impact. Relevant activities across a wide range of policy issues include multilateral environment agreements, international legal frameworks, sustainable development, climate change, fisheries, nuclear waste, trade, development assistance and public diplomacy.

The department continued to work constructively in the World Trade Organization (WTO) to achieve outcomes in the Doha Round that will strengthen both the multilateral trading system and promote sustainable development. We continued to argue that multilateral environment agreements (MEAs) and WTO obligations are mutually supportive and that both sets of obligations must be respected. Australia submitted a paper on its experience in negotiating and implementing specific trade obligations in MEAs which demonstrated that trade and environment obligations can be, and are, in Australia's case, being implemented in mutually supportive ways. We encouraged WTO members to develop domestic regulatory frameworks and administrative arrangements which ensure that trade and environment policies are implemented in a mutually supportive manner. We contributed positively to the work of the Committee on Trade and Environment in Special Session on liberalising trade in environmental goods and services, which will have trade and environmental benefits.

The department continued to lead a whole of government effort on international climate change issues and pursued the development of a more effective global response. We focused on developing and supporting concrete, practical measures: multilaterally through the UN Framework Convention on Climate Change, including encouraging all major emitters to contribute to actions addressing the causes of climate change; plurilaterally, through initiatives focused on the development and uptake of key climate and energy technologies, including the Carbon Sequestration Leadership Forum, the Methane to Markets Partnership, the International Partnership

for the Hydrogen Economy and the Renewable Energy and Energy Efficiency Partnership; regionally, through cooperative climate change action in the Asia-Pacific, the Climate Change and Business Conference and Trade Expo with New Zealand in Auckland (November 2004), and co-hosting with Korea the APEC Business and Climate Workshop, in coordination with the US and Japan-led Asia Region Climate and Energy Workshop (April 2005); and bilaterally through our climate change partnerships, including with the United States and China.

The department led Australia's engagement in several major international environment negotiations and forums, securing outcomes which advanced Australia's complementary environmental and trade policy interests. The Australian delegation to the 10-year review of the Barbados program of action for the sustainable development of small island developing states in Mauritius (January 2005) highlighted our support for ecologically sustainable development outcomes for Pacific island countries. The department led Australia's delegation to the second meeting of the parties (MOP2) to the Cartagena Protocol on Biosafety (Montreal, May-June 2005). A key Australian objective was for parties to focus on practical steps and capacity-building to implement their obligations.

The department coordinated a major international lobbying effort promoting Australia's pro-conservation agenda prior to and during the International Whaling Commission (IWC) meeting in Ulsan, ROK (June 2005). With the IWC membership sharply divided, this diplomatic effort helped to ensure that attempts to reintroduce commercial whaling and expand scientific whaling were unsuccessful.

Along with other agencies, the department continued to pursue initiatives within the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) to protect marine species and to combat illegal, unreported and unregulated fishing, particularly of Patagonian toothfish, through the adoption of a centralised vessel monitoring system at the 2004 CCAMLR meeting. Australia also played a key role in negotiating an international liability regime for damage to the Antarctic environment adopted in Stockholm in June 2005.

The proliferation of weapons of mass destruction has the potential for very substantial environmental damage, should such weapons be used. The department, including the Australian Safeguards and Non-Proliferation Office (ASNO), is an active contributor to non-proliferation efforts in the International Atomic Energy Agency (IAEA), the Organisation for the Prohibition of Chemical Weapons (OPCW), and other international forums. The IAEA serves as a global focal point for cooperation on the peaceful uses of nuclear energy, including safeguards and security measures to prevent the spread of nuclear weapons. As a member of the IAEA's Board of Governors, Australia made a strong contribution to the agency's work. The OPCW is responsible for the international implementation of the Chemical Weapons Convention which includes verifying destruction of all declared chemical weapon stockpiles and helping to ensure that no chemical activities prohibited by the Convention occur. The department continued to actively support and promote the entry into force of the Comprehensive Nuclear Test Ban Treaty.

Public diplomacy through the overseas network played a key role in projecting a positive 'clean and green' image of Australia overseas. The department is an official supporter of the *Clean up the World* (CUW) campaign. In 2004–05 the department assisted the distribution of campaign materials worldwide, while overseas mission staff supported the campaign through community liaison, media distribution and monitoring. Missions in Argentina, India, Malaysia, Turkey, Shanghai and the Philippines participated as members of the campaign. Missions in Kenya, Ghana, Indonesia, Egypt, Pakistan, Kiribati, Israel, New Zealand, Poland, United Arab Emirates and Mauritius actively supported local CUW members through staff participation in local events and dissemination of CUW information to local schools and NGOs.

Development assistance through the department's Direct Aid Program contributed to ecologically sustainable development. Relevant projects included: an afforestation project in Dedeso-Begoro in the Eastern Region of Ghana; the production of educational materials for a live and learn environmental project in Suva; a sanitation and hygiene project in Hyderabad, Pakistan; and a project to create public awareness of environmental issues in Katakari, Morang District, Nepal, to improve the environment and health conditions.

How the department's outcomes contribute to ecologically sustainable development

The department's outcomes, specified in the *Portfolio Budget Statements 2004–05*, are:

1. Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation
2. Australians informed about and provided access to consular and passport services in Australia and overseas
3. Public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally
4. Efficient management of the Commonwealth overseas owned estate.

Outcome 1

The department contributed to ecologically sustainable development through participation in international negotiations across a range of policy areas.

Outcome 2

Activities under this outcome did not directly contribute to ecologically sustainable development.

Outcome 3

The department's Direct Aid Program and public diplomacy programs at overseas posts contribute to ecologically sustainable development through modest, practical aid programs to protect the environment and participation in *Clean Up the World* campaigns as earlier outlined.

Outcome 4

Activities under this outcome did not directly contribute to ecologically sustainable development.

Effect of the organisation's activities on the environment

The department's operations in Canberra and through its overseas network and state and territory offices have a range of impacts on the environment. Measures to address these impacts are outlined below.

Measures being taken by the organisation to minimise the impact of its activities on the environment

In accordance with the Government's decision of May 2001, the department has implemented an Environmental Management System (EMS) covering its activities in its Central Office, the R G Casey Building in Canberra. The department has selected an accredited certifying body, NCS International (NCSI), to audit its EMS against ISO 14001:1996, the International Standard for Environmental Management Systems. The EMS external audit process continued in August 2004 with a preliminary audit by NCSI.

Following the publication in December 2004 of a revised edition of ISO 14001, the department commenced a management review of its EMS, taking into account the changes in the new edition, as part of the process of preparing for a full certification audit later in the year.

In keeping with EMS requirements, the department's updated Environmental Policy, endorsed by the Secretary in August 2004, is available on the department's website. The EMS manual and integral electronic reporting forms are available on the department's intranet, along with the first three issues of the *Greening DFAT* newsletter. An EMS General Awareness Training module was introduced to provide all staff with key information on: the importance of conforming with the department's environmental policy and EMS procedures; the significant environmental impacts of their work activities and the environmental benefits of improved personal performance; and their roles and responsibilities in meeting the policy and procedures. In addition, an induction folder has been developed for use by contractors commencing temporary work in the department, including those performing building services and cleaning tasks. The induction folder reminds contractors of the need for compliance with the department's EMS and contains relevant EMS information.

The department's EMS Committee is continuing to manage, monitor, audit and review the departmental EMS, working to achieve compliance with the International Standard and continual improvement in the department's environmental performance. The EMS Committee includes the Chief Warden, members of the Domestic Property and Services Section, the Information and Communications Technology Branch, and representatives of all other departmental divisions.

The department's EMS is aimed at reducing negative impacts on the environment, in particular through reducing the use of energy and goods and minimising waste, and improving recycling and re-use of materials.

The department supported the Australian Greenhouse Office-led negotiations with energy suppliers for a whole of government electricity supply contract for the Australian Capital Territory that incorporates energy generated from renewable sources (Greenpower). The department has a three-year contract with a 10 per cent green energy requirement. In addition, with the agreement of the building owners, the department has completed the installation of additional electricity meters to improve monitoring of power consumption. Measures have also been taken to reduce water consumption.

Additional key EMS procedures which have continued during the period include: a Switch-Off and Save campaign (prompts staff to switch off lights and office equipment when not in use); procurement guidelines incorporating departmental EMS requirements (for example, energy efficiency ratings; re-use or recycling capacity; procurement of printers and photocopiers with duplex printing functionality and power-save modes; and steps to reduce/recycle packaging materials); use of individual paper recycling boxes at desks; a Stationery Recycling Depot for collection and re-use of stationery items; co-mingled waste bins (for plastics, glass, tins, cartons and clean paper) in the cafeteria, childcare centre and kitchens throughout the department; and water conservation signs and sink plugs in all kitchens. Regular use is made of the department's electronic bulletin board to introduce and promote these and new procedures, such as the introduction of recycling of fluorescent tubes and batteries.

The department exploited paperless technology to support the EMS. For example, Protocol Branch reduced its paper usage by using a computer desktop fax facility to facilitate the registration of motor vehicles owned by the diplomatic corps. Combined with electronic filing, the Branch has eliminated the need to generate any paper for this process. This enhancement should be rolled out for other branch processes in the coming year.

Re-manufactured printer toners are now used in lieu of purchasing new toner cartridges. The department also sends to auction all obsolete IT equipment that has a possibility of being sold and recycles any equipment not auctioned.

The department's state and territory offices have adopted a number of EMS procedures, including the Switch-Off and Save campaign, individual recycling boxes and magnetic signs to remind staff to switch off lights and office equipment.

Environmental impacts are taken into account within design briefs for overseas missions in keeping with Australian standards. For example, the brief for the engagement of consultants for the design and construction of the new mission in Jakarta took account of environmental impacts.

The department received EMS support from the Café Brindabella, located in the R G Casey Building, which introduced a 20 cent levy on takeaway cups to reduce the number going to landfill. The number of disposable cups has been reduced and the total levy collected of \$11 410 has been donated to Greening Australia for the planting of Australian native trees and shrubs.

On 17 October 2004, volunteer staff from the department joined with the Café Brindabella and Greening Australia to plant 1500 native trees and shrubs at Mt Macdonald as part of the Canberra bushfire recovery. The department, in partnership with the Café Brindabella and Greening Australia, will schedule another voluntary tree planting for the spring of 2005.

Mechanisms for reviewing and increasing the effectiveness of these measures

The EMS measures the effectiveness of the department's efforts in minimising the impact of its operations on the environment. This is achieved through regular meetings of the department's EMS committee, internal and external EMS audits and the implementation of a monitoring and measurement plan. The effectiveness of the EMS is enhanced by staff completion of the EMS general awareness training module. Through these measures we are establishing a culture of environmental awareness, energy efficiency and waste recycling.

APPENDIX 9

Purchaser-provider arrangements

The department has a cross-agency arrangement, the Service Level Agreement (SLA), under which it provides common administrative services to Australian government agencies overseas. A new SLA agreement was signed on 1 September 2004. It is due to expire on 30 June 2007.

In 2004–05, the department provided services under the SLA to:

Australian Agency for International Development (AusAID)
Australian Centre for International Agricultural Research
Australian Customs Service
Australian Federal Police
Australian Federal Police Protective Service
Australian Government Information Management Office
Australian Nuclear Science and Technology Organisation
Australian Security Intelligence Organisation
Australian Taxation Office
Australian Trade Commission (Austrade)
Commonwealth Scientific and Industrial Research Organisation
Department of Agriculture, Fisheries and Forestry
Department of Defence
Department of Education, Science and Training
Department of Employment and Workplace Relations
Department of Family and Community Services
Department of Health and Ageing (Therapeutic Goods Administration)
Department of Immigration and Multicultural and Indigenous Affairs
Department of Industry, Tourism and Resources
Department of the Prime Minister and Cabinet
Department of the Treasury
Department of Transport and Regional Services
Department of Veterans' Affairs (including Office of Australian War Graves)
Invest Australia
National Library of Australia
Office of National Assessments

The Department of Immigration and Multicultural and Indigenous Affairs, the Department of Defence, AusAID, the Australian Federal Police and the Department of Education, Science and Training are the main purchasers of services under the SLA.

The department also had purchaser/provider arrangements with Australian government agencies that required information and communications technology (ICT) services for staff at Australia's overseas missions and at a number of agency sites within Australia. The Department provided ICT services to the following agencies:

Air Services Australia
 Attorney-General's Department
 Australian Agency for International Development (AusAID)
 Australian Centre for International Agricultural Research
 Australian Customs Service (including National Surveillance Centre)
 Australian Federal Police
 Australian Maritime Safety Authority
 Australian Nuclear Science and Technology Organisation
 Australian Public Service Commission
 Australian Radiation Protection and Nuclear Safety Agency
 Australian Taxation Office
 Australian Trade Commission (Austrade)
 Australian Transaction Reports and Analysis Centre
 Bureau of Meteorology
 Civil Aviation Safety Authority
 Commonwealth Scientific and Industrial Research Organisation
 Defence Intelligence Organisation
 Department of Agriculture, Fisheries and Forestry (including the Australian Quarantine and Inspection Service)
 Department of Communications, Information Technology and the Arts
 Department of Defence
 Department of Education, Science and Training
 Department of Employment and Workplace Relations
 Department of Family and Community Services
 Department of Immigration and Multicultural and Indigenous Affairs
 Department of Industry, Tourism and Resources
 Department of the Environment and Heritage (including Australian Antarctic Division)
 Department of the Prime Minister and Cabinet
 Department of the Treasury
 Department of Transport and Regional Services
 National Library of Australia
 Office of National Assessments
 Parliamentary Relations Office

See quality and quantity information under output 1.3 for further detail on the SLA; and quality and quantity information under output 1.2 for further detail on provision of communications and related services to client agencies.

APPENDIX 10

Advertising and market research

As required under section 311A of the *Commonwealth Electoral Act 1918*, following is a list of agencies and organisations contracted by the department (including at overseas posts) to provide advertising and market research services. The list includes payments of \$1500 and above.

TABLE 29. ADVERTISING AND MARKET RESEARCH

Agencies/Organisations	Description	Output	Amount (\$)
Advertising agencies			
Bearcage Productions	Passport Act advertising and education video	2.1	49 193
Killey Withy Punshon	Smarttraveller campaign	2.1	21 153
Universal McCann	Smarttraveller campaign	2.1	2 575 709
Blue Bamboo (Tokyo)	Australia–Japan Foundation advertisement	3.1	3 700
Market research organisations			
Hay Group Kft (Budapest)	Locally engaged staff salary survey	1.1	3 703
RajMs & Co (Kathmandu)	Locally engaged staff salary survey	1.1	2 353
Open Mind Research Group	Research on community reactions to the Smarttraveller campaign	2.1	184 364
e-Dialog Inc. (Woburn, Canada)	Survey on Canadian perceptions of Australia	3.1	3 593
Newspoll Market Research	Community awareness study into attitudes to trade	3.1	30 998
Polling and direct mail organisations			
Zo Media Pty Ltd (Singapore)	Printing and distributing postcards and posters	3.1	12 534
Media advertising organisations			
A Manzoni & C SpA (Rome)	Advertisements for general recruitment	1.1	2 034
Farm Guide Pty Ltd	Advertisements for trade information	1.1	11 840
HMA Blaze Pty Ltd	Advertisement for tenders	1.1	2 931
HMA Blaze Pty Ltd	Advertisements for general recruitment	1.1	18 335
HMA Blaze Pty Ltd	Free trade agreement advertisements	1.1	22 021
Poner Kft (Budapest)	Advertisements for general recruitment	1.1	3 964
HMA Blaze Pty Ltd	Advertisement for general recruitment	1.2	3 283

Agencies/Organisations	Description	Output	Amount (\$)
HMA Blaze Pty Ltd	Advertisement for general recruitment	1.3	6 863
Crisscross K.K. (Toyko)	Advertisements for the registration of Australian citizens	2.1	3 020
HMA Blaze Pty Ltd	Advertisements on protecting your passport and identity in <i>Qantas Magazine</i>	2.1	14 487
HMA Blaze Pty Ltd	Advertisements for tenders	2.1	4 650
HMA Blaze Pty Ltd	Advertisements for general recruitment	2.1	7 850
Poner Kft (Budapest)	Advertisement for general recruitment	2.1	2 358
Asia City Publishing Pte Ltd (Singapore)	Advertisements for the Australian Film Festival 2005	3.1	2 565
Executive Media Pty Ltd	Promoting statistical data services in the Australian Industry Group Exporters Guide	3.1	2 495
HMA Blaze Pty Ltd	Advertising expressions of interest to sponsor the Council for Australian–Arab Relations	3.1	1 655
HMA Blaze Pty Ltd	Advertisement for tender	3.1	2 737
HMA Blaze Pty Ltd	Advertisements for general recruitment	3.1	8 359
Loyalty Australasia Pty Ltd	Advertisement for general recruitment	3.1	4 400
Mediacorp TV12 Singapore Pte Ltd	Advertisements for the Australian Film Festival 2005	3.1	4 127
Monsterboard (Amsterdam)	Advertisement for general recruitment	3.1	1 715
Broad Chance Development Ltd (Hong Kong)	Expressions of interest advertisement for design works to proposed new chancery building, Vientiane	4.1	7 416
Graphic Communications Group Ltd (Accra)	Advertisement for office relocation	4.1	1 585
HMA Blaze Pty Ltd	Advertisement for design work to proposed new chancery building, Vientiane, and mid-life upgrade of Singapore chancery building	4.1	8 279
HMA Blaze Pty Ltd	Advertisements for general recruitment	4.1	5 624
HMA Blaze Pty Ltd	Advertisement for tender	4.2	1 502
HMA Blaze Pty Ltd	Advertisements for general recruitment	4.2	4 417
Total			3 047 812

APPENDIX 11

Grants and contributions

Following are grants administered under the department's discretionary grants program, the International Relations Grants Program, and a list of contributions to international organisations and peacekeeping operations administered by the department during 2004–05. A list of grant recipients is available on request.

TABLE 30. DISCRETIONARY GRANTS PROGRAM BY OUTCOME

International Relations Grants Program

Outcome	Brief description of the Outcome	2004–05	2004–05
		Budget (\$'000)	Actual (\$'000)
Outcome 3	To foster public understanding of Australia's foreign and trade policy and to project a positive image of Australia internationally	3 541	3 538
Public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally			
Outcome 1	To enhance Australia's security, to contribute to growth in Australia's economy, employment and standard of living, and to strengthen global cooperation in ways that advance Australia's interests	119	119
Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation			

TABLE 31. CONTRIBUTIONS TO INTERNATIONAL ORGANISATIONS AND PEACEKEEPING OPERATIONS¹

	Total (\$'000)
International Organisations	
APEC Business Advisory Council	38
APEC Secretariat	285
Biological Weapons Convention	10
Capital Fund	13
Commission for the Conservation of Antarctic Marine Living Resources	447
Commonwealth Secretariat	2 948
Comprehensive Nuclear Test Ban Treaty Organization	2 200
Chemical Weapons Convention	70
Energy Charter Conference Secretariat	223
International Atomic Energy Agency	6 683
International Bureau of the Permanent Court of Arbitration	33
International Centre for the Study of the Preservation and Restoration of Cultural Property	97
International Criminal Tribunal for the former Yugoslavia	3 334
International Criminal Tribunal for Rwanda	2 560
International Humanitarian Fact-Finding Commission	9
International Seabed Authority	135
International Tribunal for the Law of the Sea	270
Organisation for Economic Co-operation and Development	7 927
Organisation for the Prohibition of Chemical Weapons	1 897
Pacific Economic Cooperative	67
United Nations—Assessed contribution	36 578
United Nations Educational, Scientific and Cultural Organization	6 929
Wassenaar Arrangement	39
World Trade Organization	2 104
<i>Subtotal International Organisations</i>	<i>74 896</i>

	Total (\$'000)
International Peacekeeping Operations	
UN Disengagement Observer Force	858
UN Force in Cyprus	541
UN Interim Administration Mission in Kosovo	5 162
UN Interim Force in Lebanon	781
UN Mission for the Referendum in Western Sahara	746
UN Mission of Support in East Timor	1 388
UN Mission in Ethiopia and Eritrea	4 013
UN Mission in Sierra Leone	5 968
UN Moronde (Africa) Burundi	7 994
UN Observer Mission in Georgia	579
UN Observer Mission in Liberia	19 532
UN Operations in Côte d'Ivoire	10 347
UN Organization Mission in the Democratic Republic of the Congo	18 945
UN Stabilisation Mission in Haiti	8 605
UN Sudan	10 420
<i>Subtotal Peacekeeping Operations</i>	95 879
Total	170 775

1 Contributions to international organisations and UN peacekeeping operations are administered under Outcome 1. Reporting of payments under the outcome structure provides consistency with the reporting of these items in the *Portfolio Budget Statements 2004–05* and the *Portfolio Additional Estimates Statements 2004–05*.

APPENDIX 12

List of sponsors

Following is a list of sponsors who supported projects or programs undertaken by the department during the year. The list includes sponsorship equivalent to \$1500 and above.

TABLE 32. LIST OF SPONSORS

Sponsor	Project/Program	Output	Amount (\$)
ACE Insurance	Young Business Scholars in Taiwan	1.1	5 896
ANZ Banking Group Ltd	Australia Day 2005—Sense of Australia (Seoul)	1.1	4 884
Australia New Zealand Chamber of Commerce	Australia Day 2005—Sense of Australia (Seoul)	1.1	2 442
Australian Film Commission	Australia Day Function in Pusan (Korea)	1.1	5 000
Australian Trade Commission	Australia Day 2005—Sense of Australia (Seoul)	1.1	5 159
BHP Billiton (Korea) Ltd	Australia Day 2005—Sense of Australia (Seoul)	1.1	5 148
Chevron Texaco International Gas Inc	Australia Day 2005—Sense of Australia (Seoul)	1.1	4 884
Comalco Aluminium Limited	Australia Focus 2005 (Rome)	1.1	3 974
Elders Ltd, Korea Rep. Office	Australia Day 2005—Sense of Australia (Seoul)	1.1	5 148
GM Daewoo Auto and Technology Co	Australia Day 2005—Sense of Australia (Seoul)	1.1	10 296
Gorgon Australia LNG, Seoul Rep. Office	Australia Day 2005—Sense of Australia (Seoul)	1.1	5 148
Hamersley Pacific Pty Ltd	Australia Day 2005—Sense of Australia (Seoul)	1.1	5 148
National Australia Bank Ltd (Seoul)	Australia Day 2005—Sense of Australia (Seoul)	1.1	5 148
North West Shelf Australia LNG Pty Ltd	Australia Day 2005—Sense of Australia (Seoul)	1.1	5 148
Tourism Australia	Pusan Event 2004 (Seoul)	1.1	3 714
Western Australian Trade and Investment Office (Seoul)	Australia Day 2005—Sense of Australia (Seoul)	1.1	2 574
Woodside Energy Ltd	Australia Day 2005—Sense of Australia (Seoul)	1.1	4 884

Sponsor	Project/Program	Output	Amount (\$)
Amcors Australasia	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	5 000
ANZ Banking Group Ltd	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	7 500
Australian Wheat Board Ltd	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	5 000
Burns Philp & Co Ltd	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	5 000
Coles Myer	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	5 000
Elders Ltd	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	5 000
Fisheries Research and Development Corporation	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	11 000
Grains Research and Development Corporation	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	11 000
Grape and Wine Research and Development Corporation	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	11 000
Horticulture Australia	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	9 940
Northern Territory Department of Business, Industry and Resource Development	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	2 500
Queensland Government Department of Primary Industries and Fisheries	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	5 000
Rural Industries Research and Development Corporation	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	5 500
Sugar Research and Development Corporation	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	2 000
Tasmanian Department of Economic Development	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	2 500
Victorian Department of Primary Industries	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	5 000
Western Australian Department of Agriculture	Subsistence to Supermarket II—Agrifood Globalisation and Asia	1.3	2 500
ABC Asia Pacific	Australian Film Festival (Hong Kong)	3.1	4 882
Allied Pickfords Japan KK	Australia Day in Spring 2005 (Tokyo)	3.1	6 730
ANZ Banking Group (Shanghai) Ltd	Shanghai Library Friendship Collection	3.1	5 000
ANZ Banking Group Ltd	Australian Film Festival (Shanghai)	3.1	13 424

Sponsor	Project/Program	Output	Amount (\$)
ANZ Banking Group Ltd	Australia Day in Spring 2005 (Tokyo)	3.1	12 160
Aristocrat Technologies KK	Australia Day in Spring 2005 (Tokyo)	3.1	12 120
AusAID, Learning Assistance Program for Islamic Schools (LAPIS)	Partnership in Education and Training of Regional Islamic Institutions, Aceh	3.1	264 138
AusAID, Public Sector Linkages Program (PSLP)	Partnership in Education and Training of Regional Islamic Institutions, Stage 2	3.1	272 800
Australian Tourist Commission	Australian Film Festival (Shanghai)	3.1	2 003
Australian Trade Commission	Council on Australia Latin America Relations—Australia Festivals (Latin America)	3.1	2 500
Australian Trade Commission	Council on Australia Latin America Relations—Australia Festivals (Latin America)	3.1	4 000
Australian Youth Orchestra	Australian Youth Orchestra Reception (The Hague)	3.1	2 568
Bellarmine Wein Import GmbH	Australia Day Function 2005 (Berlin)	3.1	2 453
BHP Billiton	Australian Business Delegation 2010 World Cup (Pretoria)	3.1	10 454
BHP Billiton	400th Anniversary of Dutch Contact with Australia 2006 (The Hague)	3.1	33 052
BHP Billiton (Japan) Ltd	Australia Day in Spring 2005 (Tokyo)	3.1	6 035
Citibank	Asia Relief Benefit (New York)	3.1	12 804
Colonial Mutual Group Asia	Australian Film Festival (Hong Kong)	3.1	2 255
Commonwealth Bank of Australia	Australian Film Festival (Hong Kong)	3.1	6 666
Commonwealth Bank of Australia	Australian Film Festival (Hong Kong)	3.1	7 344
Commonwealth Bank of Australia	Australian Film Festival (Singapore)	3.1	9 037
Department of Education, Science and Training	Sponsorship for <i>Education without Borders—International Trade in Education</i> report	3.1	8 000
Department of Environment Sport and Territories, Hanoi	Public diplomacy publication <i>Anthology of Australian Short Stories</i>	3.1	3 310
Downing Teal, Chile	Australia Day Function 2005 (Santiago de Chile)	3.1	2 566
Education Adelaide	Australia Day Function 2005 (Santiago de Chile)	3.1	3 000
Emigrant Bank	Asia Relief Benefit (New York)	3.1	6 528
Fosters Brewing Group	Australia Day Function 2005 (Berlin)	3.1	1 704
Government of Queensland	2005 Aichi Expo	3.1	363 000

Sponsor	Project/Program	Output	Amount (\$)
Government of Victoria	2005 Aichi Expo	3.1	352 000
Government of Victoria Office, Tokyo	Australia Day in Spring 2005 (Tokyo)	3.1	3 040
Government of Western Australia	2005 Aichi Expo	3.1	99 000
Government of Western Australia	Australia Day in Spring 2005 (Tokyo)	3.1	3 040
Guitarrisimo	John Williams Concert (Mexico City)	3.1	4 548
Hong Kong Arts Centre	Australian Film Festival (Hong Kong)	3.1	5 477
Hong Kong SAR, Leisure and Cultural Services Department	Australian Film Festival (Hong Kong)	3.1	2 504
Hong Kong SAR, Leisure and Cultural Services Department	Australian Film Festival (Hong Kong)	3.1	2 083
IDP Education Australia	Australian Festival (Port Louis)	3.1	1 839
International Development, Monash University	Sponsorship for <i>Malaysia: an Economy Transformed</i> report	3.1	5 000
Kimberley-Clark	Sponsorship for <i>Australia and the United States: Trade and the Multinationals in a New Era</i> report	3.1	5 000
Kingold Group	Australian Film Festival (Guangzhou)	3.1	32 436
KLM Royal Dutch Airlines	400th Anniversary of Dutch Contact with Australia 2006 (The Hague)	3.1	42 251
Lexington Partners Inc	Asia Relief Benefit (New York)	3.1	5 729
Lockheed Martin	East Asia Conference (Washington)	3.1	19 357
Macquarie Bank	Kiripuranji Exhibition (Pretoria)	3.1	10 085
Minera Escondida Ltda	Australia Day Function 2005 (Santiago de Chile)	3.1	2 515
Miss Universe	Asia Relief Benefit (New York)	3.1	2 350
National Australia Bank Ltd	Australia Day in Spring 2005 (Tokyo)	3.1	9 053
North West Shelf Australia	2005 Aichi Expo	3.1	55 000
North West Shelf Liaison Company Pty Ltd	Australia Day in Spring 2005 (Tokyo)	3.1	6 015
NSW Government	2005 Aichi Expo	3.1	110 000
Penfolds Wines Pty Ltd	Business Networking Function (Zurich)	3.1	1 834
Qantas Airways Ltd	Australian Film Festival (Guangzhou)	3.1	5 230
Qantas Airways Ltd	Australian Film Festival (Hong Kong)	3.1	6 281
Qantas Airways Ltd	2005 Aichi Expo	3.1	275 000
Qantas Airways Ltd	Australie en France No. 21 (Paris)	3.1	1 808
Qantas Airways Ltd	Australia Day in Spring 2005 (Tokyo)	3.1	5 490

Sponsor	Project/Program	Output	Amount (\$)
R&F Properties Group	Australia Day Reception 2005 (Guangzhou)	3.1	9 389
Rabobank	400th Anniversary of Dutch Contact with Australia 2006 (The Hague)	3.1	166 445
Rio Tinto	2005 Aichi Expo	3.1	220 000
Rio Tinto Japan Ltd	Australia Day in Spring 2005 (Tokyo)	3.1	3 050
Sala Chopin	Paul Grabowsky Trio Concert (Mexico City)	3.1	13 048
Schiavello Japan Ltd	Australia Day in Spring 2005 (Tokyo)	3.1	3 000
Shell, Mexico, SA DE CV	Paul Grabowsky Trio Concert (Mexico City)	3.1	3 912
Sist Mult de Mexico	John Williams Concert (Mexico City)	3.1	2 783
The News Corporation	Asia Relief Benefit (New York)	3.1	64 893
Tourism Australia	Australian Film Festival (Guangzhou)	3.1	1 916
Tourism Australia	Australian Tourism Industry and Market (The Hague)	3.1	2 010
Tourism Australia	Australia Day in Spring 2005 (Tokyo)	3.1	12 060
Toyota Australia	2005 Aichi Expo	3.1	550 000
Toyota Australia	2005 Aichi Expo	3.1	13 200
Union de Grandes	Hurley's Antarctica—Photographic Exhibition (Mexico City)	3.1	2 236
University of Melbourne	Australia Day Function 2005 (Santiago de Chile)	3.1	3 000
University of Queensland	Australia Day Function 2005 (Santiago de Chile)	3.1	3 000
Waratah Australia International Pty Ltd	Australian Film Festival (Guangzhou)	3.1	19 931
Wollongong University College Network	Exhibition Tiwi Art 2004	3.1	1 503
Woodside Energy	2005 Aichi Expo	3.1	220 000
Total			3 654 909

APPENDIX 13

Summary of the overseas network

Following is a summary of the overseas network as at 30 June 2005.

A comprehensive listing of the overseas network, including arrangements for the accreditation and responsibilities of overseas posts is available at the department's website, www.dfat.gov.au/dept. This information is updated regularly.

**TABLE 33. EMBASSIES, HIGH COMMISSIONS, CONSULATES AND MULTILATERAL MISSIONS
MANAGED BY THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE (86 POSTS)**

Country of location	City	Post type
Argentina	Buenos Aires	Embassy
Austria	Vienna	Embassy/Permanent Mission to the United Nations
Bangladesh	Dhaka	High Commission
Belgium	Brussels	Embassy/Mission to the European Union
Brazil	Brasilia	Embassy
Brunei Darussalam	Bandar Seri Begawan	High Commission
Burma	Rangoon	Embassy
Cambodia	Phnom Penh	Embassy
Canada	Ottawa	High Commission
Chile	Santiago	Embassy
China, People's Republic of	Beijing Guangzhou Hong Kong SAR Shanghai	Embassy Consulate-General Consulate-General Consulate-General
Croatia	Zagreb	Embassy
Cyprus	Nicosia	High Commission
Denmark	Copenhagen	Embassy
East Timor	Dili	Embassy
Egypt	Cairo	Embassy
Federated States of Micronesia	Pohnpei	Embassy
Fiji	Suva	High Commission
France	Paris* Paris	Embassy Delegation to the OECD
Germany	Berlin	Embassy
Ghana	Accra	High Commission

Country of location	City	Post type
Greece	Athens	Embassy
Hungary	Budapest	Embassy
India	New Delhi	High Commission
Indonesia	Jakarta Bali (Denpasar)	Embassy Consulate-General
Iran	Tehran	Embassy
Iraq	Baghdad	Embassy
Ireland	Dublin	Embassy
Israel	Tel Aviv	Embassy
Italy	Rome	Embassy
Japan	Tokyo	Embassy
Jordan	Amman	Embassy
Kenya	Nairobi	High Commission
Kiribati	Tarawa	High Commission
Korea, Republic of	Seoul	Embassy
Kuwait	Kuwait	Embassy
Laos	Vientiane	Embassy
Lebanon	Beirut	Embassy
Malaysia	Kuala Lumpur	High Commission
Malta	Valletta	High Commission
Mauritius	Port Louis	High Commission
Mexico	Mexico City	Embassy
Nepal	Kathmandu	Embassy
Netherlands	The Hague	Embassy
New Caledonia	Noumea	Consulate-General
New Zealand	Wellington	High Commission
Nigeria	Abuja	High Commission
Pakistan	Islamabad	High Commission
Papua New Guinea	Port Moresby	High Commission
Philippines	Manila	Embassy
Poland	Warsaw	Embassy
Portugal	Lisbon	Embassy
Russia	Moscow	Embassy
Samoa	Apia	High Commission
Saudi Arabia	Riyadh	Embassy

Country of location	City	Post type
Serbia and Montenegro	Belgrade	Embassy
Singapore	Singapore	High Commission
Solomon Islands	Honiara	High Commission
South Africa	Pretoria	High Commission
Spain	Madrid	Embassy
Sri Lanka	Colombo	High Commission
Sweden	Stockholm	Embassy
Switzerland	Geneva Geneva	Permanent Mission to the United Nations Permanent Mission to the WTO/ Consulate-General
Thailand	Bangkok	Embassy
Tonga	Nuku'alofa	High Commission
Trinidad and Tobago	Port of Spain	High Commission
Turkey	Ankara	Embassy
United Arab Emirates	Abu Dhabi	Embassy
United Kingdom	London	High Commission
United States of America	Washington DC Chicago Honolulu Los Angeles New York New York	Embassy Consulate-General Consulate-General Consulate-General Consulate-General Permanent Mission to the United Nations
Vanuatu	Port Vila	High Commission
Vatican City	Vatican City**	Embassy
Vietnam	Hanoi Ho Chi Minh City	Embassy Consulate-General
Zimbabwe	Harare	Embassy

* The permanent delegation to UNESCO is located within the embassy in Paris.

** Embassy to the Holy See.

In Nauru, the department maintains an Australian Administrative Centre to facilitate mutual cooperation on processing applications from asylum seekers and coordinate the activity of Australian officials working with the Nauru Government.

In Ramallah, the Australian Government maintains the Australian Representative Office. The Office manages dealings with the Palestinian Authority in the West Bank and Gaza and has responsibility for Australia's development assistance program for the Palestinians.

In Taipei, the Australian Chamber of Commerce and Industry maintains the Australian Commerce and Industry Office, the staff of which includes staff seconded from the Department of Foreign Affairs and Trade, Austrade, the Department of Education, Science and Training and the Department of Immigration and Multicultural and Indigenous Affairs.

TABLE 34. CONSULATES MANAGED BY AUSTRADE (17 POSTS)

Country of location	City	Post type
Brazil	Sao Paulo	Consulate-General
Canada	Toronto	Consulate-General
Germany	Frankfurt	Consulate-General
India	Mumbai	Consulate-General
Italy	Milan	Consulate-General
Japan	Fukuoka	Consulate-General
	Nagoya	Consulate
	Osaka	Consulate-General
	Sapporo	Consulate
	Sendai	Consulate
New Zealand	Auckland	Consulate-General
Peru	Lima	Consulate-General
Romania	Bucharest	Consulate-General
Turkey	Istanbul	Consulate-General
United Arab Emirates	Dubai	Consulate-General
United States of America	Atlanta	Consulate-General
	San Francisco	Consulate-General

TABLE 35. CONSULATES HEADED BY HONORARY CONSULS (50 POSTS)

Region	City	Country of location	Responsible post
Africa	Cape Town*	South Africa	Pretoria
	Durban*	South Africa	Pretoria
	Lagos*	Nigeria	Abuja
	Luanda	Angola	Harare
	Maputo	Mozambique	Harare
Asia	Almaty	Kazakhstan	Moscow
	Balikpapan*	Indonesia	Jakarta
	Chiang Mai	Thailand	Bangkok
	Karachi	Pakistan	Islamabad
	Koh Samui	Thailand	Bangkok
	Kota Kinabalu	Malaysia	Kuala Lumpur
	Kuching	Malaysia	Kuala Lumpur
	Kupang*	Indonesia	Jakarta
	Medan	Indonesia	Jakarta
	Penang	Malaysia	Kuala Lumpur
	Pusan	Korea, Republic of	Seoul
	Vladivostok**	Russia	Moscow
Europe	Barcelona	Spain	Madrid
	Edinburgh	United Kingdom	London
	Helsinki	Finland	Stockholm
	Kyiv	Ukraine	Moscow
	Ljubljana	Slovenia	Vienna
	Manchester*	United Kingdom	London
	Oslo	Norway	Copenhagen
	Prague**	Czech Republic	Warsaw
	Riga	Latvia	Stockholm
	Sarajevo	Bosnia-Herzegovina	Vienna
	Seville	Spain	Madrid
	Skopje**	Former Yugoslav Republic of Macedonia	Belgrade
	Sofia**	Bulgaria	Athens
	St Petersburg	Russia	Moscow

Region	City	Country of location	Responsible post
	Tallinn	Estonia	Stockholm
	Thessaloniki	Greece	Athens
	Vilnius	Lithuania	Stockholm
Pacific	Lae	Papua New Guinea	Port Moresby
	Papeete	French Polynesia	Noumea
North America	Boston	United States	New York CG
	Denver	United States	Los Angeles
	Detroit	United States	Chicago
	Houston	United States	Washington
	Miami	United States	Atlanta
	Seattle	United States	San Francisco
	Vancouver**	Canada	Ottawa
Central & South America	Bogota	Colombia	Brasilia
	Guadalajara	Mexico	Mexico City
	Guayaquil	Ecuador	Santiago
	La Paz	Bolivia	Santiago
	Monterrey	Mexico	Mexico City
	Montevideo	Uruguay	Buenos Aires
	Rio de Janeiro	Brazil	Brasilia

* Vacant as at 30 June 2005.

** Austrade managed consulate.

TABLE 36. PLACES WHERE CANADA PROVIDES CONSULAR SERVICES TO AUSTRALIAN CITIZENS

Country/consular area	Canadian post responsible	Australian supervising post
Afghanistan	Kabul	Islamabad
Algeria	Algiers	Paris Embassy
Burkina Faso	Ouagadougou	Accra
Cameroon	Yaounde	Abuja
Congo, Democratic Republic of	Kinshasa	Harare
Costa Rica	San Jose	Mexico City
Côte d'Ivoire	Abidjan	Accra
Cuba	Havana	Mexico City
Ecuador	Quito	Santiago
El Salvador	San Salvador	Mexico City
Ethiopia	Addis Ababa	Nairobi
Gabon	Libreville	Abuja
Guatemala	Guatemala City	Mexico City
Guinea	Conakry	Accra
Mali	Bamako	Accra
Morocco	Rabat	Paris Embassy
Niger	Niamey	Abuja
Senegal	Dakar	Accra
The Gambia		
Syria	Damascus	Cairo
Tanzania	Dar es Salaam	Nairobi
Tunisia	Tunis	Cairo
Venezuela	Caracas	Brasilia

TABLE 37. PLACES WHERE AUSTRALIA PROVIDES CONSULAR SERVICES TO CANADIAN CITIZENS

Country / consular area	Australian post responsible	Canadian supervising post
Bali Nusa Tenggara Barat	Bali (Denpasar)	Jakarta
Burma	Rangoon	Bangkok
Cambodia	Phnom Penh	Bangkok
East Timor	Dili	Jakarta
Federated States of Micronesia Guam Marshall Islands Northern Mariana Islands Palau	Pohnpei	Canberra
French Polynesia	Noumea	Wellington
Hawaii	Honolulu	Los Angeles
Kiribati	Tarawa	Wellington
Laos	Vientiane	Bangkok
Nauru	Suva	Canberra
New Caledonia	Noumea	Canberra
Papua New Guinea	Port Moresby	Canberra
Samoa	Apia	Wellington
Solomon Islands	Honiara	Canberra
Tonga	Nuku'alofa	Wellington
Vanuatu	Port Vila	Canberra



FINANCIAL STATEMENTS

SECTION 5

Financial statements for the year ended 30 June 2005



CONTENTS

Independent audit report

Statement by the Secretary and Chief Finance Officer

Statements of financial reformance, financial position and cash flows

Schedules of commitments and contingencies

Schedule of administered items

Notes to and forming part of the financial statements



INDEPENDENT AUDIT REPORT

To the Minister for Trade
To the Minister for Foreign Affairs

Scope

The financial statements and Secretary's responsibility

The financial statements comprise:

- Statement by the Secretary and Chief Finance Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the Department of Foreign Affairs and Trade for the year ended 30 June 2005.

The Department's Secretary is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Department of Foreign Affairs and Trade, and that comply with accounting standards, other mandatory financial reporting requirements in Australia, and the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*. The Department's Secretary is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

GPO Box 707 CANBERRA ACT 2601
Centenary House 19 National Circuit
BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Department's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Secretary.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial statements of the Department of Foreign Affairs and Trade:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (b) give a true and fair view of the Department of Foreign Affairs and Trade's financial position as at 30 June 2005 and of its performance and cash flows for the year then ended, in accordance with:
 - (i) the matters required by the Finance Minister's Orders; and
 - (ii) applicable accounting standards and other mandatory financial reporting requirements in Australia.

Additional Statutory Disclosure

As detailed in Note 28 of the financial statements, the Department of Foreign Affairs and Trade has contravened section 83 of the *Constitution* and section 48 of the *Financial Management and Accountability Act 1997*.

Australian National Audit Office



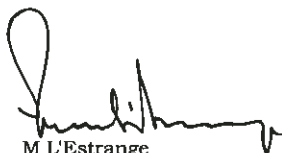
Rebecca Reilly
Executive Director

Delegate of the Auditor-General

Canberra
12 October 2005

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
STATEMENT BY THE SECRETARY AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2005 are based on properly maintained financial records (except for matters noted in Note 28) and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.



M L'Estrange
Secretary

11 October 2005



N Williams
Acting Chief Finance Officer

11 October 2005

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2005

	Notes	2005 \$'000	2004 \$'000
Revenues from ordinary activities			
Revenues from Government	4A	703,624	712,711
Goods and services	4B	91,323	88,749
Revenue from sale of assets	5E	24,932	5,260
Net foreign exchange gains	4C	771	117
Other revenues	4D	1,480	2,001
Revenues from ordinary activities		822,130	808,838
Expenses from ordinary activities (excluding borrowing costs expense)			
Employees	5A	310,597	288,377
Suppliers	5B	300,834	298,837
Depreciation and amortisation	5C	52,836	48,116
Write-down of assets	5D	4,472	5,401
Value of assets sold	5E	29,597	12,353
Other expenses	5F	47	0
Expenses from ordinary activities (excluding borrowing costs expense)		698,383	653,084
Borrowing costs expense	6	30	96
Net surplus / (deficit) from ordinary activities		123,717	155,658
Net credit to asset revaluation reserve	12A	1,277	(118,550)
Increase / (decrease) in accumulated results on initial application of fair value under accounting standard AASB 1041 <i>Revaluation of Non-Current Assets</i>	12A	(444)	(12,550)
Total revenues, expenses and valuation adjustments attributable to Members of the Parent Entity and Recognised Directly in Equity		833	(131,100)
Total changes in equity other than those resulting from transactions with the Australian Government as owner		124,550	24,558

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
STATEMENT OF FINANCIAL POSITION
as at 30 June 2005

	Notes	2005 \$'000	2004 \$'000
ASSETS			
Financial assets			
Cash	7A	36,873	28,068
Receivables	7B	319,028	147,953
Total financial assets		355,901	176,021
Non-financial assets			
Land and buildings	8A,C	1,441,830	1,433,840
Infrastructure, plant and equipment	8B,C	79,523	78,599
Intangibles	8D	12,937	14,111
Inventories	8E	2,076	1,696
Other non-financial assets	8F	20,487	22,004
Total non-financial assets		1,556,853	1,550,250
Total Assets		1,912,754	1,726,271
LIABILITIES			
Interest bearing liabilities			
Leases	9A	25	585
Total interest bearing liabilities		25	585
Provisions			
Employees	10A	99,241	95,349
Other provisions	10B	7,657	5,767
Total provisions		106,898	101,116
Payables			
Suppliers	11A	41,430	33,451
Other payables	11B	24,733	11,358
Total payables		66,163	44,809
Total Liabilities		173,086	146,510
NET ASSETS		1,739,668	1,579,761
EQUITY			
Contributed equity	12A	1,307,807	1,246,721
Reserves	12A	254,577	253,300
Retained surpluses / (accumulated deficit)	12A	177,284	79,740
TOTAL EQUITY	12A	1,739,668	1,579,761
Current assets		371,907	199,721
Non-current assets		1,540,847	1,526,550
Current liabilities		104,414	85,561
Non-current liabilities		68,672	60,949

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
STATEMENT OF CASH FLOWS
for the year ended 30 June 2005

	Notes	2005 \$'000	2004 \$'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		112,659	102,300
Appropriations		662,045	690,865
Net GST received from ATO		13,437	13,230
Other		3,666	0
Total cash received		791,807	806,395
Cash used			
Employees		308,119	297,778
Suppliers		306,233	319,517
Other		0	249
Cash transferred to the OPA		94,238	9,990
Total cash used		708,590	627,534
Net cash from / (used by) operating activities	13	83,217	178,861
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		24,505	7,868
Total cash received		24,505	7,868
Cash used			
Purchase of property, plant and equipment		90,165	66,787
Purchase of intangibles		2,849	4,754
Total cash used		93,014	71,541
Net cash from / (used by) investing activities		(68,509)	(63,673)
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		40,014	10,333
Total cash received		40,014	10,333
Cash used			
Interest paid		591	716
Return of contributed equity		20,676	4,256
Dividends paid		25,729	133,891
Total cash used		46,996	138,863
Net cash from / (used by) financing activities		(6,982)	(128,530)
Net increase / (decrease) in cash held		7,726	(13,342)
Cash at the beginning of the reporting period		28,068	41,754
Effect of exchange rate movements on cash		1,079	(344)
Cash at the end of the reporting period	7A, 13	36,873	28,068

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF COMMITMENTS
as at 30 June 2005

	2005 \$'000	2004 \$'000
BY TYPE		
Capital commitments		
Infrastructure, plant and equipment	26,021	37,449
Total capital commitments	<u>26,021</u>	<u>37,449</u>
Other commitments		
Operating leases ¹	306,322	308,393
Other ²	99,669	133,333
Total other commitments	<u>405,991</u>	<u>441,726</u>
Commitments receivable	<u>(196,913)</u>	<u>(158,758)</u>
Net commitments	<u><u>235,099</u></u>	<u><u>320,417</u></u>
BY MATURITY		
Capital commitments		
One year or less	23,559	31,198
From one to five years	2,324	6,251
Over five years	138	0
Total capital commitments	<u>26,021</u>	<u>37,449</u>
Operating lease commitments		
One year or less	67,807	44,475
From one to five years	160,636	135,828
Over five years	77,879	128,090
Total operating lease commitments	<u>306,322</u>	<u>308,393</u>
Other commitments		
One year or less	39,071	47,165
From one to five years	44,742	65,413
Over five years	15,856	20,755
Total other commitments	<u>99,669</u>	<u>133,333</u>
Commitments receivable		
One year or less	(56,804)	(40,486)
From one to five years	(120,236)	(109,537)
Over five years	(19,873)	(8,735)
Total commitments receivable	<u>(196,913)</u>	<u>(158,758)</u>
Net commitments by maturity	<u><u>235,099</u></u>	<u><u>320,417</u></u>

NB: Commitments are GST inclusive where relevant.

The above schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF COMMITMENTS (continued)
as at 30 June 2005

¹ Operating leases included are effectively non-cancellable and comprise:

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Leases for office equipment	All lease terms and conditions are negotiated at post and vary based on local market conditions.
Agreements for the provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the Department.
Leases for computer equipment	The lessor provides all computer equipment and software as necessary in the supply contract for 3 years, with instalments paid quarterly.
Property leases for residential, compound and chancery properties at overseas posts and office property in Canberra and all State offices in Australia	The leased estate consists of properties leased by agencies from private landlords. The terms and conditions of these leases are negotiated at post and vary based on local market conditions.

² Includes passport costs, property and maintenance contracts, IT service contracts and security services.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF CONTINGENCIES
as at 30 June 2005

	Guarantees		Indemnities		Claims for damages or costs		Warranties		Letters of Comfort		TOTAL	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Contingent Liabilities												
Balance from previous period	0	0	0	0	2,521	2,005	0	0	0	0	2,521	2,005
New	269	0	0	0	406	1,682	0	0	0	0	675	1,682
Re-measurement	0	0	0	0	(16)	(26)	0	0	0	0	(16)	(26)
Liabilities crystallised	0	0	0	0	2,013	1,140	0	0	0	0	2,013	1,140
Obligations expired	0	0	0	0	341	0	0	0	0	0	341	0
Total Contingent Liabilities	269	0	0	0	557	2,521	0	0	0	0	826	2,521
Contingent Assets												
Balance from previous period	0	0	0	0	2,613	2,067	0	0	0	0	2,613	2,067
New	0	0	0	0	43	71	0	0	0	0	43	71
Re-measurement	0	0	0	0	(4)	502	0	0	0	0	(4)	502
Assets crystallised	0	0	0	0	44	27	0	0	0	0	44	27
Obligations expired	0	0	0	0	0	0	0	0	0	0	0	0
Total Contingent Assets	0	0	0	0	2,608	2,613	0	0	0	0	2,608	2,613
Net Contingencies	269	0	0	0	(2,051)	(92)	0	0	0	0	(1,782)	(92)

Details of each class of contingent liabilities and assets, including those that cannot be quantified or are considered remote, are disclosed in Note 14: Contingent Liabilities and Assets.

The above schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF ADMINISTERED ITEMS

	Notes	2005 \$'000	2004 \$'000
Revenues Administered on Behalf of Government <i>for the year ended 30 June 2005</i>			
Non-taxation revenue			
Goods and services	19	175,166	149,733
Interest	19	20,157	17,732
Dividends	19	12,600	15,266
Other sources of non-taxation revenue	19	23,395	27,620
Total revenues administered on behalf of Government		231,318	210,351
Expenses Administered on Behalf of Government <i>for the year ended 30 June 2005</i>			
Grants and contributions	20	192,479	142,239
Employee benefits	20	3,845	3,023
Suppliers	20	42,152	1,932
Write-down and impairment of assets	20	208	572,564
Other	20	27,452	39,098
Total expenses administered on behalf of Government		266,136	758,856

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2005 \$'000	2004 \$'000
Assets Administered on Behalf of Government <i>as at 30 June 2005</i>			
Financial assets			
Cash	21	5,115	5,506
Receivables	21	124,443	132,301
Investments	21	330,041	323,400
Total financial assets administered on behalf of Government		459,599	461,207
Non-financial assets			
Prepayments	21	5,080	3,944
Total non-financial assets administered on behalf of Government		5,080	3,944
Total assets administered on behalf of Government		464,679	465,151
Liabilities Administered on Behalf of Government <i>as at 30 June 2005</i>			
Payables			
Suppliers	22	4,842	1,754
Other payables	22	121,749	141,504
Total liabilities administered on behalf of Government		126,591	143,258
Net Assets Administered on Behalf of Government	23	338,088	321,893
Current assets		11,974	11,191
Non-current assets		452,705	453,960
Current liabilities		13,399	15,170
Non-current liabilities		113,192	128,088

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2005 \$'000	2004 \$'000
Administered Cash Flows <i>for the year ended 30 June 2005</i>			
Operating activities			
Cash received			
Rendering of services		173,351	152,822
Interest		215	49
Dividends		12,600	15,266
NIA subsidy, premiums and recoveries		11,116	19,099
North American Pension Scheme receipts and other		4,880	3,202
Other - GST received from ATO		3,179	1,842
Total cash received		205,341	192,280
Cash used			
Grant and contribution payments		192,621	140,493
Personal benefits		808	477
Suppliers		41,933	2,512
National interest expense		10,721	9,113
North American Pension Scheme and other		4,021	2,518
Other - GST paid to ATO		0	1,849
Total cash used		250,104	156,962
Net cash from / (used in) operating activities		(44,763)	35,318
Investing activities			
Cash received		0	0
Cash used		0	0
Net cash from / (used in) investing activities		0	0
Net increase / (decrease) in cash held		(44,763)	35,318
Cash at the beginning of the reporting period		5,506	6,469
Cash from Official Public Account for:			
- Appropriations		243,582	154,519
- Special accounts		0	0
		243,582	154,519
Cash to Official Public Account for:			
- Appropriations		0	0
- Other		(199,210)	(190,800)
		(199,210)	(190,800)
Cash at the end of the reporting period	21	5,115	5,506

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF ADMINISTERED ITEMS (continued)

	2005 \$'000	2004 \$'000
Administered Commitments <i>as at 30 June 2005</i>		
BY TYPE		
Other commitments		
Other ¹	19,782	52,132
Total other commitments	<u>19,782</u>	<u>52,132</u>
Commitments receivable	0	0
Net commitments by type	<u>19,782</u>	<u>52,132</u>
BY MATURITY		
Other commitments		
One year or less	19,782	32,593
From one to five years	0	19,539
Over five years	0	0
Total other commitments by maturity	<u>19,782</u>	<u>52,132</u>
Commitments receivable		
One year or less	0	0
From one to five years	0	0
Over five years	0	0
Total commitments receivable by maturity	<u>0</u>	<u>0</u>
Net commitments by maturity	<u>19,782</u>	<u>52,132</u>

NB: Commitments are GST inclusive where relevant.

¹ Other commitments include the ABC Asia-Pacific contract and also in 2003-04 the AICHI World Expo.

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF ADMINISTERED ITEMS (continued)
as at 30 June 2005

	Guarantees to controlled entities		Other Guarantees		Indemnities		TOTAL	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Administered Contingent Liabilities								
Balance from previous period	0	0	0	0	0	0	0	0
New	0	0	0	0	0	0	0	0
Re-measurement	0	0	0	0	0	0	0	0
Liabilities crystallised	0	0	0	0	0	0	0	0
Obligations expired	0	0	0	0	0	0	0	0
Total Contingent Liabilities	0	0	0	0	0	0	0	0

Administered Contingent Assets

Unquantifiable and remote but material contingencies are disclosed in **Note 24: Administered Contingent Liabilities**.

Statement of Activities Administered on Behalf of Government

The major administered activities of the Department are directed towards achieving the four outcomes described in Note 1 to the Financial Statements. The major financial activities are the collection of passport fees and interest / premiums on the National Interest Account. Details of planned activities for the year can be found in the Department's 2004-05 Portfolio Budget and Portfolio Additional Estimates Statements for 2004-05 which have been tabled in Parliament.

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

- Note 1: Summary of Significant Accounting Policies
- Note 2: Adoption of AASB Equivalents to International Financial Reporting Standards from 2005-06
- Note 3: Events Occurring after Reporting Date
- Note 4: Operating Revenues
- Note 5: Operating Expenses
- Note 6: Borrowing Costs Expense
- Note 7: Financial Assets
- Note 8: Non-Financial Assets
- Note 9: Interest Bearing Liabilities
- Note 10: Provisions
- Note 11: Payables
- Note 12: Equity
- Note 13: Cash Flow Reconciliation
- Note 14: Contingent Liabilities and Assets
- Note 15: Executive Remuneration
- Note 16: Remuneration of Auditors
- Note 17: Average Staffing Levels
- Note 18: Financial Instruments
- Note 19: Revenues Administered on Behalf of Government
- Note 20: Expenses Administered on Behalf of Government
- Note 21: Assets Administered on Behalf of Government
- Note 22: Liabilities Administered on Behalf of Government
- Note 23: Administered Reconciliation Table
- Note 24: Administered Contingent Liabilities and Assets
- Note 25: Administered Investments
- Note 26: Restructuring
- Note 27: Administered Financial Instruments
- Note 28: Appropriations
- Note 29: Specific Payment Disclosures
- Note 30: Reporting of Outcomes

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department

The objective of the Department of Foreign Affairs and Trade is to support Australia's interests in international security, contribute to national economic and trade performance, and promote global cooperation in partnership with other members of the international community.

The Department is structured to meet four outcomes:

- Outcome 1: Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation.
- Outcome 2: Australians informed about and provided access to consular and passport services in Australia and overseas.
- Outcome 3: Public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally.
- Outcome 4: Efficient management of the Commonwealth Overseas Owned Estate.

Activities that contribute toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department on behalf of the Government of items controlled or incurred by the Government.

Departmental activities are identified under four outputs for Outcome 1:

- Protection and advocacy of Australia's international interests through the provision of policy advice to Ministers and overseas diplomatic activity;
- Secure government communications and security of overseas missions;
- Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations); and
- Services to diplomatic and consular representatives in Australia.

One output for Outcome 2:

- Consular and passport services.

One output for Outcome 3:

- Public information services and public diplomacy.

Two outputs for Outcome 4:

- Property management; and
- Contract management.

1.2 Basis of Accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods on or after 30 June 2005 Orders)*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

Note 1: Summary of Significant Accounting Policies (continued)

1.2 Basis of Accounting (continued)

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 14).

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets, liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis using the same policies as for Departmental items, except where otherwise stated at Note 1.20.

1.3 Revenue

(a) Revenues from Government

Departmental output appropriations for the year (less any current year savings and reductions) are recognised as revenue, except for certain amounts which relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Savings are amounts offered up in Portfolio Additional Estimates Statements. Reductions are amounts by which appropriations have been legally reduced by the Finance Minister under Appropriation Act No 3 of 2003-04.

Appropriations receivable are recognised at their nominal amounts.

(b) Resources Received Free of Charge

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as revenue at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements (refer to Note 1.4).

(c) Other Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of a service is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Notes to and forming part of the Financial Statements

Note 1: Summary of Significant Accounting Policies (continued)

1.3 Revenue (continued)

(c) Other Revenue (continued)

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

1.4 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any savings offered up in Portfolio Additional Estimates Statements) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Commonwealth agency or authority under a restructuring of administered arrangements are adjusted at their book value directly against contributed equity.

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. In 2004-05, the Department returned from the Overseas Property Office net sale proceeds \$20,675,741 (2003-04: \$981,623).

1.5 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits), annual leave, sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave for Australia based employees, as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave. In the case of locally engaged staff at overseas posts, where the entitlement is vested, a liability has been recognised.

The leave liabilities are calculated on the basis of employees' remuneration, including the Department's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

Note 1: Summary of Significant Accounting Policies (continued)

1.5 Employee Benefits (continued)

Leave (continued)

The liability for long service leave has been determined with reference to an actuarial assessment conducted as at 30 June 2005. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Overseas allowances

Overseas conditions of service entitlements for officers during their posting are expensed as incurred. At reporting date the Department did not recognise any liability for overseas allowances, except as part of year end salary accruals.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. The Department has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

In some countries locally engaged staff at overseas posts are entitled to separation benefits. The provision for these benefits has been classified as employee benefits.

Superannuation

Australia based staff of the Department are members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course.

The Department makes employer contributions to the Commonwealth at rates determined by an actuary to be sufficient to meet the cost to the Commonwealth of the superannuation entitlements of the Department's employees. Where required the Department contributes superannuation to comply with local labour laws.

Australian based staff who are engaged on a temporary basis and locally engaged staff engaged overseas who are considered to be Australian residents for taxation purposes have compulsory employer superannuation contributions made on their behalf by the Department to the Australian Government Employees Superannuation Trust (AGEST) or another complying fund as nominated by them.

Defined benefit pension funds are currently maintained for locally engaged staff in North America, the United Kingdom, Ireland and India.

A new scheme was introduced on the 1 July 1998 for the United States of America (USA and Canada) and has been classified as a defined contribution scheme. Actuarial valuations of the pension schemes are performed triennially. As at 1 July 2001 the North American Pension Scheme was transferred from the Department's accounts and is now administered by the Department on behalf of the Commonwealth. Disclosures of the schemes according to accounting standards are stated in Note 10 and Note 22.

Notes to and forming part of the Financial Statements

Note 1: Summary of Significant Accounting Policies (continued)

1.6 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the beginning of the lease and a liability recognised at the same time and for the same amount. The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets.

Lease incentives taking the form of 'free' leasehold improvements, rent holidays and car parking spaces are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

1.7 Borrowing Costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The Department has no qualifying assets.

1.8 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.9 Other Financial Instruments

Trade Creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Receivables for Goods and Services

These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.

Contingent Liabilities and Contingent Assets

Contingent liabilities and assets are not recognised in the Statement of Financial Position but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability or asset is recognised. A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

Note 1: Summary of Significant Accounting Policies (continued)

1.10 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.11 Property, Plant and Equipment (PP&E)

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Basis

Land, buildings, plant and equipment are carried at valuation, being revalued with sufficient frequency such that the carrying amount of each asset class is not materially different, at reporting date, from its fair value.

Fair values for each class of asset are determined as shown below.

Asset Class	Fair value measured at:
Land	Market selling price
Buildings	Market selling price
Leasehold Improvements	Depreciated replacement cost
Infrastructure, Plant & Equipment	Market selling price

Frequency

Land and buildings are formally revalued in successive three year cycles with annual reviews of material properties undertaken. All other assets controlled by the department are formally revalued in successive three year cycles, so that no asset has a value greater than three years old. Formal valuations are carried out by an independent qualified valuer.

Leasehold improvements were formally revalued in 2004-05.

Infrastructure, plant and equipment were formally revalued in 2004-05.

Assets in each class acquired after the commencement of a progressive revaluation cycle are not captured by the progressive revaluation then in progress.

Note 1: Summary of Significant Accounting Policies (continued)

1.11 Property, Plant and Equipment (PP&E) (continued)

Depreciation

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2004-05	2003-04
Buildings on freehold land	20 years	20 years
Leasehold improvements	Lesser of lease term or 15 years	Lesser of lease term or 15 years
Plant and equipment	5 to 10 years	5 to 10 years
Intangibles:		
- purchased	5 years	5 years
- internally developed	According to individual useful life (5 to 10 years)	According to individual useful life (5 to 10 years)

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 8.

1.12 Impairment of Non-Current Assets

Non-current assets carried at up to date fair value at the reporting date are not subject to impairment testing.

Non-current assets carried at cost and held to generate net cash inflows have been tested for their recoverable amounts at the reporting date. The test compared the carrying amounts against the net present value of future net cash inflows. No write-down to recoverable amount was required (2003-04: nil).

The non-current assets carried at cost which are not held to generate net cash inflows, have been assessed for indications of impairment. Where indications of impairment exist, the carrying amount of the asset is written down to the higher of its net selling price and, if the department would replace the asset's service potential, its depreciated replacement cost.

1.13 Intangibles

The Department's intangibles comprise internally developed software for internal use. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the Department's software is 5 years (2003-04: 5 years).

All software assets were assessed for impairment as at 30 June 2005. None were found to be impaired.

Note 1: Summary of Significant Accounting Policies (continued)

1.14 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

Inventories not held for resale are valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

1.15 Taxation

The Department is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses, assets and liabilities are recognised net of the amount of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

1.16 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current at balance date. Associated currency gains and losses are recognised in the Statement of Financial Performance.

1.17 Insurance

The Department has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through the Government's Comcare Australia.

1.18 Comparative Figures

Where practicable, comparative figures have been adjusted in value and reclassified to conform to changes in reporting requirements in the current year.

1.19 Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

- act of grace payments and waivers;
- remuneration of executives;
- remuneration of auditors; and
- appropriation note disclosures.

Note 1: Summary of Significant Accounting Policies (continued)

1.20 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application to the greatest extent possible of Accounting Standards, Accounting Interpretations and UIG Consensus Views.

Administered Cash Transfers to and from Official Public Account

Revenue collected by the Department for use by the Government rather than the Department is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Administration. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the Department on behalf of the Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 23. Thus the Schedule of Administered Items largely reflects the Government's transactions, through the Department, with parties outside the Government.

Business undertaken on the National Interest Account

The Department reports transactions on the National Interest Account (NIA). Part 5 of the *Export Finance and Insurance Corporation Act (EFIC Act)* provides for the Minister for Trade to give an approval or direction to EFIC to undertake any transaction which the Minister considers is in the national interest. Such transactions may relate to a class of business which EFIC is not authorised to undertake, or involve terms and conditions EFIC would not accept in the normal course of business.

Where the Minister gives EFIC an approval or direction to undertake a transaction under Part 5 of the Act, the risk is borne by the Commonwealth. Premium or other income from the transaction is paid by EFIC to the Commonwealth. EFIC recovers from the Commonwealth the costs of administering business undertaken under Part 5 and recovers from the Commonwealth any losses incurred in respect of such business. The National Interest Account profit or loss is therefore attributable to the Commonwealth. The amounts included in the administered notes to these financial statements represent the Commonwealth transactions.

Revenue

All administered revenues described in this Note are revenues relating to the core operating activities performed by the Department on behalf of the Commonwealth.

Fees are charged for the provision of passport and consular services. Administered fee revenue is recognised when goods or services have been provided.

Loans

Loans are recognised at the balance of principal outstanding. Collectability is reviewed at balance date. Provision is made for bad and doubtful loans where collection of the loan, or part thereof, is judged to be less likely rather than more likely.

Note 1: Summary of Significant Accounting Policies (continued)

1.20 Reporting of Administered Activities (continued)

Grants

The Department administers a number of grant programs on behalf of the Government. The grant program is expensed by the Department in the year in which the grant was appropriated.

Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make the grants but services have not been performed or criteria satisfied.

Administered Investments

Administered investments in controlled entities are not consolidated because their consolidation is relevant only to reporting at the Whole of Government level.

Administered investments are measured on the cost basis, adjusted for any subsequent capital injections or withdrawals and for any impairment losses.

Note 2: Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005-06. The new standards are the Australian Equivalents to International Financial Reporting Standards (AEIFRS). The International Financial Reporting Standards are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime, including reporting periods ending on 30 June 2005.

The purpose of issuing AEIFRS is to enable Australian reporting entities reporting under the *Corporations Act 2001* to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

For-profit entities complying with AEIFRS will be able to make an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS) as well as a statement that the financial report has been prepared in accordance with Australian Accounting Standards.

AEIFRS contain certain additional provisions that will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with IFRS, and therefore the Department will only be able to assert that the financial report has been prepared in accordance with Australian Accounting Standards.

AAS 29 *Financial Reporting by Government Departments* will continue to apply under AEIFRS.

Accounting Standard AASB 1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards* requires that the financial statements for 2004-05 disclose:

- an explanation of how the transition to AEIFRS is being managed;
- narrative explanations of the key policy differences arising from the adoption of AEIFRS;
- any known or reliably estimable information about the impacts on the financial report had it been prepared using AEIFRS; and
- if the impacts of the above are not known or reliably estimable, a statement to that effect.

Where an entity is not able to make a reliable estimate, or where quantitative information is not known, the entity should update the narrative disclosures of the key differences in accounting policies that are expected to arise from the adoption of AEIFRS.

The purpose of this Note is to make these disclosures.

Note 2: Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006 (continued)

Management of the transition to AEIFRS

The Department has taken the following steps for the preparation towards the implementation of AEIFRS:

- The Department's Audit Committee (through the Financial Statements Sub-Committee) is tasked with oversight of the transition to and implementation of AEIFRS. The Chief Finance Officer is formally responsible for the project and reports regularly to the Financial Statements Sub Committee of the Departmental Audit Committee on progress against the project plan.
- The plan requires the following key steps to be undertaken and sets deadlines for their achievement:
 - All major accounting policy differences between current AASB standards and AEIFRS were identified by 30 June 2004.
 - A transitional balance sheet as at 1 July 2004 under AEIFRS was completed and presented to the Financial Statements Sub-Committee of the Departmental Audit Committee in April 2005.
 - An AEIFRS compliant balance sheet as at 30 June 2005 was also prepared during the preparation of the 2004-05 statutory financial reports.
 - The 2004-05 Balance Sheet under AEIFRS will be reported to the Department of Finance and Administration in line with their reporting deadlines.
- The plan also addresses the risks to successful achievement of the above objectives and includes strategies to keep implementation on track to meet deadlines.
- Consultants were engaged where necessary to assist with each of the above steps.

Major changes in accounting policy

The Department believes that the first financial report prepared under AEIFRS ie at 30 June 2006, will be prepared on the basis that the Department will be a first time adopter under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. Changes in accounting policies under AEIFRS are applied retrospectively i.e. as if the new policy had always applied except in relation to the exemptions available and prohibitions under AASB 1. This means that an AEIFRS compliant balance sheet has to be prepared as at 1 July 2004. This will enable the 2005-06 financial statements to report comparatives under AEIFRS.

A first time adopter of AEIFRS may elect to use exemptions under paragraphs 13 to 25E. When developing the accounting policies applicable to the preparation of the 1 July opening balance sheet, no exemptions were applied by the Department.

Changes to major accounting policies are discussed in the following paragraphs.

Management's review of the quantitative impacts of AEIFRS represents the best estimates of the impacts of the changes as at reporting date. The actual effects of the impacts of AEIFRS may differ from these estimates due to:

- continuing review of the impacts of AEIFRS on the Department's operations;
- potential amendments to the AEIFRS and AEIFRS Interpretations; and
- emerging interpretation as to the accepted practice in the application of AEIFRS and the AEIFRS Interpretations.

Notes to and forming part of the Financial Statements

Note 2: Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006 (continued)

Property plant and equipment

It is expected that the 2005-06 *Finance Minister's Orders* will continue to require property plant and equipment assets to be valued at fair value in 2005-06.

Restating the opening balance sheet for AEIFRS would result in timing differences in revaluation adjustments for Land and Building comprising the owned overseas estate. Opening AEIFRS values include revaluation adjustments for foreign exchange movements for the entire owned estate. This procedure is not performed under the rolling revaluation program employed under current accounting standards.

The impact of this change would have the effect of increasing the value of Land and Buildings by \$16,884,000, increasing the loss on disposal by \$80,000, increasing depreciation for the year by \$162,000 and increasing the asset revaluation reserve by \$17,126,000.

Intangible Assets

The Australian Equivalent on Intangibles does not permit intangibles to be measured at valuation unless there is an active market for the intangible. The Department's internally-developed software is measured at cost. Therefore no adjustment is required.

Impairment of Intangibles and Property, Plant and Equipment

The Department's policy on impairment of non-current assets is at Note 1.12.

Under AEIFRS these assets will be subject to assessment for impairment and, if there are indications of impairment, an assessment of the degree of impairment. (Impairment measurement must also be done, irrespective of any indications of impairment, for intangible assets not yet available for use). The impairment test is that the carrying amount of an asset must not exceed the greater of (a) its fair value less costs to sell and (b) its value in use. 'Value in use' is the net present value of net cash inflows for cash generating units of the Department and depreciated replacement cost for other assets which would be replaced if the Department were deprived of them.

An impairment assessment of the agency's assets indicated that no adjustments will be required.

Decommissioning, Restoration and Make-good

Amounts representing estimates of make-good costs on leased premises are provided by the Department and expensed on recognition.

The new Australian Equivalent standard will require amounts representing the estimated costs of make-good in relation to a departmental asset to be capitalised.

The impact of this change would have the effect of increasing the value of Leasehold Improvements (Land and Buildings) by \$3,300,000, increasing the opening value of accumulated results by \$2,299,000, reducing makegood expenses by \$701,000, increasing depreciation for the year by \$542,000 and increasing the asset revaluation reserve by \$842,000.

Note 2: Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006 (continued)

Inventory

The Department recognises inventory not held for sale at cost, except where no longer required, in which case net realisable value is applied.

The new Australian Equivalent standard will require inventory held for distribution for no consideration or at a nominal amount to be carried at the lower of cost or current replacement cost.

An assessment was made and it was found that in all instances the current replacement cost of inventory was equal or greater than the original cost. Therefore no adjustment is required.

Employee Benefits

The provision for long service leave is measured at the present value of estimated future cash outflows using market yields as at the reporting date on national government bonds.

The 2003-04 Financial Report noted that the AEIFRS standards may require the market yield on corporate bonds to be used. The AASB has decided that a deep market in high quality corporate bonds does not exist and therefore national government bonds will be referenced.

AEIFRS require that annual leave that is not expected to be taken within 12 months of balance date is to be discounted. Following an actuarial review, the Department does not expect that any material amounts of the annual leave balance will not be taken in the next 12 months. Consequently, there are no adjustments for non-current annual leave.

The Department maintains three departmental defined benefit post employment funds for the benefit of locally engaged staff. These funds are located in London, Dublin and New Delhi and are treated as multi-employer sponsored funds with each agency represented at post disclosing their proportion of the fund in the notes to their financial statements. A fourth fund, the North American Pension Fund is treated as administered. Details of the funds are disclosed in Note 10 and Note 22 respectively. Under current accounting standards, the funds do not impact on the Department's financial statements but require note disclosure only.

The new Australian Equivalent standard will require amounts representing the surplus or deficiency in the assets of the funds over the members' benefits to be taken up in the employers' balance sheets

The impact of this change would have the effect of increasing the value of employee liabilities by \$1,613,000, decreasing the opening value of accumulated results by \$963,000, increasing employee expenses for the year by \$732,000 and increasing the department's foreign exchange gain by \$82,000.

The Minister for Finance and Administration has given approval to reclassify these funds as being administered by the Department on behalf of the Commonwealth, rather than departmental. This change will have effect from 1 July 2005 and will centralise the funds in the Department's administered accounts.

Administered Items

Assessment of the administered assets and liabilities of the Department indicate that there are no adjustments due to the transition to AEIFRS. Balances in relation to the National Interest Account and the Department's relationship with the Export Finance and Insurance Corporation (EFIC) may change significantly due to differences in the valuation of financial instruments under AEIFRS. However, as stated below, these changes will not be adopted until the 2005-06 financial year.

As stated above, defined benefit post employment plans maintained by the benefit of locally engaged staff will be treated as administered from 1 July 2005.

Note 2: Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006 (continued)

Financial Instruments

AEIFRS include an option for entities not to restate comparative information in respect of financial instruments in the first AEIFRS report. It is expected that Finance Minister's Orders will require entities to use this option. Therefore, the amounts for financial instruments presented in the Department's 2004-05 primary financial statements are not expected to change as a result of the adoption of AEIFRS.

The Department will be required by AEIFRS to review the carrying amounts of financial instruments at 1 July 2005 to ensure they align with the accounting policies required by AEIFRS. It is expected that the carrying amounts of financial instruments held by the Department in its departmental accounts will not materially change as a result of this process. As stated above, some balances in the Department's administered accounts in relation to the National Interest Account and EFIC are expected to change significantly as a result this process.

Note 2: Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006 (continued)*Reconciliation of Impacts – AGAAP to AEIFRS*

	30 June 2005*	30 June 2004
	\$'000	\$'000
	\$	\$
Reconciliation of Departmental Equity		
Total Departmental Equity under AGAAP	1,739,668	1,579,761
Adjustments to accumulated results	602	1,080
Adjustments to other reserves	17,968	43,721
Total Equity under AEIFRS	1,758,238	1,624,562
Reconciliation of Departmental Accumulated Results		
Total Departmental Accumulated Results under AGAAP	177,284	79,740
Adjustments:		
Make-good costs	2,999	2,298
Employee provisions – pension funds	(1,695)	(1,045)
Assets – Carrying Value	-	(173)
Depreciation	(704)	-
Foreign exchange gain	82	-
Value of assets sold	(80)	-
Total Accumulated Results under AEIFRS	177,886	80,820
Reconciliation of Departmental Reserves		
Total Departmental Reserves under AGAAP	254,577	253,300
Adjustment:		
Asset Revaluation Reserve	17,968	43,721
Total Departmental Reserves under AEIFRS	272,545	297,021
Reconciliation of Departmental Contributed Equity		
Total Departmental Contributed Equity under AGAAP	1,307,807	1,246,721
Adjustments	-	-
Total Contributed Equity under AEIFRS	1,307,807	1,246,721
Reconciliation of Net surplus / (deficit) from ordinary activities for year ending 30 June 2005		
Net surplus/deficit from ordinary activities under AGAAP	123,717	
Adjustments:		
Makegood expense capitalised	701	
Depreciation	(704)	
Foreign exchange gain	82	
Employee expense – pension funds	(732)	
Value of assets sold	(80)	
Net surplus / deficit from ordinary activities under AEIFRS	122,984	

* 30 June 2005 total represents the accumulated impacts of AEIFRS from the date of transition.



Notes to and forming part of the Financial Statements

Note 3: Events Occurring after Reporting Date

There have been no events after 30 June 2005 which will affect the financial position of the Department at the reporting date.

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 4: Operating Revenues		
Note 4A: Revenues from Government		
Appropriations for outputs	703,234	712,331
Resources received free of charge	390	380
Total revenues from government	703,624	712,711
Note 4B: Goods and Services		
Goods	93	67
Operating lease rentals	47,020	50,654
Services	44,210	38,028
Total sales of goods and services	91,323	88,749
Provision of goods to:		
External entities	93	67
Total sales of goods	93	67
Rendering of services to:		
Related entities	83,672	80,728
External entities	7,558	7,954
Total rendering of services	91,230	88,682
Note 4C: Net Foreign Exchange Gains		
Non-speculative	771	117
Note 4D: Other Revenues		
Other revenue	1,480	2,001

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 5: Operating Expenses		
Note 5A: Employee Expenses		
Wages and salary	219,849	208,176
Superannuation	46,429	37,435
Leave and other entitlements	21,581	23,327
Separation and redundancies	5,716	6,591
Other employee expenses	15,755	12,038
Total employee benefits expense	309,330	287,567
Workers compensation premiums	1,267	810
Total employee expenses	310,597	288,377
Note 5B: Supplier Expenses		
Goods from related entities	0	0
Goods from external entities	45,356	36,318
Services from related entities	13,863	12,276
Services from external entities	166,718	173,921
Operating lease rentals ¹	74,897	76,322
Total supplier expenses	300,834	298,837

¹ These comprise minimum lease payments only.

Note 5C: Depreciation and Amortisation		
(i) Depreciation		
Other infrastructure, plant and equipment	19,777	16,121
Buildings	28,254	26,983
Total depreciation	48,031	43,104
(ii) Amortisation		
Intangibles - computer software	4,805	5,012
Total amortisation	4,805	5,012
Total depreciation and amortisation	52,836	48,116

Depreciation expenses are \$4,323,456 higher than they would have been as a result of a change in the methods of depreciation (2004: nil).

The aggregate amounts of depreciation and amortisation expensed during the reporting period for each class of depreciable assets are as follows:

Buildings on freehold land	17,634	18,806
Leasehold improvements	10,620	8,177
Infrastructure, plant and equipment	19,777	16,121
Computer software	4,805	5,012
Total depreciation and amortisation	52,836	48,116

No depreciation or amortisation was allocated to the carrying amounts of other assets.

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 5: Operating Expenses (continued)		
<u>Note 5D: Write-Down of Assets</u>		
Financial assets:		
Bad and doubtful debts expense	330	18
Non-financial assets:		
Infrastructure, plant and equipment - revaluation decrement	4,142	5,383
Total write-down of assets	4,472	5,401
<u>Note 5E: Net Losses from Sale of Assets</u>		
Land and buildings:		
Proceeds from disposal	(21,100)	(1,162)
Selling expenses	424	180
Net book value of assets disposed	23,664	1,231
Write-offs	0	0
Net (gain) / loss from disposal of land and buildings	2,988	249
Leasehold improvements:		
Proceeds from disposal	(1)	0
Net book value of assets disposed	382	1,353
Net (gain) / loss from disposal of leasehold improvements	381	1,353
Infrastructure, plant and equipment:		
Proceeds from disposal	(3,831)	(4,098)
Net book value of assets disposed	5,118	9,570
Write-offs	0	0
Net (gain) / loss from disposal of infrastructure, plant and equipment	1,287	5,472
Intangibles:		
Proceeds from disposal	0	0
Net book value of assets disposed	9	19
Net (gain) / loss from disposal of intangibles	9	19
TOTAL proceeds from disposals	(24,932)	(5,260)
TOTAL selling expenses	424	180
TOTAL value of assets disposed	29,173	12,173
TOTAL write-offs	0	0
TOTAL net (gain) / loss from disposal of assets	4,665	7,093
<u>Note 5F: Other Expenses</u>		
Other expenses	47	0

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000
Note 6: Borrowing Costs Expense		
Leases	22	77
Other	8	19
Total borrowing costs expense	30	96

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 7: Financial Assets		
Note 7A: Cash		
Special account	3,163	4,952
Departmental (other than special accounts)	33,710	23,116
Total cash	36,873	28,068

Under banking arrangements in place up to 1 July 2004, moneys in the Department's bank accounts were swept into the Official Public Account nightly and earned interest on the daily balance at rates based on money market call rates. Since 1 July 2004, no interest is earned on the Department's bank balances.

Note 7B: Receivables		
Goods and services	6,848	12,004
Less: Provision for doubtful debts	(302)	0
	6,546	12,004
GST Receivable from the Australian Taxation Office	1,736	1,832
Appropriations receivable		
- for additional outputs	9,275	8,259
- undrawn	293,193	117,209
Advances	5,111	6,209
Other debtors and accrued revenue	3,167	2,440
Total receivables (net)	319,028	147,953
Receivables are represented by:		
Current	315,701	143,878
Non-current	3,327	4,075
Total receivables (net)	319,028	147,953

All receivables are non-interest bearing. Credit terms are net 30 days (2004: 30 days).

Appropriations receivable undrawn are appropriations controlled by the Department but held in the Official Public Account under the Government's just-in-time drawdown arrangements.

Appropriations receivable for additional outputs are accrued revenues for services provided in the current year either under a purchasing agreement with the Government or by Cabinet direction. Funding for these services will be provided by appropriations in the subsequent year.

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 7: Financial Assets (continued)		
Note 7B: Receivables (continued)		
Receivables (gross) are aged as follows:		
Current	316,610	141,749
Overdue by:		
Less than 30 days	2,312	5,368
30 to 60 days	92	718
61 to 90 days	92	89
More than 90 days	224	29
Total receivables (gross)	319,330	147,953
The provision for doubtful debts is aged as follows:		
Current	0	0
Overdue by:		
Less than 30 days	0	0
30 to 60 days	0	0
61 to 90 days	0	0
More than 90 days	302	0
Total provision for doubtful debts	302	0

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 8: Non-Financial Assets		
Note 8A: Land and Buildings		
Freehold land		
- at deprival value	0	150
- at fair value	671,004	631,231
Total freehold land	671,004	631,381
Buildings on freehold land		
- at cost	0	528
- accumulated depreciation	0	(3)
	0	525
- at deprival value	0	172,259
- accumulated depreciation	0	(10,450)
	0	161,809
- at fair value	658,483	530,692
- accumulated depreciation	(20,403)	(6,844)
	638,080	523,848
- work in progress - at cost ¹	14,021	11,327
Total buildings on freehold land	652,101	697,509
Leasehold improvements		
- at fair value	100,821	95,396
- accumulated depreciation	(8,918)	(2,675)
	91,903	92,721
- work in progress - at cost	26,822	12,229
Total leasehold improvements	118,725	104,950
Total land and buildings (non-current)	1,441,830	1,433,840

¹ This is a qualifying asset and includes foreign exchange gains and losses which have been capitalised.

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 8: Non-Financial Assets (continued)		
Note 8B: Infrastructure, Plant and Equipment		
Infrastructure, plant and equipment		
- at cost	0	458
- accumulated depreciation	0	(110)
	<u>0</u>	<u>348</u>
- at fair value	88,720	87,549
- accumulated depreciation	(14,927)	(9,833)
	<u>73,793</u>	<u>77,716</u>
- under finance lease - at cost	0	3,153
- accumulated depreciation	0	(2,618)
	<u>0</u>	<u>535</u>
- under finance lease - at fair value	55	0
- accumulated depreciation	(33)	0
	<u>22</u>	<u>0</u>
- work in progress - at cost	5,708	0
	<u>5,708</u>	<u>0</u>
Total infrastructure, plant and equipment (non-current)	<u>79,523</u>	<u>78,599</u>

All formal revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. In 2004-05, the formal revaluations were conducted by independent valuers, the Australian Valuation Office and CB Richard Ellis Pty Ltd.

Revaluation increments of \$48,909,375 for land (2004: decrements of \$77,178,674) and decrements of \$35,098,675 for buildings on freehold land (2004: decrements of \$14,562,430) and \$14,083,559 for leasehold improvements (2004: decrements of \$26,122,599) were made to the asset revaluation reserve; decrements of \$3,035,802 for plant and equipment were expensed (2004: \$5,383,152 expensed).

Notes to and forming part of the Financial Statements

Note 8: Non-Financial Assets (continued)

Note 8C: Analysis of Property, Plant and Equipment

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment

Item	Land \$'000	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Buildings - Total \$'000	Land and Buildings - Total \$'000	Other IP&E \$'000
As at 1 July 2004:						
Gross book value	631,381	703,479	95,396	798,875	1,430,256	91,160
Accumulated depreciation / amortisation	n/a	(17,297)	(2,675)	(19,972)	(19,972)	(12,561)
Net book value (excluding WIP)	631,381	686,182	92,721	778,903	1,410,284	78,599
Assets under construction (WIP)	n/a	11,327	12,229	23,556	23,556	0
Opening Net Book Value (including WIP)	631,381	697,509	104,950	802,459	1,433,840	78,599
Additions:						
By purchase - gross book value	1,874	17,134	18,926	36,060	37,934	22,056
Disposals:						
Other disposals - gross book value	(11,160)	(13,028)	(386)	(13,414)	(24,574)	(6,878)
Other disposals - accumulated depreciation	n/a	524	7	531	531	1,761
Asset transfers - gross book value	0	0	5,339	5,339	5,339	1,090
Asset transfers - accumulated depreciation	n/a	0	0	0	0	0
Revaluation increment / (decrement) - gross book value	48,909	(49,102)	(18,454)	(67,556)	(18,647)	(18,653)
Revaluation increment / (decrement) - accumulated depreciation	n/a	14,004	4,370	18,374	18,374	15,617
Depreciation / amortisation expense	n/a	(17,634)	(10,620)	(28,254)	(28,254)	(19,777)
As at 30 June 2005:						
Gross book value	671,004	658,483	100,821	759,304	1,430,308	88,775
Accumulated depreciation / amortisation	0	(20,403)	(8,918)	(29,321)	(29,321)	(14,960)
Net book value (excluding WIP)	671,004	638,080	91,903	729,983	1,400,987	73,815
Assets under construction (WIP)	0	14,021	26,822	40,843	40,843	5,708
Net book value (including WIP)	671,004	652,101	118,725	770,826	1,441,830	79,523

Notes to and forming part of the Financial Statements

Note 8: Non-Financial Assets (continued)

Note 8C: Analysis of Property, Plant and Equipment (continued)

TABLE B - Assets at valuation

Item	Land \$'000	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Buildings - Total \$'000	Land and Buildings - Total \$'000	Other IP&E \$'000
As at 30 June 2005:						
Gross book value	671,004	658,483	100,821	759,304	1,430,308	88,775
Accumulated depreciation / amortisation	n/a	(20,403)	(8,918)	(29,321)	(29,321)	(14,960)
Net book value	671,004	638,080	91,903	729,983	1,400,987	73,815
As at 30 June 2004:						
Gross book value	631,381	702,951	95,396	798,347	1,429,728	87,549
Accumulated depreciation / amortisation	n/a	(17,294)	(2,675)	(19,969)	(19,969)	(9,833)
Net book value	631,381	685,657	92,721	778,378	1,409,759	77,716

TABLE C - Assets held under finance lease

Item	Land \$'000	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Buildings - Total \$'000	Land and Buildings - Total \$'000	Other IP&E \$'000
As at 30 June 2005:						
Gross book value	0	0	0	0	0	55
Accumulated depreciation / amortisation	n/a	0	0	0	0	(33)
Net book value	0	0	0	0	0	22
As at 30 June 2004:						
Gross book value	0	0	0	0	0	3,153
Accumulated depreciation / amortisation	n/a	0	0	0	0	(2,618)
Net book value	0	0	0	0	0	535

NB All finance leases were revalued in 2004-05. Amounts shown for 2004-05 are revalued amounts and are also included in Table B above.

Notes to and forming part of the Financial Statements

Note 8: Non-Financial Assets (continued)

Note 8C: Analysis of Property, Plant and Equipment (continued)

TABLE D - Assets under construction (WIP)

Item	Land	Buildings on Freehold Land	Buildings - Leasehold Improvements	Buildings - Total	Land and Buildings - Total	Other IP&E
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value at 30 June 2005	n/a	14,021	26,822	40,843	40,843	5,708
Gross value at 30 June 2004	n/a	11,327	12,229	23,556	23,556	0

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 8: Non-Financial Assets (continued)		
<u>Note 8D: Intangibles</u>		
Computer software:		
Purchased software	24,683	23,139
Accumulated amortisation	(15,527)	(12,884)
	9,156	10,255
Internally developed - in use - at cost	3,828	3,828
Accumulated amortisation	(3,828)	(2,962)
	0	866
Internally developed - in progress - at cost	3,781	2,990
Total computer software	12,937	14,111

TABLE A - Reconciliation of the opening and closing balances of intangibles

Item	Computer Software \$'000
As at 1 July 2004:	
Gross book value	26,967
Accumulated depreciation / amortisation	(15,846)
Net book value (before WIP)	11,121
Assets under construction (WIP)	2,990
Net book value (after WIP)	14,111
Additions	2,810
Asset transfers	40
Depreciation / amortisation expense	(4,805)
Disposals - gross book value	(1,306)
Disposals - accumulated depreciation	1,296
Recoverable amount write-downs	0
As at 30 June 2005:	
Gross book value	28,511
Accumulated depreciation / amortisation	(19,355)
Net book value (before WIP)	9,156
Assets under construction (WIP)	3,781
Net book value (after WIP)	12,937

Note 8E: Inventories

Finished goods (cost)	1,896	1,488
Inventories held for sale	1,896	1,488
Inventories not held for sale (cost)	180	208
Total inventories	2,076	1,696

All departmental inventories are current assets.

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000
Note 8: Non-Financial Assets (continued)		
Note 8F: Other Non-Financial Assets		
Prepayments		
Property leases	12,920	12,850
Other	7,567	9,154
Total prepayments	20,487	22,004
Total other non-financial assets	20,487	22,004
Total other non-financial assets are represented by:		
Current	17,257	19,929
Non-Current	3,230	2,075
Total other non-financial assets	20,487	22,004

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 9: Interest Bearing Liabilities		
Note 9A: Leases		
Finance lease commitments		
Payable:		
Within one year	25	559
In one to five years	1	51
In more than five years	0	0
Minimum lease payments	26	610
Deduct: future finance charges	(1)	(25)
Net lease liability	25	585
Lease liability is represented by:		
Current	24	545
Non-current	1	40
Net lease liability	25	585

Finances leases exist in relation to certain major office equipment assets. The leases are non-cancellable and for fixed terms averaging three years, with a maximum of five years. The interest rate implicit in the leases averaged 12.52% (2004: 14.01%). At reporting date, the Department had finance leases with terms averaging fifty four months and a maximum term of sixty months. The lease assets secure the lease liabilities. The Department guarantees the residual values of all assets leased. There are no contingent rentals.

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 10: Provisions		
Note 10A: Employee Provisions		
Salaries and wages	5,716	4,681
Annual leave	20,261	21,109
Long service leave	48,029	46,777
Superannuation	5,428	6,730
Separation and redundancies	9,755	12,129
Other employee provisions	10,052	3,923
Aggregate employee benefit liability	99,241	95,349
Workers' compensation	0	0
Aggregate employee benefit liability and related on-costs	99,241	95,349

Employee provisions are represented by:

Current	37,782	39,699
Non-Current	61,459	55,650
Total employee provisions	99,241	95,349

The Department has pension schemes for locally engaged staff at posts in London, Dublin and New Delhi. These schemes are not recognised in the financial statements. Figures disclosed below as accrued and vested benefits are based on formal actuarial reviews which are generally conducted triennially and reviewed and updated by the actuary on an annual basis. The most recent formal actuarial reviews were conducted as follows: London 1 July 2003; Dublin 1 January 2003; and New Delhi 31 March 2005 (for 2003-04: London 1 July 2003; Dublin 1 January 2003; and New Delhi 31 March 2004). The figures for net market values of plan assets have been obtained from the most recent financial reports of the schemes or, where possible, updated information supplied by the relevant fund actuary. For 2004-05, these dates are: London 30 June 2005; Dublin 30 May 2005; and New Delhi 31 March 2005 (for 2003-04: London 30 June 2004; Dublin 31 December 2003; and New Delhi 31 March 2004).

Accrued benefits	11,453	10,495
Net market value of plan assets	9,840	9,450
Net assets	(1,613)	(1,045)
Vested benefits	10,275	9,523

Note 10B: Other Provisions

Lease makegood	7,657	5,767
Total other provisions	7,657	5,767

Other provisions are represented by:

Current	445	508
Non-current	7,212	5,259
Total other provisions	7,657	5,767

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000

Note 11: Payables

Note 11A: Supplier Payables

Trade creditors	41,430	33,451
Total supplier payables	41,430	33,451

Supplier payables are represented by:

Current	41,430	33,451
Non-current	0	0
Total supplier payables	41,430	33,451

Settlement is usually made net 30 days.

Note 11B: Other Payables

Prepayments received	23,515	8,236
GST payable to ATO	0	1
Accrued expenses	0	84
Other creditors	1,218	3,037
Total other payables	24,733	11,358

All other payables are current liabilities.

Notes to and forming part of the Financial Statements

Note 12: Equity

Note 12A: Analysis of Equity

Item	Accumulated Results		Asset Revaluation Reserves		Contributed Equity		TOTAL EQUITY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Opening balance as at 1 July	79,740	68,132	253,300	371,850	1,246,721	1,223,862	1,579,761	1,663,844
Net surplus / (deficit)	123,717	155,658	n/a	n/a	n/a	n/a	123,717	155,658
Net revaluation increment / (decrement)	n/a	n/a	1,277	(118,550)	n/a	n/a	1,277	(118,550)
Decrease in retained surpluses on application of transitional provisions in accounting standard AASB 1041 <i>Revaluation of Non-Current Assets</i>	(444)	(12,550)	n/a	n/a	n/a	n/a	(444)	(12,550)
Transactions with owner:								
Distributions to owner:								
Returns on Capital								
Dividends paid ¹	(25,729)	(131,500)	n/a	n/a	n/a	n/a	(25,729)	(131,500)
Returns of Capital								
Returns of contributed equity ²	n/a	n/a	n/a	n/a	(20,676)	(982)	(20,676)	(982)
Contributions by owner:								
Appropriations (equity injections)	n/a	n/a	n/a	n/a	81,762	23,841	81,762	23,841
Restructuring	0	0	0	0	0	0	0	0
Transfers to / (from) / between reserves	0	0	0	0	0	0	0	0
Closing balance as at 30 June	177,284	79,740	254,577	253,300	1,307,807	1,246,721	1,739,668	1,579,761

¹ The Department returned unspent funding of \$3,743,413 (2004: \$2,395,368) received on a no win - no loss basis as a dividend. The Department also returned to the OPA a dividend distribution of \$21,986,000 (2004: \$99,054,000) from the Overseas Property Office.

² The Department returned from the Overseas Property Office net sale proceeds of \$20,675,741 (2004: \$981,623).

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000

Note 12: Equity (continued)

Note 12B: Restructuring

In accordance with the Government decision resulting from the Flood Inquiry into Australian intelligence agencies, the Department relinquished its responsibilities for the Open Source Collection Branch which was transferred to the Office of National Assessments (ONA).

In respect of functions relinquished, no assets or liabilities were transferred by the Department.

OPEN SOURCE COLLECTION BRANCH

Revenues

Recognised by the Office of National Assessments	1,018	0
Recognised by the Department of Foreign Affairs and Trade	1,399	0
Total revenues	2,417	0

Expenses

Recognised by the Office of National Assessments	644	0
Recognised by the Department of Foreign Affairs and Trade	1,274	0
Total expenses	1,918	0

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 13: Cash Flow Reconciliation		
Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	36,873	28,068
Statement of Financial Position items comprising above cash:		
'Financial Asset - Cash' and 'Financial Asset - Investments'	36,873	28,068
Reconciliation of net surplus to net cash from operating activities:		
Net surplus / (deficit)	123,717	155,658
Depreciation / amortisation	52,836	48,116
Net write-down of non-financial assets	4,142	5,383
Loss on disposal of assets	4,665	7,093
Investing OPA (receivable)	(94,238)	(9,990)
Effect of foreign exchange on cash	(1,079)	(102)
Interest	30	96
(Increase) / decrease in net receivables	(35,304)	(21,214)
(Increase) / decrease in inventories	(380)	1,107
(Increase) / decrease in prepayments	1,517	(1,659)
Increase / (decrease) in employee provisions	3,892	(9,454)
Increase / (decrease) in provisions	1,890	(2,195)
Increase / (decrease) in supplier payables	7,979	5,826
Increase / (decrease) in unearned income	15,279	3,439
Increase / (decrease) in other liabilities	(1,729)	(778)
GST cash refund / (payment) from financing and investing activities	0	(2,465)
Net cash from / (used by) operating activities	83,217	178,861

Notes to and forming part of the Financial Statements

Note 14: Contingent Liabilities and Assets

Quantifiable Contingencies

The Schedule of Contingencies reports contingent liabilities in respect of claims for damages / costs of \$557,204 (2004: \$2,521,391). This amount represents an estimate of the Department's liability based on precedent cases and on advice from the Department's external legal service providers. The Department is defending the claims.

The Schedule of Contingencies reports contingent liabilities in respect of a bank and residential lease guarantees made by the department of \$268,688 (2004: \$0).

The Schedule also reports contingent assets in respect of claims for damages / costs of \$2,608,389 (2004: \$2,613,086). The Department is expecting to succeed in claims and receive costs from claimants, although the cases are continuing. The estimate is based on precedent in such cases and on advice from the Department's legal service providers.

Unquantifiable Contingencies

At 30 June 2005, the Department was involved in a number of litigation matters for losses allegedly suffered by claimants. The Department is defending the claims. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these claims.

Remote Contingencies

The Department is currently defending a number of other legal claims. At 30 June 2005, advice from the Department's external legal service providers is that the Department has a strong case in each of these matters and is not likely to be found liable.

Notes to and forming part of the Financial Statements

2005 2004

Note 15: Executive Remuneration

The number of executives who received or were due to receive total remuneration of \$100,000 or more:

\$100,000 to \$109,999	4	3
\$120,000 to \$129,999	3	4
\$130,000 to \$139,999	5	0
\$140,000 to \$149,999	2	4
\$150,000 to \$159,999	3	0
\$160,000 to \$169,999	3	5
\$170,000 to \$179,999	7	13
\$180,000 to \$189,999	8	16
\$190,000 to \$199,999	9	12
\$200,000 to \$209,999	8	0
\$210,000 to \$219,999	9	8
\$220,000 to \$229,999	2	5
\$230,000 to \$239,999	7	1
\$240,000 to \$249,999	7	5
\$250,000 to \$259,999	1	1
\$260,000 to \$269,999	3	1
\$270,000 to \$279,999	2	1
\$280,000 to \$289,999	2	0
\$290,000 to \$299,999	1	0
\$340,000 to \$349,999	2	0
\$350,000 to \$359,999	1	0
\$450,000 to \$459,999	0	1
	89	80

The aggregate amount of total remuneration of executives shown above. **\$18,080,329** \$16,551,905

The aggregate amount of separation and redundancy / termination benefit payments during the year to executives shown above. **\$226,579** \$262,589

Executives have been included where they have been located in Australia for six months or more and have received remuneration above \$100,000 during the 2004-05 financial year. For this purpose, Executive Remuneration includes: salary, allowances in the nature of salary, hardship allowance, cost of posting allowance, performance bonuses, fringe benefits tax, vehicle costs, parking costs and employer's superannuation contributions.

Notes to and forming part of the Financial Statements

	2005	2004
	<u>\$</u>	<u>\$</u>
Note 16: Remuneration of Auditors		
Financial statement audit services are provided free of charge to the Department.		
The fair value of the services provided was:	<u>390,000</u>	<u>380,000</u>
	<u>390,000</u>	<u>380,000</u>

No other services were provided by the Auditor-General.

Included above for 2005 is an amount of auditor remuneration totalling \$10,000 relating to the 2005-06 financial statement audit, arising from work done on the opening balance sheet to be prepared under Australian equivalents to International Financial Reporting Standards.

Notes to and forming part of the Financial Statements

	<u>2005</u>	<u>2004</u>
Note 17: Average Staffing Levels		
The average staffing levels for the Department during the year were:	<u><u>3,165</u></u>	<u><u>3,149</u></u>

Notes to and forming part of the Financial Statements

Note 18: Financial Instruments

Note 18A: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate			
				Maturing In													
				1 Year or Less			1 to 5 Years			> 5 Years							
		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	%	%
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial Assets																	
Cash at bank	7A	0	0	0	0	0	0	0	0	36,873	28,068	36,873	28,068	36,873	28,068	0.0	0.0
Receivables for goods and services (gross)	7B	0	0	0	0	0	0	0	0	6,848	12,004	6,848	12,004	6,848	12,004	n/a	n/a
Appropriation receivable	7B	0	0	0	0	0	0	0	0	302,468	125,468	302,468	125,468	302,468	125,468	n/a	n/a
Other receivables	7B									8,279	8,649	8,279	8,649	8,279	8,649	n/a	n/a
Total		0	0	0	0	0	0	0	0	354,468	174,189	354,468	174,189	354,468	174,189		
Total Assets														1,912,754	1,726,271		
Financial Liabilities																	
Finance lease liabilities	9A	0	0	24	545	1	40	0	0	0	0	25	585	25	585	12.5	14.0
Trade creditors	11A	0	0	0	0	0	0	0	0	41,430	33,451	41,430	33,451	41,430	33,451	n/a	n/a
Total		0	0	24	545	1	40	0	0	41,430	33,451	41,430	33,451	41,455	34,036		
Total Liabilities														173,086	146,510		

Notes to and forming part of the Financial Statements

Note 18: Financial Instruments (continued)

Note 18B: Net Fair Values of Financial Assets and Liabilities

		2005		2004	
	Notes	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
Departmental Financial Assets					
Cash at bank	7A	36,873	36,873	28,068	28,068
Receivables for goods and services (net)	7B	6,546	6,546	12,004	12,004
Appropriation receivable	7B	302,468	302,468	125,468	125,468
Other receivables	7B	8,279	8,279	8,649	8,649
Total Financial Assets		354,166	354,166	174,189	174,189
Departmental Financial Liabilities					
Finance lease liabilities	9A	25	25	585	585
Trade creditors	11A	41,430	41,430	33,451	33,451
Total Financial Liabilities		41,455	41,455	34,036	34,036

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

The net fair values of the finance lease and lease incentives are based on discounted cash flows using current interest rates for liabilities with similar risk profiles.

The net fair values for trade creditors are approximated by their carrying amounts.

Note 18C: Credit Risk Exposures

The Department's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Performance.

The Department has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 19: Revenues Administered on Behalf of Government		
Goods and services		
Rendering of services - passport fees	170,810	145,671
Rendering of services - consular services	3,886	3,213
Trust receipts	0	380
Nuclear safeguard charges	470	469
Total goods and services	175,166	149,732
Interest		
National Interest Account (NIA)	19,942	17,683
Other	215	49
Total interest	20,157	17,732
Dividends		
EFIC	12,600	15,266
Other revenue		
EFIC - repayment of interest subsidy and recoveries	13,429	18,041
NIA - EFIC tax equivalent payments	0	842
NIA - premiums	4,894	5,396
Payments by foreign governments - fuel excise	2,462	2,613
North American Pension Scheme - employee contributions	357	346
Industry contributions	2,247	382
Other	6	0
Total other revenue	23,395	27,620
Total revenues administered on behalf of Government	231,318	210,351

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 20: Expenses Administered on Behalf of Government		
Grants and contributions		
Non-profit institutions - external	3,524	3,582
Non-profit institutions - related	18,180	17,770
Overseas	170,775	120,887
Total grants and contributions	192,479	142,239
The nature of grants and contributions are as follows:		
International organisations	74,896	75,346
UN peacekeeping	95,879	45,540
Non-profit institutions	21,261	20,989
Non-profit institutions - Promotional and cultural	443	364
Total grants and contributions	192,479	142,239
Employee benefits		
North American Pension Scheme - transfers and payments	3,037	2,546
Other employee benefits	808	477
Total employee benefits	3,845	3,023
Suppliers		
Rendering of services - external	42,152	1,932
Write-down and impairment of assets		
Financial assets - receivables	208	572,564
Other expenses		
Net foreign exchange losses		
- NIA	8,488	23,528
- Other	(2,217)	(1,550)
NIA - interest	16,416	12,936
EFIC Administration Costs	3,430	3,846
EFIC - Other Financial Costs	923	0
Fee Refunds	412	338
Total other expenses	27,452	39,098
Total expenses administered on behalf of Government	266,136	758,856

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 21: Assets Administered on Behalf of Government		
Financial assets		
Cash		
Administered bank account - Department of Foreign Affairs and Trade	5,115	5,506
The balance of the administered cash account is non-interest bearing.		
Receivables		
Goods and services receivable	508	97
All receivables are with entities external to the Commonwealth. Credit terms are net 30 days.		
Less: Provision for doubtful debts	0	0
	508	97
National Interest receivables ¹	641,832	712,887
Less: Provision for doubtful debts	(519,168)	(581,917)
	122,664	130,970
Consular - Traveller Emergency Loans	1,044	927
Less: Provision for doubtful debts	(454)	(454)
	590	473
Other - passport fees	681	761
Total receivables (net)	124,443	132,301
Receivables (gross) are aged as follows:		
Not overdue	1,079	896
Overdue by:		
Less than 30 days	105	17
30 to 60 days	19	9
61 to 90 days	6	15
More than 90 days	642,855	713,734
Total receivables (gross)	644,064	714,671
The provision for doubtful debts is aged as follows:		
Not overdue	0	0
Overdue by:		
Less than 30 days	0	0
30 to 60 days	0	0
61 to 90 days	0	0
More than 90 days	(519,622)	(582,370)
Total provision for doubtful debts	(519,622)	(582,370)
Investments		
Commonwealth entities (at asset value at 30 June 1997)		
Australian Trade Commission	145,497	138,856
Export Finance and Insurance Corporation	184,544	184,544
Total investments	330,041	323,400
Total financial assets administered on behalf of Government	459,599	461,207

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000

Note 21: Assets Administered on Behalf of Government (continued)

Financial assets (continued)

¹ These receivables comprise sovereign amounts owed to the Commonwealth relating to export transactions on the National Interest Account (NIA) under the terms of Part 5 of the Export Finance and Insurance Corporation Act (EFIC Act) as stated in Note 1.20. The countries and entities include:

Cuba	9,652	9,652
Ethiopia	2,312	4,269
Iraq	516,856	572,560
Nicaragua	0	5,088
Solomon Islands	8,653	9,672
EFIC	104,359	111,646
	<u>641,832</u>	<u>712,887</u>

Repayment periods for the above loans vary. The Australian Government has agreed to forgive payments received in relation to Nicaragua and Ethiopia. Additionally, Australia has agreed to forgive 80% of the Iraq debt, including late interest, with the residual 20% rescheduled from 2011 to 2028. Payments from the Solomon Islands are due to recommence in 2005. Recoverability of these loans is reviewed annually on a country by country basis, based on an assessment of the likelihood of recovery including their capacity to pay. Each country has acknowledged their debt to the Commonwealth.

Non-financial assets

Prepayments	5,080	3,944
Total non-financial assets administered on behalf of Government	<u>5,080</u>	<u>3,944</u>
Total assets administered on behalf of Government	<u>464,679</u>	<u>465,151</u>

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 22: Liabilities Administered on Behalf of Government		
Payables		
Suppliers		
Trade creditors	4,842	1,754
All creditors are entities that are not part of the Australian Government. Settlement is usually made net 30 days.		
Other payables		
National Interest Account - EFIC	62,628	74,488
Unearned income - passports revenue	5,519	7,521
Unearned income - EFIC	21,964	26,858
Accrued expenses - EFIC	1,157	606
Trust liability	0	65
North American Pension Scheme ¹	30,481	31,966
Total other payables	121,749	141,504
Total liabilities administered on behalf of Government	126,591	143,258

¹ Accrued benefits under the North American Pension Scheme, which is a defined benefit superannuation plan administered by the department on behalf of the Commonwealth. Figures for the North American Pension Scheme are based on actuarial reviews which are conducted triennially and reviewed and updated by the actuary on an annual basis. The most recent actuarial reviews were performed on 30 June 2004.

Accrued benefits	30,481	32,157
Net market value of plan assets	0	191
Net assets	(30,481)	(31,966)
Vested benefits	30,481	32,157

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 23: Administered Reconciliation Table		
Opening administered assets less administered liabilities as at 1 July 2004	321,893	906,679
Plus: Administered revenues	231,318	210,351
Less: Administered expenses	(266,136)	(758,856)
Administered transfers to/from Australian Government:		
Appropriation transfers from OPA:		
Annual appropriation administered expenses	243,170	154,180
Administered assets and liabilities appropriations	0	0
Special appropriations (limited)	0	0
Special appropriations (unlimited)	412	338
Transfers to OPA	(199,210)	(190,800)
Restructuring	0	0
Administered revaluations taken to/from reserves	0	0
Movement in carrying amount of investment	6,641	0
Currency translation gain/loss	0	0
Changes in accounting policies	0	0
Closing administered assets less administered liabilities as at 30 June 2005	338,088	321,893

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 24: Administered Contingent Liabilities and Assets		
<i>Quantifiable Administered Contingencies</i>		
Quantifiable Administered Contingencies that are not remote are disclosed in the Schedule of Administered Items as Quantifiable Administered Contingencies.		
<i>Unquantifiable Administered Contingencies</i>		
There are no unquantifiable administered contingencies.		
<i>Remote Administered Contingencies</i>		
Under section 62 of the Export Finance and Insurance Corporation Act 1991, the Commonwealth guarantees the due payment by the Export Finance and Insurance Corporation of money that is, or may at any time become, payable by the Export Finance and Insurance Corporation to any person other than the Commonwealth.		
Contracts of insurance and guarantees	588,425	610,900
Statement of Financial Position liabilities	930,900	1,007,100
National Interest contracts of insurance and guarantees and Statement of Financial Position liabilities	1,824,400	2,219,500
	3,343,725	3,837,500

Notes to and forming part of the Financial Statements

Note 25: Administered Investments

The Commonwealth owns 100% of the Australian Trade Commission and the Export Finance and Insurance Corporation.

The principal activities of each of these administered investments are as follows:

Australian Trade Commission - provision of advice, market intelligence and ongoing support (including financial) to Australian businesses looking to develop international markets.

Export Finance and Insurance Corporation - provision of competitive finance and insurance services to Australian exporters and Australian companies investing in new projects overseas.



Notes to and forming part of the Financial Statements

Note 26: Restructuring

There were no restructurings in 2004-05.

Notes to and forming part of the Financial Statements

Note 27: Administered Financial Instruments

Note 27A: Administered Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing			Total				Weighted Average Effective Interest Rate	
				Maturing In														
				1 Year or Less		1 to 5 Years		> 5 Years										
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 %	2004 %			
Financial Assets																		
Cash	21	0	0	0	0	0	0	0	0	5,115	5,506	5,115	5,506	0.0	0.0			
Receivables for goods and services (gross)	21	0	0	0	0	0	0	0	0	642,876	713,814	642,876	713,814	n/a	n/a			
Accrued revenue	21	0	0	0	0	0	0	0	0	681	761	681	761	n/a	n/a			
Investments	21	0	0	0	0	0	0	0	0	330,041	323,400	330,041	323,400	n/a	n/a			
Total		0	0	0	0	0	0	0	0	978,713	1,043,481	978,713	1,043,481					
Total Assets																		
										464,679	465,151							

Financial Liabilities (Recognised)														
Trade creditors	22	0	0	0	0	0	0	0	4,842	1,754	4,842	1,754	n/a	n/a
Other payables	22	0	0	0	0	0	0	0	121,749	141,504	121,749	141,504	n/a	n/a
Total Recognised Liabilities		0	0	0	0	0	0	0	126,591	143,258	126,591	143,258		
Total Liabilities									126,591	143,258				

Financial Liabilities (Unrecognised)														
Guarantees to public trading enterprises	24	0	0	0	0	0	0	0	3,343,725	3,837,500	3,343,725	3,837,500	n/a	n/a
Total Unrecognised Liabilities		0	0	0	0	0	0	0	3,343,725	3,837,500	3,343,725	3,837,500		

Notes to and forming part of the Financial Statements

Note 27: Administered Financial Instruments (continued)

Note 27B: Net Fair Values of Administered Financial Assets and Liabilities

		2005		2004	
	Notes	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
Administered Financial Assets					
Cash at bank	21	5,115	5,115	5,506	5,506
Receivables for goods and services (net)	21	123,254	123,254	131,443	131,443
Accrued revenue	21	681	681	761	761
Investments	21	330,041	330,041	323,400	323,400
Total Financial Assets		459,091	459,091	461,110	461,110
Administered Financial Liabilities (Recognised)					
Trade creditors	22	4,842	4,842	1,754	1,754
Other payables	22	121,749	121,749	141,504	141,504
Total Financial Liabilities (Recognised)		126,591	126,591	143,258	143,258
Administered Financial Liabilities (Unrecognised)					
Guarantees to public trading enterprises	24	3,343,725	3,343,725	3,837,500	3,837,500
Total Financial Liabilities (Unrecognised)		3,343,725	3,343,725	3,837,500	3,837,500

Financial Assets

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values for trade creditors are short-term in nature and are approximated by their carrying amounts.

The net fair value of unrecognised guarantees are substantially below the Government's maximum exposure, because the likelihood that they will be called upon has been assessed as remote.

Note 27C: Credit Risk Exposures

The Government's maximum exposures to credit risk at reporting date in relation to each class of recognised administered financial assets is the carrying amount of those assets as indicated in the Schedule of Administered Items.

The Government has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Notes to and forming part of the Financial Statements

Note 28: Appropriations

Note 28A: Accrual of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Ordinary Annual Services Appropriations

Particulars	Outcome 1	Administered Expenses Outcome 2	Outcome 3	Departmental Outputs	Total
Year ended 30 June 2005	\$	\$	\$	\$	\$
Balance carried from previous year	47,349,511	841	1,889,492	56,412,764	105,652,608
Reductions of appropriations (prior years) ¹	46,881,045	791	177,735	0	47,059,571
Adjusted Balance carried for previous period	468,466	50	1,711,757	56,412,764	58,593,037
Correction of prior year error in disclosure ²	0	6,388	(200)	2,125,427	2,131,615
Appropriation Act (No.1) 2004-2005	174,736,000	200,000	48,621,000	687,768,000	911,325,000
Appropriation Act (No.3) 2004-2005	17,119,000	300,000	0	10,552,000	27,971,000
Appropriation (Tsunami Financial Assistance) Act 2004-2005	277,000	14,742,000	0	2,305,000	17,324,000
Appropriation Act (No. 5) 2004-2005	23,000,000	0	0	0	23,000,000
Departmental adjustments by the Finance Minister (Appropriation Acts)	0	0	0	0	0
Concomitant receipts (Appropriation Act s13)	0	0	0	0	0
Advance to the Finance Minister	0	0	0	33,674	33,674
Adjustment of appropriations on change of entity function (FMAA s32)	0	0	0	(1,017,619)	(1,017,619)
Refunds credited (FMAA s30)	0	0	1,798	4,760,461	4,762,259
Appropriation reduced by section 9 determinations (current year)	0	0	0	0	0
Sub-total 2004-05 Annual Appropriation	215,600,466	15,248,438	50,334,355	762,939,707	1,044,122,966
Appropriations to take account of recoverable GST (FMAA s30A)	0	0	0	15,527,510	15,527,510
Annotations to 'net appropriations' (FMAA s31)	0	0	1,995,583	47,738,421	49,734,004
Effect of exchange rate movement on Cash	0	0	0	1,210,287	1,210,287
Total Appropriations available for payments	215,600,466	15,248,438	52,329,938	827,415,925	1,110,594,767
Cash payments made during the year (GST inclusive)	183,883,993	10,162,003	48,675,734	717,706,893	960,428,623
Appropriations credited to Special Accounts (excluding GST)	53,000	0	2,960,000	0	3,013,000
Balance of Authority to Draw Cash from the CRF for Ordinary Annual Services Appropriations	31,663,473	5,086,435	694,204	109,709,032	147,153,144

¹ The Finance Minister may determine amounts of administered appropriations to be lapsed, having regard to expenses incurred. In prior years, the Department has estimated the amount of current year appropriations to be lapsed based on expenses incurred. From 2003-04, the Finance Minister's Orders requires the reporting of amounts actually lapsed during the financial year. By the time of completion of the 2004-05 financial statements, only the 2003-04 administered appropriations were formally lapsed.

² Correction of prior year error in disclosure comprises: a) unexpired 2001-02 Outcome 2 appropriation (\$6,388); b) understatement of the amount lapsed for the 2003-04 Outcome 3 appropriation (-\$200); c) understatement of annotations to net appropriations in 2003-04 (\$623,250); understatement of GST receivable in 2003-04 (\$1,506,055); and 2003-04 GST reconciliation variance corrected in 2004-05 (-\$3,878).

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Ordinary Annual Services Appropriations (continued)

Particulars	Administered Expenses		Departmental Outputs	Total
	Outcome 1	Outcome 2		
<i>Represented by:</i>				
Cash at bank and on hand	0	0	33,710,211	33,710,211
Receivable - departmental appropriation	0	0	74,272,427	74,272,427
Receivables - GST receivable from the ATO	0	0	1,726,384	1,726,384
Receivables - departmental appropriations - drawing rights withheld by the Finance Minister (FMAA s27(4))	0	0	0	0
Formal reductions of appropriations	0	0	0	0
Receivables - departmental appropriations (appropriation for additional outputs)	31,663,473	5,086,435	694,204	37,444,112
Undrawn, unexpired administered appropriations	31,663,473	5,086,435	109,709,032	147,153,144
Total				

Note 28: Appropriations (continued)

Note 28A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Ordinary Annual Services Appropriations (continued)

Under Section 31 of the Financial Management and Accountability Act 1997 (the FMA Act), the Minister for Finance may enter into a net appropriation agreement with an agency Minister. Appropriation Acts Nos. 1 and 3 (for the ordinary annual services of government) authorise the supplementation of an agency's annual net appropriation by amounts received in accordance with its Section 31 Agreement eg, receipts from charging for goods and services.

Although we have operated and recorded receipts as though a section 31 agreement was in place, receipts collected in the period 1 July 1997 to 17 May 1998 have not been captured by a section 31 agreement.

As a result, receipts collected in 1997-98 under the running costs appropriations regime in place until 30 June 1999 that were not captured by a section 31 agreement amounted to \$54,001,750. Of this amount \$48,438,210 was spent without the authority of Parliament, in contravention of section 83 of the Constitution. Section 48 of the FMA Act has also been breached, as a result of the contravention of section 83 of the Constitution.

Analysis of overstatement of the departmental output appropriations and overspending is given below.

	1997-98	Total Pre-accrual budgeting
Receipts affected	61,715,750	61,715,750
Unspent	5,563,540	5,563,540
Amount spent in accordance with appropriation	7,714,000	7,714,000
Amount spent without appropriation	48,438,210	48,438,210

In accordance with the budgeting framework applying in that financial year, the balance unspent of \$5,563,540 lapsed and was therefore not available to the Department in future years and has not been spent.

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Ordinary Annual Services Appropriations (continued)

Particulars	Administered Expenses			Departmental	Total
	Outcome 1	Outcome 2	Outcome 3	Outputs	
Year ended 30 June 2004 (comparative period)	\$	\$	\$	\$	\$
Balance carried from previous year	891,667	506,786	7,500	49,838,738	51,244,691
Balance carried from previous year	20,148,558	2,606,479	135,915	49,838,738	72,729,690
Appropriation Act (No.1) 2003-2004	159,663,000	200,000	21,503,000	699,777,000	881,143,000
Appropriation Act (No.3) 2003-2004	19,341,000	0	1,723,000	5,696,000	26,760,000
Departmental adjustments by the Finance Minister (Appropriation Acts)	n/a	n/a	n/a	0	0
Advance to the Finance Minister	0	0	0	0	0
Refunds credited (FMAA s30)	0	0	0	0	0
Appropriations to take account of recoverable GST (FMAA s30A)	0	0	0	15,755,925	15,755,925
Annotations to 'net appropriations' (FMAA s31)	0	0	0	50,826,693	50,826,693
Other annotations ¹	0	0	0	3,057,623	3,057,623
Effect of exchange rate movements on cash	0	0	0	(343,915)	(343,915)
Adjustment of appropriations on change of entity function (FMAA s32)	0	0	0	0	0
Appropriation lapsed	19,226,455	2,207,322	128,415	0	21,562,192
Total appropriations available for payments	179,926,103	599,157	23,233,500	824,608,064	1,028,366,824
Payments made during the year (GST inclusive)	132,540,592	598,316	18,381,197	768,195,300	919,715,405
Appropriations credited to Special Accounts	36,000	0	2,962,811	0	2,998,811
Balance carried to the next period	47,349,511	841	1,889,492	56,412,764	105,652,608

¹ Other annotations comprises: a) appropriation carried forward in 1999-2000 but not recognised in the Appropriation Note at that date (\$8,254m); and b) reclassification of Advances to Receivables from Cash in 2001-02 (\$4,887m).

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Other than Ordinary Annual Services Appropriations

Particulars	Administered Outcome 2			Outcome 3			Non-Operating				Total
	SPPs	NAE	SPPs	NAE	SPPs	NAE	Equity	Loans	Previous years' outputs	Admin assets and liabilities	
Year ended 30 June 2005	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous year	0	0	0	0	0	0	13,508,000	0	3,102,000	0	16,610,000
Reduction of appropriations (prior years) ¹	0	0	0	0	0	0	0	0	0	0	0
Adjusted balance carried from previous period	0	0	0	0	0	0	13,508,000	0	3,102,000	0	16,610,000
Appropriation Act (No.2) 2004-2005	0	0	0	0	0	0	19,457,000	0	0	0	19,457,000
Appropriation Act (No.4) 2004-2005	0	0	0	0	0	0	62,130,000	0	0	0	62,130,000
Departmental Adjustments and Borrowings	0	0	0	0	0	0	0	0	0	0	0
Advance to the Finance Minister	0	0	0	0	0	0	0	0	0	0	0
Adjustment of appropriations on change of entity function (FMAA s32)	0	0	0	0	0	0	0	0	0	0	0
Refunds credited (net) (FMAA s30)	0	0	0	0	0	0	0	0	0	0	0
Appropriation reduced by a section 11 determination (current year)	0	0	0	0	0	0	0	0	0	0	0
Sub-total 2004-05 Annual Appropriation	0	0	0	0	0	0	95,095,000	0	3,102,000	0	98,197,000
Appropriations to take account of recoverable GST (FMAA s30A)	0	0	0	0	0	0	0	0	0	0	0
Total appropriation available for payments	0	0	0	0	0	0	95,095,000	0	3,102,000	0	98,197,000
Cash payments made during the year (GST inclusive)	0	0	0	0	0	0	40,014,000	0	3,102,000	0	43,116,000
Appropriations credited to Special Accounts (GST exclusive)	0	0	0	0	0	0	0	0	0	0	0
Balance of Authority to Draw Cash from the CRF for Other Than Ordinary Annual Services Appropriations	0	0	0	0	0	0	55,081,000	0	0	0	55,081,000

¹ The Finance Minister may determine amounts of administered appropriations to be lapsed, having regard to expenses incurred. In prior years, the Department has estimated the amount of current year appropriations to be lapsed based on expenses incurred. From 2003-04, the Finance Minister's Orders require the reporting of amounts actually lapsed during the financial year. No determination to lapse administered appropriations for 2004-05 had been made by the time of completion of the 2004-05 financial statements.

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28B: Acquital of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Other than Ordinary Annual Services Appropriations (continued)

Particulars	Administered						Non-Operating				Total		
	Outcome 1			Outcome 2			Outcome 3						
	SPPs	NAE		SPPs	NAE		SPPs	NAE					
									Equity	Loans	Previous years' outputs	Admin assets and liabilities	
Represented by:													
Cash at bank and on hand	0	0	0	0	0	0	0	0	0	0	0	0	0
Departmental appropriation receivable	0	0	0	0	0	0	0	0	55,081,000	0	0	0	55,081,000
Total	0	0	0	0	0	0	0	0	55,081,000	0	0	0	55,081,000

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Other than Ordinary Annual Services Appropriations (continued)

Particulars	Administered						Non-Operating						Total	
	Outcome 1			Outcome 2			Outcome 3			Equity	Loans	Previous years' outputs		Admin assets and liabilities
	SPPs	NAE	SPPs	NAE	SPPs	NAE	SPPs	NAE						
Year ended 30 June 2004 (Comparative Period)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Balance carried from previous year	0	0	0	0	0	0	0	0	1,970,074	0	0	0	1,970,074	
Appropriation Act (No.2) 2003-2004	0	0	0	0	0	0	0	0	14,088,000	0	1,629,000	0	15,717,000	
Appropriation Act (No.4) 2003-2004	0	0	0	0	0	0	0	0	9,928,000	0	1,473,000	0	11,401,000	
Adjustments by the Finance Minister	0	0	0	0	0	0	0	0	0	0	0	0	0	
Advance to the Finance Minister	0	0	0	0	0	0	0	0	0	0	0	0	0	
Refunds credited (FMAA s30)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Appropriations to take account of recoverable GST (FMAA s30A)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Annotations to 'net appropriations' (FMAA s31)	0	0	0	0	0	0	0	0	0	0	0	0	0	
AUC liability to other agencies	0	0	0	0	0	0	0	0	(175,000)	0	0	0	(175,000)	
Adjustment of appropriations on change of entity function (FMAA s32)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Appropriation lapsed	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total appropriation available for payments	0	0	0	0	0	0	0	0	25,811,074	0	3,102,000	0	28,913,074	
Cash payments made during the year (GST inclusive)	0	0	0	0	0	0	0	0	12,303,074	0	0	0	12,303,074	
Appropriations credited to Special Accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	
Balance carried to next year	0	0	0	0	0	0	0	0	13,508,000	0	3,102,000	0	16,610,000	

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Unlimited Amount)

Export Finance and Insurance Corporation (EFIC) Act 1991 - section 54(10)	2005	2004
	Outcome 1	
	\$	\$
<i>Purpose:</i> for the payment by the Commonwealth to EFIC of amounts equal to the amount of capital determined by the EFIC Board as necessary to overcome the inadequacies, or expected inadequacies, in the money or other assets of EFIC to meet the expected liabilities, losses or claims of or against EFIC. All transactions under this Act are recognised as Administered items.		
Budget estimate	0	0
Cash payments made during the year	0	0

As the responsible portfolio agency, the Department has disclosed the above Special Appropriation. Payments by the Commonwealth to EFIC against this special appropriation are made out of the Consolidated Revenue Fund.

Financial Management and Accountability Act 1997 - section 28(2)	2005	2004
	Outcome 2	
	\$	\$
<i>Purpose:</i> for the repayment of passport and consular fees required or permitted by law. All transactions under this Act are recognised as Administered items.		
Budget estimate	500,000	0
Cash payments made during the year	407,743	338,437

Financial Management and Accountability Act 1997 - section 39(9)	2005	2004
	Outcome 3	
	\$	\$
<i>Purpose:</i> for the investment of public money by the Australia-France Endowment Special Account. All transactions under this Act are recognised as Administered items.		
Budget estimate	0	0
Cash payments made during the year	0	0

The Department was advised by the Department of Finance and Administration that investment powers were withdrawn in December 2003.

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Unlimited Amount) (continued)

Indus Basin Development Fund Agreement Act 1960 - section 3 Indus Basin Development Fund Supplemental Agreement Act 1965 - section 4	2005	2004
	Outcome 1	
	\$	\$
<i>Purpose:</i> for the payment in respect of Australia's contribution under the Agreement to the Indus Basin Development Fund.		
All transactions under this Act are recognised as Administered items.		
Budget estimate	0	0
Cash payments made during the year	0	0

As the responsible portfolio agency, the Department has disclosed the above Special Appropriations. The Department will be seeking to repeal these special appropriations as no payments have been made against them for several decades.

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts

Account Name	2005	2004
	\$	\$
Australia Abroad Council (Administered)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for expenditure to promote Australia's image overseas by creating an awareness of Australian commercial and industrial potential, scientific and technological achievements, cultural and sporting activities and tourist opportunities. Co-ordinate, focus and develop the international activities of the Australian public and private organisations.		
Balance carried forward from previous year	0	0
Appropriation Act (No. 1) 2004-05	0	0
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	0	8,026
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	0	(36)
Available for payments	0	7,990
Payments made to suppliers	0	(7,990)
Balance carried to next year	0	(0)
<i>Represented by:</i>		
Cash on call held in the OPA	0	0
Add: Receivables - Net GST receivable from ATO	0	0
Total	0	0

Special account was abolished on 23 December 2003 in accordance with a determination by the Minister for Finance and Administration.

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Australia-China Council (Administered)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for expenditure subject to the approval of the Minister for Foreign Affairs: to promote within Australia and China a greater awareness of each other's country; to enlarge contact and exchange between Australia and China; and to provide a focus for information and a source of advice in relations with China and the Chinese people.		
Balance carried forward from previous year	10,652	17,689
Appropriation Act (No. 1) 2004-05	740,000	725,104
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	17,906	25,704
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	53,970	29,264
Available for payments	822,528	797,761
Payments made to suppliers	(804,684)	(787,109)
Balance carried to next year	17,844	10,652
<i>Represented by:</i>		
Cash on call held in the OPA	12,076	4,771
Add: Receivables - Net GST receivable from ATO	5,768	5,881
Total	17,844	10,652

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Australia-France Endowment (Administered)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for expenditure: to provide a long-term means of strengthening the cultural, academic, scientific and technological links between France and Australia; and to improve knowledge and understanding of Australia in France by enabling person to person contact and interchange in a wide range of fields.		
Balance carried forward from previous year	72,242	25,053
Appropriation Act (No. 1) 2004-05	53,000	36,000
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	0	26,342
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	2,500	0
Available for payments	127,742	87,395
Payments made to suppliers	(62,916)	(15,153)
Balance carried to next year	64,826	72,242
<i>Represented by:</i>		
Cash on call held in the OPA	64,826	72,242
Add: Receivables - Net GST receivable from ATO	0	0
Total	64,826	72,242

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Australia-India Council (Administered)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for the expenditure of moneys provided by non-Commonwealth entities for purposes which are intended to develop and promote ties between Australia and India in the educational, cultural, commercial media and science and technology fields and to encourage the study of each other's culture and language.		
Balance carried forward from previous year	9,406	4,502
Appropriation Act (No. 1) 2004-05	740,000	727,500
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	10,604	27,998
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	45,086	45,075
Available for payments	805,096	805,075
Payments made to suppliers	(716,087)	(795,669)
Balance carried to next year	89,009	9,406
<i>Represented by:</i>		
Cash on call held in the OPA	77,286	3,361
Add: Receivables - Net GST receivable from ATO	11,723	6,045
Total	89,009	9,406

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Australia-Indonesia Institute (Administered)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for expenditure: to promote within Australia and Indonesia a greater awareness of each other's country; to enlarge contact and exchange between Australia and Indonesia; and to provide a focus for information and a source of advice in relations with Indonesia and the Indonesian people.		
Balance carried forward from previous year	316,327	17,101
Appropriation Act (No. 1) 2004-05	740,000	785,104
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	222,798	290,088
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	75,343	12,524
Available for payments	1,354,468	1,104,817
Payments made to suppliers	(1,140,919)	(788,490)
Balance carried to next year	213,549	316,327
<i>Represented by:</i>		
Cash on call held in the OPA	233,555	317,543
<i>Less:</i> Payables - Net GST payable to ATO	(20,006)	(1,216)
Total	213,549	316,327

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Australia-Korea Foundation (Administered)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for the expenditure of moneys provided by non-Commonwealth entities for purposes which are intended to develop and promote ties between Australia and Korea in the educational, cultural, commercial media and science and technology fields and to encourage the study of each other's culture and language.		
Balance carried forward from previous year	15,584	13,440
Appropriation Act (No. 1) 2004-05	740,000	725,104
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	13,823	10,593
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	5,128	45,725
Available for payments	774,535	794,862
Payments made to suppliers	(747,077)	(779,278)
Balance carried to next year	27,458	15,584
<i>Represented by:</i>		
Cash on call held in the OPA	16,930	8,141
<i>Add:</i> Receivables - Net GST receivable from ATO	10,528	7,443
Total	27,458	15,584

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Official Administered Payment Account for Other Agencies Account (Administered)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for payments made overseas by DFAT overseas posts on behalf of an Agency (within the meaning of the Act), where those payments could be made from an appropriation available to the Agency, and it is intended that DFAT will be reimbursed by the Agency for the payments.		
Balance carried forward from previous year	5,000,000	4,754,198
Less: adjustment to opening balance		0
<i>Adjusted balance carried forward from previous year</i>	<i>5,000,000</i>	<i>4,754,198</i>
Appropriation Act (No. 1) 2004-05	0	0
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	12,775,541	177,566,402
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	0	0
Available for payments	17,775,541	182,320,600
Payments made to suppliers	(12,775,541)	(177,320,600)
Balance carried to next year	5,000,000	5,000,000
<i>Represented by:</i>		
Cash on call held in the OPA	5,000,000	5,000,000
Add: Receivables - Net GST receivable from ATO	0	0
Total	5,000,000	5,000,000

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Overseas Property Account (Departmental)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for expenditure relating to the provision of accommodation for Australian officials posted overseas and the acquisition, construction and maintenance of estates overseas.		
Balance carried forward from previous year	71,956,890	62,907,195
Appropriation Act (No. 1) 2004-05	0	0
Costs recovered from non-government sector		
Goods - provision of goods to external entities	21,162,762	1,119,970
Services - rendering of services to external entities	4,398,448	6,494,130
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	161,798,526	156,277,143
Interest amounts credited	0	0
GST credits (FMAA s30A)	180,017	146,782
Available for payments	259,496,643	226,945,220
Payments made to suppliers	(52,433,872)	(51,678,790)
Return of capital and dividends	(42,661,741)	(103,309,540)
Balance carried to next year	164,401,030	71,956,890
<i>Represented by:</i>		
Cash	3,162,918	4,952,344
Add: Appropriation receivable - Cash at Finance	161,228,719	66,990,460
Add: Receivables - Net GST receivable from ATO	9,393	14,086
Total	164,401,030	71,956,890

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Consular Services		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for expenditure on behalf of Australian citizens overseas in circumstances of urgency where recourse to the international banking system is inappropriate.		
Balance carried forward from previous year	50,636	29,123
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	176,103	276,971
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	59	6
Available for payments	226,798	306,100
Payments made to suppliers	(192,149)	(255,464)
Balance carried to next year	34,649	50,636
<i>Represented by:</i>		
Cash on call held in the OPA	34,649	50,636
Add: Receivables - Net GST receivable from ATO	0	0
Total	34,649	50,636

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Other Trust Moneys - Department of Foreign Affairs and Trade		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for the expenditure of moneys temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth.		
Balance carried forward from previous year	1,038,612	631,142
Add: adjustment to opening balance	701,818	(14,791)
Adjusted balance carried forward from previous year	1,740,430	616,351
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	434,558	457,662
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	0	0
Available for payments	2,174,988	1,074,013
Payments made to suppliers	(1,839,068)	(35,401)
Balance carried to next year	335,920	1,038,612
<i>Represented by:</i>		
Cash on call held in the OPA	335,920	1,038,612
Add: Receivables - Net GST receivable from ATO	0	0
Total	335,920	1,038,612

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Services for other Governments & Non-Agency Bodies		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for expenditure in connection with services performed on behalf of other Governments and bodies that are not FMA agencies.		
Balance carried forward from previous year	3,082,558	1,241,173
Less: adjustment to opening balance	(701,818)	14,791
<i>Adjusted balance carried forward from previous year</i>	<i>2,380,740</i>	<i>1,255,963</i>
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	2,322,328	2,425,450
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	11,193	(110,098)
Available for payments	4,714,261	3,571,316
Payments made to suppliers	(424,627)	(488,758)
Balance carried to next year	4,289,634	3,082,558
<i>Represented by:</i>		
Cash on call held in the OPA	4,289,548	3,082,246
Add: Receivables - Net GST receivable from ATO	88	312
Total	4,289,634	3,082,558

Notes to and forming part of the Financial Statements

	2005 \$	2004 \$
Note 29: Specific Payment Disclosures		
<i>Administered</i>		
No 'Act of Grace' expenses were incurred during the reporting period. (2004: No expenses incurred)	<u>Nil</u>	<u>Nil</u>
One waiver of amounts owing to the Commonwealth was made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2004: No waivers made)	<u>32,389</u>	<u>Nil</u>
Ninety two ex-gratia payments were provided for during the reporting period. (2004: No payments made)	<u>177,770</u>	<u>Nil</u>
Five payments were made under the 'Defective Administration Scheme' during the reporting period. (2004: 6 payments made)	<u>1,281</u>	<u>10,917</u>
<i>Departmental</i>		
No payments were made under section 73 of the <i>Public Service Act 1999</i> during the reporting period. (2004: No payments made)	<u>Nil</u>	<u>Nil</u>

Notes to and forming part of the Financial Statements

Note 30: Reporting of Outcomes

Note 30A: Net Cost of Outcome Delivery

The Department uses an Activity Based Costing System to determine the attribution of its shared items. This system was based on an Output Pricing Review conducted in 1999-2000. The basis of attribution in the table below is consistent with the basis used for the 2004-05 Budget.

Item	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Administered expenses	201,312	735,099	13,777	237	51,047	23,520	0	0	286,138	758,856
Departmental expenses	446,055	429,257	133,137	124,621	44,400	46,230	74,821	53,072	698,413	653,180
Total expenses	647,367	1,164,356	146,914	124,858	95,447	69,749	74,821	53,072	984,549	1,412,036
<i>Costs recovered from provision of goods and services to the non-government sector</i>										
Administered	470	469	174,889	148,881	7	383	0	0	175,166	149,733
Departmental	3,366	2,397	0	268	51	131	4,234	5,225	7,651	8,021
Total costs recovered	3,836	2,866	174,889	149,149	58	514	4,234	5,225	182,817	157,754
<i>Other external revenues</i>										
Administered										
Interest on loans	20,157	17,732	0	0	0	0	0	0	20,157	17,732
Dividends from Commonwealth companies	12,600	15,266	0	0	0	0	0	0	12,600	15,266
Other	21,142	27,238	2	0	2,251	382	0	0	23,395	27,620
Total Administered	53,899	60,236	2	0	2,251	382	0	0	56,152	60,618
Departmental										
Interest on cash deposits	0	0	0	0	0	0	0	0	0	0
Revenue from disposal of assets	3,713	3,419	0	382	57	187	21,163	1,271	24,932	5,260
Other	2,346	1,816	0	203	36	100	(131)	0	2,251	2,119
Goods and services revenue from related entities	39,474	29,266	0	3,271	601	1,605	43,597	46,586	83,672	80,728
Total Departmental	45,533	34,502	0	3,856	694	1,892	64,629	47,857	110,855	88,107
Total other external revenues	99,432	94,738	2	3,856	2,945	2,274	64,629	47,857	167,008	148,725
Net cost / (contribution) of outcome	544,099	1,066,752	(27,777)	(28,147)	92,444	66,961	5,958	(10)	614,724	1,105,556

Outcomes are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

Notes to and forming part of the Financial Statements

Note 30: Reporting of Outcomes

Note 30B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

Outcome 1	Output 1.1		Output 1.2		Output 1.3		Output 1.4		Outcome 1 Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental expenses										
Employees	137,331	127,472	46,920	43,551	35,059	32,542	1,637	1,520	220,947	205,084
Suppliers	119,882	119,036	40,956	40,669	30,604	30,388	1,429	1,419	192,874	191,512
Depreciation and amortisation	15,605	12,993	5,332	4,439	3,984	3,317	188	155	25,106	20,904
Other expenses	4,431	7,307	1,514	2,497	1,131	1,865	53	87	7,128	11,757
Total departmental expenses	277,249	266,808	94,724	91,156	70,778	68,112	3,305	3,181	448,055	429,257
Funded by:										
Revenues from government	312,831	316,871	106,880	108,261	79,861	80,893	3,729	3,777	503,302	509,802
Sales of goods and services	26,828	11,383	9,097	3,890	6,798	16,253	317	137	42,840	31,863
Other non-taxation revenues	3,766	1,882	1,287	643	981	2,888	45	23	6,059	5,236
Total departmental revenues	343,225	330,136	117,264	112,794	87,620	99,834	4,091	3,937	552,201	546,701
Outcome 2										
	Output 2.1		Outcome 2 Total							
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental expenses										
Employees	65,948	55,479					65,948	55,479	65,948	55,479
Suppliers	57,568	60,307					57,568	60,307	57,568	60,307
Depreciation and amortisation	7,493	5,655					7,493	5,655	7,493	5,655
Other expenses	2,127	3,180					2,127	3,180	2,127	3,180
Total departmental expenses	133,137	124,621					133,137	124,621	133,137	124,621
Funded by:										
Revenues from government	150,224	146,410					150,224	146,410	150,224	146,410
Sales of goods and services	0	3,539					0	3,539	0	3,539
Other non-taxation revenues	0	585					0	585	0	585
Total departmental revenues	150,224	150,534					150,224	150,534	150,224	150,534

Notes to and forming part of the Financial Statements

Note 30: Reporting of Outcomes (continued)

Note 30B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outlets (continued)

Outcome 3		Output 3.1		Outcome 3 Total	
		2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000
Departmental expenses					
Employees		21,993	26,148	21,993	26,148
Suppliers		19,199	15,918	19,199	15,918
Depreciation and amortisation		2,499	2,665	2,499	2,665
Other expenses		709	1,499	709	1,499
Total departmental expenses		44,400	46,230	44,400	46,230
Funded by:					
Revenues from government		50,098	56,499	50,098	56,499
Sales of goods and services		652	1,736	652	1,736
Other non-taxation revenues		92	287	92	287
Total departmental revenues		50,842	58,522	50,842	58,522
Outcome 4					
		Output 4.1		Output 4.2	
		2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000
Departmental expenses					
Employees		1,709	1,666	0	1,709
Suppliers		31,192	31,101	0	31,192
Depreciation and amortisation		17,738	18,891	0	17,738
Other expenses		24,182	1,414	0	24,182
Total departmental expenses		74,821	53,072	0	74,821
Funded by:					
Revenues from government		0	0	0	0
Sales of goods and services		47,831	51,811	0	47,831
Other non-taxation revenues		21,032	1,271	0	21,032
Total departmental revenues		68,863	53,082	0	68,863

Outcomes are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

Notes to and forming part of the Financial Statements

Note 30: Reporting of Outcomes

Note 30C: Major Classes of Administered Revenues and Expenses by Outcomes

Item	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Administered Revenues										
Sale of goods and services	470	469	174,689	148,881	7	383	0	0	175,166	149,733
Interest	20,157	17,732	0	0	0	0	0	0	20,157	17,732
Dividends	12,600	15,266	0	0	0	0	0	0	12,600	15,266
Other non-taxation revenues	21,142	27,238	2	0	2,251	382	0	0	23,395	27,620
Total Administered Revenues	54,369	60,705	174,691	148,881	2,258	765	0	0	231,318	210,351
Administered Expenses										
Grants and contributions	170,775	120,891	0	0	21,704	21,348	0	0	192,479	142,239
Suppliers	460	341	13,157	(104)	28,535	1,695	0	0	42,152	1,932
Net write-down and impairment of assets	0	572,561	208	3	0	0	0	0	208	572,564
Net foreign exchange losses	6,271	21,978	0	0	0	0	0	0	6,271	21,978
Interest	18,416	12,936	0	0	0	0	0	0	16,416	12,936
Other	7,390	6,392	412	338	808	477	0	0	8,610	7,207
Total Administered Expenses	201,312	735,099	13,777	237	51,047	23,520	0	0	266,136	758,856

Outcomes are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.



GLOSSARIES AND INDEXES

Glossary of terms

Glossary of acronyms and abbreviations

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GLOSSARY OF TERMS

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.
Administered items	Expenses, revenues, assets and liabilities managed by agencies on behalf of the Government. Agencies do not control administered items. In many cases, administered expenses fund the delivery of third party outputs.
Agency	Agencies are departments of state, departments of parliament and 'prescribed agencies' for the purposes of the <i>Financial Management and Accountability Act 1997</i> or the <i>Commonwealth Authorities and Companies Act 1997</i> .
Appropriation	An authorisation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.
APS employee	A person engaged under section 22, or a person who is engaged as an APS employee under section 72, of the <i>Public Service Act 1999</i> .
Australian Workplace Agreement (AWA)	An agreement between an employer and an employee about terms and conditions of employment, made under the <i>Workplace Relations Act 1996</i> .
Certified Agreement	A collective agreement between an employer and a group of employees, or between an employer and a union or unions representing employees, made under the <i>Workplace Relations Act 1996</i> .
Competitive tendering and contracting (CTC)	The process of contracting out the delivery of government activities previously performed by a Commonwealth agency to another organisation. The activity is submitted to competitive tender, and the preferred provider of the activity is selected from the range of bidders by evaluating offers against predetermined selection criteria.
Corporate governance	The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.
Effectiveness	The extent to which actual outcomes are achieved, in terms of planned outcomes, via relevant outputs or administered expenses. An intervention's <i>effectiveness</i> should be distinguished from <i>efficiency</i> , which concerns the adequacy of its administration.

Non-ongoing APS employee	An APS employee who is not an ongoing APS employee.
Ongoing APS employee	A person engaged as an ongoing APS employee as mentioned in paragraph 22(2)(a) of the <i>Public Service Act 1999</i> .
Outcomes	The results, impacts or consequences of actions by the Commonwealth on the Australian community. Planned outcomes are the results or impacts that the Government wishes to achieve. Actual outcomes are the results or impacts actually achieved.
Outputs	The goods and services produced by agencies on behalf of government for external organisations or individuals. Outputs include goods and services produced for other areas of government external to the agency.
Performance information	Evidence about performance that is collected and used systematically. Evidence may relate to appropriateness, effectiveness and efficiency. It may be about outcomes, factors that affect outcomes and what can be done to improve them. Performance information may be quantitative (numerical) or qualitative (descriptive). Its usefulness is enhanced by applying standards and other types of comparison (eg, with past performance, other lines of business, or level of need before the intervention) which allow judgments to be made about the extent to which interventions are achieving desired results.
Performance pay	Also known as performance-linked bonuses and usually taking the form of a one-off payment in recognition of performance.
Purchaser–provider arrangements	Arrangements under which the outputs of one agency are purchased by another agency to contribute to outcomes.
Service charters	It is Government policy that departments which provide services directly to the public have service charters in place. A service charter is a public statement about the service that a department will provide and what customers can expect from the department.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

ABAC	APEC Business Advisory Council
ABCAP	ABC Asia Pacific (television service)
ABS	Australian Bureau of Statistics
ACC	Australia–China Council
ACIAR	Australian Centre for International Agricultural Research
ADF	Australian Defence Force
AFC	Australian Film Commission
AFP	Australian Federal Police
AIC	Australia–India Council
AICC	Australia International Cultural Council
AII	Australia–Indonesia Institute
AIMF	Australia–Indonesia Ministerial Forum
AIPRD	Australia–Indonesia Partnership for Reconstruction and Development
AJF	Australia–Japan Foundation
AKF	Australia–Korea Foundation
ALABC	Australia–Latin America Business Council
AMI	Australia–Malaysia Institute
ANAO	Australian National Audit Office
APEC	Asia–Pacific Economic Cooperation (forum)
APIS	Australian Passport Information Service
APS	Australian Public Service
AQIS	Australian Quarantine and Inspection Service
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ASNO	Australian Safeguards and Non-Proliferation Office
ATI	Australia–Thailand Institute
AusAID	Australian Agency for International Development
AUSFTA	Australia–United States Free Trade Agreement
AUSMIN	Australia–United States Ministerial Consultations
Austrade	Australian Trade Commission
AWA	Australian Workplace Agreement

BWC	Biological Weapons Convention
CAAR	Council for Australian–Arab Relations
CAP	Common Agricultural Policy (European Union)
CAS	Cultural Awards Scheme
CDS	Commonwealth Disability Strategy
CER	Closer Economic Relations
CHR	UN Commission on Human Rights
CMIS	Consular Management Information System
COALAR	Council on Australia Latin America Relations
CTBT	Comprehensive Nuclear Test Ban Treaty
CWC	Chemical Weapons Convention
DAP	Direct Aid Program
DFAT	Department of Foreign Affairs and Trade
DIMIA	Department of Immigration and Multicultural and Indigenous Affairs
DPRK	Democratic People’s Republic of Korea (also known as North Korea)
ECP	Enhanced Cooperation Program
EEZ	Exclusive Economic Zone
EFIC	Export Finance and Insurance Corporation
EMS	Environmental Management System
ERT	Emergency Response Team
ESD	Ecologically Sustainable Development
EU	European Union
FATF	Financial Action Task Force
FMIS	Financial Management Information System
FOI	freedom of information
FTA	free trade agreement
HRMIS	Human Resources Management Information System
IAEA	International Atomic Energy Agency
ICT	information and communications technology
IDETF	Inter-Departmental Emergency Task Force
IMV	International Media Visits
IOR-ARC	Indian Ocean Rim Association for Regional Cooperation
IOTWS	Indian Ocean Tsunami Warning System
IWC	International Whaling Commission

JCLEC	Jakarta Centre for Law Enforcement Cooperation
JCPAA	(Parliamentary) Joint Committee on Public Accounts and Audit
JMC	Joint Ministerial Commission
JSCFADT	(Parliamentary) Joint Standing Committee on Foreign Affairs, Defence and Trade
JSCOT	(Parliamentary) Joint Standing Committee on Treaties
LES	locally engaged staff
LNG	liquefied natural gas
MANPADS	Man-Portable Air Defence Systems
MFN	Most-Favoured Nation
MOU	memorandum of understanding
NAIDOC	National Aborigines and Islanders Day Observance Committee
NATO	North Atlantic Treaty Organisation
NGO	non-government organisation
NIA	National Interest Account
NPT	Nuclear Non-Proliferation Treaty
NSG	Nuclear Suppliers Group
NTAC	National Threat Assessment Centre
ODIN	Official Diplomatic Information Network
OECD	Organisation for Economic Co-operation and Development
OH&S	occupational health and safety
OPO	Overseas Property Office
PBS	Portfolio Budget Statements
PIF	Pacific Islands Forum
PNG	Papua New Guinea
PSI	Proliferation Security Initiative
RAMSI	Regional Assistance Mission to Solomon Islands
ROK	Republic of Korea (also known as South Korea)
ROOS	rules of origin
SAFTA	Singapore–Australia Free Trade Agreement
SATIN	Secure Australian Telecommunications and Information Network
SES	Senior Executive Service
SLA	Service Level Agreement
STARS	Statistical Trade Analysis and Retrieval System
STOG	Senior Trade Officials' Group

SVP	Special Visits Program
TAFTA	Thailand–Australia Free Trade Agreement
TEF	Trade and Economic Framework
TPAC	Trade Policy Advisory Council
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNOTIL	United Nations Office in Timor-Leste
US	United States of America
WDP	Workplace Diversity Program
WEF	World Economic Forum
WMD	Weapons of Mass Destruction
WTO	World Trade Organization

COMPLIANCE INDEX

This index is prepared from the checklist of annual report requirements contained in attachment F to the *Requirements for Annual Reports* approved by the Joint Committee of Public Accounts and Audit on 29 June 2005.

Description	Page	Requirement
Letter of transmittal	iii	mandatory
Table of contents	v	mandatory
Index	425	mandatory
Glossary	416	mandatory
Contact officer	ii	mandatory
Internet home page address and Internet address for report	ii	mandatory
Review by the Secretary		
Secretary's review	3	mandatory
Summary of significant issues and developments	3	suggested
Overview of department's performance and financial results	247	suggested
Outlook for the following year	10	suggested
Departmental overview		
Overview description of the department	12	mandatory
Role and functions	12	mandatory
Organisational structure	12	mandatory
Outcome and output structure	18	mandatory
Where outcome and output structures differ from the PBS format, details of variation and reasons for change		n.a.
Portfolio structure	16	mandatory
Report on performance		
Review of performance during the year in relation to outputs and contribution to outcomes	23–224	mandatory
Actual performance in relation to performance targets set out in the PBS and PAES	23–224	mandatory
Performance of purchaser–provider arrangements	298	mandatory
Where performance targets differ from the PBS/PAES, details of both the former and new targets, and reasons for the change		n.a.
Discussion and analysis of performance	23–224	mandatory
Trend information	23–224	suggested
Factors, events or trends influencing departmental performance	23–224	suggested
Significant changes in the nature of principal functions or services	n.a.	suggested

Description	Page	Requirement
Performance against service charter customer service standards, complaints data, and the department's response to complaints	159, 162, 167, 200–1, 238–9, 270–1	mandatory
Social justice and equity impacts	242, 268–73	suggested
Discussion and analysis of the department's financial performance	247	mandatory
Discussion of any significant changes from the prior year or from the budget	248	suggested
Summary resource tables by outcomes	27, 145, 175, 215	mandatory
Developments since the end of the financial year that have affected or may significantly affect the department's operations or financial results in future	248	mandatory
Management accountability		
<i>Corporate governance</i>		
Statement of the main corporate governance practices in place	229	mandatory
Names of the senior executive and their responsibilities	229	suggested
Senior management committees and their roles	230	suggested
Corporate and operational planning and associated performance reporting and review	232	suggested
Approach adopted to identifying areas of significant financial or operational risk and arrangements in place to manage risks	234	suggested
Certification of compliance with the Commonwealth Fraud Control Guidelines	235	mandatory
Policy and practices on the establishment and maintenance of appropriate ethical standards	234	suggested
How the nature and amount of remuneration for senior executive service officers is determined	247	suggested
<i>External scrutiny</i>		
Significant developments in external scrutiny	236	mandatory
Judicial decisions and decisions of administrative tribunals	238	mandatory
Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	236–8	mandatory
<i>Management of human resources</i>		
Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	239	mandatory
Workforce planning, staff turnover and retention	239	suggested
Impact and features of certified agreements and AWAs	245	suggested
Training and development undertaken and its impact	243	suggested
Occupational health and safety performance	246, 265–7	suggested

Description	Page	Requirement
Productivity gains	239	suggested
Statistics on staffing	257–60	mandatory
Certified agreements and AWAs	245, 261	mandatory
Performance pay	262–3	mandatory
Assets management		
Assessment of effectiveness of assets management	249	mandatory
Purchasing		
Assessment of purchasing against core policies and principles	251	mandatory
Consultants		
Number of new consultancy services contracts let, total expenditure on all new consultancy services contracts, number of ongoing consultancy services contracts active in the reporting year, and the total expenditure on ongoing consultancy services contracts in the reporting year. Additional proforma information to be available on new consultancy services contracts let to the value of \$10,000 or more	251	mandatory
Competitive tendering and contracting		
Competitive tendering and contracting contracts let and outcomes	249	mandatory
Absence of contractual provisions allowing access by the Auditor-General	250	mandatory
Exempt contracts		
Contracts exempt from the purchasing and disposal gazette	251	mandatory
Commonwealth disability strategy		
Report on performance in implementing the Commonwealth disability strategy	268	mandatory
Financial statements		
Financial statements	319	mandatory
Other information		
Occupational health and safety (section 74 of the <i>Occupational Health and Safety (Commonwealth Employment) Act 1991</i>)	265	mandatory
Freedom of information (subsection 8(1) of the <i>Freedom of Information Act 1982</i>)	274	mandatory
Advertising and market research (section 311A of the <i>Commonwealth Electoral Act 1918</i>)	300	mandatory
Ecologically sustainable development and environmental performance (section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	292	mandatory
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Correction of material errors in the previous annual report		n.a.

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