



Australian Government

Department of Foreign Affairs and Trade

ANNUAL REPORT 2013–2014

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Commerce การค้า ကုန်သွယ်ရေး تجارت La diplomatie Diplomasia Ticaret Asistencia گری

ABOUT US

The role of the Department of Foreign Affairs and Trade is to advance the interests of Australia and Australians internationally.

This involves working to strengthen Australia's security; enhancing Australia's prosperity; delivering an effective and high quality aid program; and helping Australian travellers and Australians overseas.

The department is the lead agency managing Australia's international presence. We manage a network of 95 overseas posts over five continents. We have more than 3950 staff located in Canberra, state and territory offices and overseas posts. An additional 2451 are employed overseas as locally engaged staff.

The department is focused on achieving outcomes in three areas:

- advancing Australia's international strategic, security and economic interest including through bilateral, regional and multilateral engagement on foreign, trade and international development policy priorities;
- protecting and ensuring the welfare of Australians abroad through timely and responsive travel advice and consular and passport services in Australia and overseas; and
- securing Australia's presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas owned estate.

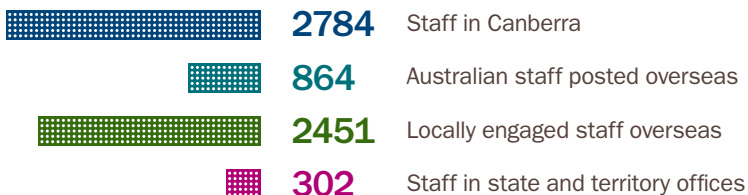
We work with other government agencies to ensure that Australia's pursuit of its global, regional and bilateral interests is coordinated effectively.

Our business is conducted in over 29 foreign languages.

Our greatest assets are our highly-skilled and dedicated people and our overseas network.

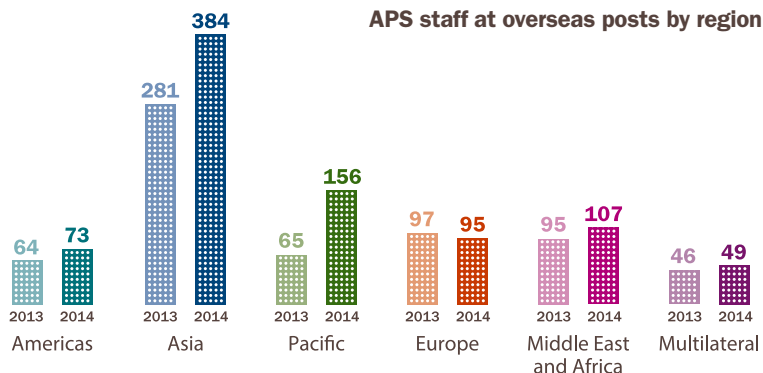
WHAT WE DO

- provide foreign, trade and development policy advice to the Government
- develop and implement foreign, trade and development policy
- represent and advocate Australia's interests to foreign governments and in international and regional organisations
- negotiate international agreements
- deliver an effective aid program
- build public understanding, both in Australia and internationally, of Australian Government policies and priorities through advocacy and outreach activities
- facilitate safe and secure travel for Australians overseas through timely and responsive travel advice, consular services and a secure passport system
- provide and maintain the Government's global classified communications system, delivering ICT services to over 45 agencies in Australia
- deliver management and administration services to government departments and agencies with an overseas presence.



Supported more than
127 overseas visits,
including by ministers,
current and former
PMs and MPs

Cabled **142,945**
formal messages across
our diplomatic network



Issued over
1.8 million
passports – 98.6% of
these were issued within
10 working days

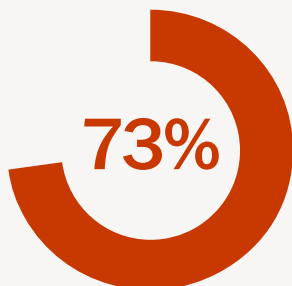
Assisted **14,558** Australians in difficulty overseas

1330	Hospitalisations	4794	Whereabouts enquiries
27	Medical evacuations	1185	Arrests
1215	Deaths overseas	339	Prisoners
47	Australians assisted to return home	5621	General welfare and guidance



Overseas network of **95 posts** in **77 countries**
with staff conducting business in
29 languages

The countries covered
by our 9 concluded FTAs
and current 7 FTA
negotiations represent
73% of Australia's
total trade – around
\$473.7 billion



Reshaping Australia's

\$5 billion

aid program



1300

students benefitting from
New Colombo Plan mobility
programs; 40 scholarships
awarded

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The report should be attributed as the Department of Foreign Affairs and Trade Annual Report 2013–14.

Use of the Coat of Arms

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

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Australian Government
Department of Foreign Affairs and Trade

Secretary

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19 September 2014

The Hon. Ms Julie Bishop MP
Minister for Foreign Affairs

The Hon. Mr Andrew Robb AO MP
Minister for Trade and Investment

Dear Ministers

It is my pleasure to present to you the Annual Report of the Department of Foreign Affairs and Trade for the financial year 2013–14.

Subsection 63 (1) of the *Public Service Act 1999* provides that, after the end of the financial year, the Secretary must give a report to ministers on the department's activities for presentation to the Parliament. The report has been prepared in accordance with the *Requirements for Annual Reports* as approved by the Joint Committee of Public Accounts and Audit on 29 May 2014.

I certify that I am satisfied that for 2013–14, the department:

- had in place fraud risk assessments and a fraud control plan;
- had in place fraud prevention, detection, investigation, reporting and data collection procedures and processes;
- took all reasonable measures to minimise the incidence of fraud and to investigate and recover the proceeds of fraud; and
- complied with the *Commonwealth Fraud Control Guidelines*.

In presenting the Annual Report, I thank my colleagues in the department for their dedication in advancing the interests of Australia and Australians internationally and the professionalism with which they have achieved a newly integrated departmental structure over the past year.

Yours sincerely

Peter N Varghese AO

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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 and Investment on the performance of the Department of Foreign Affairs and Trade during the financial year 2013–14.

The report is prepared in accordance with the Department of the Prime Minister and Cabinet's *Requirements for Annual Reports*, as approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit on 29 May 2014. It **follows the program structure** outlined in the *Portfolio Budget Statements 2013–14, Additional Estimates Statements 2013–14* and *Supplementary Additional Estimates Statements 2013–14* for the foreign affairs and trade portfolio.

The report includes a review of the department's performance in 2013–14 in relation to the deliverables and key performance indicators (KPIs) of its programs and its effectiveness in achieving planned outcomes.

Following machinery of government changes in late 2013, the department assumed responsibility for Australia's overseas aid program, international climate change negotiations and some international tourism functions. The Australian Agency for International Development (AusAID) was integrated into the department from 1 November 2013. A **guide to the program structure**, outlining where the additional programs fit within the department's performance reporting framework, and a **geographic and functional guide** to the report follow.

Full-year reporting has been provided for all programs. Where performance information has changed during the course of the reporting year, this report addresses both the former and revised performance information. A **tabular presentation of performance** against deliverables and KPIs has this year been introduced at the beginning of each program; this will enhance the department's ability to report performance trend data in future years.

An **aid overview and outlook** has been introduced. Unless otherwise indicated, reporting on official development assistance

(ODA) is based on the **department's ODA expenditure**; whole-of-government ODA figures (estimates) are included at Appendix 4 and will be addressed in subsequent publications, including the **Performance of Australian Aid** and Australia's International Development Assistance Statistical Summary.

Information and **statistics** cover the financial year 2013–14 or relate to the situation as at 30 June 2014, unless otherwise indicated. Trade, investment and country statistics do not form part of the department's performance reporting but are included as background information; they relate to calendar year 2013. All dollars are Australian unless otherwise specified.

For the purposes of the **financial statements**, the finances of the department and former AusAID have been consolidated from 1 July 2013. Certain **additional disclosures** required by the Department of Finance separating the department and former AusAID prior to integration are also included. A **report on financial performance** has been introduced into the performance reporting.

Section 1 contains the Secretary's review and the departmental overview, including the organisational structure and portfolio outcome structure.

Section 2 reports on the department's performance and addresses deliverables and KPIs. It includes the aid program overview and outlook and the report on financial performance.

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

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

Section 5 contains the audited financial statements for 2013–14.

Section 6 contains reference material, including the list of requirements and index.

Figure 1: Guide to the integrated program structure



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Korea–Australia Free Trade Agreement chief negotiator, Jan Adams PSM, initials the agreement with Korean Assistant Minister of Trade, Industry and Energy, Canberra, 10 February 2014. [DFAT/Andrew Taylor]



Permanent Representative to the United Nations and then President of the Security Council, Gary Quinlan (centre), and the Rwandan Permanent Representative (left) with the Syrian Arab Republic Permanent Representative before the UNSC vote on safeguarding and destroying Syria's chemical weapons stockpiles, New York, 17 September 2013. [UN Photo/Paulo Filgueiras]

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 Commerce การค้า ကုန်သွယ်ရေး تجارت

SECTION ONE

OVERVIEWS

သံတမန်ရေးရာ *Handel* **Diplomazia** 통상 ทางการเมืองทูต *Ngoại giao* **Comércio** *Дипломатия*
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Secretary's review



Secretary, Peter Varghese AO

The 2013–2014 year was one of achievement and change for the Department of Foreign Affairs and Trade.

In a time of global and regional transition, we delivered important outcomes that advanced Australia's national, economic and development interests. We implemented the Government's new priorities and undertook transformative internal change.

In line with the Government's agenda to promote prosperity for Australia and our partners, we placed economic diplomacy at the core of our international engagement. This included a heightened focus on investment and the most intensive period of free trade agreement negotiations in the department's history.

We rolled out the pilot phase of the Government's New Colombo Plan to strengthen Australian linkages in the Indo-Pacific, and we took on responsibility for international climate change negotiations and some additional international tourism responsibilities.

... as the Indo-Pacific's economic and strategic weight increases, regional cooperation and a commitment to open economies will be crucial to expanding prosperity and narrowing strategic risk ...

From 1 November 2013, we assumed responsibility for Australia's overseas aid policy and programs and successfully integrated the Australian Agency for International Development (AusAID) into the department. This was a substantial and complex undertaking and will take time to bed down.

We helped develop and implement the Government's new aid policy and performance framework, aligning the aid program with our foreign, trade and economic priorities, and contributing to sustainable economic growth to reduce poverty, lift living standards and enhance stability in our region.

The strategic and policy challenge

The department's outcomes and performance are influenced more directly by international events than perhaps any other Australian Government department. Global uncertainty—driven by economic shifts and strategic jostling—continued to define our work environment.

In a period of significant change in international affairs, Australia's interests are served by the preservation of the broad, long-term stability of our region that has enabled an unprecedented growth in prosperity.

Our own society and economy are becoming increasingly globalised. Our economic success is heavily dependent on our international competitiveness and increasing trade and investment opportunities.

The rapidity and scale of technological and social change in the Indo–Pacific—the arc of countries stretching from India, through East and South Asia, to the United States—present unprecedented opportunities for Australia. Nine of our top ten trading partners are in this region.

... our economic success is heavily dependent on our international competitiveness and increasing trade and investment opportunities ...

But the changing environment also poses challenges and risk. Shifts in economic power to countries like China, India, and Indonesia bring with them strategic challenges. While the countries of the Indo–Pacific are more economically interdependent than ever, the region, with its legacies of strategic rivalry and historic animosity, retains a capacity for strategic surprise.

Poverty, too, remains a significant challenge in the Indo–Pacific, even in countries that have made great strides. Lingering international economic fragility and shifting strategic priorities add uncertainty to the strategic outlook.

As the Indo–Pacific's economic and strategic weight increases, regional cooperation and a commitment to open economies will be crucial to expanding prosperity and narrowing strategic risk.

Operating at the front line of Australia's international engagement, the department's role is to define these diverse challenges and shape the international environment to advance Australia's foreign policy, economic, and development interests.

The department's overseas network and highly-skilled staff are critical to developing and maintaining the knowledge, relationships and international influence needed to advance Australia's national and economic interests. And we work closely with other Australian agencies in order that a connected, whole-of-government perspective is applied to the task.

Our performance: significant issues and developments

Over 2013–14, we saw good returns on our investments in the bilateral relationships that most impact Australia's strategic environment and economic prospects.

The Australia – United States Ministerial (AUSMIN) consultations, held in Washington in November 2013, strengthened our alliance with the **United States**. Ministers advanced joint force posture initiatives for the Indo–Pacific and reaffirmed their intent to conclude a high-standard Trans-Pacific Partnership agreement to expand trade and investment and create jobs. We collaborated on development assistance to promote global growth and reduce poverty through private sector development and innovation initiatives.

Cementing our enhanced bilateral architecture with **China**, Foreign Minister Bishop engaged her counterpart for the first time under the new Foreign and Strategic Dialogue structure and Minister for Trade and Investment Robb joined the Treasurer for the inaugural Strategic Economic Dialogue. We opened a consulate-general in Chengdu to support stronger economic and strategic engagement with China's fast-growing central regions.

We significantly deepened our strategic and economic relationship with **Japan**. In April 2014, the Prime Minister announced the substantial conclusion of negotiations on the Japan–Australia Economic Partnership Agreement, which will deliver Australians significant trade and investment benefits. The leaders announced their intention to elevate the strategic partnership and agreed to improve cooperation in the Pacific, including on development and disaster-relief activities.

Despite difficulties in the relationship, we sustained high-level engagement with **Indonesia**, supporting a number of visits by the Prime Minister and portfolio ministers. Continuing links between institutions and people from both countries remained important bedrocks in the relationship.

We worked to broaden the Strategic Partnership with **India**, including at the Foreign Ministers' Framework Dialogue in Perth in October 2013. We made good progress towards a bilateral civil nuclear cooperation agreement.

In December 2013, we concluded negotiations on the Korea–Australia Free Trade Agreement. The agreement substantially liberalises trade with the **Republic of Korea**, improving market access in goods and services and securing investment protections. High-level aid talks delivered efficiencies for our aid programs.

Our interests in the Pacific are similarly best served through a secure and prosperous region, and we calibrated our bilateral and regional engagement accordingly. We worked closely with **New Zealand** to promote the Pacific's shared vision of security, stability and prosperity.

In **Papua New Guinea**, we refocused the wide-ranging bilateral relationship away from an aid-donor and aid-recipient paradigm towards an economic and strategic partnership. In March 2014, the Prime Minister signed the Economic Cooperation Treaty which will underpin stronger trade and investment ties.

Reflecting the good progress made by the Regional Assistance Mission to the **Solomon Islands** (RAMSI), in July 2013 the department managed RAMSI's transition to a policing mission. Our focus now shifts from post-conflict assistance to the promotion of development and growth.

The department enhanced engagement with **Fiji**, reflecting the Foreign Minister's commitment to reset the relationship. We supported the country to transition to democracy and, in March 2014, managed the lifting of travel restrictions.

Beyond the Indo–Pacific, the department was active in strengthening our important relationships in **Europe** and with **Canada** and in expanding our links in **Africa** and **Latin America**.

Regional and multilateral diplomacy

We employed targeted regional and multilateral diplomacy to advance Australian interests and values and to build regional stability and prosperity.

We worked with **ASEAN** member states to pursue a stable strategic environment in Southeast Asia. We seek in the **East Asia Summit** (EAS) an institution that can help manage shifting strategic relationships in the region and complement APEC's advancement of regional economic integration. Our efforts to enhance the EAS's political and security agenda delivered results, with leaders this year discussing regional maritime security as well as instability on the Korean Peninsula.

We used Australia's non-permanent seat on the **United Nations Security Council** to drive outcomes that enhanced international security and Australia's development assistance environment. We established a basis for UN support to Afghanistan beyond 2015 and secured the first-ever resolution on small arms and light weapons. Australian advocacy delivered a critical resolution on humanitarian access in Syria.

We promoted democratic values, human rights and international criminal justice, including through our aid program. Our Ambassador for Women and Girls engaged actively on women's economic empowerment and **gender equality**.

Economic diplomacy, trade and investment

We implemented the Government's economic diplomacy agenda to grow the prosperity of Australians and our partners and, in turn, enhance security and stability in the region.

We prioritised negotiations on bilateral and regional **free trade agreements** (FTAs) with our major trading partners. In addition to the trade agreements with Korea and Japan, we made significant progress in negotiations with China. We advanced FTA discussions on the Trans-Pacific Partnership, Regional Comprehensive Economic Partnership, and PACER Plus in the Pacific.

The department delivered important outcomes at the **WTO** 9th Ministerial Conference. When implemented, the 'Bali Package', including the Agreement on Trade Facilitation, will bring key benefits for Australian exporters.

Working closely with the departments of Prime Minister and Cabinet and Treasury, the department used Australia's presidency of the **G20** in 2014 to shape the international economic agenda. And our posts worked with Austrade to promote inward **investment** and secure investment access for Australian companies abroad.

Strengthening Australia's links to the region

We implemented the pilot phase of the Government's **New Colombo Plan** (NCP) to lift knowledge of the Indo-Pacific in Australia and strengthen Australia's linkages to the region. We supported NCP 'mobility programs' for 1300 Australian undergraduate students and awarded 40 prestigious NCP scholarships.

Australian aid: promoting prosperity, reducing poverty, enhancing stability

The department supported the Foreign Minister's reshaping of the aid program to reflect the Government's policy priorities, aligning our aid investments to promote prosperity, reduce poverty, lift living standards and enhance stability, particularly in the Indo-Pacific region.

The development of the Government's **new aid policy** and performance framework, released by Ms Bishop on 18 June 2014, was a key achievement.

The department's **aid for trade** investments helped developing Indo-Pacific countries overcome constraints to trade to drive poverty reduction and sustainable economic growth.

The department responded to **humanitarian emergencies** in 24 countries, including through the deployment of disaster response teams to the Philippines following Typhoon Haiyan to manage Australia's whole-of-government response and to assist local relief and recovery activities.

Delivering services to Australians

In 2013–14, Australians made more than nine million overseas trips. This generated greater demand for our passports and consular services.

The department issued 1.8 million Australian travel documents in Australia and overseas. We introduced the next generation of **passports**—the P-series; its additional security features enhancing the integrity and reputation of Australian passports.

The department's **consular services** were consistently in demand. We provided consular assistance and services to 14 558 Australians who experienced difficulties while overseas, an increase of 22 per cent over the previous year. Our Consular Emergency Centre, which provides consular clients with 24 hour service 7 days a week, received more than 53 000 calls over the period.

We began development of a three-year strategy to ensure the continued delivery of efficient and cost-effective consular services to Australians most in need of assistance overseas, while promoting higher levels of self-reliance among the Australian travelling public.

Corporate governance and management

The successful integration of Australia's aid program was a substantial achievement. Aid policy and program delivery sit now within the department's geographic, multilateral, and trade divisions, strengthening our ability to deliver across the Government's aid, trade and foreign policy agenda in an integrated way.

Few areas of the department remained untouched by integration, and it was a challenging period for many staff. We maintained a staff consultation and feedback process and sought to address staff concerns as they arose.

In a challenging budgetary environment, we took difficult decisions on resources and staffing. Following an assessment of the efficiencies of integration, the Government decided on a reduction of approximately 500 staff by the end of 2014–15. I am confident the department will achieve the reduction through a careful process of voluntary redundancies and natural attrition.

In line with the 2013 Capability Review, we progressed important work on an action plan to strengthen the core organisational capabilities of the integrated department. We began work on a strategic framework to better articulate the department's vision, strategic objectives and organisational priorities over the period 2015–2019.

We developed an integrated information and communications technology (ICT) platform and continued work on our ICT modernisation agenda. We responded to challenges in the delivery of our Passport Redevelopment Program by developing a more effective delivery model.

The department oversaw a substantial construction, fit out and refurbishment program of the overseas estate, including the construction of a new chancery and head of mission residence in Bangkok and the ongoing construction of a new embassy complex in Jakarta.

Strong planning and leadership and a conservative approach to spending across the department delivered a sound financial performance.

Outlook

The global dynamic of transition shows no signs of slowing—particularly in our own Indo-Pacific region. The significance of the region to Australia will only grow, as India looks set to join the United States, China and Japan among the top four global economies.

We will increasingly have to grapple with a more crowded geopolitical stage, and in the years ahead we will continue to have to respond to multiple points of geopolitical stress around the region and world.

There are many positives in our regional outlook. Both the United States and China understand their degree of interconnectedness, and countries across the Indo-Pacific understand the benefits of continued prosperity and closer engagement. Southeast Asian countries like Indonesia, Singapore and Vietnam offer positive prospects, including through the development of an ASEAN economic community. We can expect continued strong growth in our region, which is increasingly attracting global investment and becoming a focus of global trade.

... poverty, too, remains a significant challenge in the Indo-Pacific, even in countries that have made great strides ...

And while the development landscape has changed since the Millennium Development Goals were agreed, the international aid community is committed to developing a robust post-2015 development agenda to continue to make inroads into global poverty.

The department is well positioned to meet the challenges ahead.

In the coming year, we will lead the Government's economic diplomacy agenda, undertaking activities that support trade, investment, growth and business.

Implementation of our FTAs with Japan and Korea will be a key focus. We will accelerate the tempo of FTA negotiations with China and progress a comprehensive Trans-Pacific Partnership, the Regional Comprehensive Economic Partnership initiative, and PACER Plus negotiations. We have strengthened the department's trade capabilities and, I believe, are well placed to lead this agenda. Pursuing the Government's investment objectives will be a priority.

As Australia's G20 host year continues, we will promote the role and responsiveness of the G20 and work to shape the global economic agenda. The participation of key bilateral partners in G20 meetings in Australia in 2014, culminating in the Leaders Summit in November, will offer opportunities to progress our bilateral relationships.

... Australia's interests are served by the preservation of the broad, long-term stability of our region that has enabled an unprecedented growth in prosperity ...

We will use our remaining UN Security Council tenure to deliver outcomes that are in Australia's interests and promote international security and, through that, prosperity.

There has been a spontaneous welcoming by the region of the New Colombo Plan beyond its pilot destinations; from 2015, the department will lead the expansion of the program more widely across the Indo-Pacific region.

The department will implement the Government's new aid policy, developing aid investment plans for all country and regional aid programs. The implementation of a

rigorous system of performance benchmarks and mutual obligations tailored to each aid recipient country's circumstances will be a key focus for the department.

Innovation, too, will be a focus and the department has moved to establish a new development innovation hub. We will build strong relationships with the private sector, NGOs, philanthropic organisations and academics to achieve high-quality outcomes, and will work with other donors to coordinate and streamline our aid projects.

We will consolidate and enhance the capabilities of the integrated department, finalising and implementing the Capability Action Plan and 2015–2019 Strategic Framework.

It has been a challenging year for the department. Our achievements owe everything to the hard work and professionalism of the department's dedicated staff in Australia and overseas.



Peter Varghese AO
Secretary

Departmental overview

Machinery of government changes 2013–2014

Following the federal election on 7 September 2013 and the issuing of Administrative Arrangements Orders (AAO) on 18 September 2013, and subsequent amendment to the AAO on 3 October 2013, the Australian Agency for International Development (AusAID) was abolished and responsibility for **international development** was transferred to the Department of Foreign Affairs and Trade (DFAT) from 1 November 2013.

As a result of the 18 September 2013 AAO, the Foreign Affairs and Trade portfolio assumed responsibility for **international climate change negotiations**. The departmental functions and resources were transferred from the former

Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education to DFAT on 5 December 2013.

As a result of the AAO and subsequent 3 October amendment, responsibility for tourism was transferred from the former Resources, Energy and Tourism portfolio to the Foreign Affairs and Trade portfolio. The Tourism Division of the former Department of Resources, Energy and Tourism was transferred to the Australian Trade Commission (Austrade). In the first quarter of 2014, DFAT assumed some additional responsibilities relating to **international tourism policy** and engagement.

Integration

Following machinery of government changes and the integration of AusAID into the department, from 1 November 2013 all former AusAID staff—1724 Australian Public Service employees and 651 locally engaged staff—became departmental employees.

The Secretary led a process which achieved a final integrated structure on 1 July 2014. The department has a unified corporate structure (see *Organisational structure*, p. 21), a single budget from 2014–15, and integrated human resources, property services, and financial policies and systems.

Aid policy and program management responsibilities rest with geographic, multilateral and economic diplomacy and trade divisions. Aid management capabilities and development expertise have been retained in a central divisional group which is responsible for the integrity and quality of the aid management system, providing policy and technical advice across the department, and for humanitarian policies, programs and response capabilities.

Australian missions that manage aid programs and development partnerships are integrated. Heads of mission now have a direct leadership role and authority for the delivery of the aid program and for managing the development relationships with the countries and institutions to which they are accredited.

Progress is being made towards a common ICT platform.

Integration will be a work in progress for some time, with the executive particularly focused on building a unified organisational culture in which all staff have a shared commitment to advancing Australia's foreign policy, trade and development interests with a high degree of professionalism, integrity and innovation.

Organisational structure

The Secretary and five Deputy Secretaries constitute the department's executive. Immediately following the abolition of the former AusAID and integration of the aid program into DFAT on 1 November 2013, the department had—for a period of time—seven deputy secretaries before the executive structure was finalised at five deputy secretary positions. With the support of the department's senior executive service, the executive manages and provides leadership on foreign, trade and investment, and development policy and programs, as well as on consular and corporate issues, in Canberra and overseas. The executive promotes policy cohesion across Australia's diverse international policy interests, oversees the governance of the organisation, and shapes the values and culture of the department.

The department's integrated organisational structure is outlined in Figure 2.

The department also manages an overseas network of 95 embassies, high commissions, consulates-general and multilateral missions (see *Appendix 14*, pp. 285–7). Each overseas post is attached to a parent division in Canberra. The department maintains offices in all Australian state and territory capital cities. These offices provide consular and passport services to the Australian community and liaison services to state and territory governments and Australian business. We also maintain a Passport Office in Newcastle and a Liaison Office on Thursday Island in the Torres Strait.

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 (see *Appendix 14*, pp. 288–90).



Secretary and Deputy Secretaries of the Department of Foreign Affairs and Trade (as at 30 June 2014). Left to right: (seated) Deputy Secretary Chris Moraitis PSM, Secretary Peter Varghese AO, Deputy Secretary Jan Adams PSM; (standing) Deputy Secretaries Paul Grigson, Gillian Bird PSM and Ewen McDonald.

Figure 2: Organisational structure (as at 30 June 2014)

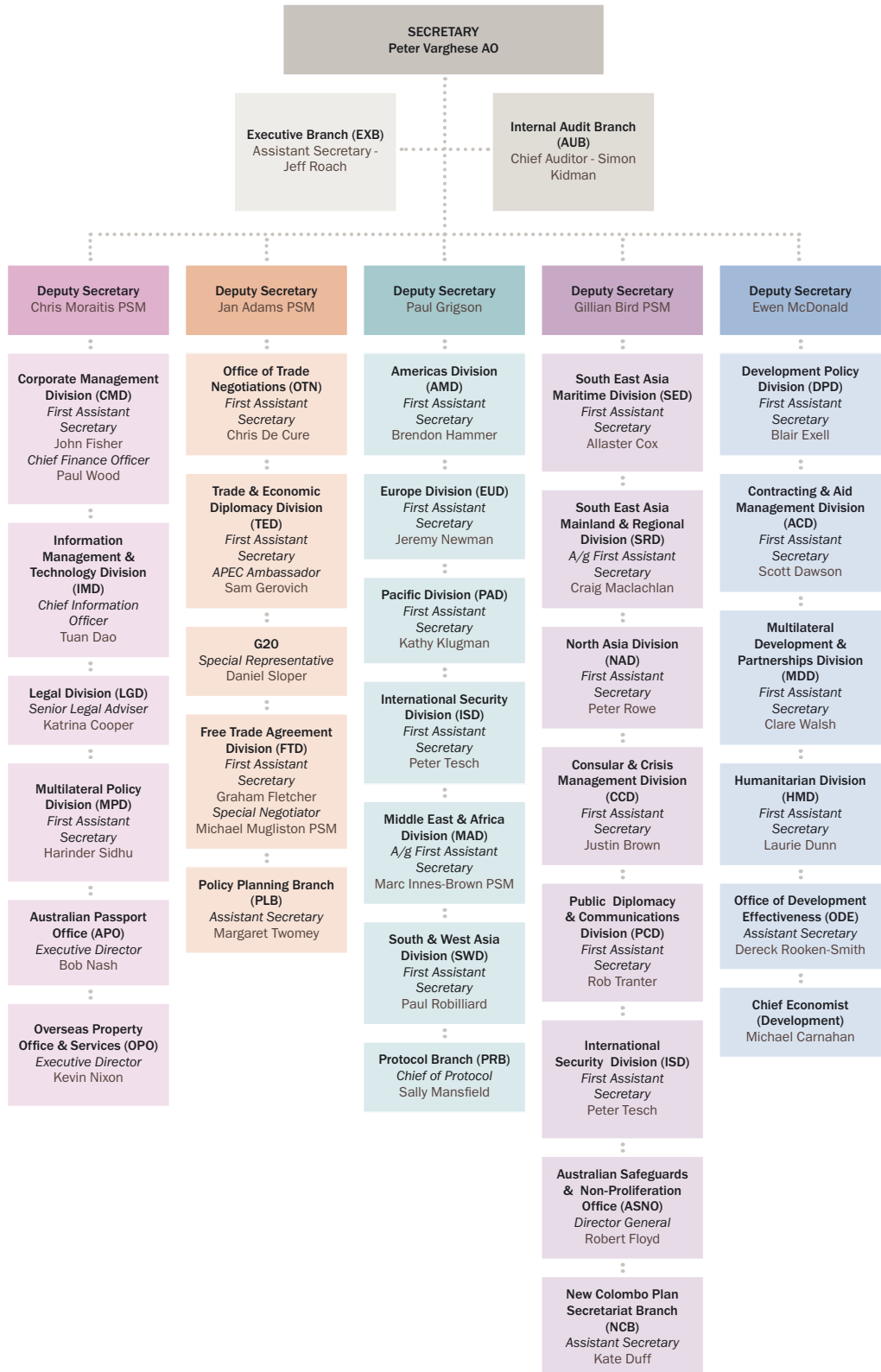
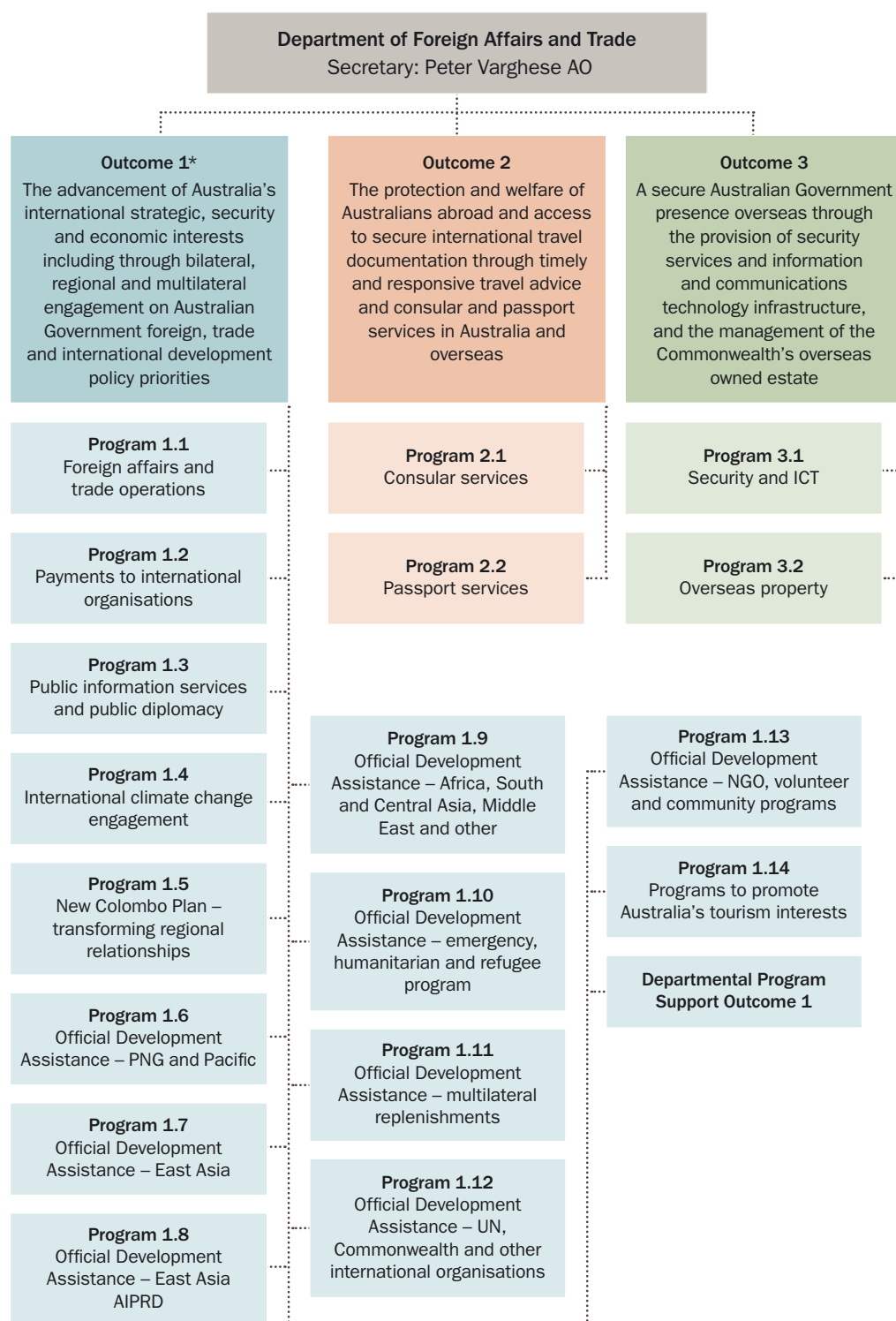


Figure 3: Outcomes and programs structure, 2013–14



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 Investment and the Parliamentary Secretary to the Minister for Foreign Affairs in the conduct of Australia's foreign, trade and investment, and development policy.

Six agencies make up the portfolio:

- Department of Foreign Affairs and Trade
- Australian Trade Commission (Austrade)

- Tourism Australia
- Australian Secret Intelligence Service (ASIS)
- Australian Centre for International Agricultural Research (ACIAR)
- Export Finance and Insurance Corporation (EFIC)

NB: EFIC is not included for outcome reporting purposes in Figure 4 because it is covered by the *Commonwealth Authorities and Companies Act 1997*.

Figure 4: Portfolio outcome structure*



* As amended by the *Portfolio Additional Estimates Statement 2013–14* and the *Portfolio Supplementary Additional Estimates Statements 2013–14*



Ambassador to the Republic of Korea, Bill Paterson (centre), with Senior Manager Homeplus Supermarkets, Se-Woong Oh (left), and CEO Australian Table Grape Association, Jeff Scott, launches the first batch of Australian table grapes to be sold in Korea, Seoul, 15 April 2014. [DFAT]



Acting High Commissioner to Fiji, Glen Miles (right), opens newly-renovated facilities supported by Australia's Fiji Health Sector Support Program, Levuka Hospital, Fiji, 5 June 2014. [DFAT]

دىپلوماسى Le commerce Diplomatie 发展援助
 Perdagangan διπλωματία ពាណិជ្ជកម្ម Diplomacia
 εμπόριο Diplomasia Comercio سفارت
 Ticaret Commercio سوداگرى ការវិជ្ជា Diplomatia
 Diplomazia 통상 ทางการทูต Ngoại giao
 Asistencia ពាណិជ្ជកម្ម Diplomatiija Trade
 Commerce การค้า ကုန်သွယ်ရေး تجارت

SECTION TWO

PERFORMANCE REPORTING

သံတမန်ရေးရာ *Handel* **Diplomazia** 통상 ทางการทูต *Ngoại giao* **Comércio** *Дипломатия*
macy بازرگانی *Treid* المساعدة التنموية *Diplomatija* *Treid* कूटनीति *دبلوماسية* **Diplomatiko**
kereskedelem **Diplomati** 외교 *Commerce* 发展援助 **Diplomacy** ကုန်သွယ်ရေး *رت*
omacia व्यापार *تجارة* **Development** *Thương mại* **Komersiu** المساعدة التنموية *le commerce*
ao **Comércio** *Дипломатия* *торговля* *ياستس* *Perdagangan* *ديبلوماسية* *διπλωματία* *Kal*
टनीति *دبلوماسية* **Diplomatiko** 外交 *Développement* *εμπόριο* *Diplomasi* *Comercio* *سفارت*
La diplomatie *Diplomasia* *Ticaret* *Asistencia* *سوداگری* *ကုန်သွယ်* **Trade** *व्यापार* *تجارة* *т*

Outcome 1: Foreign policy, trade and international development

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

Program 1.1	Foreign affairs and trade operations	27
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Program 1.1 Foreign affairs and trade operations

Objectives

- To protect and advance the national interest through engaging in effective advocacy in Australia and overseas that promotes Australia's foreign, trade and economic, and international security interests.
- To deliver accurate and timely policy advice to ministers and other high-level clients that addresses the challenges of an evolving international environment.
- To promote a whole-of-government approach in pursuit of Australia's interests abroad, including through leadership at overseas missions and coordination of the overseas diplomatic network.
- To ensure the security and protect the dignity of the diplomatic and consular corps serving in Australia by delivering a quality service and upholding Australia's obligations under the Vienna Conventions.

Deliverables	2013–14 result	Reporting
• Australia's foreign and trade policy interests and international standing are advanced through:		
» strengthened key international relationships, including a strong alliance with the United States, high-level political and economic engagement with Japan, China, India, Republic of Korea, Indonesia and other countries of Southeast Asia, a stronger partnership with the European Union and its members, and continued close ties with New Zealand and Canada;	met	1.1(1) – 1.1(7) & 1.1(11) pp. 29–71 & pp. 101–6
» sustained engagement with Pacific Island countries, the Middle East, Africa, Latin America and the Caribbean, Russia and Turkey to meet shared challenges and to promote global and regional stability, security and prosperity;	met	1.1(3) – 1.1(7) pp. 45–71
» strong participation in the United Nations and other multilateral forums, including through Australia's 2013–14 term on the UN Security Council, advocacy of human rights and promotion of sustainable development and effective international action on climate change and other environmental outcomes, including oceans;	met	1.1(10) pp. 91–100 App. 9
» contribution to enhanced regional architecture through the East Asia Summit (EAS), the Asia–Pacific Economic Cooperation (APEC) forum and dialogue with the Association of Southeast Asian Nations (ASEAN); and	met	1.1(2) & 1.1(9) pp. 36–44 & pp. 83–90
» promotion of high-quality public diplomacy, international media and cultural visit programs which improve understanding of Australia and Australian Government foreign and trade policies.	met	1.1(14) pp. 116–21
• Australia's trade and economic opportunities are maximised, including through:		
» effective participation in the World Trade Organization (WTO), including through the Doha Round, leadership of the Cairns Group of agricultural exporting countries and G20 processes, and to promote and defend Australia's interests through existing means such as WTO dispute settlement; and	met	1.1(8)–1.1(9) pp. 72–90
» effective leadership in advancing our interests through sectoral initiatives as well as Australia's Free Trade Agreement (FTA) agenda, including negotiating and implementing FTAs, and exploring opportunities where appropriate for new FTAs.	met	1.1(8) pp. 72–82

Deliverables	2013–14 result	Reporting
• An enhanced environment for security and development, including through:		
» effective whole-of-government efforts to promote stability and development in Afghanistan;	met	1.1(5) pp. 57–61
» promotion of nuclear non-proliferation and disarmament, and counter-proliferation and arms control efforts, including as chair of the Australia Group;	met	1.1(11) pp. 101–6
» participation in counter-terrorism programs and activities, including in South Asia, Southeast Asia, the Middle East, eastern Africa, and in the Global Counterterrorism Forum; and	met	1.1(11) pp. 101–6 & p. 93
» contribution to whole-of-government efforts bilaterally and regionally to counter people smuggling, in particular through the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime.	met	1.1(10) pp. 91–100
• Australia's international and portfolio responsibilities are met through:		
» effective coordination and sound advice to ministers, members of parliament, government agencies, state and territory governments, business, non-governmental organisations, media and members of the public;	met	1.1(12) pp. 107–11
» sound advice on compliance with international legal obligations and contribution to the development of a strong international legal framework;	met	1.1(10) & 1.1(8) pp. 91–100 & pp. 72–82
» effective leadership of, and provision of advice and support to, other government agencies at overseas missions in line with the <i>Prime Minister's Directive on the Guidelines for the Management of the Australian Government Presence Overseas</i> and service level agreements;	met	1.1(12) pp. 107–11 & pp. 228, 241 App.10
» quality service and support to the diplomatic and consular corps serving in Australia, including facilitation of accreditation and diplomatic visas, and the security and protection of dignity of diplomatic missions and their personnel, upholding Australia's obligations under the Vienna Conventions; and	met	1.1(13) pp. 112–15
» administration of the EFIC National Interest Account.	met	1.1(9) p. 87

Key performance indicators	2013–14 result	Reporting
• High level of satisfaction of ministers and high-level clients with the quality and timeliness of advice, briefing and support in relation to Australia's foreign, trade and economic, and international security interests.	met	1.1(12) pp. 107–11
• The department's advocacy, negotiation and liaison on Australia's foreign, trade and economic, and international security interests contributes positively to bilateral, regional and multilateral outcomes that help ensure the security and prosperity of Australia and Australians.	met	1.1(1) – 1.1(14) pp. 29–121
• Government agencies at overseas missions are satisfied with service provided in accordance with the <i>Prime Minister's Directive on the Guidelines for the Management of the Australian Government Presence Overseas</i> and service level agreements in place.	met	1.1(12) pp. 107–11 App. 10
• The diplomatic and consular corps posted or accredited to Australia are satisfied with the level of service provided, including in terms of responsiveness and timeliness in meeting Australia's obligations under the Vienna Conventions.	met	1.1(13) pp. 112–15

1.1(1) North Asia

Overview

Developments in 2013–14 again showed the central security and economic importance of North Asia as tensions rose between China and Japan and in the South China Sea.

Australia called on all parties to manage disputes peacefully and in accordance with international law and to avoid actions that could fuel tensions. North Asia is the destination for some 54 per cent of Australian exports and a major source of investment.

We strengthened Australia's relationships with North Asian partners by facilitating several successful visits by leaders to and from the region. The Prime Minister, Foreign Minister and Trade and Investment Minister visited China, Japan and the Republic of Korea (ROK) to promote closer security and economic ties. The Governor-General made a state visit to China signifying the importance of the relationship at the highest level.

The department promoted security links with North Asia including by establishing new and

enhanced cooperative relationships with Japan and continuing high-level exchanges with China and the Republic of Korea. We advocated a peaceful resolution to territorial disputes in the region bilaterally and at a range of multilateral forums, including the East Asia Summit (EAS) and the ASEAN Regional Forum (ARF). We sought to influence the human rights situation in China and North Korea through formal bilateral dialogue and at the United Nations.

We concluded a free trade agreement (FTA) with the Republic of Korea, finalised an economic partnership agreement with Japan and significantly progressed FTA negotiations with China. We pursued our economic diplomacy agenda with North Asian countries in key regional and multilateral bodies, particularly the EAS, and secured their support for our ambitious G20 agenda.

China, Hong Kong, Japan, Mongolia, the Republic of Korea and Taiwan agreed to participate in the New Colombo Plan (NCP) and the first NCP students travelled to Japan and Hong Kong in 2014. (See 1.5, pp. 130–3.)

Table 1: Australia's trade in goods and services with North Asian economies ^(a)

Goods and services	Exports		Trend growth 2008–2013	Imports		Trend growth 2008–2013
	2012	2013		2012	2013	
	\$m	\$m		\$m	\$m	
China ^{(c) (d)}	79,260	101,536	21.4	46,402	49,329	6.4
Japan ^{(c) (d)}	49,986	49,492	1.2	21,347	21,221	–0.1
Republic of Korea ^{(c) (d)}	21,582	21,285	2.9	10,317	10,814	10.0
Taiwan ^{(c) (d)}	8,617	8,060	0.8	4,014	4,300	–0.5
Hong Kong ^{(b) (d)}	4,273	4,431	–0.8	3,212	3,548	1.4
Other ^{(b) (d) (e) (f)}	72	56	0.0	17	12	–7.3
Total North Asia ^{(b) (d) (g)}	163,790	184,859	9.4	85,309	89,224	4.4

(a) Goods data on a recorded trade basis, services data on a balance of payments basis.

(b) Excludes selected confidential export commodities from partner country totals from June 2013 onwards. Therefore movements in the confidentialised country totals may not reflect the true pattern of trade.

(c) Actual export total for 2013 based on unpublished ABS data.

(d) Excludes selected confidential import commodities from partner country totals from September 2008 onwards. Therefore movements in the confidentialised country totals may not reflect the true pattern of trade.

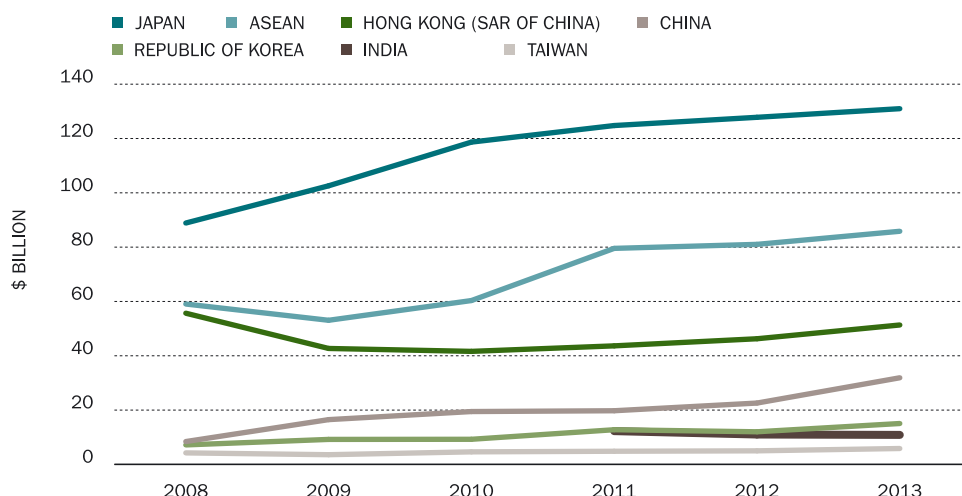
(e) Goods data only. Services data is not published by the ABS for these countries.

(f) Other comprises Democratic People's Republic of Korea, Macau and Mongolia.

(g) Total includes actual export totals for 2013 for China, Japan, Republic of Korea and Taiwan.

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

Figure 5: Foreign investment from Asia to Australia



Note: India data is not published from 2007 to 2010 inclusive.

Based on ABS catalogue 5352.0 – International Investment Position, Australia: Supplementary Statistics, 2013

Japan

The department was closely involved in Prime Minister Abbott's visit to Japan in April 2014, during which leaders confirmed their intention to strengthen the long-standing friendship and elevate the strategic partnership between Japan and Australia to a new special relationship.

The department organised the Foreign Minister's visit to Japan in October 2013 for discussions with Prime Minister Abe and Foreign Minister Kishida on bilateral security, defence cooperation, the NCP and FTA negotiations. During the discussions Japan agreed to be a pilot country for the NCP. In April 2014, Ms Bishop participated in the Nuclear Non-Proliferation and Disarmament Initiative in Hiroshima.



Minister for Foreign Affairs, Julie Bishop, and Japanese Foreign Minister, Fumio Kishida, following talks, Tokyo, 15 October 2013. [DFAT]

In line with our economic diplomacy objectives, the department supported Mr Robb's visits to Japan in November 2013, and March and April 2014 to lead the final Economic Partnership Agreement negotiations. The Prime Minister announced the substantial conclusion of negotiations on 7 April. The Japan–Australia Economic Partnership Agreement is a landmark step in the economic relationship, and will deliver mutually beneficial trade and investment outcomes to both countries (see also 1.1(8), pp. 77–9). Japan was Australia's second-largest trading partner in 2013 and third-largest source of foreign investment.

The department worked closely with the Department of Defence to advance bilateral security cooperation. The fifth Australia–Japan foreign and defence ministerial 2+2 consultations in Tokyo in June 2014 saw agreement on enhancements to the defence and security partnership. The consultations concluded negotiations on a Defence Equipment and Technology Agreement and confirmed timing for the inaugural bilateral cyber policy dialogue. Ministers agreed to the development of a coordinated strategy to improve existing development, security and defence capacity-building, disaster relief, and diplomatic and multilateral cooperation activities in the Pacific.

Both countries undertook to abide by the 31 March decision of the International Court of Justice on Japan’s southern ocean whaling program.

We welcomed Japan’s positive role in the negotiations for the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP)

agreements, which seek to achieve a comprehensive free trade area in the Asia–Pacific (see 1.1(8), pp. 80–1). We also engaged Japanese counterparts to achieve shared economic and strategic objectives in regional and multilateral forums, including the EAS, APEC, the World Trade Organization (WTO), the G20 and the United Nations.

Figure 6: Australia's trade in goods and services with Japan ^{(a) (b)}



(a) Goods data on a recorded trade basis, services data on a balance of payments basis.
 (b) Excludes selected confidential import commodities from September 2008 onwards.
 Based on DFAT STARS database, ABS catalogue 5368.0.55.004 and unpublished ABS data.

China

The department consolidated Australia’s bilateral architecture with China to further institutionalise regular high-level meetings. The Foreign Minister met her Chinese counterpart, Wang Yi, for the first time under the new Foreign and Strategic Dialogue structure, highlighting the Government’s commitment to the bilateral relationship. The inaugural Strategic Economic Dialogue took place in Beijing with the Minister for Trade and Investment and the Treasurer meeting the Chairman of China’s National Development and Reform Commission to discuss the bilateral economic relationship.



Ambassador to China, Frances Adamson (right), accompanies Minister for Trade and Investment, Andrew Robb AO (left), on a visit to an Australian wool processing plant, Wujiang, 24 October 2013. With them are: Michell Wool Chairman, David Michell (second left), and Senior Trade Commissioner to Shanghai, Michael Clifton. [DFAT]

We continued to work closely with China in key regional and multilateral bodies, including the EAS, the G20, the ARF and the UN Security Council. The department coordinated whole-of-government efforts to design complementary agendas between the G20 and APEC during Australia and China's respective host years.

Total two-way trade rose to a record \$151 billion in 2013, a 20 per cent increase on 2012. Total investment flows continued to grow rapidly. Following renewed high-level commitment, we made significant progress toward completion of an FTA (see 1.1(8), p. 80). The department continued to play an important role in negotiations on regional and multilateral trade agreements involving China, including RCEP and in the WTO.

The department facilitated a busy agenda of high-level exchanges in both directions. Our portfolio ministers visited China several times during the review period. The Prime Minister conducted a multi-city visit in April 2014, accompanied by three ministers, five state premiers, one chief minister and the most senior Australian business delegation ever to go to China. During this visit, we secured Chinese agreement to become part of the NCP. In October 2013, the department assisted with the Governor-General's state visit.

In June 2014, China's Commerce Minister Gao Hucheng came to Australia for the

Joint Ministerial Economic Commission and Shanghai Party Secretary Han Zheng visited as a Guest of Government. Assistant Foreign Minister Zhang Zeguang was in Australia in January 2014 for talks with senior officials.

The department continued to advocate improvement to China's human rights performance. We led the 15th round of the Australia–China Human Rights Dialogue in Beijing and continued our Human Rights Technical Cooperation Program. We made robust recommendations to the UN Human Rights Council on China's Universal Periodic Review Process.

We opened a consulate-general in Chengdu, our fourth post in mainland China, to establish stronger relationships with provincial governments in the fast-growing central region and to promote Australian commercial interests. We continued to enhance cooperation with key economic regions within China and welcomed the publication by the Australia Guangdong Business Cooperation Council of guidelines for Australian businesses operating in China.

Under the Australia–China development cooperation partnership we made good progress with the co-designing of a joint anti-malaria project in Papua New Guinea to begin in 2015 (see also 1.7, p. 159). The department also continued to deliver a health system strengthening project in the Tibetan Autonomous Region.

Figure 7: Australia's trade in goods and services with China ^{(a) (b)}



(a) Goods data on a recorded trade basis, services data on a balance of payments basis.

(b) Excludes selected confidential import commodities from September 2008 onwards.

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

Australia Week in China

The inaugural Australia Week in China (AWIC) took place from 8 to 11 April 2014. The week comprised around 80 trade, investment, education and tourism promotion events and was the largest Australian trade event held in China to date. Over 700 representatives from 564 organisations participated in the program. The department helped coordinate the signing of 20 separate commercial agreements forecast to generate sales of \$894 million.

Minister Robb participated in a range of AWIC activities, including a business seminar and networking session in Chengdu, the opening of the ANZ Bank sub-branch in the Shanghai Free Trade Zone, and an event to showcase Australia’s strengths in the food and beverage and agribusiness industries.

Hong Kong

Hong Kong is Australia’s leading business base in East Asia and our fifth-largest source of foreign investment. The department harnessed the support of this business community to promote Australia as an attractive investment destination and to bolster exports, including education and tourism services.

The department supported Mr Robb’s visits to Hong Kong in October 2013 and March 2014, and facilitated his engagement with prominent investors. During Ms Bishop’s visit in October 2013, Hong Kong agreed to participate in the NCP pilot. Parliamentary Secretary to the Minister for Foreign Affairs, Brett Mason, launched the pilot in Hong Kong in May 2014.

Taiwan

Taiwan was Australia’s seventh-largest merchandise export market in 2013, worth \$7.4 billion. The department actively promoted Australia’s credentials as a reliable supplier of minerals and energy, and encouraged greater Taiwan investor interest in Australian resource projects. Formosa Plastics Group’s \$1.26 billion investment in Fortescue Metal’s Iron Bridge iron ore project was the largest Taiwanese investment in Australia to date.

The Bilateral Economic Consultations hosted by the department in June 2014 delivered outcomes on two-way tourism and confirmed Taiwan’s participation in the 2015 rollout of the NCP. The two sides signed an MOU on the exchange of data on invalid passports which strengthened border security by preventing misuse of lost and stolen passports.

Figure 8: Australia’s trade in goods and services with Taiwan ^(a) ^(b)



(a) Goods data on a recorded trade basis, services data on a balance of payments basis.
 (b) Excludes selected confidential import commodities from September 2008 onwards.
 Based on DFAT STARS database, ABS catalogue 5368.0.55.004 and unpublished ABS data.

The Republic of Korea

The department worked for robust economic relations with the Republic of Korea, our fourth-largest trading partner and third-largest export market. These reached a new level with the conclusion of negotiations on the Korea–Australia Free Trade Agreement (see 1.1(8), pp. 77–8).

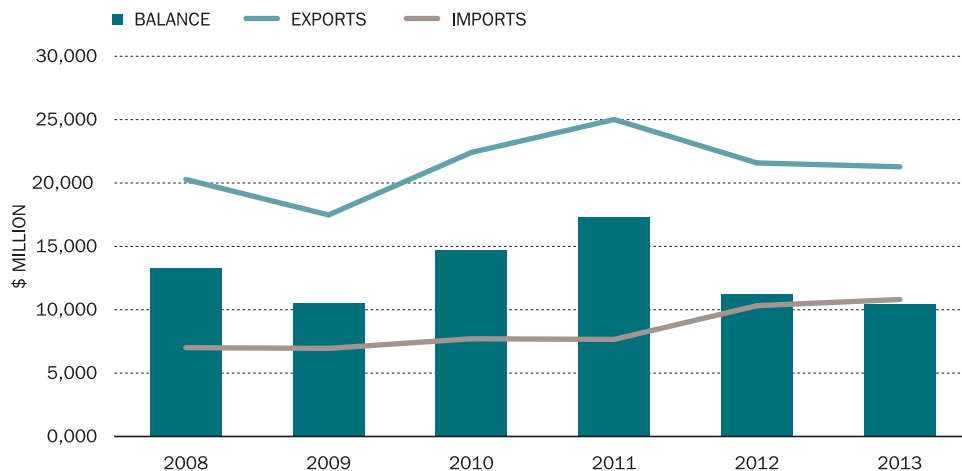
Following the end of these negotiations, we resumed Joint Economic Committee meetings among senior officials to discuss a strategic approach to realising economic, trade and investment opportunities in line with the FTA. While the stock of ROK investment in Australia increased from a very low base to \$US15.1 billion in 2013, the Republic of Korea is still only the seventeenth-largest foreign investor in Australia. And while the Republic of Korea is currently Australia's third-largest international student source and our eighth-largest inbound tourism market, our

aim is to boost the ROK investment profile and increase trade in services.

The department finalised establishment of 2+2 security talks between defence and foreign ministers. Australia is only the second country after the United States to hold 2+2 security talks with the Republic of Korea. Ms Bishop visited in October 2013 to attend the Seoul Conference on Cyberspace and to discuss security and economic relations with ROK leaders.

The department supported intensified cooperation with the Republic of Korea at multilateral forums including the UN Security Council where we were both non-permanent members. We worked closely at international meetings and informal gatherings of the MIKTA middle powers (Mexico, Indonesia, the Republic of Korea, Turkey and Australia). High-level bilateral aid talks in Seoul in May 2014 helped improve coordination of our programs, particularly in the Mekong region.

Figure 9: Australia's trade in goods and services with Republic of Korea ^(a) ^(b)



(a) Goods data on a recorded trade basis, services data on a balance of payments basis.

(b) Excludes selected confidential import commodities from September 2008 onwards.

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

Democratic People's Republic of Korea (North Korea)

The department worked closely with regional partners, including on the UN Security Council, to respond to North Korean threats,

provocations and proliferation activities. We urged North Korea to abandon its nuclear weapons and missile programs and comply with its international commitments. We continued to implement UN sanctions on the regime and comprehensively reviewed and

updated Australia's autonomous sanctions. We led international efforts to address the dire human-rights situation in North Korea and worked in the United Nations for a strong response to the Report of the Commission of Inquiry on Human Rights in the DPRK, chaired by former Australian High Court judge, Michael Kirby. The department provided \$3 million in humanitarian assistance through the UN World Food Programme to help relieve the suffering of the North Korean people.

Mongolia

The first visit to Australia by a Mongolian foreign minister in over twenty years in February 2014 attested to significant progress in the bilateral relationship.

In Canberra, Foreign Minister Luvсанvандан Bold signed a consular-cooperation MOU and agreed on expanding the Australia Awards Scholarships program in Mongolia. He also endorsed the Australia–Mongolia Extractives Program which will assist Mongolia with the sustainable development of its resources industry.



First Assistant Secretary Consular and Crisis Management Division, Justin Brown (second right), and Mongolian Ambassador, Ravdan Bold (second left), are joined by Foreign Minister Julie Bishop and Mongolian Foreign Minister, Luvсанвандан Bold (left), after signing an MOU on Consular Cooperation, Canberra, 18 March 2014. [DFAT]

The department managed \$15.3 million in development assistance to Mongolia in 2013–14, up from \$14.3 million in 2012–13 (see 1.7, p. 159). We continued to advocate a transparent and predictable investment environment in Mongolia to reduce poverty and lift living standards.

Outlook

Support for visits by Japan's Prime Minister Abe and China's President Xi Jinping will be priorities. ROK President Park is also likely to attend the G20 Leaders Meeting in Brisbane in November.

We will promote stronger economic engagement in the region, including by coordinating whole-of-government cooperation with Japan and the Republic of Korea to implement our new trade agreements. We will work closely with regional partners to garner support for significant outcomes from our G20 host year. We will support China to ensure its APEC host year also delivers tangible outcomes for the region.

We will aim to finalise our FTA negotiations with China by the end of 2014. The department and Austrade will work closely with Australian business to maximise the benefits of the economic partnership agreement with Japan and the FTA with Korea upon their entry into force in 2014.

We will continue to promote increased investment from North Asia into Australia including by facilitating participation from the region in the Northern Australia Investment Forum.

We will support the rollout of the NCP beyond its pilot phase to involve all countries in the region. We will strengthen bilateral tourism relationships with North Asia and increase our engagement in the APEC Tourism Working Group and the OECD Tourism Committee.

We will deepen security links with China, Japan and the Republic of Korea including by encouraging shared participation in military exercises and in disaster response activities. We will work with the region bilaterally and at multilateral forums to press North Korea to cease its weapons-proliferation activities and comply with its international commitments.

Rolling out the extractives aid program will deepen engagement with Mongolia. We also expect to commence regular consultations at senior level with Mongolia's Ministry of Foreign Affairs and Trade.

1.1(2) Southeast Asia

Overview

Australia's engagement with Southeast Asia is critical to Australia's security and prosperity. The members of ASEAN have a combined population of more than 600 million and economies of \$2.4 trillion. The department focused on strengthening ties with ASEAN member states, including through events to commemorate the 40th anniversary of the Australia–ASEAN partnership in 2014.

We worked with ASEAN member states in the East Asia Summit (EAS) to foster regional prosperity and stability. We contributed to strategic discussion on maritime security and the Korean Peninsula and participated in practical initiatives on health, education, disaster management, regional connectivity and water resources. EAS leaders welcomed the establishment of the Asia Pacific Leaders Malaria Alliance—initiated by the Prime Ministers of Australia and Vietnam.

The department managed another busy year of high-level exchanges to and from the region, helping to strengthen key relationships. The Prime Minister and portfolio ministers made multiple visits to Indonesia and Mr Abbott attended the 8th EAS in Brunei Darussalam. Ministers also visited Singapore, the Philippines, Malaysia, Vietnam and Cambodia.

In 2014, the first Australian students travelled to Indonesia and Singapore under the New Colombo Plan (NCP). Foreign Minister Bishop announced the inaugural awardees under the Australia–Malaysia 'Towards 2020' Scholarships Program in February 2014. Engagement with Burma expanded and we celebrated the 40th anniversary of relations with Vietnam.

The department worked to boost trade, investment and economic growth in the region. Two-way trade between Australia and ASEAN countries amounted to 14.3 per cent of Australia's total trade in 2013. Portfolio ministers visited the Philippines with representatives from 20 Australian companies. We supported the Indonesia–Australia Partnership for Food Security in the Red Meat and Cattle Sector which held its first meeting in April 2014.

The department also promoted economic reform and growth in Southeast Asia through our aid program. Parliamentary Secretary Mason attended the ground breaking ceremony for the Cao Lanh Bridge, which will benefit five million Vietnamese by increasing access to markets, services and private sector activity, and helping reduce poverty and lift living standards. (See also 1.7, pp. 154–5.)

The department played a key role in efforts to empower women across the region, funding specific projects to address discrimination and violence, and economic participation.

Indonesia

Despite recent bilateral difficulties, the department helped sustain a comprehensive relationship with Indonesia which spans more than 20 Australian Government agencies across a wide range of common interests. The department supported three prime ministerial visits—including Prime Minister Abbott's visit to Batam Island in June 2014 to strengthen the bilateral partnership. We managed the Foreign Minister's four visits as well as meetings with her Indonesian counterpart at multilateral forums. We facilitated the Minister for Trade and Investment's two visits to enhance bilateral trade and investment links and advocate for greater liberalisation of Indonesia's trade and investment regulations. In November 2013, Indonesia's Vice President visited Australia to strengthen government, business and education ties.

We kept portfolio ministers well informed of the progress of Indonesia's 2014 parliamentary and presidential elections. The department promoted deeper people-to-people links through implementation of the NCP and support for the establishment of the Australia–Indonesia Centre, based at Monash University. Australia and Indonesia co-hosted Rapid Disaster Response Workshops for EAS members in September 2013 and June 2014. We also supported Mr Robb's co-chairing, with his Indonesian counterpart, of the Cairns Group Ministerial Meeting in December 2013.



Minister for Foreign Affairs, Julie Bishop, with Indonesia's Minister for Foreign Affairs, Dr Marty Natalegawa, during her first official visit to Indonesia, 30 September 2013. [DFAT]

The department encouraged two-way trade and investment links. The Prime Minister was accompanied on his visit to Jakarta in September 2013 by a senior business delegation, and we progressed negotiations on the Indonesia–Australia Comprehensive Economic Partnership Agreement (IA-CEPA)

(see also 1.1(8), p. 80). Activities in the agriculture sector to boost economic cooperation and skills exchange with Indonesia complemented IA-CEPA negotiations. We supported industry efforts to maximise the opportunity created by the removal of Indonesian quotas on beef and cattle imports. We funded the establishment of the Indonesia–Australia Partnership for Food Security in the Red Meat and Cattle Sector, involving private sectors of both countries, and participated in its first meeting in April 2014.

Development assistance was an important part of the bilateral relationship. The department managed an estimated \$560.6 million in aid for Indonesia. The program focused on sharing Australia's skills and knowledge to help Indonesia increase growth and reduce poverty. We promoted economic growth through assistance with regulatory and policy reform and infrastructure development. We invested in universal education and worked with Indonesia to improve the health of its population. We also promoted enhanced access to economic opportunity and full community participation for women, free of discrimination and violence. (See 1.7, p. 152.)

Table 2: Australia's trade in goods and services with Southeast Asia ^(a)

Goods and services	Exports		Trend growth 2008–2013	Imports		Trend growth 2008–2013
	2012	2013		2012	2013	
	\$m	\$m		\$m	\$m	
Singapore ^{(b) (d)}	10,358	9,208	1.1	18,784	17,876	0.5
Malaysia ^{(c) (d)}	6,718	7,225	7.7	10,916	10,944	3.3
Indonesia ^{(c) (d)}	6,004	6,364	4.7	8,576	8,522	7.6
Thailand ^{(c) (d)}	5,724	5,713	−0.1	12,679	13,832	0.4
Vietnam ^{(b) (d)}	2,699	3,132	8.3	3,921	4,674	−3.0
Philippines ^{(b) (d)}	2,283	1,903	5.1	1,110	1,467	6.6
Other ASEAN ^{(b) (d) (e)}	348	410	7.2	1,405	1,297	1.6
Total ASEAN ^{(b) (d) (g)}	34,134	33,954	3.6	57,391	58,612	1.6
Timor-Leste ^{(b) (d) (f)}	26	22	−12.2	2	2	−27.5
Total Southeast Asia ^{(b) (d) (g)}	34,160	33,976	3.6	57,393	58,614	1.6

(a) Goods data on a recorded trade basis, services data on a balance of payments basis.

(b) Excludes selected confidential export commodities from partner country totals from June 2013 onwards. Therefore movements in the confidentialised country totals may not reflect the true pattern of trade.

(c) Actual export total for 2013 based on unpublished ABS data.

(d) Excludes selected confidential import commodities from partner country totals from September 2008 onwards. Therefore movements in the confidentialised country totals may not reflect the true pattern of trade.

(e) Other ASEAN comprises Brunei, Burma, Cambodia and Laos.

(f) Goods data only. Services data is not published by the ABS for these countries.

(g) Total includes actual export totals for 2013 for Indonesia, Malaysia and Thailand.

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

Thailand

The department coordinated Australia's whole-of-government response to the political turmoil leading up to and during the military coup of May 2014. We encouraged the coup leaders to set a pathway for a return to democracy as soon as possible.

Effective implementation of the Thailand–Australia Free Trade Agreement (TAFTA) remained a key focus. We improved processes for certificates of origin in the TAFTA Market Access Implementing Committee and developed a strategy for boosting agricultural trade. Our ambassador highlighted education

opportunities during a roadshow to over 20 Australian educational institutions in April and May 2014.

We supported visits to Thailand by the Parliamentary Secretary to the Prime Minister and former High Court Justice Michael Kirby to promote people-to-people links and the rule of law. The department facilitated a number of Thai officials' visits to Australia and hosted Thailand's Deputy Permanent Secretary of Justice's visit with a focus on multiculturalism, community and restorative justice and conflict resolution.

Staff profile

Sarah Roberts

Counsellor (Political–Economic), Bangkok



As Political–Economic Counsellor at the Australian Embassy in Bangkok, I have spent much of the past year analysing the complex and fast-moving political scene in Thailand, especially events surrounding the May coup.

The embassy team and I met political actors from all sides to hear their points of view. We developed recommendations about what developments meant for Australian interests in Thailand, especially for business and the travelling public, and how the Australian Government might shape its response to the coup.

I joined the department in 1996 as a graduate trainee, after working as a judges' associate and at Expo '92 in Seville. I have served overseas in Brasilia, Bougainville and Suva. In Canberra, I was Deputy Director of the CHOGM policy taskforce, which prepared for the 4000-delegate meeting in 2011 in Perth; worked on the department's recruitment and corporate planning; and was part of the consular crisis cadre. I speak Thai, Spanish and Portuguese.

It is a privilege to work in an organisation that offers such variety in the pursuit of issues of importance to Australia. I love that my job is all about people: pursuing Australian interests in different cultural contexts; analysing local events with overseas contacts; helping Australians in consular crises; and working with talented Australian and local colleagues.

Malaysia

The Foreign Minister visited Kuala Lumpur in February 2014 to advance Australia's economic diplomacy objectives, including through the announcement of Malaysia's first awardees under the Australia–Malaysia 'Towards 2020' scholarships managed by the department. We progressed cooperation on transnational crime through the development of an MOU and reciprocal visits by ministers responsible for immigration and home affairs issues.

We collaborated closely in the search for missing Malaysian Airlines flight MH370 and the department facilitated visits to Australia by the Malaysian Prime Minister and Foreign and Defence Ministers. Senior officials' talks held in Kuala Lumpur in June 2014 shared views on the regional strategic outlook.

The department supported a number of parliamentary delegation exchanges in both directions, as well as several high-level Malaysian visits, including one through the Special Visits Program.

Singapore

Ms Bishop's visit in October 2013 was one of her first as Foreign Minister, in recognition of Singapore's importance as a strategic and economic partner in the region. Frequent high-level visits continued throughout the year, including by Mr Robb, Senator Mason and the Defence Minister. The President of Singapore

made a state visit to Australia in June 2014, affirming our joint commitment to deepening cooperation ahead of the 50th anniversary of diplomatic relations in 2015.

The department strengthened economic ties, including through a roadshow in Australia led by the High Commissioner to Singapore to assist Australian businesses take advantage of Singapore's position as a major trading and wealth management hub. We supported cooperation with Singapore on regional objectives, and co-hosted an ASEAN Connectivity Workshop in May 2014. Australia invited Singapore to participate as a guest in the G20 under Australia's presidency. Some of Australia's first scholars under the NCP studied in Singapore in 2014.

The Philippines

The department delivered continued high-level engagement with the Philippines. The Foreign Minister visited the Philippines in the aftermath of Typhoon Haiyan and Australia provided \$38.8 million to support the immediate response and initial recovery effort.

Accompanied by representatives from 20 Australian companies, Ms Bishop and Mr Robb met with their counterparts at the Fourth Philippines–Australia Ministers' Meeting (PAMM) in Manila in February 2014. Ministers agreed to increase economic ties and share Australia's mining sector experience. We advocated for fair and transparent consideration of Australian business interests.



Minister for Trade and Investment, Andrew Robb AO (right), with Secretary, Philippine Department of Trade and Industry, Greg Domingo, Business Sector Dialogue, PAMM, Manila, February 2013. [DFAT]

The department delivered an aid program of \$171.4 million, focused on basic education, governance, sustainable economic growth, disaster risk reduction and humanitarian emergency response efforts, including Typhoon Haiyan. We also supported the Mindanao peace process, which led to the March 2014 agreement between the Philippines Government and the Moro Islamic Liberation Front, and announced a new \$6 million program to advance the process. (See 1.7, pp. 153–4.)

Vietnam

We conducted programs in Vietnam to mark the 40th anniversary of the establishment of diplomatic relations in 2013. The department promoted the increasingly strategic nature of the partnership through support for the second Australia–Vietnam Strategic Dialogue in November 2013 and the Foreign Minister’s visit in February 2014.

We facilitated the Vietnamese Minister of Justice’s April 2014 visit and those by officials from the Economic Commission of the Communist Party and the Office of the Government.

The department delivered aid of \$121.9 million to help reduce poverty by promoting economic growth and integration, developing infrastructure and human resources, empowering women and overcoming environmental challenges. The Australian/Asian Development Bank-funded Cao Lanh Bridge is Australia’s largest aid project on mainland Southeast Asia. (See also 1.7, pp. 154–5.)

Burma

The department continued to play a central role in the Government’s expanding engagement with Burma. We managed several high-level visits, including the visit to Australia by the Leader of the National League for Democracy, Aung San Suu Kyi in late 2013.

The department supported the establishment of the new Austrade office in Rangoon, and the appointment of a resident defence attaché in January 2014.

Acknowledging the rapid political and economic transition in Burma, we targeted development assistance to support the reform process.

The department’s \$85.5 million aid program provided essential education, health and humanitarian assistance and promoted stable long-term growth through governance and peace programs. (See 1.7, pp. 156–7.)

The department continued to raise human rights concerns, notably on Rakhine State, directly with Burma and in international forums.

Timor-Leste

The department facilitated the visit to Australia by Timor-Leste’s President and Foreign Minister in July 2013. We also supported a trilateral meeting of Australian, Timorese and Indonesian foreign ministers in September 2013, and commenced a study identifying opportunities to increase economic links across the three countries.

The department supported security sector cooperation, including by assisting with the Annual Defence Cooperation Talks in Dili and the Australian Federal Police’s Timor-Leste Police Development Program.

Australia was the largest bilateral aid donor to Timor-Leste. The department was responsible for managing \$79.4 million in aid in 2013–14. The program focused on basic services and economic opportunities, including for women, through support to health, education, agriculture, infrastructure and governance. In April, Australia launched a new program aimed at ending violence against women; and in June, signed a direct budget support agreement with the Timorese Ministry of Finance to strengthen public financial management. (See 1.7, p. 155; 1.13, p. 190.)

Cambodia

The department supported the Foreign Minister’s visit to Cambodia in February, where she met the Prime Minister and other senior leaders, and engaged with Australian business, civil society organisations and the opposition Cambodia National Rescue Party. Australia maintained its contribution to the Extraordinary Chambers in the Courts of Cambodia to bring to justice perpetrators of atrocities during the Khmer Rouge period.

Staff profile

Savon Keo*Senior Operations Manager, Phnom Penh*

I have been employed at the Australian Embassy in Phnom Penh since 2006. I started as the Senior Office Manager. With the reduction of an A-based officer, I was promoted to the Senior Operations Manager. This position provided me with increased responsibilities where I now manage more staff, projects and programs covering property, security, human resources and protocol. I liaise with the Cambodian Ministry of Foreign Affairs and International Cooperation and other ministries on logistical arrangements for Australian ministerial and other official visits to Cambodia.

As with my Cambodian LES colleagues I feel greatly honoured and proud to work for the department under the umbrella of the Australian embassy. The embassy is considered a highly professional workplace which offers a high standard and ethical working environment. I consider myself fortunate to work with a very good team of both A-based and LES members.

Over the past eight years, I have been heavily involved with three challenging and successful periods: construction and relocation of the new chancery (2008–2009); ASEAN summits (2011–2012); and representing the DFAT LES on the post consultative group to negotiate a new terms and conditions handbook as part of the conditions of service alignment (2013–2014).

The department's \$74.1 million aid program promoted economic growth through support for agriculture and rural development, health care, infrastructure and effective governance. Through our development assistance and negotiations on the Regional Comprehensive Economic Partnership we supported institutional reform, jobs growth and gender equality in Cambodia. (See 1.7, p. 156.)

Brunei Darussalam

Prime Minister Abbott visited Brunei Darussalam in October 2013 for the EAS. The department also supported the Foreign Minister's attendance, in July 2013, at the 20th ASEAN Regional Forum, third EAS Foreign Ministers' Meeting and the ASEAN–Australia Post-Ministerial Conference.

An Australian parliamentary delegation visited Brunei Darussalam in April 2014. The department raised concerns with the Bruneian Government about its implementation of a sharia penal code which commenced in May 2014.

Laos

The department supported a visit to Australia by the Permanent Secretary of the Lao Ministry of Foreign Affairs in August 2013. We established a human rights technical cooperation fund to support our bilateral human rights dialogue and raised specific cases of concern with the Lao Government, notably that of NGO activist Sombath Somphone.

We used the aid program, valued at \$48 million, to support economic growth and increase Laos's integration with the regional and global economy, including through a new trade facilitation program. Our aid improved access to infrastructure and finance, expanded support to improve water supply and sanitation in remote rural schools and provided meals to educationally disadvantaged children. We continued to help clear unexploded ordnance. (See 1.7, p. 158.)

East Asia Summit, ASEAN and regional engagement

Australia worked with ASEAN member states to pursue a stable strategic environment in Southeast Asia, as well as to shape the EAS's political and security agenda and entrench the summit as a key institution for managing regional challenges. At the 8th EAS, leaders discussed important regional security issues, such as disputes in the South China Sea and tensions on the Korean Peninsula, welcomed Australia's NCP and acknowledged Australia's work to improve cooperation in disaster management, education and connectivity. EAS leaders applauded Australia and Vietnam's leadership on the Asia Pacific Leaders Malaria Alliance, a new regional initiative to tackle drug-resistant strains.

The department co-chaired, with the Philippines, the ASEAN–Australia Joint Cooperation Committee meeting in November 2013 and the ASEAN–Australia Forum in March 2014. The forum underscored our mutual interest in the maintenance of regional peace and stability, and called on all parties concerned to resolve territorial claims

in the South China Sea in accordance with international law. We supported the Australian Strategic Policy Institute's conference on Maritime Confidence Building Measures in the South China Sea in August 2013 and the presentation of its outcomes at the Expanded ASEAN Maritime Forum in Kuala Lumpur in October. We also co-chaired, with the Philippines, the Second ASEAN Regional Forum Seminar on the UN Convention on the Law of the Sea in May 2014. We continued to provide support to Burma's ASEAN and EAS chairmanship.

Ambassador for Women and Girls Natasha Stott Despoja attended the ASEAN Commission's Civil Society Dialogue on the Promotion and Protection of the Rights of Women and Children in Jakarta in February 2014 (*see also 1.1(10), p. 95*).

The aid program targeted trans-boundary challenges such as water management, public health threats and human trafficking. Totalling \$75.7 million in 2013–14, the regional program also promoted prosperity by supporting ASEAN's efforts to deepen economic integration and increase regional trade. (*See 1.7, p. 159.*)

Figure 10: Australia's trade in goods and services with ASEAN ^{(a) (b)}



(a) Goods data on a recorded trade basis, services data on a balance of payments basis.

(b) Includes actual export totals for Indonesia, Malaysia and Thailand. Excludes selected confidential export commodities from other partner country totals from June 2013 onwards and selected import commodities from September 2008 onwards.

Based on DFAT STARS database and ABS catalogue 5368.0.55.004.



Deputy Secretary and ASEAN Senior Officials' Meeting leader, Gillian Bird PSM (sixth right), with ASEAN senior officials to celebrate 40th anniversary of the Australia-ASEAN partnership, Canberra, 26 March 2014. [DFAT]

Australia-ASEAN 40th anniversary

Australia was one of the first countries to recognise ASEAN's importance when it became the organisation's inaugural dialogue partner in 1974. We appointed Australia's first resident Ambassador to ASEAN in September 2013. Ms Bishop, her Philippine counterpart and the ASEAN Secretary-General, launched the 40th anniversary celebrations in February 2014 in Manila.

The first six months of 2014 saw implementation of a series of anniversary initiatives designed to deepen ties with ASEAN member states. We hosted separate visits to Australia by the ASEAN Secretary-General Le Luong Minh and members of the ASEAN Committee of Permanent Representatives. We co-hosted with Singapore a workshop to support

development of ASEAN's infrastructure connectivity. We worked toward a new Plan of Action to implement the Joint Declaration on the ASEAN-Australia Comprehensive Partnership. The 40th anniversary will culminate in a leaders' summit in Nay Pyi Taw in November 2014.



Outlook

The department will consolidate our partnerships with ASEAN member states, including through an ASEAN–Australia leaders’ summit in November 2014. We will continue to work to enhance the role of the EAS and will facilitate increased trade and transportation links between Mekong countries, in support of their full integration in the ASEAN Economic Community. We will help countries of the region address trans-boundary issues such as public health threats, human trafficking and the management of shared water resources.

The department will manage visits by portfolio ministers to Southeast Asian nations to strengthen bilateral relationships and promote regional stability and prosperity. We will extend high-level engagement with Indonesia’s new administration and progress closer economic cooperation as agreed at the Philippines–

Australia Ministerial Meeting. We will support the Singapore–Australia Joint Ministerial Committee meeting and the Australia–Malaysia Joint Trade Committee meeting.

We will support the 11th Human Rights Dialogue with Vietnam in July, and the third Australia–Vietnam Strategic Dialogue in September. Australia will provide an additional \$3.25 million towards the work of the Extraordinary Chambers in the Courts of Cambodia.

We will reshape our aid program consistent with the Government’s development policy to increase our focus on reducing poverty and lifting living standards through sustained economic growth, aid for trade, and private sector engagement, and to promote innovation.

1.1(3) Americas

Overview

High-level exchanges furthered Australia's foreign, trade and development objectives with the United States. The annual Australia – United States Ministerial (AUSMIN) consultations reinforced the value of the ANZUS alliance to our security interests and the importance of ongoing dialogue with US counterparts on regional and global strategic challenges. Minister-led activities and ongoing implementation of our free trade arrangements promoted Australian investment interests and brought economic diplomacy closer to the centre of our engagement with the United States.

Our relationships with Canada, Latin America and the Caribbean were strengthened through high-level visits, engagement with business, institutions and state governments, and officials-level consultations. The department's aid program focused on capacity building and institutional links, primarily through Australia Awards (see 1.9(5), pp. 172–4).

United States

The 2013 AUSMIN in Washington between Foreign Minister Bishop, Defence Minister Johnston and their US counterparts strengthened the bilateral alliance. Ministers agreed to a Statement of Principles on joint force posture initiatives, reaffirmed intent to conclude a high-quality comprehensive Trans-Pacific Partnership (TPP) agreement and committed to work together as the United States rebalances to the region. We supported Ms Bishop's meetings in Washington, in January 2014, with senior Administration, congressional and business figures, at which she reaffirmed foreign policy and economic priorities. While in the United States she delivered two speeches on the alliance and Australia's business policies.

The department organised Trade and Investment Minister Robb's three visits to the United States (October 2013, January and June 2014) to promote the strengths of the Australian economy and Australia's attractiveness for trade and investment.

In June, Mr Robb accompanied the Prime Minister and a CEO-level business delegation. During this visit, Australia agreed to open a consulate-general in Houston, including to maximise trade and investment opportunities from the US energy revolution.



Minister for Foreign Affairs, Julie Bishop, meets with US Secretary of State, John Kerry, New York, 27 September 2013. [DFAT]

The department supported the Prime Minister's June visit and his engagement with President Obama and senior Administration and congressional figures on international and regional security matters, economic and energy issues, the TPP and the G20 agenda. The leaders announced conclusion of a bilateral force posture agreement.

The department also assisted with visits by the Treasurer, Attorney-General, Speaker of the House of Representatives, Ambassador for Women and Girls and the former Home Affairs and Justice Minister. We facilitated ministerial and parliamentary participation at the Australian American Leadership Dialogue and Alliance 21 conferences in Australia and the United States.

The department cooperated with the United States in responding to regional and global challenges. On the UN Security Council we worked closely to respond to the ongoing conflict and humanitarian crisis in Syria, and to counter international terrorist threats and regional weapons proliferation. We maintained a close dialogue on our G20 presidency.

Our partnerships with the Department of State and USAID grew as a result of staff exchanges and cooperation on development programs such as the All Children Reading Grand Challenge, which aims to improve reading skills in developing countries in partnership with World Vision. A senior officials' meeting on development cooperation agreed on collaboration to strengthen global growth through private sector development and innovation.

The United States is the largest foreign investor in Australia and our most important destination for investment abroad. The department continued implementation of the Australia – United States Free Trade Agreement (AUSFTA), and held bilateral discussions on agriculture market access in May 2014. We responded to hundreds of AUSFTA-related inquiries to help Australian business take advantage of the agreement.

The department maintained close engagement with respective chambers of commerce, and analysed developments in US fiscal policy, emerging energy independence, and legislative proposals on immigration and the Farm Bill. In June, we hosted a seven-member trade policy-focussed congressional staff delegation.

We helped shape the 2014 *G'Day USA* program, bringing together Australian and US government and business leaders, policy makers and academics, to promote and grow Australian tourism, trade and investment, public policy and research outcomes.

The department sustained engagement with the Australian–American Fulbright Commission through sponsorship of an annual Fulbright Professional Scholarship in Australia–US Alliance Studies and representation on the Fulbright Board.

Figure 11: Australia's trade in goods and services with the United States^(a)



(a) Goods data on a recorded trade basis, services data on a balance of payments basis.

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

Canada

The department reinforced wide-ranging engagement with Canada. Prime Minister Abbott's June 2014 visit, accompanied by Mr Robb and a CEO-level business delegation, was a highlight—sending a clear signal that Australia is 'open for business'. We held regular and productive exchanges at officials' level, covering issues such as strategic cooperation, the rise of Asia, trade and investment and consular cooperation.

Enhanced public policy dialogue was a core element of our relationship, including through the Canada–Australia Public Policy Initiative. The Secretary of the Department of Prime Minister and Cabinet led an Australian delegation of 13 senior APS officials in discussions with Canadian counterparts.

The department was heavily involved in the third Australia–Canada Economic Leadership Forum in Melbourne in February 2014. Over 140 senior representatives from business, politics, public service, academia, media and

other non-government leaders discussed the strengths and new opportunities in the relationship. Prime Minister Abbott delivered the keynote address and senior Australian ministers made presentations with their Canadian counterparts.

We boosted our development cooperation relationship with Canada through working-level coordination and the senior officials-level Development Dialogue. Our bilateral aid partnership focused on increasing the role of the private sector in promoting food security, maximising the development potential of the extractives sector, supporting disaster and emergency management in the Caribbean and improving health care in South Sudan.

Latin America and the Caribbean

The department promoted growing links with Latin America with a focus on business and education. Two hundred and sixty Australian companies are active in the region and **Brazil**

and **Colombia** are both top-ten international sources of student enrolments in Australia. We used domestic advocacy, including through the Australia Latin America Business Council (ALABC) Networking Day at Parliament House, to highlight trade and investment opportunities. The department helped organise and facilitate this event in November 2013, during which Foreign Minister Bishop and Trade and Investment Minister Robb outlined the Government's priorities for Latin America.

In April, we supported Ms Bishop's visit to **Mexico** to attend the MIKTA (Mexico, Indonesia, Korea, Turkey and Australia) Foreign Ministers' retreat and hold bilateral meetings, including with President Peña Nieto. She also led the Australian delegation to the First High-Level Meeting of the Global Partnership for Effective Development Co-operation, discussing aid effectiveness with UN Secretary-General Ban Ki-moon and USAID Administrator Shah. We held Senior Officials' Talks with Mexico in June 2014.

Staff profile

Quinton Devlin

Deputy Head of Mission, Brasilia



As Deputy Head of Mission in Brasilia, I have had the privilege this year of working with a great team to maximise public diplomacy opportunities and provide consular support during the world's largest sporting event: the 2014 FIFA World Cup. I have also enjoyed engaging one of the emerging global players on G20 and UNSC issues in support of Australia's leadership roles in these organisations.

Working in Brasilia is a far cry from my previous role as Director of the Media Liaison Section, which spanned the Arab Spring and numerous high profile consular cases, disasters and crises. But that is what is so great about working at DFAT—an entirely new job and new challenges every few years.

Prior to being a departmental media spokesperson, for example, I co-chaired the APEC Task Force on Emergency Preparedness and was Australia's representative on the APEC Counter Terrorism Task Force. I also helped manage the department's response to the H1N1 (swine flu) pandemic and coordinate counter-terrorism cooperation in the Philippines. Previously with the Department of Defence, I joined the department in 2002 and cut my teeth on the Timor-Leste desk during the nation's first years of independence.

Given our trade and investment focus, we used the Special Visits Program to support the participation of delegates from **Bolivia**, **Brazil** and **Paraguay** at the Latin America Down Under (LADU) mining conference. We also organised a LADU-related international media visit with economic journalists from Brazil, Colombia and Peru.

The department encouraged increased state government and university engagement with the region, including through a visit to Brazil and **Chile** by the Queensland Deputy Premier; the annual University of Queensland Latin America Colloquium; and a Victoria Latin America Education Symposium. The department also partnered with the Queensland, Victorian and Western Australian Governments to hold seminars on the trade-liberalising, Asia-oriented **Pacific Alliance** (Chile, **Colombia**, Mexico and **Peru**) to which Australia is an observer.

The Council on Australia Latin America Relations (COALAR) supported 16 major activities, including the inaugural Australia–Mexico Second Track Dialogue and a seminar series on Australia’s vocational education model in **Argentina**, Brazil, Chile, **Colombia**, Mexico and **Peru**. COALAR’s annual board visit to Latin America focussed on improving air service and tourism links, with calls on transport and

tourism authorities in Argentina, Brazil, Chile, Colombia, Peru and **Uruguay**. COALAR supported Latin Finance to hold its inaugural Latin America Australia Investors Forum in Sydney in July 2014, leading to several Latin American bond raisings on Australian financial markets.



Ambassador to Chile, Tim Kane (back centre), joins University of Queensland Deputy Vice-Chancellor (International), Professor Monique Skidmore, and Vice President of Chile’s Production Development Corporation, Dr Eduardo Bitran, as they sign an agreement on an International Centre of Excellence in Sustainable Mining, Santiago, June 2014. The embassy worked closely with the University of Queensland, Chile’s University of Concepcion and the Chilean Government to finalise the agreement. [DFAT]

Latin America Down Under, Sydney 2014

The LADU mining conference attracted participation from Bolivia, Brazil, Colombia, Mexico, Nicaragua, Paraguay, Peru and Venezuela. Supported by the department and COALAR, LADU underscored the importance that economic diplomacy plays in building Australia’s links with the dynamic economies of Latin America. A commercially-run annual event, LADU showcases opportunities for Australian mining ‘juniors’ whose expertise is keenly sought by Latin American governments and potential commercial partners.

Ms Bishop delivered a keynote address at the event, emphasising the strong reputation of Australian miners and researchers in sustainability and community engagement. Departmental officers and Australian heads of mission gave formal presentations to the conference and also supported the Austrade networking lounge which helped to facilitate over 99 meetings between visiting Latin American participants and Australian business, officials and university representatives.

Through its project partner TAFE Directors Australia, COALAR highlighted the type of hands-on skills Australian education models could offer Latin American economies.

We delivered \$21.5 million in aid to the region, focused on capacity building through Australia Awards (see 1.9(3), p. 169).

The department promoted stronger people-to-people and cultural links in the region including through an active Facebook campaign—most successful in Brazil (17 000 ‘likes’)—and support for a tour by the Sydney Dance Company to Colombia, **Ecuador**, Mexico and Peru. We promoted the ‘Gold and the Incas’ exhibition at the National Gallery of Australia and the ‘Aztecs’ exhibition at the Melbourne Museum.

Our ambassadors represented Australia at presidential inaugurations in Chile, Costa Rica, **El Salvador**, **Honduras**, **Panama** and **Venezuela** helping to drive high-level political links. The department also attended the Central American Integration System summits in Panama in December and the **Dominican**

Republic in June. We held senior officials’ talks with Colombia in November and also met twice with Pacific Alliance senior officials.

We actively promoted stronger parliamentary links assisting a Speaker-led parliamentary delegation visit to Mexico for the Asia–Pacific Parliamentary Forum and a visit by the Speaker to **Trinidad and Tobago**. We facilitated a Peruvian parliamentary delegation visit to Australia in May 2014.

The department supported a February 2014 visit to Chile by the Vice Chief of the Defence Force during which the two countries agreed to develop a modest program of defence cooperation.

We assisted the Foreign Minister in her engagement with Caribbean counterparts in the margins of CHOGM in Sri Lanka.



First Assistant Secretary Americas Division, Dr Brendon Hammer (right), with Ambassador to Argentina (with accreditation to Paraguay), Patricia Holmes (second right), and Assistant Secretary Brett Hackett (centre), discuss opportunities for Australia in Paraguay’s minerals sector with Paraguayan delegation leader Gustavo da Silva and colleague (left), Latin America Down Under, Sydney, May 2014. [Bryan Charlton]

Table 3: Australia's trade in goods and services with the Americas ^(a)

Goods and services	Exports		Trend growth 2008–2013	Imports		Trend growth 2008–2013
	2012	2013		2012	2013	
	\$m	\$m		\$m	\$m	
United States ^{(c) (e)}	14,627	15,531	–2.2	41,462	39,111	2.7
Canada ^{(c) (d)}	2,469	2,187	0.4	3,308	3,043	–1.6
Mexico ^{(b) (d)}	936	456	–5.0	2,062	2,198	11.4
Total NAFTA ^{(b) (d) (g)}	18,032	18,174	–1.9	46,832	44,352	2.7
Central America & Caribbean ^{(b) (d) (f)}	250	256	–7.9	1,199	1,060	2.8
Brazil ^{(c) (d)}	1,419	1,228	–6.9	738	704	–8.8
Chile ^{(b) (d)}	597	527	4.6	1,429	1,222	7.6
Argentina ^{(c) (d)}	328	255	–1.8	739	954	14.0
Total South America ^{(b) (d) (g)}	3,002	2,630	–2.8	3,303	3,349	3.4
Total Americas ^{(b) (d) (g)}	21,284	21,062	–2.1	51,333	48,761	2.7

(a) Goods data on a recorded trade basis, services data on a balance of payments basis.

(b) Excludes selected confidential export commodities from partner country totals from June 2013 onwards. Therefore movements in the confidentialised country totals may not reflect the true pattern of trade.

(c) Actual export total for 2013 based on unpublished ABS data.

(d) Excludes selected confidential import commodities from partner country totals from September 2008 onwards. Therefore movements in the confidentialised country totals may not reflect the true pattern of trade.

(e) Actual import total for 2008 to 2013 based on unpublished ABS data.

(f) Excluding Mexico.

(g) Totals include actual export totals for 2013 for Argentina, Brazil, Canada and the United States. Totals includes actual import total for 2008 to 2013 for the United States.

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

Outlook

Deepening the bilateral alliance with the United States, including through AUSMIN 2014, will be a priority. We will pursue Australia's trade and investment objectives, including through the implementation of the AUSFTA and mutual engagement in TPP negotiations.

Policy dialogue, trade and investment promotion and development assistance cooperation will be core elements of our engagement with Canada. We will support the Prospectors and Developers Association of Canada convention and the fourth Australia–Canada Economic Leadership Dialogue.

The department will facilitate the inaugural Latin America parliamentary delegation visit to Australia to coincide with the 2014 ALABC Networking Day. We will help shape the inaugural Australia–Chile Economic Leadership Forum to be held in Santiago; advance relations with Pacific Alliance countries; prepare for the promotion of Australia in Brazil in conjunction with the 2016 Olympics; and advocate for further Australian business interest in Mexico to take advantage of the country's economic reform.

1.1(4) Europe

Overview

As a major trade and investment partner, Europe remains integral to Australia's economic prosperity. The member states of the European Union (EU), as a bloc, are our largest source of foreign direct investment—\$156.11 billion in 2013. Two-way trade in goods and services sits at \$79.34 billion. The European Union remains an influential actor helping to shape our shared interests in human rights, democracy and the rule of law; and through our strong bilateral relationship with the North Atlantic Treaty Organization (NATO), Europe is a valued security partner for Australia.

We deepened high-level engagement with key European partners, conducting ministerial consultations with the United Kingdom and France; consolidating the multifaceted relationship with Germany and establishing strategic dialogues with the Netherlands and Switzerland. We supported visits by the President of the Senate, John Hogg, to a number of European countries and expanded our program of senior officials' meetings across the continent.

The department promoted Australia's commercial interests and economic diplomacy agenda in Europe, including by supporting Trade and Investment Minister Robb's visits to Germany and through hosting the annual Australia–EU trade policy dialogue in February 2014. With Australia positioned as a world-class science, innovation and investment destination, European foreign direct investment in Australia grew by 3.8 per cent in 2013.

While the relationship with the European Union remained strong, we were unable to resolve key differences in the draft Australia–EU Framework Agreement. But effective implementation of delegated development cooperation arrangements with the European Union delivered efficiencies for the Australian aid program, including in Fiji and South Sudan.

Australia's engagement with NATO focused on planning for a post–2014 Afghanistan.

We worked constructively with Turkey, including on preparations for the 2015 Anzac Centenary and on G20 issues.

Following Russia's invasion of Ukraine and purported annexation of Crimea, the Government imposed targeted financial sanctions and cancelled several high-level meetings.

As the membership of the EU Parliament and executive prepares to change over from July 2014, our officials engaged widely in the EU policy community to ensure Australia is well-placed to continue pursuing our political, security and economic interests once new leaders are in place.

European Union

Economic diplomacy was a major focus for our engagement with the European Union. The department hosted the annual Australia–EU trade policy dialogue in February 2014 which identified opportunities and constraints in the bilateral trade relationship. Our embassies in Europe actively promoted the Government's 'open for business' platform and advocated our G20 jobs and growth agenda.

Scheduling difficulties precluded the ministerial signing of the bilateral Crisis Management Agreement, which will enable Australian contributions to EU-led civilian and military missions. Signature is expected in the second half of 2014. We agreed to place a legal expert from the Australian Civilian Corps in an EU program to combat piracy in the Indian Ocean.

There was limited progress on the Australia–EU Framework Agreement—an overarching treaty that will elevate the institutional basis of the relationship. Both sides are considering an exchange of proposals aimed at overcoming key outstanding differences.

In April 2014, Foreign Minister Bishop and EU Commissioner Piebalgs signed a declaration welcoming the commencement of programs in Fiji and South Sudan under the delegated development cooperation arrangements. We also began discussions with the European Union on ways to enhance and broaden our international development partnership.

Figure 12: Australia's trade in goods and services with the European Union ^{(a) (b)}



(a) Goods data on a recorded trade basis, services data on a balance of payments basis.

(b) Includes actual export totals for Belgium, France, Germany, Italy, Netherlands, and United Kingdom. Excludes selected confidential export commodities from other partner country totals from June 2013 onwards and selected import commodities from September 2008 onwards.

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



Ambassador to Belgium, Luxembourg, the European Union and NATO, Duncan Lewis AO DSC CSC (centre), with New Zealand Ambassador to Belgium, Ms Paula Wilson (right), Anzac Day Dawn Service, Polygon Wood, Belgium, 2014. [DFAT]

Asia–Europe Meeting

The department managed Australia's participation in the Asia–Europe Meeting (ASEM), including coordinating official and civil society representation at various ASEM workshops. The Secretary represented

the Government at the November 2013 Foreign Ministers' Meeting in New Delhi. The holding of a ministerial retreat represented progress on Australia's goals of enhancing ASEM as a forum for political dialogue.

European security

Australia's contribution to the International Security Assistance Force mission in Afghanistan remained the cornerstone of our relationship with NATO. The embassy in Brussels supported Defence Minister Johnston's meeting with NATO Secretary-General Rasmussen to discuss post-2014 Afghanistan and develop plans for future Australia–NATO cooperation.

Australia contributed \$300 000 to the Organization for Security and Cooperation in Europe's Special Monitoring Mission to Ukraine to help promote security and stability there.

Europe – bilateral relationships

Strengthening foreign and trade relations with the **United Kingdom** was a priority. At the sixth Australia–UK Ministerial (AUKMIN) Consultations in London in March 2014, ministers agreed on closer diplomatic relations—including through embassy

co-location in Baghdad. They also agreed to enhance cooperation on Asia–Pacific regional security and announced the inaugural Australia – United Kingdom 1.5 track Asia dialogue. The dialogue was subsequently held in the United Kingdom in June 2014, involving departmental officials, the Lowy Institute and the Ditchley Foundation. Ms Bishop signed a new Partnership Arrangement on development cooperation to underpin strengthened collaboration on economic development and gender equality (see also 1.1(10), p. 95).

The department supported visits to **France** by portfolio ministers and the Prime Minister for high-level consultations with counterparts in the first half of 2014. Ms Bishop represented the Government at the Anzac Day Dawn Service at Villers-Bretonneux—the first major commemoration in France in the Centenary of World War I period (2014–18). In June, the Prime Minister participated in the 70th anniversary commemorations of the D-Day landing.

The Government's economic diplomacy agenda was a key element of all visits and the department arranged several events in Paris to showcase Australia's investment credentials. We also supported an Australian delegation's participation in the fourth round of the Australia–France 1.5 track Strategic Dialogue in Paris in April 2014.

Following the signing of a Strategic Partnership with **Germany** in 2013, the department worked to grow our multifaceted relationship. We supported Mr Robb's May 2014 visit

to Frankfurt to build direct links with representatives of major multinational companies. We facilitated the signing of an MOU on Implementation Arrangements, providing an enhanced framework for joint development cooperation programs in the Asia–Pacific region.

The Foreign Minister of **Switzerland** visited Australia in October 2013 and the Foreign Minister of the **Netherlands** visited in February 2014. Both visits resulted in the establishment of strategic dialogues designed to promote greater cooperation on global security, strengthen two-way trade and investment, and build on substantial people-to-people links. Separately, the Prime Minister and Ministers Robb and Bishop visited Switzerland to encourage greater investment in Australia.

Our embassy to the **Holy See** highlighted the strength of relations with the Vatican by hosting major public diplomacy events commemorating two milestones: 40 years of diplomatic relations and the centenary of the first Apostolic Delegation in Australia.

Russia's purported annexation of the **Ukrainian** territory of Crimea prompted Australia to apply targeted financial sanctions and travel bans on Russian and Ukrainian individuals and entities. Australia reduced its bilateral engagement with Russia and will continue to support international efforts to uphold Ukraine's territorial integrity. In June 2014, we appointed an Honorary Consul in Kyiv.



Minister for Foreign Affairs, Julie Bishop (left), Minister for Defence, Senator David Johnston (second left), and Australian delegation, with UK First Secretary of State, William Hague, Secretary of State for Defence, Philip Hammond and the UK delegation (right), 6th AUKMIN Consultations, London, 11 March 2014. [DFAT]

Position profile

Honorary Consul, St Petersburg
Sebastian FitzLyon


Coming from a family with a long history of civil service in Russia, it is a great honour to serve as the Australian Government's Honorary Consul in St Petersburg. I was officially appointed to this role over a decade ago, having previously worked for the embassy on an ad hoc basis.

The work that I do is varied—no week or month is ever the same, and I must also balance my ongoing professional responsibilities. Broadly speaking, my main work is managing Australian consular cases in the north-western part of Russia, and public diplomacy, where an increased Australian involvement in St Petersburg's rich cultural life is a notable trend.

Russia is a unique operating environment, and so it very much serves the national interest to have a presence outside of Moscow on the ground. This was clear, for example, during the high-profile Greenpeace consular case in the second half of 2013.

The department supported a visit to **Poland** in March 2014 by Minister Bishop during which she and her counterpart signed a Work and Holiday Visa arrangement that will build on established economic and cultural links. Our embassy in Warsaw worked closely with Austrade to arrange a mining mission to Poland and the **Czech Republic** in April 2014 involving seven mining-related companies and two institutes. We supported visits by the President of the Senate, John Hogg, to Russia and Cyprus (July 2013), Estonia (October 2013), and to Italy, Germany and Austria (April–May 2014).

The department assisted with the visit to Australia in December 2013 by **Finland's** Minister for European Affairs and Trade, Dr Alexander Stubb, aimed at enhancing trade and investment opportunities. Senior officials' talks with **Denmark, Sweden and Norway** in May 2014 highlighted the breadth of our bilateral cooperation on international peace and security matters and our growing economic

links, particularly in the mining and oil and gas sectors. The embassy in Copenhagen facilitated Jessica Mauboy's performance at Eurovision, highlighting Australia's diversity and creative excellence.

As in previous years, we supported the hosting of successful 2014 Anzac Day commemorations at Gallipoli. We also worked constructively with **Turkey**, including on preparations for the 2015 centenary of the Gallipoli campaign and cultural diplomacy initiatives. We stepped up cooperation on G20 issues, given Turkey's assumption of the presidency in 2015.

The department pursued an active and diverse economic diplomacy agenda with **Spain** and **Italy** to support two-way investment flows. The re-opening of the honorary consulate in Barcelona brought improved services to consular clients in Cataluña and Aragon.



Ambassador to Spain, Jane Hardy, addresses senior officials and business leaders, Madrid, 6 May 2014. [DFAT]

The department supported the conclusion of a Work and Holiday Visa arrangement with **Greece** and in March 2014, we welcomed the first visit to Australia by **Croatia's** Prime Minister, Zoran Milanović.

The High Commission in Nicosia continued to assist efforts to negotiate the reunification of **Cyprus**, including by supporting the 15-member Australian Federal Police contingent in the UN Peacekeeping Force in Cyprus.

Table 4: Australia's trade in goods and services with Europe^(a)

Goods and services	Exports	Exports	Trend growth 2008–2013	Imports	Imports	Trend growth 2008–2013
	2012	2013		2012	2013	
	\$m	\$m		\$m	\$m	
United Kingdom ^{(c) (d)}	10,508	7,841	–9.4	11,855	12,043	–2.3
Germany ^{(c) (d)}	3,008	3,027	0.6	12,730	13,093	1.3
Netherlands ^{(c) (d)}	3,294	2,854	–2.1	3,233	2,708	2.6
France ^{(c) (d)}	1,686	1,916	–4.6	4,994	5,402	–1.5
Italy ^{(c) (d)}	1,197	1,188	–7.9	6,482	7,040	2.5
Total European Union 28^{(b) (d) (e) (f)}	25,429	22,078	–5.5	56,634	57,261	0.3
Russian Federation ^{(b) (d)}	938	903	–1.4	949	1,158	18.3
Other Europe ^{(b) (d)}	2,748	3,298	2.0	6,158	6,419	0.7
Total Europe^{(b) (d) (e) (f)}	29,115	26,279	–4.6	63,741	64,838	0.5

(a) Goods data on a recorded trade basis, services data on a balance of payments basis.

(b) Excludes selected confidential export commodities from partner country totals from June 2013 onwards. Therefore movements in the confidentialised country totals may not reflect the true pattern of trade.

(c) Actual export total for 2013 based on unpublished ABS data.

(d) Excludes selected confidential import commodities from partner country totals from September 2008 onwards. Therefore movements in the confidentialised country totals may not reflect the true pattern of trade.

(e) Totals include actual export totals for 2013 for Belgium, France, Germany, Italy, Netherlands and the United Kingdom.

(f) Services data is EU27 for 2012, EU28 for 2013.

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

Outlook

The Government's hosting of the G20 Summit in November 2014 will be a significant opportunity to advance our foreign policy and economic interests with European leaders, nine of whom are expected to participate in the summit. We will also look to consolidate relationships with the new EU Parliament and executive leadership from July 2014.

We expect to sign the Crisis Management Agreement with the European Union in the second half of 2014 and will continue difficult negotiations on the Australia–EU Framework Agreement.

We will remain constructive interlocutors with the European Union on international trade policy and global economic governance, and begin consultations with domestic industry

to gain a better understanding of the level of interest in a possible free trade agreement with the European Union.

Australia will host the seventh AUKMIN meeting in early 2015, with an ambitious agenda geared towards deepening our foreign policy and defence engagement with the United Kingdom.

We will need to consider carefully our relationship with Russia based on events in Ukraine.

Australia's bonds with Turkey will be in public focus with the 100th anniversary of the Gallipoli campaign in 2015, but our engagement efforts will seek to move beyond the shared Anzac history to promote a modern relationship.

1.1(5) South and West Asia

Overview

Elections in India, Afghanistan and Pakistan provided opportunities to strengthen relationships. The department's efforts will enable positive engagement with the new leaders. We were active in the Indian Ocean region including through our role as Chair of the Indian Ocean Rim Association (IORA—formerly the Indian Ocean Rim Association for Regional Cooperation). Deepening Australia's strategic partnership with India was a priority.

The department used our development partnerships in South and West Asia to address barriers to economic participation and productivity. We formulated and commenced implementation of an economic diplomacy strategy which aims to increase and liberalise trade, facilitate business-to-business links, encourage investment, promote women's economic empowerment and stimulate economic growth and development.

The department encouraged stability in the region, leading Australia's whole-of-government effort to advance security, economic and political transition in Afghanistan. Our engagement with Pakistan focused on supporting the democratic process, encouraging economic reform and security issues.

India

The department continued to add depth to the strategic partnership with India—Australia's fifth largest export market, the world's most populous democracy, and a country with which our interests are increasingly converging.

In October 2013, we supported Ms Bishop's co-chairing of the 9th round of the Foreign Ministers' Framework Dialogue in Perth. Ministers discussed ways to strengthen the strategic partnership, including by expanding cooperation on terrorism, transnational crime, and cyber security. Ms Bishop stressed the value of working together on shared priorities in the G20 during Australia's host year.

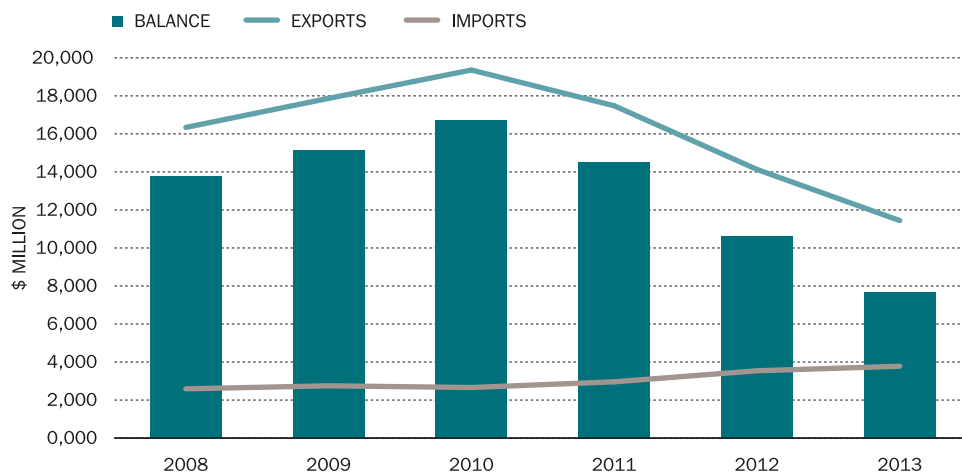
The department arranged Ms Bishop's visit to India in November 2013 where she expressed support for India's membership of the Nuclear Suppliers Group. With renewed political commitment from respective foreign ministers, the department made good progress on a bilateral civil nuclear cooperation agreement, holding four rounds of negotiations. We also hosted the inaugural meeting of the India–Australia Disarmament and Non-Proliferation Dialogue in February 2014.

We facilitated Mr Robb's engagement with his Indian counterpart in January 2014 during which ministers underlined the importance of concluding a high-quality comprehensive economic cooperation agreement. Such an agreement would assist in boosting investment flows and two-way trade—which exceeded \$15 billion in 2013. We developed an economic diplomacy strategy that focuses on assisting Australian companies in their commercial engagement with India and promotes Australia as a major investment destination.

In December 2013, the department supported the third meeting of the Australia–India CEO Forum. CEOs agreed to focus efforts on four core areas of bilateral commercial opportunity: resources and energy; financial services; infrastructure, including logistics; and agribusiness.

The department reinforced closer people-to-people links between India and Australia with strong promotion of tourism and education. In recognition of the extensive community ties, Mr Robb delivered a keynote address at the regional *Pravasi Bharatiya Divas* (Overseas Indians Day) convention in Sydney—the first time the Indian Government had hosted the conference in Australia.

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



(a) Goods data on a recorded trade basis, services data on a balance of payments basis.

(b) Excludes selected confidential import commodities from September 2008 onwards.

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

Afghanistan

The department led the multinational Provincial Reconstruction Team (PRT) in Tarin Kot, Uruzgan, which helped strengthen provincial administration and infrastructure and engage political leaders in a peaceful transition. We assumed the lead in August 2010, coordinating participation from the Australian Civilian Corps, Australian Defence Force personnel and the Australian Federal Police. In October 2013, we arranged Prime Minister Abbott's attendance at the ceremony to mark the PRT's closure.

The department played a leading role in the renewal of mandates for the International Security Assistance Force in October 2013 and the UN Assistance Mission in Afghanistan in March 2014. (See also 1.1(10), p. 92.)

Our \$138.4 million aid program promoted education, health, rural development and livelihoods and the status of women and girls. The program also supported the presidential elections by funding election observers, building media capacity and raising civic awareness. (See 1.9(1), p. 162.)

Under our economic diplomacy strategy, we supported the establishment of the Australian–Afghan Business Council launched by Mr Robb in December 2013.



Provincial Reconstruction Team (PRT) Director, David Windsor, with Prime Minister Abbott, Tarin Kot, 28 October 2013. [DFAT]

Pakistan

The department led whole-of-government efforts to engage with Pakistan following its first successful democratic transition. Through political and official-level dialogues we promoted security and stability in Pakistan, whose borders with India and Afghanistan are among the world's most volatile. The department's advocacy focused on promoting democracy, peace and a rules-based approach, while also emphasising trade and investment ties.

The department supported a visit to Pakistan by Senator Mason in November 2013 and senior-level official participation in the annual Pakistan–Australia Bilateral Political Consultations. We worked to grow, as appropriate, our defence, counter terrorism, irregular migration, transnational crime and nuclear non-proliferation engagement with Pakistan. As part of our economic diplomacy strategy we conducted stakeholder outreach to identify ways to increase the bilateral trade and investment relationship—including in energy, agriculture and education. We promoted economic reforms in Pakistan and greater regional economic integration.

The department's \$72.6 million aid program promoted economic growth and income generation, education and health, with a particular focus on gender equality and women's economic empowerment (see 1.9, p. 164).

Sri Lanka, Bangladesh, Maldives, Nepal and Bhutan

The department advanced Australia's relationship with **Sri Lanka** by strengthening cooperation on people smuggling, engaging constructively to promote human rights and reconciliation, promoting stronger trade and investment ties, and using our development partnership to expand economic participation and productivity in Sri Lanka.

We facilitated the participation of Foreign Minister Bishop and Prime Minister Abbott in CHOGM in November, along with a bilateral program of meetings with Sri Lankan government, opposition, business and development partners. In May 2014 we supported the Sri Lankan External Affairs Minister's bilateral discussions in Australia.

Table 5: Australia's trade in goods and services with South Asia^(a)

Goods and services	Exports		Trend growth 2008–2013	Imports		Trend growth 2008–2013
	2012	2013		2012	2013	
	\$m	\$m		\$m	\$m	
India ^{(c) (d)}	14,133	11,438	–7.1	3,542	3,780	8.2
Bangladesh ^{(b) (d) (e)}	490	567	13.8	375	465	49.6
Pakistan ^{(b) (d) (e)}	695	402	0.6	183	194	3.2
Other South Asia ^{(b) (d) (e) (f)}	251	242	–2.4	135	163	7.2
Total South Asia^{(b) (d) (g)}	15,569	12,649	–6.3	4,235	4,602	9.7

(a) Goods data on a recorded trade basis, services data on a balance of payments basis.

(b) Excludes selected confidential export commodities from partner country totals from June 2013 onwards. Therefore movements in the confidentialised country totals may not reflect the true pattern of trade.

(c) Actual export total for 2013 based on unpublished ABS data.

(d) Excludes selected confidential import commodities from partner country totals from September 2008 onwards. Therefore movements in the confidentialised country totals may not reflect the true pattern of trade.

(e) Goods data only. Services data is not published by the ABS for these countries.

(f) Other South Asia comprises Bhutan, Maldives, Nepal and Sri Lanka.

(g) Total includes actual export total for 2013 for India.

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

Bangladesh was the second largest market for Australian exports to South Asia, with two-way trade worth \$990 million. The department focused senior officials' talks in Dhaka in March 2014 on increasing two-way trade and investment flows. We supported a visit by the Prime Minister's Special Envoy for Operation Sovereign Borders, to advance our counter people smuggling cooperation. In the lead up to Bangladesh's parliamentary elections in January 2014, we engaged the Government and opposition to promote free, fair and fully-inclusive elections.

The department facilitated the participation of two Australian Senate observers for Constituent Assembly elections in **Nepal** in November 2013. We coordinated closely with the Commonwealth and like-minded countries to encourage inclusive, free and fair elections in the **Maldives** and the continued implementation of necessary reforms recommended by the Maldives Commission of National Inquiry.

We provided development assistance to all five countries. The department's \$77.6 million aid program to Bangladesh focused on strengthening education and women's economic empowerment. In Sri Lanka (\$35.2 million) the program boosted school enrolment, farming and forestry activity and assisted communities to recover from conflict. Our aid program in Nepal (\$26.1 million) targeted micro-enterprise development, job creation, improving access to quality health and education services, and strengthening financial management systems. In **Bhutan**, our aid (\$9.4 million) centred on the higher education sector. We focused on enhancing the skills of recipients and building the capacity of institutions to advance Bhutan's development objectives. (See also 1.9(1), pp. 162–5.)

Indian Ocean Rim Association

The department led efforts to build IORA's international profile and organisational capacity, promoting closer cooperation and greater economic integration across the Indian Ocean region.

We supported Ms Bishop at the IORA Council of Ministers' meeting in Perth in November at which

Australia became Chair of the organisation. The IORA Declaration outlined principles for peaceful, productive and sustainable use of the Indian Ocean and its resources.

We worked to encourage greater participation in IORA activities. The department delivered capacity-building initiatives to strengthen cooperation in the priority areas of trade and investment facilitation, maritime safety and security, fisheries management, science and technology and disaster risk reduction. As chair, we injected into IORA programs a greater emphasis on gender and the role it plays in fostering economic development.



First Assistant Secretary South and West Asia Division, Paul Robilliard (centre), supports Minister for Foreign Affairs Julie Bishop chairing the IORA plenary meeting, Perth, 1 November 2013. [DFAT]

Central Asia

The department focused on growing trade and investment links with Central Asia—**Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan**. We facilitated outreach with the academic and business communities to investigate ways to strengthen bilateral relationships in the region and assisted Kazakhstan in its appointment of an honorary consul in Melbourne. We supported the Parliamentary Secretary to the Treasurer's attendance at the Asian Development Bank Annual Meeting in Kazakhstan.

Outlook

The department will strengthen Australia's relations with South and West Asia, supporting high-level visits, increased trade and investment and closer education, business and people-to-people links, including through the New Colombo Plan.

We will further expand Australia's strategic partnership with India, including through close links with the new Government. We will work to deepen political dialogue, grow trade and investment flows, and increase people-to-people links, including through the Australia–India Council.

We will lead whole-of-government efforts in Afghanistan. Working with the Afghan Government, international partners and

through the UN Security Council, we will support political, development, security and economic objectives in the post-2014 transition process. The department will explore closer engagement with Pakistan, including by enhancing trade and investment opportunities.

The department will build on the close cooperation with Sri Lanka—particularly on people smuggling and transnational crime and trade and investment—and support the Sri Lankan Government and other stakeholders to promote reconciliation.

We will work to build IORA's profile, including at the Council of Ministers meeting in October 2014, and encourage greater cooperation in the Indian Ocean region.

Visits: driving Australia's engagement with the world

The department's facilitation of high-level overseas visits is core business. During 2013–14, we supported more than 127 high-level visits, including by the Governor-General, Prime Minister, portfolio ministers and parliamentary secretaries, other ministers and parliamentarians (see 1.1 – 1.12, pp. 29–186).

Visits are an important tool for advancing Australia's foreign, trade, investment and development interests. They enable senior government officials to advocate these interests directly with their foreign counterparts. Building on the work of our overseas posts, visits help invest foreign officials in our priorities. And they generate the high-level engagement that is often necessary to secure the bilateral, regional and multilateral cooperation we seek.

Visits can help emphasise the value we place on a relationship or a particular objective. They can support our economic diplomacy priorities, including by promoting trade and investment and by opening up commercial opportunities for Australian business. Overseas visits also provide a valuable platform for public diplomacy.

Each visit program engages the department in extensive preparation. In close consultation with ministers' offices we define visit objectives, set the strategies for achieving them and lead the associated policy work. We coordinate with other agencies, particularly on overseas visits of non-portfolio ministers and parliamentarians. Our posts work with host governments and others to ensure visit outcomes (or 'deliverables') are sufficiently advanced to warrant ministerial consideration. Posts ensure visit programs are targeted and effective, and it is our posts that manage the often complex in-country logistics.

The department also facilitates a range of visits to Australia. In 2013–14, these included 33 visits of emerging leaders and opinion-makers under the Special Visits Program (see 1.1(14), p. 118) and the visits of 45 journalists under the international media visits program (see 1.1(14), p. 118).

1.1(6) Middle East and Africa

Overview

Weak institutions, struggling economies, and rising extremism in parts of the Middle East and North Africa posed direct challenges to stability in the region and Australia's international security and economic interests. Nevertheless, strong economic growth and commercial opportunities were evident in other areas, particularly the Gulf.

The department worked constructively through the UN Security Council and our regional posts to mitigate the effects of the ongoing crisis in Syria and to assist efforts to bring peace and stability to other conflict areas of the Middle East. We actively supported P5+1 (China, France, Germany, Russia, United Kingdom and United States) efforts to negotiate a settlement of the Iran nuclear issue.

Our aid program made an important contribution to building institutional capacity for a future Palestinian state in support of efforts for a negotiated two-state solution to the Israeli–Palestinian issue.

The department used visits, education and trade promotions, outreach to peak business councils, and the Council for Australia–Arab Relations to expand trade and investment, in line with the Government's economic diplomacy agenda. Total goods trade with the Middle East and North Africa region grew by 15.3 per cent to \$16.5 billion in 2013.

The department, working through our missions in New York and Africa, and with international partners, made strong, informed contributions on African peace and security issues—which account for nearly two-thirds of the UNSC's agenda. We advocated Australia's business credentials, particularly in the mining sector, to African leaders and at high-level mining conferences. Our aid efforts contributed to healthier, more resilient African communities with increased economic opportunities.

Total Australian aid to the Middle East and Africa delivered by the department was \$344.4 million. Of this we provided close to \$60 million in humanitarian assistance in response to conflicts. (See 1.9(2), pp. 166–8.)

Middle East and North Africa

Supporting Australia's interests in helping address the ongoing crisis in **Syria**, the department led Australia's multifaceted response, including through the provision of \$52.5 million in humanitarian assistance. We supported Ms Bishop's talks in **Jordan** and **Lebanon** in April 2014 during which she announced a \$20 million contribution to the 'No Lost Generation' education initiative, recognising the regional impact of the Syria crisis on those neighbouring countries. Australia has contributed more than \$132 million in response to the Syria crisis since the violence began in 2011.

Australia worked hard in the UN Security Council for action on Syria, including by co-authoring resolutions 2139 and 2165 on humanitarian access and protection of civilians, and co-sponsoring resolution 2118 on elimination of Syria's chemical weapons program. We implemented further autonomous sanctions against the Assad regime and urged the parties to achieve a political transition. (See also 1.1(10), p. 92.) We contributed \$2 million to the Organisation for the Prohibition of Chemical Weapons to support the mission overseeing the destruction of Syria's chemical weapons program.

The department organised Ms Bishop's visit to **Israel** in January 2014 where she reiterated Australia's long-standing position on the need for a negotiated two-state solution between Israel and the Palestinians. The department offered strong support to US-led peace talks, actively contributed to Middle East consultations in the Security Council, and provided \$54.2 million in aid to the **Palestinian Territories** to help build the foundations of a future Palestinian state, including through support for institutional capacity development, economic growth, governance reform and humanitarian needs.



Ambassador to Israel Dave Sharma (second right), accompanied by the head of the Ramallah Representative Office, Tom Wilson (fourth right), talks with Rafidia Hospital staff, recipients of a DAP-funded operating microscope for cataract surgery, Nablus, Palestinian Territories, 4 December 2013. [DFAT]

One of the most important issues on the international security agenda is **Iran's** nuclear program, and the department supported negotiations between the P5+1 and Iran on a comprehensive agreement to resolve international concerns. We urged Iran to comply with relevant UNSC resolutions and cooperate fully with the International Atomic Energy Agency. Australia worked as chair of the Iran Sanctions Committee in the Security Council and with regional partners to improve the effectiveness of UN sanctions. We implemented additional Australian autonomous sanctions against Iran in July 2013 and January 2014.

The expansion of terrorist control of territory from Syria into north and west **Iraq** was a growing threat to regional and international security. Iraq was therefore a major preoccupation for the department, and we provided diplomatic support to Iraqi Government and international efforts to combat international terrorist group the Islamic State of Iraq and Levant. We provided \$5 million in humanitarian support to assist displaced Iraqis. We used Australia's UNSC seat to co-sponsor a resolution establishing a sanctions framework in **Yemen**

to encourage the country's democratic transition. The department followed developments in **Egypt** closely and encouraged an inclusive political approach and a quick return to democratic rule, while advocating respect for human rights and the protection of minorities.

Despite the security complexity in the region, there is dynamism and significant economic potential. Reinvigorating commercial relations was, therefore, a major priority for the department. We supported Mr Robb's visit to the **United Arab Emirates** and **Saudi Arabia** in April 2014—the first by a Trade Minister for some years. The Minister pressed ministerial counterparts for resumption of Free Trade Agreement (FTA) negotiations with the Gulf Cooperation Council. He also advanced another major commercial objective in meeting and encouraging major sovereign wealth funds to increase investment in Australia.

The Minister witnessed the entry into force of a Nuclear Cooperation Agreement with the United Arab Emirates that will open up new uranium sales opportunities. Mr Robb also took part in the Australia Unlimited Gulf annual trade promotion events, supported the 27 Australian education institutions at the

International Exhibition and Conference on Higher Education in Riyadh, and opened the Council for Australian–Arab Relations-funded high-level policy forums on the ‘Food, Water, Energy Nexus’. The department worked with peak business councils in the region, and helped facilitate the launch of the Australia Saudi Business Council.

The department ensured sustained engagement with major countries in the region on key security, political and economic interests by: facilitating the Prime Minister’s October 2013 visit to the United Arab Emirates; holding senior officials’ talks with the Arab League (December 2013), Iraq (December 2013) and **Morocco** (April 2014); and supporting parliamentary exchanges (the Speaker to Morocco and **Tunisia** in May 2014 and parliamentary delegations to the United Arab Emirates in March and April 2014).

Sub-Saharan Africa

The department maintained momentum in engagement with Africa through representation at two African Union summits in January and June 2014 and support for high-level meetings and visits.

We held senior officials’ talks with **Nigeria** in December 2013 and supported the visit by a parliamentary delegation from the **Democratic Republic of the Congo** in March 2014. We welcomed ministers from nine African countries and high-level delegations from a further six to the Africa Down Under (ADU) mining conference in August 2013.

The department was actively involved in UNSC debates on South Sudan, Central African Republic, Somalia, Democratic Republic of Congo, Mali and Sudan. We contributed to the mandate renewal for the UN Mission in **South Sudan** ensuring prioritisation of protection of civilians in the conflict. We provided over \$46.2 million in humanitarian assistance to alleviate the suffering of people affected by crises on the continent, including those seeking refuge in neighbouring countries.

The department led a review of policy settings on **Zimbabwe** to ensure that Australia was well placed to respond to the evolving situation in that country. The review resulted in adjustment

to our sanctions regime and contacts policy. The changes will help us engage with reformist elements in the new Government of Zimbabwe and encourage Zimbabwe to move in a positive political and economic direction.



High Commissioner to Ghana, Joanna Adamson, being briefed by Australian mining company, Noble Gold Bibiani Ltd, officials on their operations, Bibiani, Western Ghana, 5 July 2013. [DFAT]

Australia–Africa two-way merchandise trade was \$12 billion in 2013—more than double 2009 levels—and investment from South African companies in Australia has grown significantly. The department promoted trade and investment partnerships at the ADU mining conference in Perth and the Mining Indaba conference in Cape Town. We supported the Foreign Minister’s participation in ADU and facilitated meetings with visiting African ministers. In February 2014, the department supported the Western Australia Premier’s attendance at Mining Indaba and a visit to **Zambia**. The Premier promoted the Australian mining sector and signed an MOU with the Common Market for Eastern and Southern Africa to promote vocational training and facilitate broader investment in agriculture and mining.

Our targeted development assistance program of \$218.2 million in Africa supported skills development and better policy making in the mining sector—a sector which, if managed well, will contribute substantially to economic growth. We also supported economic productivity through improved agricultural technologies and access to financial services, training and Australia Awards. (See also 1.9(2), pp. 166–7.)

Table 6: Australia's trade in goods and services with Africa ^(a)

Goods and services	Exports			Imports		
	2012	2013	Trend growth 2008–2013	2012	2013	Trend growth 2008–2013
	\$m	\$m	%	\$m	\$m	%
South Africa ^{(c) (d)}	1,919	1,767	–7.2	1,338	1,361	–6.1
Other ^{(b) (d)}	2,607	2,857	0.3	6,594	5,434	43.1
Total Africa ^{(b) (d) (e)}	4,526	4,624	–3.1	7,932	6,795	22.9

(a) Goods data on a recorded trade basis, services data on a balance of payments basis.

(b) Excludes selected confidential export commodities from partner country totals from June 2013 onwards. Therefore movements in the confidentialised country totals may not reflect the true pattern of trade.

(c) Total includes actual export total for 2013 for South Africa.

(d) Excludes selected confidential import commodities from partner country totals from September 2008 onwards. Therefore movements in the confidentialised country totals may not reflect the true pattern of trade.

(e) Total includes actual export total for 2013 for South Africa.

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

Outlook

The department will work closely with the international community to address shared security and humanitarian challenges arising from conflicts in Syria and Iraq and from Iran's nuclear program. Growing trade and commercial links with the region will be a priority. We will continue to press for a resumption of FTA negotiations with the Gulf Cooperation Council, promote increased investment to Australia, including from large sovereign wealth funds in the region, and advocate our world-class education sector.

Our aid program in the Palestinian Territories will focus on developing institutional capacity for a future Palestinian state, private sector economic growth, and humanitarian needs.

The department will continue to promote Australia's interests in Sub-Saharan Africa through economic diplomacy, strengthening key relationships and delivering a targeted and effective aid program. Africa will continue to be a major focus for our work on the UN Security Council.

1.1(7) Pacific

Overview

Australia's leadership in the Pacific is integral to the region's stability and economic development. We are the major economic and security partner and Australia's \$1 billion aid program makes us the biggest donor. Our interests lie in a secure and prosperous region, and our regional and bilateral engagement is calibrated through that lens.

The department used high-level engagement to advance Australia's interests. Visits to the region included the Prime Minister, Foreign Minister, Minister for Justice, Minister for Health and Ageing, Parliamentary Secretary for Foreign Affairs, parliamentary delegations and the Global Ambassador for Women and Girls.

The department assisted the Republic of Marshall Islands in its staging of the Pacific Islands Forum (PIF) Leaders' Meeting in September 2013 and engaged forum members on enhancing regional cooperation frameworks through the Pacific Plan Review. We made progress on the Pacific Agreement on Closer Economic Relations (PACER Plus) free trade negotiations, and worked with labour-sending countries to improve their ability to access Australia's Seasonal Worker Program (SWP).

The department promoted the economic integration agenda with New Zealand, including through an agreed response to the Australian and New Zealand Productivity Commissions' joint study on productivity, competitiveness and integration.

We worked closely with Papua New Guinea to negotiate the Economic Cooperation Treaty signed by Prime Ministers in March 2014.

We drove Australia's enhanced engagement with Fiji and began preparations to co-lead a multinational observer group to the September 2014 elections, subject to agreement on appropriate terms of reference. We successfully concluded the transition of the Regional Assistance Mission to Solomon Islands (RAMSI) to a predominately policing mission.

Our aid program supported improved stability and prosperity in the region. We targeted the drivers of economic growth, particularly

health, education, infrastructure, fisheries, and empowering girls and women. The department promoted private sector growth by helping more people access financial and banking services. The department also assisted Pacific countries create a more trade-friendly economy, supported by a focus on skills development. (See 1.6, pp. 141–50.)

Regional engagement

In addition to strengthening bilateral relations, the department engaged Pacific countries through a range of regional mechanisms with a view to improving security, economic and social development. The department supported the participation of the then Minister for Mental Health and Ageing and Deputy Leader of the Government in the Senate, Senator Collins, to the PIF Leaders' Meeting held in Majuro (September 2013); Senator Mason's participation at Japan's Pacific Islands Leaders Intersessional Meeting (October 2013); the China – Pacific Island Countries Economic Development and Cooperation Forum (November 2013); and the PIF Trade Ministers' Meeting in Kiribati (May 2014).

The department engaged the PIF Secretariat and member countries on the Pacific Plan Review, advocating an improved priority setting and governance structure for regional meetings. We supported Senator Mason's participation at the PIF Special Leaders' Retreat in Rarotonga in May 2014 which considered the review's proposals for a new Framework for Pacific Regionalism intended to promote regional solutions to regional problems.

We participated constructively in a range of other officials-level regional meetings including the Forum Regional Security Committee Meeting in June 2014 which recommended, for leaders' endorsement, options to improve security sector governance, as well as overcome sexual and gender based violence.

The department led Australia's participation in the PACER Plus negotiations, which advanced and intensified from July 2013. Working with participating countries, we achieved significant progress on goods, services, investment,

and legal provisions. We helped advance negotiations on the assistance required to help Pacific countries implement PACER Plus (see *box below*). The department supported the implementation of the SWP, which has raised household incomes through remittances and contributed to regional economic development.

Australia helped elevate the profile of fisheries within both regional and international

development processes. Our support to the PIF Fisheries Agency promoted sustainable management and supported further direct investment in domestic offshore fisheries. We engaged strongly with the World Bank to advance the Global Partnership for Oceans and with the UN community and the Government of Samoa on preparations for the forthcoming Small Island Developing States Conference.

Pacific Agreement on Closer Economic (PACER) Plus negotiations

In July 2013, PIF trade ministers adopted a roadmap to expand the PACER Plus negotiations.

The roadmap reaffirmed the long-term opportunity PACER Plus presents to help create jobs, enhance private sector growth and raise living standards in Pacific Economic Forum countries. Ongoing negotiations are gradually reaching consensus on trade in goods, trade in services, development assistance, labour mobility, investment, and legal and institutional issues.

The department continued domestic stakeholder consultations on PACER Plus and participated in regional meetings with members of civil society, business groups and other interested parties.

The Office of Chief Trade Adviser provided independent negotiating advice and support to PIF countries and, in November 2013, the department agreed to increase our support for the office over the next few years. We also committed funding to a new phase of comprehensive trade negotiating training for Pacific officials.

In May 2014, PIF trade ministers agreed to intensify PACER Plus engagement with the view to completing draft chapter text negotiations by December 2014 and commencing market access negotiations in 2015.

New Zealand

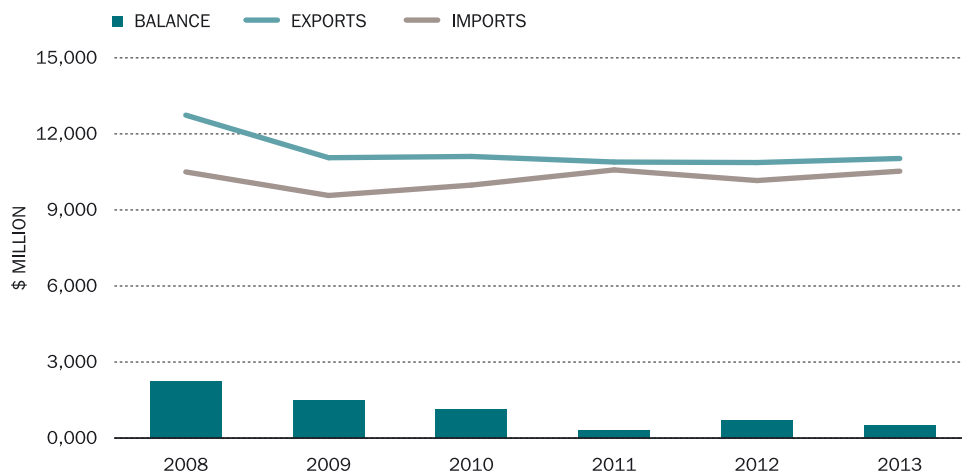
The department supported high-level engagement with New Zealand. Prime Minister John Key was the first foreign leader to meet Prime Minister Abbott in Australia on 2 October 2013. At the same time, Ms Bishop met her counterpart in New Zealand. In November 2013, we facilitated the annual Australia – New Zealand Closer Economic Relations Ministerial Meeting led by trade ministers and assisted ministerial involvement in the private sector-led Australian New Zealand Leadership Forum.

We worked with the Department of the Prime Minister and Cabinet on the annual Leaders' Meeting in Sydney on 7 February 2014 and also supported Mr Robb in concurrent meetings with the New Zealand Minister for Economic Development. Leaders agreed on

a way to take forward the joint Productivity Commissions' report on strengthening trans-Tasman economic relations, with the final response to the report announced by Treasurers in May 2014. By breaking down barriers to trans-Tasman commerce and travel, implementation of the response will open further opportunities in both markets and the broader Indo-Pacific region.

The department supported the visit to New Zealand by the Senate Standing Committee on Foreign Affairs, Defence and Trade in May 2014, which focused on military-civilian partnerships, tourism and foreign aid. We also assisted Senator Mason in his meeting with New Zealand Foreign Minister McCully in the Cook Islands.

Figure 14: Australia's trade in goods and services with New Zealand ^{(a) (b)}



(a) Goods data on a recorded trade basis, services data on a balance of payments basis.

(b) Excludes selected confidential import commodities from September 2008 onwards.

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

Papua New Guinea

Papua New Guinea is in its 14th consecutive year of economic growth and has considerable potential as an energy and mining exporter. Australian investment in Papua New Guinea is worth \$20 billion, almost two-thirds as much as Australian investment in China (\$29.6 billion). In recognition of PNG's growing economic strength, the department worked to recalibrate our wide-ranging bilateral relationship away from an aid-focused one towards an economic and strategic partnership.

Working with other agencies, the department supported Mr Abbott's three-day visit to Papua New Guinea in March 2014—the longest by an Australian Prime Minister since 1990. Leaders signed the Economic Cooperation Treaty to underpin stronger trade and investment ties and agreed to work together on PNG's hosting of APEC in 2018. During the Foreign Minister's two visits to Papua New Guinea (February and May 2014), Ms Bishop stressed the importance of deeper economic and strategic connections and advocated closer linkages between respective business communities.

The department supported visits by Senator Mason and the Ambassador for Women and Girls in April 2014 to underline Australia's support for education and gender equality.

We coordinated the annual Australia–PNG Ministerial Forum, held in Canberra in December 2013. Seventeen ministers from both sides participated and agreed to focus on growing and diversifying trade and investment links, enhancing security cooperation and strengthening people-to-people links. As part of our efforts to cement community links we supported the establishment of an Australia–PNG Network, jointly hosted by the Lowy Institute for International Policy and the National Research Institute in Papua New Guinea.

Consistent with the Economic Cooperation Treaty and the priorities of both countries, Australian development assistance is being reoriented toward greater support for private sector-led economic growth. In 2013–14, our \$459.4 million aid program strengthened transport, law and justice, health, education, public sector governance and accountability. Women's empowerment and economic participation was a focus of the program, as was supporting implementation of the Bougainville Peace Agreement (see 1.6, pp. 142–3).

The department promoted Australia Week in Port Moresby in May 2014 to showcase modern Australian culture, with a focus on engaging young people. A highlight of the week was the opportunity for visiting Australian musicians to perform in front of 500 PNG youth.

Solomon Islands

On 1 July 2013, the Australian Defence Force's support to RAMSI through the Combined Task Force ended and the department transitioned most RAMSI-managed development programs (except policing) into Australia's bilateral development program. Then Foreign Minister Carr and a parliamentary delegation visited Honiara later that month to mark the mission's tenth anniversary. The transition into the bilateral development program represented a shift from post-conflict assistance towards a longer term approach to promoting development and growth.

The department managed a visit to Honiara by the Foreign Minister, accompanied by the Ambassador for Women and Girls and a bipartisan parliamentary delegation, in December 2013, to strengthen cooperation with Solomon Islands. Ms Bishop and Prime Minister Lilo agreed to elevate the bilateral relationship by holding regular ministerial talks. The visit also underlined Australia's efforts to promote gender equality, improve growth and support remote service delivery. In June 2014, the department also supported Minister for Justice Michael Keenan's visit to Honiara and reaffirmed Australia and RAMSI's commitment

to supporting the Royal Solomon Islands Police Force.

In April 2014, the department provided fast humanitarian and consular assistance following severe flooding in Honiara and surrounding areas. Together with Australian Government agencies, we worked closely with the Solomon Islands National Disaster Management Office in its response to the crisis. In the wake of the floods, Senator Mason met with Prime Minister Lilo to emphasise Australia's support for response and recovery, valued at \$5 million.

We focused the broader aid program (\$113.7 million in 2013–14) on four agreed priorities: broad-based economic growth; health and education services; justice services and strengthening governance (see 1.6, pp. 143–4).

Fiji

The department drove Australia's enhanced engagement with Fiji. The Foreign Minister's visit in February 2014 as part of the PIF Ministerial Contact Group (MCG) provided an important opportunity to discuss ways to build the bilateral relationship into a productive partnership.



Second Secretary Honiara, Ben O'Reilly, with women from a High Commission-funded community sewing project, Niu Areata, Solomon Islands, 22 March 2014. [DFAT]

We supported Fiji's transition to democracy through assistance to the Fiji Elections Office and agreement to coordinate an Australian co-led multinational observer group, subject to appropriate terms of reference. The department also managed the lifting of travel restrictions applying to Fiji in March 2014.

Our \$59 million development assistance program in Fiji focused on improving access to education, strengthening primary healthcare services, community development, private sector development, gender equality and increasing support for good governance. (See 1.6, p. 145.)

To strengthen dialogue on key trade, political and development issues, we facilitated a number of other high-level bilateral visits, including Senator Mason to Fiji in April 2014 and the Fiji Foreign Minister to Australia in June 2014.

Vanuatu

In December 2013, the department supported Ms Bishop's leadership of a bipartisan parliamentary delegation to Vanuatu for discussions with then Prime Minister Carcasses and other senior ministers which re-affirmed the strong ties between Australia and Vanuatu. Ms Bishop launched two aid initiatives on roads and skills development, designed to improve the conditions for economic growth. The delegation also included the Ambassador for Women and Girls who underlined Australia's strong support for women's economic empowerment during meetings with senior Vanuatu women leaders. The delegation stressed the importance of law enforcement during a visit to the Australian-funded Patrol Boat RVS *Tukoro*.

In April 2014, the department arranged a Senate delegation visit to Vanuatu, the highest level Australian delegation to visit the island of Espiritu Santo. The group inspected a number of Australian aid activities and held discussions on tourism and bilateral security cooperation. Successful officials' level security talks in May 2014 in Port Vila also helped to advance our bilateral security cooperation and deepened understanding of our shared interests in regional security.

Priorities for our \$55.8 million aid program in 2013–14 included improving education, health, infrastructure, economic governance, and law and justice. The department also helped Vanuatu to better prepare for and respond to natural disasters. (See 1.6, pp. 144–5.)



High Commission to Vanuatu-funded project provides clean, reliable drinking water to staff and students, Lapkit Primary School, Tanna, 29 April 2014. [DFAT]

Tonga

The department worked closely with the Government of Tonga to pursue important economic reform initiatives and build stronger business and commercial links, including through a new economic diplomacy strategy. We facilitated a visit to Australia by the Prime Minister of Tonga, Lord Tu'iavakano, in June 2014 to advance trade cooperation negotiations. We played an important role in facilitating Tonga's very high and successful participation in Australia's SWP.

Our \$26.6 million aid program supported Tonga's economic reforms, democratic institutions, infrastructure, education and health services. (See 1.6, pp. 146–7.)

Samoa

In May 2014, the department supported Senator Mason's meeting in Samoa with Prime Minister Tuilaepa, other government ministers, senior officials, women leaders and members of the business community. Senator Mason discussed Australia's support for economic development, stability and prosperity in Samoa, in line with our economic diplomacy strategy. He visited several Australian aid projects and announced a new \$20 million economic infrastructure program which will help grow the productive sectors of Samoa's economy. The department continued funding assistance to repair damage done by Cyclone Evan, which devastated Samoa in December 2012.

Australia's \$35.7 million aid program also supported economic reform, a new Parliament building, health and education. (See also 1.6, p. 146.)

Other countries and entities

The department advanced bilateral relations with **Nauru** by assisting with a parliamentary delegation visit led by the Foreign Minister in December 2013. Issues associated with the offshore processing centre were a focus of our bilateral relationship. We played an important role in supporting other departments to operate the centre and resettle refugees in the local community. Our \$21.1 million aid program strengthened the Nauru Government in its delivery of education, health, power and water services.

As part of our close bilateral relationship with **Kiribati**, the department led bilateral security partnership talks in October 2013 and aid partnership talks in February 2014. The department also supported a visit by Senator Mason in May 2014 to advance our regional trade agenda at the PIF Trade Ministers' Meeting. Australia's aid to Kiribati (\$31.6 million) is focused on the education, skills and health of the people.

We advanced bilateral relations with the **Cook Islands** through support for Senator Mason's visit in May 2014, and participation in the Cook Islands annual donor roundtable in February 2014. We supported a visit to Canberra in June 2014 by the Head of Government and the Administrator of **Tokelau**, including for meetings with the Foreign Minister and Senator Mason. These visits reinforced Australia's deepening relations with the countries and territories of the Realm of New Zealand. (See also 1.6, pp. 147–8.)

French Collectivities

In line with the department's economic diplomacy strategy, we supported a number of industry-focused events to promote the diverse trade and investment opportunities for Australian companies in **New Caledonia**.

The department supported the establishment of a Noumea-based working group of the Australian Pacific Islands Business Council to promote trade linkages. We provided 14 Australia Awards to students from the three French Pacific collectivities—**French Polynesia**, **Wallis and Futuna** and **New Caledonia**—in fields ranging from international trade to public finance.

Outlook

The Pacific region faces significant and enduring challenges. A key priority is for Pacific Islands Forum leaders to adopt a new framework to guide and drive regional cooperation and integration at their annual meeting in July 2014.

A referendum on Bougainville's future will occur between 2015 and 2020. We will continue our support for Papua New Guinea and the Autonomous Bougainville Government to facilitate constructive dialogue and improve development outcomes in Bougainville. We will engage with Papua New Guinea on trade and investment opportunities and assist the PNG Government to translate the country's resource wealth into good outcomes for its people.

The department will work to develop options to refresh the Single Economic Market agenda with New Zealand. We will also work closely with New Zealand to manage the Anzac Centenary commemorations and the Cricket World Cup.

The department will coordinate Australia's assistance to the September 2014 elections in Fiji, including the Multinational Observer Group which we will co-lead subject to agreement of terms of reference. We will seek to strengthen our engagement with Fiji across a range of government agencies following credible elections.

We will provide assistance for elections in Solomon Islands, to be held between October 2014 and January 2015. We will continue to assist with Solomon Islands' recovery from the April 2014 floods and continue to provide leading support for security through RAMSI.

We will reshape our aid program consistent with the Government's development policy to increase our focus on economic growth, aid for trade, and private sector engagement, and promote innovation.

We will seek to finalise key aspects of the PACER Plus free trade negotiations and maximise the mutual benefits of Pacific Islander access to the Australian labour market. We will also continue to support efforts to ensure the sustainable exploitation of the region's fisheries resources.

1.1(8) Bilateral, regional and multilateral trade negotiations

Overview

The department supported the Government's commitment to global trade reform and negotiating trade agreements to improve opportunities for Australian exporters and investors, grow the Australian economy and create jobs. We persistently and effectively advocated Australian interests in bilateral, regional, plurilateral and multilateral trade negotiations and promoted compliance with international trade obligations.

The department's work for the World Trade Organization (WTO) 9th Ministerial Conference (MC9) was instrumental in delivering the 'Bali package'. The Bali package included the Agreement on Trade Facilitation—which, when implemented, will be the first new multilateral trade agreement since the 1995 formation of the WTO.

The department pursued innovative approaches to multilateral and plurilateral trade negotiations, particularly the Information Technology Agreement, the Trade in Services Agreement (TiSA) and the Environmental Goods plurilateral agreement—all central to Australia's trade interests.

The department led an intensive program of work to finalise bilateral free trade agreement (FTA) negotiations with Australia's major trading partners in East Asia. We concluded negotiations with Korea in December 2013 and Japan in April 2014.

We sustained strong involvement in two mega-regional trade agreement negotiations—the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP).

Supporting the global Aid for Trade initiative, including through the WTO and the World Bank, remained a priority.

Multilateral trade liberalisation and the WTO Doha Round negotiations

The department worked to achieve a credible package of outcomes from the Doha Round at MC9 in Bali in December 2013, which

demonstrated the continued importance and viability of multilateral trade negotiations for trade liberalisation. We participated in intensive negotiations on the package in Geneva, including as leader of the Cairns Group, prior to ministerial consultations.

The Agreement on Trade Facilitation was the centrepiece of the MC9 Bali package and the department secured important provisions that when implemented will benefit Australian exporters. In particular the agreement will reduce trade transaction costs (by at least 10 per cent for Australia). The department committed \$6 million over the next three years to the World Bank's Trade Facilitation Support Program to help developing countries undertake reform consistent with the agreement.

The department's advocacy also delivered strong outcomes on agriculture at MC9. Ministers reaffirmed the commitment of WTO members to eliminate agricultural export subsidies and agreed to streamline agriculture tariff-rate quota administration. We secured a commitment to enhanced transparency for food security stockpiles and safeguards to ensure such arrangements do not distort trade nor undermine the food security of other countries. The department successfully advocated for the incorporation of the Bali decision on tariff rate quota administration into the work program of the WTO Committee on Agriculture. The committee is considering options to lift levels of trade under tariff quotas of interest to Australia's agricultural industry.

Hosting MC9 was a major undertaking and the department seconded staff to Indonesia's Ministry of Trade to assist. We also worked with Indonesian officials in the 38th Cairns Group Ministerial Meeting, co-chaired by Mr Robb and his Indonesian counterpart. The department supported Australian agricultural industry representatives to participate in MC9 and assisted the National Farmers' Federation President, who chaired a Cairns Group Farm Leaders Meeting in advance of the Cairns Group meeting.



Ambassador and Permanent Representative to the WTO, Hamish McCormick (right), with Trade and Investment Minister, Andrew Robb AO (second right), at the Cairns Group Farm Leaders' Meeting, ahead of MC9, chaired by National Farmers' Federation President, Brent Finlay (second left), with NFF General Manager Policy, Tony Mahar, Bali, 2 December 2013. [DFAT]

MC9 ministers agreed to develop a clearly defined work program on the remaining Doha Round issues by the end of 2014. The department helped set the direction for the work program and supported Mr Robb at key ministerial meetings aimed at taking it forward (Davos in January and Paris in May). Mr Robb chaired the Paris meeting which provided political guidance to the WTO Director-General to progress negotiations in Geneva. Mr Robb also worked at the APEC Ministers Responsible for Trade Meeting in China in May to rally support for the development of the post-Bali agenda.

The department played an active role in several WTO committees that monitor the trade practices of other members and ensure consistency with WTO rules. These included the Committee on the Application of Sanitary and Phytosanitary Measures, the Committee on Technical Barriers to Trade, the Council for Trade in Goods, and the Council for Trade in Services. In the Committee on Agriculture we raised concerns about possible unfair trade practices on behalf of Australian agricultural sectors including cotton, wheat, wheat flour, beef, rice, pork, dairy and sugar. We particularly pressed concerns about the compatibility of India and the European Union's respective export subsidies on sugar with their international trade obligations.

Other multilateral and plurilateral trade policy issues

Trade in Services Agreement (TiSA)

The department managed Australia's leadership, with the United States and the European Union, of negotiations on TiSA. The department's efforts are aimed at benefiting Australian service suppliers by locking in current levels of market openness in foreign markets and addressing behind-the-border barriers. Since 2012, participation in the negotiations has expanded from 16 to 23 WTO members which collectively account for around 70 per cent of global services trade. The department participated in five rounds of negotiations, chairing two. The department consulted state and territory governments and industry and community representatives to develop a comprehensive Australian negotiating strategy and the Australian market access offer tabled in December 2013.

Information Technology Agreement

The department pressed to expand the product coverage of the Information Technology Agreement (ITA). Under the original ITA, parties agreed to eliminate tariffs on approximately 200 information technology-related products including computers, semiconductors and storage

media. Negotiations during the year focused on eliminating tariffs on an expanded product list to include goods for both industrial and consumer use. An expanded ITA will lead to lower costs, increased access to technology and enhanced market access opportunities for Australian industry. The department participated in Geneva negotiating rounds and organised numerous small-group intersessional meetings to help bridge differences and progress negotiations.

Trade and environment

The department, in cooperation with other Australian government agencies, worked in international forums, including the United Nations, WTO and Organisation for Economic Cooperation and Development (OECD), to further Australia's trade-related environmental objectives and to address international and domestic environmental challenges. In particular, the department provided support to the OECD Joint Working Party on Trade and Environment in analysing the impact of environment provisions in trade agreements.

The Government announced in January 2014 that Australia would join 13 other WTO members to negotiate a plurilateral agreement to remove tariffs on a range of environmental goods (goods that can be used to improve environmental outcomes, such as equipment for air pollution control, waste and water management and renewable energy). Such an agreement would help reduce costs for Australian industries and provide exporters better market access. Australia's contribution to the process was recognised by an invitation to chair the first round of negotiations scheduled for July 2014. The department began a business consultation process to assist in determining Australia's negotiating positions.

The department worked with the Department of Agriculture to maximise the effectiveness of the Government's *Illegal Logging Prohibition Act 2012* with trading partners. The department provided information on Australia's approach to illegal logging to the WTO Committee on Trade and Environment in June 2014. The department also focused on a number of international standards issues, including carbon footprint labelling.

Intellectual property

The department led intellectual property negotiations in bilateral and plurilateral FTAs and participated in negotiations at the World Intellectual Property Organization (WIPO) and the WTO. In all of these negotiations the department coordinated a whole-of-government position and consulted industry and stakeholder groups.

With IP Australia, the department played a central role in securing the re-election, in May 2014, of Australian Dr Francis Gurry for a second six-year term as WIPO Director General through an extensive advocacy campaign in Geneva and the WIPO member countries. Dr Gurry's unanimous re-appointment reflected his achievements, the agency's confidence in his capacity to serve the interests of its diverse membership and the effectiveness of the department's campaign.

The department worked with the Attorney-General's Department to enable Australia to become an original signatory to the *WIPO Marrakesh Treaty to Facilitate Access to Published Works for Persons who are Blind, Visually Impaired or Otherwise Print Disabled*. The treaty allows the production and distribution of materials, in braille and other formats, for people with a visual impairment by providing copyright exceptions.

We also worked alongside IP Australia to advance discussions on a possible future international instrument to protect genetic resources, traditional knowledge and folklore, the beneficiaries of which would include indigenous peoples and local communities.

On geographical indications, the department continued to advance Australia's interests in bilateral and plurilateral forums, in consultation with industry and relevant Commonwealth agencies. Our efforts focused on protecting legitimate geographical indications while at the same time ensuring generic product names continue to be available for producers and exporters.

Compliance and dispute settlement

The department continued work on Australia's defence of the tobacco plain packaging legislation in the WTO. We participated in dispute settlement consultations with Indonesia

on 29 October 2013 after it joined others in challenging Australia's measure. WTO dispute settlement panels have now been established at the requests of Ukraine (28 September 2012), Honduras (25 September 2013), Indonesia (26 March 2014), and Dominican Republic and Cuba (25 April 2014). A record number of WTO members (41 in total) have joined those disputes as 'third parties' which allows them to make written and oral submissions. The department's efforts focused on preparatory legal research and defence preparation, as well as increased advocacy to consolidate support for Australia's approach.

The department also worked with the Attorney-General's Department in defence of Australia's plain packaging measure in the investor-state arbitration commenced by Philip Morris Asia under the Australia – Hong Kong bilateral investment treaty. In February 2014 in Toronto, Australia successfully argued before the tribunal appointed to determine the dispute that it should hear Australia's preliminary objections on jurisdiction before proceeding to any hearing on the merits.

Participation as a third party in WTO disputes allows Australia to make submissions to dispute settlement panels and the WTO Appellate Body on the operation of trade rules in support of Australia's interests. The department participated in consultations and made submissions in a number of disputes: Indonesia's import restrictions on horticultural products, animals and animal products; China's export quotas and duties on rare earths, tungsten and molybdenum; anti-dumping and countervailing measures taken by the United States on certain products from China; and restrictions applied by the United States on sanitary grounds to imports of Argentinian meat.

The department provided advice on the international trade law implications of a range of policy initiatives, including sanitary and phytosanitary measures, government procurement and investment measures, and matters arising in negotiations on multilateral, plurilateral and bilateral trade agreements. The department also managed Australia's active engagement in the negotiations on the review of the WTO's dispute settlement system, with the aim of improving and

clarifying the WTO's well regarded dispute settlement procedures.

WTO Accessions

The department was involved in WTO accession negotiations to protect our economic interests and ensure good market access outcomes for Australia from new members. Yemen was accepted as the 160th WTO member in December 2013 and the ratification process was completed in June 2014. There are 23 countries currently negotiating to join the WTO, including nine least-developed countries. We were particularly involved in Kazakhstan's accession negotiations to protect Australia's agriculture interests and maintain bilateral market access commitments made before Kazakhstan's membership of its Customs Union with Belarus and Russia.

Agricultural productivity and food security

The department played a key role in helping developing countries unlock the potential of agriculture to drive growth, create jobs and address poverty. We used our aid program to boost investments in agriculture, fisheries and water (see *Aid overview and outlook*, p. 137), complementing our efforts to deliver a more open and efficient global agricultural trading system. We supported the G20-initiated Global Agriculture and Food Security Program and AgResults to address food security issues of importance to our region. We also pursued aid initiatives focused on increasing agricultural productivity, leveraging private-sector innovation and catalysing new investments in partner countries. The department's focus was on assistance for small-scale farmers and entrepreneurs—particularly women. The department enabled the sharing of world-leading Australian research expertise and technology, in partnership with the Australian Centre for International Agricultural Research, to raise productivity, reduce post-harvest losses and make supply chains more efficient.

The department provided input to the Joint Standing Committee on Treaties about the consistency of Australia's position on food assistance with our trade policy concern over other countries' in-kind food aid programs which can displace commercial exports.

World Wine Trade Group

The department worked through the World Wine Trade Group, an informal group comprising Australia, Argentina, Canada, Chile, Georgia, New Zealand, South Africa and the United States, to reduce barriers to trade in wine. The department began the coordination process to ratify the treaty-level Protocol to

the 2007 World Wine Trade Group Agreement on Requirements for Wine Labelling signed in March 2013. The protocol will allow current Australian wine labelling practices to be accepted by all signatories, reducing the need for Australian wine producers to change labels for different export markets.

Aid for trade

A key objective of Australia's aid program is to promote increased trade as a driver for poverty reduction and increased living standards through sustainable economic growth and prosperity in the Indo-Pacific region. Private sector-led growth is the best way to reduce poverty.

The department's aid for trade investments help developing countries take advantage of improved market access by addressing constraints to trade such as:

- weak public sector institutions with limited capacity to formulate economic policy and negotiate trade agreements
- cumbersome regulations
- poor infrastructure, including transport and communications
- insufficient private sector capability, due to limited access to finance, weak supply chains and under-skilled workforces.

The department invested an estimated \$513.1 million of ODA in aid for trade programs in 2013–14. This included:

- supporting developing countries' implementation of the WTO Agreement on Trade Facilitation which, if fully implemented, will boost the world economy by an estimated US\$1 trillion and generate 21 million jobs, the majority of which will benefit developing countries;
- supporting developing countries' implementation of the Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area;
- assisting Kiribati and Tuvalu join WIPO;
- assisting Samoa join the Paris Convention for the Protection of Industrial Property;
- training farmers to improve production and meet international export requirements. For example, this has increased Tongan water melon export volumes from 100 to 280 tonnes, and helped Solomon Islands avert significant loss of fish exports to the European Union worth \$46 million; and
- establishing one common cross-border customs procedure in the Mekong region to help reduce processing times for cargo trucks by up to 70 per cent.

The department will increase Australia's aid for trade investments to 20 per cent of the aid budget by 2020, consistent with the new development policy and performance framework. The target will contribute to and complement WTO, G20 and the UN Development Goals. (See *Aid overview and outlook*, pp. 134–7)

Free trade agreement negotiations

FTAs complement multilateral and plurilateral trade liberalisation, delivering improvements to trade and investment access between two or more trading partners. FTAs become particularly important when a major trading partner offers improved access to one of our competitors, leaving us at a relative disadvantage.

The department devoted increased resources to FTA negotiations. Negotiators consulted frequently with Australian industry representatives and other stakeholders regarding their interests. In several instances, peak body representatives travelled overseas to negotiating venues to consult department officials about the course of negotiations and to provide feedback on developments.

Concluded bilateral negotiations

Korea–Australia Free Trade Agreement

The department led three intersessional meetings on the FTA in late 2013. Mr Robb and his Korean counterpart announced conclusion of negotiations in Bali (in the margins of the WTO MC9) on 5 December 2013.

The Korea–Australia Free Trade Agreement (KAFTA) substantially liberalises trade with this major market giving Australian exporters greatly improved market access in goods and services and improved investment protections. KAFTA will deepen bilateral trade and economic links and underpin a strong relationship for years to come.

Following conclusion of negotiations, the department finalised the legal text, oversaw translation of the agreement and developed explanatory materials to communicate the outcomes to stakeholders and the public. The KAFTA text and a range of fact sheets were released on the department's website on 17 February 2014. Trade ministers signed KAFTA on 8 April 2014 in Seoul, in the presence of the Prime Minister and the Korean President.

Japan–Australia Economic Partnership Agreement

The department drove negotiations on the Japan–Australia Economic Partnership Agreement (JAEPA), which were launched in 2007. From July 2013, the department led eight negotiating sessions in Australia and Japan and supported Mr Robb in further negotiations during his visits to Japan in November 2013 and April 2014. Conclusion of JAEPA was announced by the Prime Minister and his Japanese counterpart on 7 April 2014 in Tokyo.

JAEPA is the most liberalising agreement Japan has concluded. Japan has long been one of Australia's top economic partners and JAEPA will deliver a significant boost to Australian agricultural producers, resource and manufacturing exporters, service providers and consumers.

Following the conclusion of negotiations, the department finalised the legal text and oversaw translation ready for signature in July 2014.

Key outcomes for Australia from KAFTA

On entry into force (EIF), 84 per cent of Australia's exports (by value) to Korea will enter duty free, rising to 99.8 per cent on full implementation of the agreement. As part of our commitments, Australia will remove its remaining tariffs on Korean goods on EIF or over several years.

For agriculture, Korea will eliminate tariffs on EIF for raw sugar, wheat, wine, and some horticultural products. Tariffs of up to 550 per cent on most other agricultural products will be eliminated, many within short time frames. Other key outcomes on agriculture include:

- elimination of Korea's 40 per cent tariff on beef over 15 years; and
- duty free quotas for cheese, butter and infant formula and elimination of high tariffs on many dairy products within three to 20 years.

Tariffs on LNG, titanium dioxide, unwrought aluminium and automotive parts will be eliminated on EIF.

KAFTA will improve opportunities and protections for Australian investors in Korea and will help attract investment from Korea.

- Korea will further open its economy to Australian investors through the progressive reduction of market access barriers in key sectors including: telecommunications, legal services, and accounting and tax agency services.
- Australia will raise the screening threshold for Korean investments in non-sensitive sectors from \$248 million to \$1078 million. KAFTA provides enhanced protections and certainty for Australian investors with provisions to ensure non-discrimination and allows investors to enforce investment obligations through an investor-state dispute settlement mechanism.



Trade Policy Officer, Lachlan Scully (left), supports Minister for Trade and Investment, Andrew Robb AO, and ROK Minister for Trade, Industry and Energy, Mr Yoon Sang-jick, signing KAFTA, watched by Prime Minister Tony Abbott and ROK President Park Geun-hye, Seoul, 8 April 2014. [DFAT]



The JAEPA negotiating team leaders with Minister for Trade and Investment Andrew Robb AO. Left to right: Ken Gordon, Jennifer Meehan, Deputy Secretary Jan Adams PSM, Mr Robb, Frances Lisson, Simon Farbenbloom and Peter Roberts. [DFAT/Andrew Taylor]

Key outcomes for Australia from JAEPA

On entry into force, 92.8 per cent of Australia's exports (by value) to Japan will enter duty free and, on full implementation of the agreement, over 97 per cent will enter duty free or on a preferential basis.

Australia is the first major agriculture and food exporter to unlock Japan's high import barriers giving many Australian exporters a competitive advantage.

Japan will slash high agriculture tariffs, up to 219 per cent, on a wide range of products including rapid reductions of tariffs on beef, our largest agricultural export to Japan.

JAEPA includes scheduled renegotiation of market access outcomes for key sensitive agricultural products to facilitate future liberalisation, including in circumstances where Japan concludes more favourable deals with our competitors.

JAEPA eliminates tariffs on all Australia's current minerals, energy and manufacturing exports.

The agreement delivers outcomes for Australian services suppliers which are equal to, or better than, the best commitments Japan has made in its other trade agreements and guarantees access in key areas of commercial interest such as financial, legal, education and telecommunications services.

JAEPA provides enhanced protections and certainty for bilateral investments. Japanese investment in Australia will be boosted by raising the screening thresholds in non-sensitive sectors from \$248 million to \$1078 million.

Ongoing bilateral negotiations

China Free Trade Agreement

The department continued to lead complex FTA negotiations with China, which commenced in 2005. We facilitated meetings between Mr Robb and his Chinese counterpart during which both sides agreed to work towards completing negotiations by the end of 2014. The department led the (extended) 19th Round of negotiations in Beijing in July 2013, hosted the 20th Round of negotiations in Canberra in May 2014, and conducted a series of intersessional meetings to develop a mutually acceptable package of outcomes.

India Comprehensive Economic Cooperation Agreement

The department has led five rounds of negotiations on the Comprehensive Economic Cooperation Agreement since their commencement in 2011. Elections in Australia and India affected the pace of negotiations in 2013–14.

Indonesia Comprehensive Economic Partnership Agreement

The department hosted the second round of negotiations on the Indonesia–Australia Comprehensive Economic Partnership Agreement (IA-CEPA) in Canberra in July 2013. Discussions focused on the recommendations made to both governments in the Indonesia–Australia Business Partnership Group (IA-BPG) position paper and explored the IA-BPG proposed skills exchange and agricultural cooperation pilot projects.

In November 2013, officials met intersessionally in Indonesia to advance the IA-BPG proposed economic cooperation projects. The Indonesian general and presidential elections in 2014 affected the pace of negotiations.

Ongoing regional negotiations

Trans-Pacific Partnership

Negotiations on the TPP Agreement advanced significantly during the year. Japan's participation from July 2013 brought the number of negotiating parties to twelve—Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam—which make up almost 40 per cent of global GDP. The department led negotiating teams to six formal meetings and a range of working group and small group meetings.

DFAT @dfat Jun 2
According to @ADB_HQ, global incomes gains from #TPP could be as high as \$223b annually by 2025 #TradeTalk #Australia bit.ly/13Q0V8q

The department supported the participation of Mr Robb in a series of ministerial meetings in October and December 2013 and February and May 2014 which drove the momentum of the negotiations. The range of outstanding issues in the TPP was narrowed significantly and several chapters of text were substantively concluded. TPP ministers also reaffirmed their commitment to finalise a comprehensive agreement as soon as possible. The department pressed for greater liberalisation in goods and services market access and contributed ideas to remove road blocks in the negotiations. We conducted outreach and engaged key stakeholders in Australia on the negotiations.



First Assistant Secretary Office of Trade Negotiations, Chris De Cure OAM (centre), and Assistant Secretary Elizabeth Ward (second right), with representatives from Australia's beef, grains and sugar industries in the margins of a TPP negotiation round, Ho Chi Minh City, 14 May 2014. [DFAT]

Regional Comprehensive Economic Partnership

The RCEP has the potential to deliver significant opportunities for Australian businesses. The 16 RCEP participating countries (ASEAN member states plus Australia, China, India, Japan, Korea and New Zealand) account for almost half the world's population, almost 30 per cent of global GDP and over a quarter of world exports.

In September 2013, we hosted the second round of negotiations in Brisbane, including over 300 officials and the ASEAN Secretariat. This was the only round to date where the host country provided significant opportunities for outreach between the negotiators and domestic stakeholders. We held a competition seminar and a stakeholder session to enable lead negotiators to exchange views with Australian business, industry groups and NGOs.

Further negotiating rounds were held in January (Malaysia), April (China), and June (Singapore). Participation in the last round was significant, including 12 negotiating groups with over 500 delegates, reflecting RCEP's broad coverage and substantive progress towards conclusion.

Pacific Agreement on Closer Economic Relations (PACER) Plus

The department led Australia's participation in the PACER Plus negotiations, helping to drive significant progress with respect to goods, services, investment, and legal provisions. (See 1.1(7), pp. 66–7.)

Gulf Cooperation Council Free Trade Agreement

On 4 March 2014, Gulf Cooperation Council (GCC) foreign ministers approved conditional resumption of FTA negotiations, almost five years after the GCC suspended these with all its partners, including Australia. The council has not announced when or with whom it will resume negotiations. Of Australia's \$16.2 billion of two-way merchandise trade with the Middle East and North Africa region in 2013, the GCC accounted for \$12.3 billion, an increase of 21 per cent from the previous year. Expanding and broadening commercial ties with the GCC is a key Australian priority and Mr Robb pushed for the prompt resumption of FTA negotiations with Australia during his visit to the United Arab Emirates and Saudi Arabia in April (see 1.1(6), pp. 63–4). An Australia–GCC FTA would enable both partners to benefit from considerable economic and trade complementarities and increasing connectivity between people and businesses, including rapidly expanding air links.

Implementation of existing free trade agreements

Since the Malaysia–Australia Free Trade Agreement entered into force on 1 January 2013, business utilisation of the agreement has grown steadily. The department worked to progress establishment of an FTA Joint Commission (FJC) to oversee implementation and operation of the agreement.

The department drove the Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area (AANZFTA) implementation agenda. The AANZFTA FJC met in Auckland in May 2014 to advance work on implementation, including in the areas of goods, rules of origin, sanitary and phytosanitary measures, services, investment and competition. The parties finalised the First Protocol to Amend AANZFTA which will address several issues that have hindered business utilisation of the agreement. The Protocol is expected to be signed in August 2014.

AANZFTA's Economic Cooperation Support Program continues to be a driving force behind AANZFTA implementation, with 46 economic cooperation activities approved by 2013–14 (since May 2010). Department officials delivered capacity building activities in Burma, Cambodia, Laos and New Zealand (for ASEAN member states).

In July 2013 we held the first meeting of the Market Access Implementing Committee under the Thailand–Australia Free Trade Agreement to review the agreement as well as provisions on special agricultural safeguards.

The department transposed the Australia–Chile FTA Harmonised System 2012 tariff schedule and continued implementation of the Australia – United States Free Trade Agreement, including through bilateral discussions with the United States on agriculture market access in May 2014.

In consultation with relevant agencies, the department completed a review of the Australia – New Zealand Closer Economic Relations Trade Agreement Services Protocol.

Outlook

The WTO Bali Ministerial Conference injected political momentum to conclude the Doha Round negotiations. The department will build on the positive outcomes with a view to securing implementation of the decisions of ministers in Bali to drive development of a work program by the end of 2014 and press for conclusion of the Doha Round as soon as possible thereafter, with agriculture a priority.

The department will support the finalisation of negotiations on ITA expansion. We will progress the TiSA negotiations and will play an active role in the Trade in Environmental Goods Agreement negotiations, including chairing the first negotiating round in Geneva in July 2014.

We will facilitate the signing (by Prime Ministers) of JAEPA in July 2014 and will manage domestic treaty processes for both KAFTA and JAEPA to support their early entry into force. Accelerating the tempo of negotiations with China and between the parties to the TPP with a view to concluding these negotiations soon will be a priority. The department will advance bilateral negotiations with India and Indonesia and progress our RCEP and PACER Plus negotiations.

1.1(9) Trade development and policy coordination

Overview

The global economy strengthened in 2013, with growth for the year reaching 3 per cent. The Australian economy was in transition, rebalancing from growth led by investment in resources to broader-based drivers of activity. Improving global economic conditions helped boost Australia's trade and investment and total trade reached over \$647 billion in 2013. Foreign investment in Australia (stocks) was 11.3 per cent higher from the previous year and Australian investment abroad (stocks) also grew significantly.

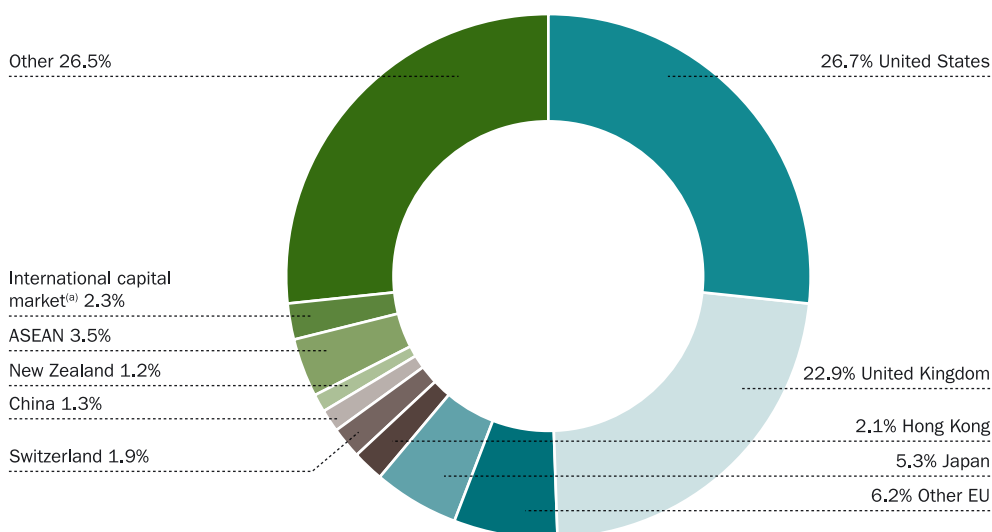
In support of Australia's 2014 G20 presidency, the department worked with the Department of the Prime Minister and Cabinet, Treasury and other agencies, to promote policies for global economic growth and job creation. The department maximised Australia's trade

and economic opportunities through active participation in APEC and the OECD.

The department supported the establishment of the Trade and Investment Policy Advisory Council (TIPAC) in June 2014 to provide Minister Robb with expert advice and unique perspectives on trade and investment issues across key sectors in the Australian economy.

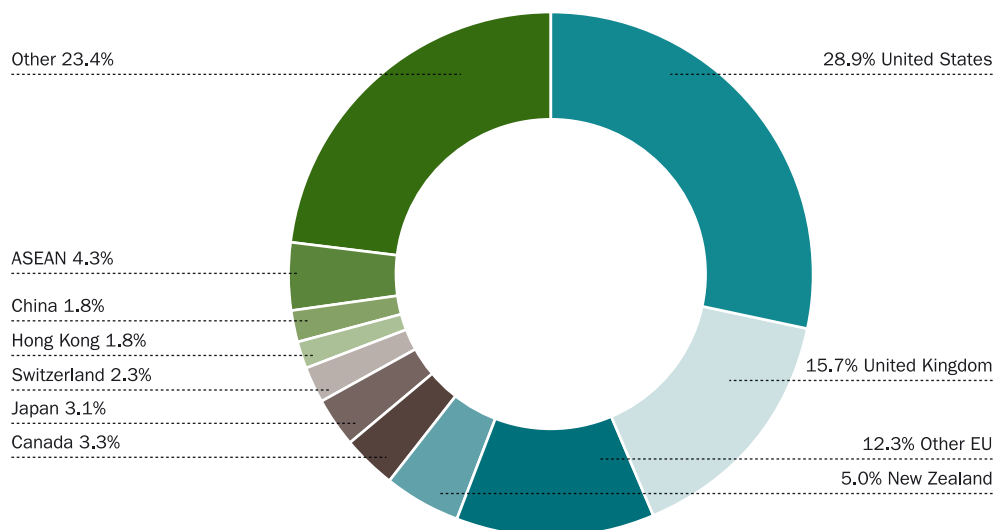
The department monitored the global economy and provided regular analysis of the outlook as well as advice on trends, risks and opportunities to advance Australia's economic interests. Focusing on Australia's major trading partners, we assessed the impact of geopolitical, international financial and commodity markets and domestic policy developments on Australia, global economic growth and financial stability. The department also informed wider policy considerations through the provision of economic analysis of specific geopolitical events.

Figure 15: Total foreign investment in Australia, 2013



(a) Includes the Euro Bond. Market.

Source: ABS catalogue 5352.0 – International Investment Position, Australia: Supplementary Statistics, 2013.

Figure 16: Total Australian investment abroad, 2013

Source: ABS catalogue 5352.0 – International Investment Position, Australia: Supplementary Statistics, 2013.

Investment

Mr Robb's role as Investment Minister is to encourage productive foreign investment into Australia, support Australian businesses to develop international markets for their products, including through investment overseas, and oversee investment policy as it relates to bilateral, regional/plurilateral or multilateral agreements.

Investment is a key component of the Government's economic diplomacy agenda, and the department supported the Government's investment objectives in various ways. Posts and Canberra divisions provided support to Australian investment proposals and promoted Australia as an attractive investment destination. We provided advice on the Industry Investment and Competitiveness Agenda Taskforce, and analysed trends and data to inform investment-related policy. We also led negotiations on investment-related chapters in bilateral and regional free trade agreements being negotiated (China, the Regional Comprehensive Economic Partnership, and the Trans-Pacific Partnership—see *pp.* 80–1), as well as those concluded with the Republic of Korea and Japan (see *pp.* 77–9). We provided legal advice on the interpretation and application of existing investment treaty obligations.

G20

In the lead up to and during the first half of Australia's presidency, the department provided policy analysis and recommendations on trade, development and energy issues. Our advice focused on practical actions in support of the G20's objectives to lift economic growth and employment outcomes and to build global economic resilience. We supported portfolio ministers in their G20 advocacy, including through events and speeches. The department used our G20 special representative and network of overseas posts to lead broader international outreach on the role and agenda of the G20, particularly to non-members.

We pressed members to commit to actions that would boost trade and contribute to lifting economic growth across the G20 by more than 2 per cent above the current trajectory over the next five years. We encouraged countries to look at domestic initiatives that could lower the cost of doing business, improve regulation and liberalise trade and worked across government to identify Australian actions to the same ends.

The department worked in support of Mr Robb's hosting of the G20 Trade Ministers meeting on 19 July 2014 in Sydney, which will provide an opportunity to advance Australia's G20 and broader trade agenda.

The department led the policy agenda and management of the G20 Development Working Group, which works to ensure that developing countries can participate in, and benefit from, the G20's employment and economic growth agenda. We shaped consensus around practical actions in five priority areas of investment: infrastructure; taxation (domestic resource mobilisation); access to formal financial services (financial inclusion) and remittances; food security; and human resource development.



Special Representative to the G20, Daniel Sloper (left), talks with the Secretary General of the International Organisation for the Francophone Countries, Abdou Diouf, as part of the G20 outreach program, Paris, 12 February 2014. [Cyril Bailleul/OIF]

Outreach is a central element of Australia's responsibilities as G20 host, to ensure that non-member views are also considered by the G20. In 2013–14, through our overseas network and G20 special representative, the department's advocacy and outreach activities explained the G20's work, its link to growth in the global economy and employment, and provided opportunities to listen to views on the group's agenda. We conducted regular outreach with formal G20 engagement groups and with counterparts in our region and beyond. Through 2014, we engaged closely with Turkey, as the incoming G20 2015 president, to build continuity and to support the implementation of outcomes from the Brisbane Summit in November.

APEC

APEC is the primary forum for deepening Australia's economic integration with the Asia–Pacific region, encouraging unilateral reform and facilitating practical collaboration between officials, business and academic

experts in support of open and transparent markets, regulatory cooperation and sustainable growth. APEC's 21 member economies account for over 70 per cent of Australia's total trade. Mr Sam Gerovich was appointed as Australia's Ambassador for APEC in September 2013.

Australia helped shape two key APEC deliverables in 2013—on private financing of infrastructure and education cooperation. APEC Leaders agreed in October in Bali to establish a pilot Public Private Partnership (PPP) centre for infrastructure in Indonesia under the guidance of a PPP Experts Advisory Panel. On cross-border education, Australia led the development of a work plan to boost student, provider and researcher mobility in line with Leaders' instructions in 2012. Under the plan, impediments to provider mobility will be addressed and a database of scholarships to support APEC's target of one million university-level student exchanges per year by 2020 will be established.

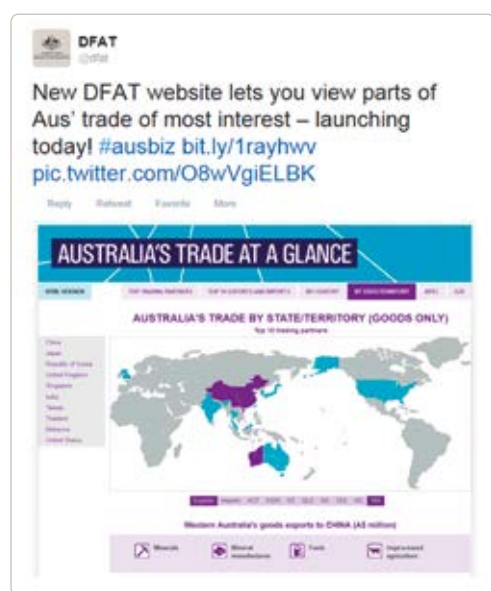
We convened a seminar of officials, business practitioners and academic experts to identify good practice regulation for trade and investment in higher education services. This event was part of a broader seminar series led by Australia aimed at promoting market-oriented services reforms in the region. Australia also led a workshop in June to assist APEC developing economies implement their structural reform plans, including competition policy reform, infrastructure investment and good regulatory practices.

On emergency preparedness, we spearheaded work aimed at mitigating the economic impact of disasters through business continuity planning, particularly for small and medium-sized enterprises. We published a report to promote greater awareness of terrorist financing risks among non-financial businesses and professions. On financial market integration, we collaborated with Treasury to advance the Asia Region Funds Passport initiative, a scheme that will facilitate greater cross-border trading of financial products among participating APEC economies (Australia, Korea, New Zealand, Philippines, Singapore, and Thailand).

The department worked closely with Papua New Guinea to support its preparations to host APEC in 2018. We hosted a delegation

of senior officials in April in Canberra and Brisbane to discuss PNG's plans for APEC and share Australia's experience hosting major international meetings including security, logistics and policy issues.

The department supported the participation of the Ambassador for Women and Girls in the annual APEC Women and Economy Summit. The ambassador advocated Australia's priorities of addressing violence against women and girls, supporting women's leadership and promoting women's economic empowerment. She announced Australia's initiative to improve the capacity of trade promotion authorities in the region to assist women exporters. (See 1.1(10), p. 96.)



The department contributed funding to improve the APEC Secretariat's management and effectiveness, underpin economic policy research and support Secretariat projects benefiting developing economies.

We supported Mr Robb's participation in the APEC Ministers Responsible for Trade (MRT) meeting in Qingdao in May 2014. The MRT issued a statement of support for the multilateral trading system, including a call for early implementation of the WTO Agreement on Trade Facilitation and an extension of the standstill on protectionism from 2016 to 2018. Trade Ministers agreed on actions to advance APEC's goal of a Free Trade Area of the Asia–Pacific and on a strategic blueprint

for strengthening cooperation on global value chains. Mr Robb announced an Australian contribution of \$500 000 to APEC's capacity building work to promote faster and less costly movement of goods along regional supply chains, in line with the WTO Agreement on Trade Facilitation.

MIKTA

The department played a key role in the establishment of a new mechanism for strengthening bilateral ties and increasing consultation and cooperation among a group of significant and growing economies: Mexico, Indonesia, Korea, Turkey and Australia. These 'MIKTA' countries all share a similar perspective on many international issues including trade liberalisation. We supported the Foreign Minister's participation in MIKTA meetings in New York and in Mexico City and will carry forward the agreed work program from those meetings.

OECD

The OECD plays a leading role in developing strategies to combat tax avoidance and evasion, a high priority for Australia's G20 presidency. The organisation's analytical work on trade, employment and investment is also highly relevant for the G20.

We strengthened ties with the OECD, including through support for Mr Robb's participation in the OECD Ministerial Council Meeting (MCM) in Paris in May 2014. At a meeting of WTO trade ministers in the margins of the MCM, the Minister urged members to quickly implement the WTO Trade Facilitation Agreement, open trade and boost economic growth. He also noted the importance of policies that help business connect to the global economy and the vital role of the services sector in facilitating international trade. We welcomed the launch at the MCM of the Southeast Asia Regional Programme, largely in response to Australian advocacy on the need for closer cooperation between the OECD and the region.

We also encouraged continued strong engagement by the OECD with other important economic partners, including Brazil, China, India, Indonesia and South Africa.

Trade finance

The department works closely with other government agencies in providing policy advice on the Export Finance and Insurance Corporation (EFIC), a statutory body that offers trade finance and insurance services to support Australian exporters. The restoration of EFIC's capital base in the 2014–15 Budget

will deliver an additional \$200 million for export assistance to support Australian exporters.

The department represented Australia in the OECD's Working Party on Export Credits and Credit Guarantees and at the negotiations led by the International Working Group on Export Credits on sectoral-based text for new guidelines on trade finance.

Economic Diplomacy

*The use of Australia's diplomatic assets, including the aid program, to build Australia's prosperity and global prosperity through increasing **trade**, supporting economic **growth**, encouraging **investment** and assisting **business**.*

The department is leading the implementation of the Government's economic diplomacy agenda, working with portfolio partners (Austrade, ACIAR, Tourism Australia, EFIC) and key economic agencies in our overseas posts.

The department's economic diplomacy work includes concluding free trade agreements, supporting Australian business overseas, encouraging private sector-led growth in developing countries, finding new investors in Australia, promoting tourism and building linkages in agricultural research.

This builds on our longstanding efforts to strengthen Australia's economy and international competitiveness, both through Australia's bilateral and regional relationships and engagement with international economic forums.

Case Studies

Free trade agreements

Our network of free trade agreements supported global and regional and bilateral trade liberalisation by removing tariffs and other barriers to cross-border trade. Agreements with ASEAN, Chile, Malaysia, New Zealand, Singapore, Thailand and the United States provided Australian producers with a competitive advantage in these markets, which between them cover 28 per cent of Australia's total trade. Recently negotiated agreements with the Republic of Korea and Japan will help Australian exporters remain competitive while delivering savings to Australian consumers on high-value imports, including cars and consumer electronics.

Agricultural trade and Indonesian food security

The department supported growth in agricultural trade with Indonesia and contributed to Indonesia's food security agenda. Advocacy programs run from the Jakarta embassy are positioning Australia as a food supplier of choice. Through the aid program we worked with agribusinesses to improve farmer practices and strengthen access to agricultural markets. The ACIAR's initiatives helped enhance productivity and food quality. In the red meat and cattle sector, the Indonesia–Australia Partnership for Food Security, a joint government and industry initiative, also supported increased investment and agricultural cooperation.

Promoting investment and tourism with the United States and India

We promoted Australian investment and tourism opportunities in established and emerging markets. *G'Day USA*, supported by the department, Austrade, Tourism Australia, state and territory governments, Qantas and other Australian businesses, grows bigger every year—in 2013 reaching over 100 million people in the United States and Australia through targeted media engagement. In India, we worked with Tourism Australia and state tourism

offices to promote Australia as a preferred leisure destination for the country's burgeoning middle class. Tourism Australia's *India 2020 Strategic Plan* set a foundation for the future when long haul leisure travel by middle-class Indians becomes more common. It also highlighted the potential from cricket tourism.

Private sector assistance and financial inclusion in the Pacific

Driving private sector growth and improving access to financial services for our development country partners is a key priority. Around 80 per cent of Pacific Islanders do not have access to basic financial services, like a bank account. We have used the aid program to provide over 500 000 people, including over 200 000 women, with access to mobile money in Papua New Guinea, Vanuatu, Samoa and Fiji.

Through the Pacific Private Sector Development Initiative we reformed business legislation in Samoa, Solomon Islands and Tonga, doubling the number of newly incorporated companies. In Solomon Islands, registering a business now takes one day and the country has jumped 38 places on the World Bank's Ease of Starting a Business indicator.

Economic diplomacy and competition policy

Under the framework of the ASEAN–Australia–New Zealand FTA, the department worked to help strengthen competition in the region. Together with the Australian Competition and Consumer Commission, ASEAN and New Zealand, we undertook a major capacity building initiative—the Competition Law Implementation Program—to support ASEAN member states to introduce and implement national competition laws and policies in line with ASEAN's regional economic integration objectives. Expanding regional cooperation on competition is a priority as the positive benefits flowing from removal of barriers to trade and investment can be negated by anti-competitive practices such as the misuse of market power to lock out market entrants from new business opportunities.

International tourism policy and engagement

As part of the Government's economic diplomacy agenda, the department worked to strengthen bilateral tourism relationships with major source countries. The department increased engagement in key multilateral tourism forums, such as the APEC Tourism Working Group and the OECD Tourism Committee, and promoted positions in line with Australia's 'Tourism 2020' objectives. (See also 1.14, p. 190.)

Working with business

The department collaborated closely with the Australian business community on trade, investment and deregulation issues and supported the new 20-member Trade and Investment Policy Advisory Council (TIPAC). The council, which convened for the first time

in June 2014, is an important source of advice to the Government as it advances its trade and investment agenda. TIPAC's members include industry leaders from the key growth sectors of resources and energy, food and agribusiness, banking and finance, international education, tourism and hospitality and health and medical research. The council discussed trade and investment opportunities, cutting red and green tape and leveraging Australia's natural advantages to attract more foreign investment.

Drawing on its international network, the department contributed to two white paper processes—Developing Northern Australia and Agricultural Competitiveness. These papers will provide a policy platform to support the growth of Australian businesses in northern Australia while identifying ways to boost agriculture's contribution to economic growth and productivity.



Secretary, Peter Varghese AO (seated: second left), with Minister for Trade and Investment, Andrew Robb AO (seated: third left), with officials, academics and business leaders at the first TIPAC meeting, Canberra, 6 June 2014. [AUSPIC/Howard Moffatt]

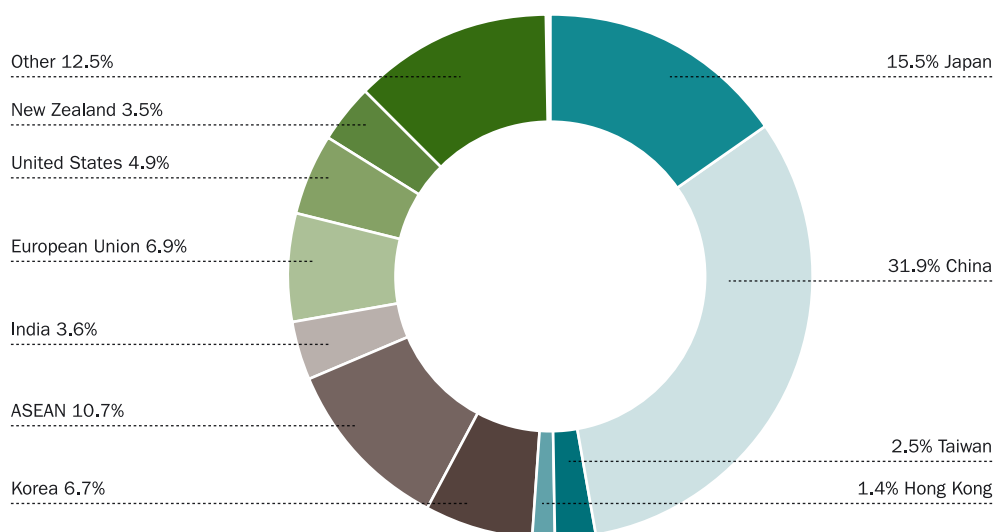
The department also supported private sector and infrastructure development initiatives, throughout the Asia–Pacific region, recognising that these are key to economic growth and a proven pathway to development. (See also *Aid overview and outlook*, pp. 136–7.)

Sustainable mining

The department reinforced Australia's position as a leader in sustainable mining through

initiatives to support international governance in the resources sector. This included Australia's support for the Extractives Industry Transparency Initiative and the International Mining for Development Centre. The department's engagement with resource-rich developing countries in the Indo–Pacific region helped to strengthen relationships between government and private sector, improve governance, standards and revenue management and build technical skills (see 1.9(4), p. 171).

Figure 17: Direction of Australia's exports, 2013 (a) (b)



(a) Goods data on a recorded trade basis, services data on a balance of payments basis.

(b) Includes actual export totals for Argentina, Belgium, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Korea, Malaysia, Netherlands, New Zealand, Saudi Arabia, South Africa, Taiwan, Thailand, United Kingdom and United States. Excludes selected confidential export commodities from other partner country totals and country groups from June 2013 onwards.

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

Outlook

After a bumpy start to 2014, the global economic recovery is expected to continue, led by improvements in advanced economies and solid growth in emerging and developing economies. However, the outlook remains fragile and there are appreciable downside risks. These include: elevated geopolitical risks associated with the situation in Ukraine and Russia and in Iraq; the ongoing impact of crisis legacies in advanced economies and capacity constraints in emerging markets; risks associated with the normalisation of monetary policy in advanced economies; the possibility of a long period of very low inflation in the euro area; and unexpected deviations in China's growth trajectory.

The department will continue to engage with Turkey, as the incoming G20 2015 president, to build continuity and support the implementation of outcomes from the Brisbane Summit in November 2014. We will work with APEC economies in the pursuit of further trade liberalisation, regulatory coherence, stronger supply chains and enhanced people-to-people linkages.

In leading the Government's economic diplomacy agenda, the department will help deliver greater prosperity for Australia, the region and the world by implementing activities that support the four pillars of trade, growth, investment and business.

1.1(10) Multilateral policy, legal and environment

Overview

The department promoted Australia's international standing and helped address international security, human rights and environmental challenges through strong engagement in multilateral forums, including the United Nations and the Commonwealth.

In the first 18 months of Australia's term on the UN Security Council (UNSC), we drove outcomes that built the UNSC's capacity to address international peace and security issues. We led negotiations on the first-ever Council resolution on small arms and light weapons, delivered a breakthrough resolution on humanitarian access in Syria and established a basis for UN support to Afghanistan beyond 2014.

As chair of three UNSC sanctions committees, Australia worked to improve the effectiveness and responsiveness of the council's sanctions as a tool to address threats to international peace and security.

The department supported Australia's participation in the Commonwealth Heads of Government Meeting (CHOGM) in Colombo in November 2013, handing over our Chair-in-Office role to Sri Lanka.

The appointment of Natasha Stott Despoja as Ambassador for Women and Girls and the integration of AusAID strengthened the department's work in advancing gender equality and women's empowerment, including in multilateral and regional forums.

The department provided legal advice to the Commonwealth on issues of public international law, including international humanitarian, human rights and criminal law. We provided legal advice on law of the sea and environmental law issues; contributing to successful legal action against Japanese whaling, continuing Australia's defence of Timor-Leste's legal actions, and supporting regional efforts to reduce tensions in the South China Sea.

The department's advocacy helped secure the election of an Australian as Chair of the Committee for Environmental Protection under

the Antarctic treaty regime and resulted in Australia's re-election to councils of three other international bodies.

The department advanced regional cooperation on counter people smuggling and trafficking in persons, including by assisting implementation of Operation Sovereign Borders and co-chairing the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime (the Bali Process).

United Nations

The department participated in major international negotiations and debates and supported the Foreign Minister at the UN General Assembly Leaders' Week in September 2013 and other multilateral forums.

Our advocacy delivered success for Australian candidacies. Dr Francis Gurry was re-elected as Director General of the World Intellectual Property Organization and Australia was re-elected to Councils of the International Maritime Organisation, the International Civil Aviation Organization and the Universal Postal Union. Peter Drennan was appointed as the UN Under-Secretary General for Safety and Security.

We pushed for wider acceptance of the Responsibility to Protect (R2P) principle. We funded the UN Joint Office of the Special Adviser on the Prevention of Genocide and R2P, the Global Centre for R2P, and the Asia-Pacific Centre for R2P to support its further development and application. Australia's R2P Focal Point lobbied for better coordination and understanding of atrocity prevention measures which was influential in the convening of the inaugural Global Action Against Mass Atrocity Crimes meeting in Costa Rica and fourth Global Network of R2P Focal Points meeting in Botswana.

The department engaged with the UN Educational, Scientific and Cultural Organization (UNESCO), including at the 37th Biennial General Conference in November 2013, and supported the Australian National Commission for UNESCO. Australia positively influenced the work of the organisation with a

particular focus on education, cyber ethics and piracy, resource allocation for the Pacific and institutional reform. Working closely with the Department of the Environment, we advanced Australia's interests in world heritage issues on the Great Barrier Reef and Tasmanian Wilderness at the 38th Session of the World Heritage Committee in June 2014.

The department worked with a range of specialised UN agencies to address global development challenges. We particularly promoted greater harmonisation of multi-donor efforts in response to humanitarian crises and emergency situations. (See also 1.10 & 1.12, pp. 175–80 & 183–6.)

United Nations Security Council

The department played an active role in the UN Security Council to deliver outcomes that enhanced Australia's security and development environment. We chaired 35 meetings of council committees, and participated in 385 council meetings, including 189 closed meetings for members only. Australia was closely involved in negotiating all 56 resolutions and 24 presidential statements adopted during the period, including initiating four resolutions and a presidential statement.

A high point in Australia's September 2013 presidency was an Australia-led initiative that saw the council adopt its first resolution solely dedicated to small arms and light weapons. Among other things, the resolution strengthens implementation of UNSC arms embargoes and better secures and manages arms stockpiles.

As policy coordinator on Afghanistan, Australia facilitated mandate renewals for the International Security Assistance Force in October 2013 and the UN mission in Afghanistan in March 2014. Unanimous UNSC support reflected the international community's continuing commitment to Afghanistan and its people at a pivotal time for the country. The renewals provided a further twelve months of UN assistance, a blueprint for support after 2014, and safeguarded important gains made through transition, in particular protecting the rights of women and children and strengthening human rights institutions.

Australia was a strong voice on humanitarian issues in response to the conflict in Syria.

In October 2013, together with Luxembourg we secured a united call for immediate and unhindered humanitarian access in Syria. In February 2014, working with Luxembourg and Jordan, we steered the unanimous passage of a UNSC resolution which set out critical steps the parties to the conflict, and particularly the Syrian regime, must take to protect civilians and allow humanitarian access. A pivotal resolution was also adopted during Australia's September 2013 presidency which imposed a timeline for the destruction of Syria's chemical weapons stockpile and chemical weapons production facilities.



Ambassador and Permanent Representative to the United Nations, Gary Quinlan, addressing the Security Council during the debate on chemical weapons in Syria, New York, 27 September 2013. [UN Photo/Paulo Filgueiras]

Australia advocated for strong responses from the Security Council to the threat posed by North Korea to regional security and international non-proliferation efforts. Australia supported the UN's Commission of Inquiry on Human Rights in the Democratic People's Republic of Korea, ensuring the commission's comprehensive, evidence-based report was brought before the council.

We led calls for the establishment of a Commission of Inquiry into human rights violations in Central African Republic. Australia pressed for an end to impunity for serious violations of humanitarian and human rights law during conflicts, including through referral to the International Criminal Court (ICC). Australia co-sponsored the Security Council's first resolution on security sector reform, which recognised that a professional and accountable security sector is a prerequisite for achieving peacekeeping and peacebuilding objectives.

Australia collaborated with council members to include operative provisions in UN peacekeeping and peacebuilding mandates which strengthen the protection of civilians, especially women and children, safeguard human rights and promote women's participation in conflict prevention, conflict resolution and peacebuilding. In May 2014, we secured inclusion of such provisions in the UN peacekeeping mission in South Sudan.

Australia hosted several UNSC events, including an interactive panel on women's participation in peacebuilding (during our September 2013 presidency) and an event on the impact of the unregulated flow of small arms on the rates of sexual violence in the Democratic Republic of Congo (August 2013). In June 2014, Australia hosted a panel discussion on the role of UN police peacekeepers in addressing conflict-related sexual violence.

Australia in the UN Security Council: smarter sanctions – safer world

Sanctions are a critical lever in the collective security regime established by the Charter of the United Nations. Australia is a leader in seeking to improve their implementation and effectiveness.

Sanctions are measures not involving the use of armed force that are imposed in situations of international concern, including the grave repression of human rights, the proliferation of weapons of mass destruction or their means of delivery, or armed conflict. They impose restrictions on activities that relate to particular countries, goods and services, or persons and entities.

Australia chaired the Council's committees responsible for administering sanctions in relation to Al-Qaida, Iran's proliferation-sensitive nuclear and missile programs, and the Taliban. Australia was also a member of the Council's 12 other sanctions committees. As Chair, Australia set the agenda and articulated key messages, both to the Council and broader UN membership. During 2013–14, Australia's Ambassador to the United Nations, Gary Quinlan, delivered seven reports to the Council in open session on the work of the committees Australia chaired and presided over 25 meetings of those committees.

Australia brought a greater operational focus to committee work to ensure that sanctions responded to developments in the situations that they address. We promoted transparency in the Council's sanctions work through open and interactive briefings with the broader UN membership and through the direct involvement of relevant non-Council members in committee meetings. In December 2013, for example, Australia invited countries from the Sahel and Maghreb to an Al-Qaida committee meeting to discuss terrorism in Africa.

Australia also ensured that the committees collaborated with one another, as well as non-UN entities working in the same field, to take advantage of synergies and avoid duplication of effort. We initiated stronger cooperation between the Financial Action Task Force, which sets global standards on countering the financing of terrorism and proliferation, and relevant committees.

Australia was one of four countries leading a high-level review of UN sanctions. We convened council members and all relevant parts of the UN Secretariat in a working group to develop a blueprint on how best to work together to give effect to sanctions. The findings of the review will be reported to the UN membership in late 2014.

Commonwealth

The department supported the Foreign Minister as Chair of the Commonwealth Foreign Ministers Meeting in New York in September 2013 and in the Commonwealth Ministerial Action Group (CMAG) meetings in September and November 2013. CMAG continued to monitor the situation in the Maldives and encourage Fiji's return to democracy. We also facilitated the Prime Minister and Foreign Minister's participation in the Colombo CHOGM in November 2013.

Although Australia passed its Commonwealth Chair-in-Office role to Sri Lanka, we continued to play an integral role as Chair of the Executive Committee of the Board of Governors of the Commonwealth Secretariat. The department steered implementation of leaders' commitments to reform and strengthen the Commonwealth to better meet today's challenges. We supported the appointment of Gary Dunn as the Commonwealth Deputy Secretary-General for Corporate Affairs.

Through the Australian aid program, the department assisted Commonwealth activities in line with its strategic plan (see 1.12, p. 185).

Human rights

The department promoted human rights bilaterally, through multilateral forums and with the aid program.

UN forums are important venues for progressing Australia's national interest in a peaceful, stable region. Australia is seen as a valuable and constructive player on human rights issues in the UN General Assembly resolutions on human rights. In September 2013, the Foreign Minister used her address to the UN General Assembly to highlight the need to ensure that all people around the world are free to exercise fully their economic, civil and political rights.

The department continued to engage strongly with the HRC's Universal Periodic Review (UPR) process which reviews the human rights records of all UN member states. We participated in all 43 UPRs held from July 2013 to July 2014, recommending reforms to national approaches to human rights to ensure countries fully respect and implement all human rights and fundamental freedoms.

An Australian delegation participated in the Seventh Conference of States Parties to the Convention on the Rights of Persons with Disabilities in June 2014 and an indigenous officer participated as a member of Australia's delegation to the UN Permanent Forum on Indigenous Issues in May 2014. (See also Section 3, pp. 236–7, 240.)

We led the Australian delegation in the 15th Australia–China Human Rights Dialogue in February 2014 in Beijing. Discussions addressed issues such as freedom of speech, association, religion and the media; the death penalty; organ harvesting; and specific cases of concern. Civil society welcomed our ongoing engagement with them on the China Dialogue, including inviting written submissions and providing a debrief on discussions.

We supported the protection and promotion of human rights through the aid program, helping children access education, empowering women to participate in decision-making and building the institutional capacity of national human rights bodies. The department provided core funding of \$0.65 million to the Asia Pacific Forum of National Human Rights Institutions.

Gender equality

The department played an active role in promoting gender equality and the empowerment of women and girls, particularly through the aid program, our UN engagement—including as a member of the Security Council—and the extensive advocacy work of our Ambassador for Women and Girls, Natasha Stott Despoja.

In the six months following her appointment, the ambassador travelled extensively in the Asia–Pacific region. Her representation at multilateral, bilateral and regional meetings strengthened Australia's international credentials as an active advocate for the rights of women and girls.

Of the department's aid investments, \$2.2 billion addressed gender equality and women's empowerment as a principal or significant objective. We focused on advancing equal access to health care and education; promoting women's economic empowerment; enhancing women's roles in decision-making, leadership and peacebuilding; and ending

violence against women. The new aid policy reflects the priority of gender equality and women's empowerment across the program.

To promote women's economic empowerment, the department collaborated at a global level with the World Bank, UN Women and the Asian Development Bank. Regionally, the department and the US Agency for International Development worked with Visa and the Global System for Mobile Communications Association (GSMA) to launch the *GSMA mWomen Programme* in the Pacific in early 2014. This program will increase women's access to, and use of, mobile phones and services in developing markets.

As part of the *Pacific Women Shaping Pacific Development Program*, the department supported the Papua New Guinea Business Coalition to work with the private sector to increase the number of women business leaders and to develop policies and practices that enable women to succeed at work.

Through the *Pacific Women's Parliamentary Partnership Program*, the department addressed the low representation of women in Pacific parliaments by facilitating dialogue, exchanges, mentoring and training between Australian and Pacific Islands women Members of Parliament and parliamentary staff. The department coordinated exchange visits and assessed the needs of female parliamentarians in Cook Islands, Samoa and Vanuatu.

Australian aid helped 66 349 women survivors of violence access critical services such as emergency shelters, counselling and legal advice. The department committed new funding to support the Afghan Women's Network and member organisations strengthen their advocacy and leadership efforts as part of our focus on ending violence against women in Afghanistan. The department provided support to the UN Regional Joint Program, Partners for Prevention (P4P) Phase I, to undertake an unprecedented survey on men's use of violence against women in Asia and the Pacific.

At the ASEAN Commission on the Promotion and Protection of the Rights of Women and Children in Indonesia, in February 2014, the Ambassador for Women and Girls promoted Australia's work internationally and

domestically to address violence against women and end trafficking of women and girls.

The ambassador led Australia's delegation to the UK-hosted Global Summit to End Sexual Violence in Conflict in London in June 2014. The summit saw the launch, with Australian support, of an International Protocol on the Documentation and Investigation of Sexual Violence in Conflict. The Foreign Minister is a champion of the UK's Preventing Sexual Violence in Conflict Initiative and in the lead up to the summit, Ms Bishop co-hosted, with the British High Commissioner, an Australian Dialogue on Preventing Sexual Violence in Conflict. The dialogue brought together diplomatic, aid, military, policing, academic and civil society experts to shape Australia's work on eliminating sexual violence and delivered new commitments by Australia to end the use of sexual violence as a weapon of war, to end impunity for perpetrators and to support survivors.



Ambassador for Women and Girls, Natasha Stott Despoja (right), with US Ambassador at Large for Global Women's Issues, Cathy Russell (left), and Chief of Army, Lieutenant General David Morrison AO, Global Summit to End Sexual Violence in Conflict, London, 12 June 2014. [DFAT]

The department played a key role in Australia's multilateral engagement on gender equality, including in discussions on the post-2015 development agenda and at the 58th Session of the Commission on the Status of Women in March 2014.

Ambassador for Women and Girls

Women's participation in the economy is essential to growth and prosperity, so a key pillar of the Ambassador for Women and Girls' international advocacy is the promotion of women's economic empowerment.

The ambassador represented Australia at the APEC Women and the Economy Forum in Beijing in May 2014 and announced new funding to build the capacity of trade promotion agencies in APEC economies to connect women's businesses to export markets. She led Australia's negotiations to secure strong APEC commitments to integrate gender considerations across all APEC activities, recognising that training women for employment, building their capacity and challenging barriers to their participation will add an estimated US\$89 billion per annum to the Asia-Pacific economy.

The ambassador's meetings with Australian-supported women entrepreneurs participating in microfinance programs in Indonesia in February 2014, and with beneficiaries of Australian funded programs to support women in Papua New Guinea's coffee industry in April 2014, reinforced the vital role played by the region's women in driving economic growth and creating pathways out of poverty.



Director of the Office of the Ambassador for Women and Girls, Felicity Volk (fourth left), with the ambassador, Natasha Stott Despoja (right), and beneficiaries of the Australian-supported microfinance programs, Jakarta, 17 February 2014. [DFAT]

People smuggling, refugees, asylum and immigration

The department contributed to whole-of-government efforts bilaterally and regionally to counter people smuggling. We finalised negotiations with Papua New Guinea on resettlement arrangements and ongoing bilateral cooperation against people smuggling.

From September 2013, the department supported implementation of Operation Sovereign Borders (OSB), a whole-of-government effort to combat people smuggling and protect Australia's borders. We advocated OSB with key international and regional partners. The department seconded officers to the OSB Joint Agency Task Force (JATF) and engaged JATF leadership through the Ambassador for People Smuggling Issues. The department also established a People Smuggling Task Force.

We spearheaded efforts to advance regional cooperation on asylum seeker issues leading negotiations with Cambodia on an MOU covering resettlement of refugees from Nauru. We also provided policy and logistical support to the Minister for Immigration and Border Protection in relation to his overseas engagements.

Working with the JATF and through our overseas posts, our comprehensive advocacy of Australia's counter people smuggling policies to potential illegal immigrants, host governments, community leaders and persons of influence contributed to the reduction in illegal boat arrivals outcome.

As co-chairs of the Bali Process, Australia and Indonesia progressed the outcomes of the 2013 Ministerial Conference. We established an agreement between the Bali Process Regional Support Office and Jakarta Centre for Law Enforcement Cooperation on capacity building in law enforcement and border management for member countries, and developed a practical policy guide to assist member countries criminalise people smuggling.

The department participated in Indonesia's Special Conference on Irregular Movement of Persons in August 2013 and follow-up workshop in April 2014. At the 23rd session of the UN Commission on Crime Prevention and Criminal Justice, we sponsored a resolution on strengthened criminal justice responses to combat people smuggling.

Country information reports

In July 2013, the department assumed responsibility for preparing unclassified Country Information Reports to assist Australian decision-makers determine protection status in accordance with the *1951 Refugee Convention*. Decision-makers are directed to consider these reports under Section 499 of the *Migration Act 1958*. The reports are factual and updated as necessary to ensure they remain current.

The department's fourteen reports were prepared with regard to the existing caseload for decision-makers and focused on particular cohorts seeking protection in Australia at the time of writing.

The reports drew on the department's extensive in-country knowledge and other credible sources, including open source publications and interviews with community representatives and locally-based organisations.

Environment and sustainable development

Sea law, environment law and Antarctic policy

The department, working closely with other domestic agencies, advanced Australia's strategic, economic and environmental interests in Antarctica, the Southern Ocean and the Indo-Pacific.

We worked closely with other agencies in the Government's successful action against Japanese whaling in the International Court of Justice (ICJ) and contributed to the defence of legal action initiated by Timor-Leste in relation to Timor Sea treaty arrangements.

We supported regional confidence building measures to reduce tensions in the South China Sea and co-chaired with the Philippines the second ASEAN Regional Forum Seminar on the UN Convention on the Law of the Sea in May 2014. Our efforts contributed to greater recognition in the region of the importance of the rule of law and the peaceful settlement of maritime disputes.

The successful election of Australia's candidate, Ewan McIvor, to Chair the Committee for Environmental Protection under the Antarctic Treaty system will bolster our efforts to improve environmental protection and management in Antarctica.

Australia wins whaling case in the International Court of Justice

The International Court of Justice in The Hague delivered its judgment in the case concerning Japanese Whaling in the Antarctic on 31 March 2014.

Australia argued that Japan's whaling program in the Southern Ocean was in breach of various provisions of the International Convention for the Regulation of Whaling (ICRW).

The ICJ found that Japan had not acted in conformity with obligations under the ICRW prohibiting commercial whaling and ordered that Japan revoke existing permits. The court's judgment was the culmination of a four-year, whole-of-government effort involving the department, the Attorney-General's Department, international and local legal counsel, and scientific experts from the Australian Antarctic Division within the Department of the Environment.



Then Senior Legal Advisor, Richard Rowe (left), with Agent of Australia, Bill Campbell QC, at the ICJ, The Hague, July 2013. [DFAT]

Climate change

Following machinery of government changes, the department became responsible for development and co-ordination of international climate change policy. For the department's advocacy of Australia's climate change interests internationally, see Program 1.4, p. 128.

Sanctions

The department continued to promote the rigorous and effective implementation and administration of UNSC and Australian autonomous sanctions regimes.

We represented Australia in all 15 UN Security Council Sanctions Committees (see p. 93) and oversaw the amendment of Australian sanction laws to implement new sanctions regimes in relation to the Central African Republic, Ukraine and Yemen. We implemented amendments to the existing sanctions regimes in relation to Côte d'Ivoire, the Democratic People's Republic of Korea, Iran, Libyan Arab Jamahiriya, Somalia, Sudan, the Former Yugoslavia and Zimbabwe.

As the Australian Government's sanctions regulator, the department received over 300 informal inquiries and over 550 formal applications relating to sanctions permits. We effectively balanced proper administration of Australian sanction laws with our broader trade facilitation objectives.

The department raised awareness of Australian sanction laws. We held public seminars for businesses, financial institutions and universities in all Australian states and conducted tailored outreach to individual businesses and sectors particularly affected by the laws.

Transnational crime and counter-terrorism financing

Corruption and transnational crime are serious threats to regional security and prosperity with an estimated US\$90 billion generated annually from illicit markets in the Asia-Pacific region. The department worked closely with government agencies, civil society and the private sector to strengthen regional and international responses to transnational crime.

The department supported Australia's co-chairing of the G20 Anti-Corruption Working Group, including the group's first meeting in 2014 in Sydney, and contributed to the development of the action plan for 2015–16.

The department referred allegations of foreign bribery and extra-territorial offences to the Australian Federal Police. We conducted outreach to the private sector on Australia's anti-corruption and bribery obligations and ensured effective training of departmental staff on foreign bribery and other extra-territorial offences.

The department led the Australian delegation to the 23rd Session of the UN Commission on Crime Prevention and Criminal Justice and co-sponsored the commission's first resolution on migrant smuggling. The resolution urges all UN member states to strengthen national, bilateral, regional and international criminal justice responses to prevent and combat people smuggling.

We sustained our strong counter-narcotics engagement, chairing the Mini Dublin Group of donor countries supporting counter-narcotics efforts in Southeast Asia and China. We were also involved, with the Department of Health, in the 57th Session of the UN Commission on Narcotic Drugs (CND) where we co-sponsored resolutions on new psychoactive substances and drug use prevention. We co-hosted a CND side-event highlighting global inequality and barriers to access for internationally controlled

medicines, especially for pain relief and palliative care.

We participated in a UN Counter-Terrorism Committee Executive Director workshop in Southeast Asia dealing with asset freezing and delivered presentations on Australia's implementation of targeted financial sanctions against terrorism financing.

International law

The department provided legal advice to the Commonwealth, pursuant to its mandate under the Legal Services Directions, on issues of public international law, including international humanitarian, human rights and criminal law.

We contributed to the successful conclusion of a range of international instruments, including the International Code of Conduct for Private Security Service Providers, and provided advice on the implementation and interpretation of Australia's treaty obligations. We offered legal advice in support of Australia's UN Security Council engagement, in relation to situations of armed violence and conflict, and on arms control, nuclear non-proliferation and people smuggling. The department also contributed to reform of Australia's inter-country adoption architecture.

We supported Australia's work as Chair of the UN Group of Governmental Experts on Developments in the Field of Information and Telecommunications in the Context of International Security, which adopted a consensus report affirming the application of international law to states' use of cyberspace. We led the process that resulted in the passage of the *International Organisations (Privileges and Immunities) Amendment Act 2013* which will facilitate the extension of privileges and immunities to the International Committee of the Red Cross (ICRC) and the ICC. We also provided legal support for an Organisation for the Prohibition of Chemical Weapons workshop for Pacific Island countries and Timor-Leste to strengthen their implementation of the Chemical Weapons Convention.

The department supported the Australian Red Cross in hosting the Statutory Meetings of the International Red Cross and Red Crescent Movement in Sydney in November 2013.

We co-hosted with the ICRC an expert workshop on promoting military operational practice that ensures safe access to, and delivery of, health care in armed conflict and other situations of violence.

We continued efforts to end impunity for the most serious crimes of concern to the international community, including through our support for the ICC and the Extraordinary Chambers in the Courts of Cambodia (see also 1.1(2), p. 40).

The department helped raise awareness of international law issues through direct engagement with academic and non-governmental stakeholders and contributions to seminars, conferences and academic publications.

Treaties

The department tabled 16 new or amended treaties in Parliament for review by the Joint Standing Committee on Treaties. We facilitated the signing of 12 treaties, including the free trade agreement with the Republic of Korea, and led the process for Australia's early ratification of the historic Arms Trade Treaty (see 1.1(11), p. 102). We enabled consultation with Australian states and territories on treaties under negotiation, consideration and review, and advised government agencies on treaty policy and procedure, including through our annual training seminar for government officials (see also 1.1(14), p. 118 & App. 6, p. 269).

Outlook

The department's support for Australia's term on the UN Security Council will continue to build Australia's reputation as a constructive and strategic member of the international community. We will focus on increasing UNSC transparency and accountability through outreach to regional partners, open meetings and informal events.

The department will promote the effective implementation and administration of sanctions internationally. We will engage with the business community on Australian sanctions, anti-bribery and corruption laws to strengthen the private sector's capacity to trade and invest abroad with confidence.

Advancing Australian interests in the United Nations, the Commonwealth and other multilateral forums will be a priority. We will work closely with Malta to ensure strong outcomes from CHOGM in 2015 and progress Australian objectives in the UN Secretary-General's Summit on Climate Change and the World Conference on Indigenous Peoples.

The department will develop its gender equality strategy to guide diplomatic efforts and scale up attention to gender throughout the Australian aid program. We will be strong contributors on the 20-year review of the Beijing Platform for Action and the post-2015 framework.

The department will continue to advocate for international agreement to the Australia–France–EU proposal to establish a network of marine protected areas in East Antarctica, which was not adopted by the Commission for the Conservation of Antarctic Living Marine Resources (CCAMLR) in 2013. We will continue to promote the conservation and sustainable use of biodiversity, including through our support for the commencement of negotiations for a new instrument under the Law of the Sea Convention relating to the management and conservation of areas beyond national jurisdiction. The department will engage with the International Whaling Commission, support ongoing regional efforts to manage tensions in the South China Sea and contribute to our ongoing Timor litigation defence.

The department will provide public international legal advice to advance our national interests within a strong international rules-based order. We will promote the universalisation of the Arms Trade Treaty and the Rome Statute of the ICC. Our efforts to end impunity for serious international crimes will continue.

The department will support the implementation of OSB and continue cooperative regional and international approaches to combat people smuggling and human trafficking. In consultation with Indonesia, we will implement a new Bali Process strategy on capacity building and cooperation activities, including immigration management, border integrity and law enforcement.

1.1(11) International security, nuclear disarmament and non-proliferation

Overview

The department advanced Australia's international security objectives against the backdrop of changing and, in several respects, deteriorating strategic circumstances. Heightened tensions in the South and East China Seas, Russia's annexation of Crimea, the civil conflict and use of chemical weapons in Syria, and a diversifying terrorist threat impacted on the global security landscape.

Despite these challenges, Australia's efforts demonstrated our credentials as a constructive partner and contributed to some good progress on international and regional security initiatives. We ratified the Arms Trade Treaty (ATT), bringing it a step closer to entry into force, and we supported measures by the UN Security Council to help address the illicit global circulation of small arms and light weapons (SALW). In concert with Japan, we raised the profile of the Nuclear Non-Proliferation and Disarmament Initiative (NPDl) as an important player in the lead-up to the 2015 Review Conference (RevCon) of the Nuclear Non-Proliferation and Disarmament Treaty (NPT). We participated in the international effort to eliminate Syria's chemical weapons. As chair, and in line with our commitment to strengthen the major export control regimes, we also secured the Australia Group's (AG) agreement to new measures to tighten counter-proliferation standards.

We worked with regional partners, in practically-focused workshops and through outreach, to help strengthen counter-proliferation and counter-terrorism capabilities in the Pacific and Southeast Asia.

Through the Australia–Japan–United States Trilateral Strategic Dialogue (TSD) we enhanced the security-related dimensions of our relationships with key partners. The TSD was given added impetus in October 2013, when ministers reaffirmed their commitment to addressing security challenges in the Indo-Pacific and beyond.

Provocations by North Korea, along with Iran's nuclear ambitions, continued to present a threat to global peace and security. In concert with like-minded countries we maintained pressure on Iran and worked constructively with the International Atomic Energy Agency (IAEA) to seek assurances that Iran's nuclear program would only be developed for peaceful purposes.

Working closely with other agencies, the department led Australia's engagement on the international cyber policy agenda. We supported the Foreign Minister's participation in the October 2013 Seoul Conference on Cyberspace and secured agreement from China, Japan and the Republic of Korea to initiate bilateral cyber policy talks.

Faced with increasingly complex and diffuse terrorist threats, the department coordinated Australian counter-terrorism efforts in the region and multilaterally. While Southeast Asia remained our main focus, the growing number of Australians travelling to Syria and Iraq to fight alongside terrorist groups prompted a range of additional activities by the department domestically, in the Middle East, and through the Global Counter-Terrorism Forum (GCTF).

Conventional weapons

The department led whole-of-government efforts to achieve Australia's early ratification of the ATT, ensuring we were among the lead group of countries to take this important step towards bringing the treaty into force.

We worked with other key supporters on preparations for the first meeting of states parties which will be held in late 2014 – early 2015 and will establish the framework and protocols for ATT implementation.

In September 2013 the Foreign Minister presided over the adoption of the Security Council's first comprehensive resolution on SALW, resolution 2117. This outcome was a considerable advance for the SALW agenda. It reinforced and complemented both the ATT and the UN Program of Action on SALW, and encouraged states to facilitate women's full

participation in small arms and light weapons policy making.

Australia played a leading role in clearing landmines and other explosive remnants of war in Cambodia, Laos, Sri Lanka and Palau, and in Afghanistan. Australia's support through the \$100 million Mine Action Strategy also helped reduce the socio-economic impacts

of explosive remnants of war, educate people about the risk, improve livelihoods and assist with the care and rehabilitation of victims, as well as research and advocacy. This support complemented the department's ongoing work to promote the universalisation of the treaties banning the production and use of cluster munitions and landmines.

Leading the way on the Arms Trade Treaty

Illegally traded conventional weapons are one of the world's biggest killers, claiming more than half a million victims every year. Australia played a key role in negotiating the international Arms Trade Treaty and on 3 June 2013 we became the thirty-third country to ratify it.

This historic treaty establishes common standards for the international transfer of conventional arms and enhances the transparency of the global conventional arms trade. The ATT will enter into force 90 days after 50 countries have ratified it. A major foreign policy achievement for Australia, the treaty reflects strong recognition of the need to better regulate the conventional arms trade and to reduce the impact of armed violence on communities, and especially women and girls.

The department is working with partners in the region and further afield to encourage effective and universal implementation of the ATT. Drawing on our strong arms export control expertise, Australia will offer practical assistance to help others with implementation. This includes a further \$1 million contribution to the UN Trust Facility for Supporting Co-operation on Arms Regulation, which we helped establish in 2012. We will provide practical legal and technical support and capacity-building to developing countries to implement the treaty. We are also encouraging countries in our region to participate in a baseline survey to help identify steps each country can take, and what assistance they may need, to implement the ATT.

Nuclear non-proliferation and disarmament

Strengthening the global nuclear non-proliferation and disarmament regime remained a focus of our security efforts.

We continued to work closely with NPDI partners, co-ordinating practical measures, drafting working papers and conducting outreach to advocate implementation of the 2010 NPT RevCon Action Plan. We raised the profile of the group through direct outreach to the Chair of the NPT preparatory committee (PrepCom) and to the five permanent members of the Security Council. Nigeria and the Philippines became additional members. We participated in NPDI senior officials' meetings to develop positions and advocacy strategies for the group. We also facilitated the Foreign Minister's participation

in the 8th NPDI Ministerial Meeting in Hiroshima in April 2014.

The department managed Australia's contribution to the third NPT PrepCom for the 2015 NPT review cycle. We led the Australian delegation to the second conference on the humanitarian impact of nuclear weapons in Nayarit, Mexico in February 2014 and provided strong support for Ms Bishop in her public advocacy on the humanitarian impact of nuclear weapons.

The department helped advance Australia's interests in the IAEA, including through our role on the IAEA Board of Governors. We influenced adoption of a biennial budget favouring Australia's priorities and won consensus backing for the annual General Conference resolution on nuclear safety. We maintained IAEA focus on North Korea, helped win the vote against the 'Israeli Nuclear Capabilities'

resolution and maintained pressure on Iran to address concerns about its nuclear program. We contributed funding to the IAEA's verification of Iran's commitments under the Joint Plan of Action between the P5+1 and Iran.

We also supported the Foreign Minister's participation in the Nuclear Security Summit in The Hague in March 2014, at which Australia announced an additional contribution of \$1 million to the IAEA Nuclear Security Fund to help countries strengthen their nuclear security to combat the risk of nuclear terrorism.

The department progressed negotiation of a civil nuclear cooperation agreement with India. The agreement will provide for the export of uranium to India, while ensuring such material is used only for peaceful purposes under international safeguards. We also inaugurated a bilateral non-proliferation and disarmament dialogue with India.

Counter-proliferation and export controls

The use of chemical weapons in Syria in August 2013 provided a stark reminder why ongoing global cooperation is required to counter the proliferation of weapons of mass destruction. As a member of the UN Security Council and the Organisation for the Prohibition of Chemical Weapons (OPCW),

Australia promoted a robust global response to the incident and provided \$2 million to the unprecedented international mission to remove Syria's chemical weapons stocks and ensure these do not fall into terrorists' hands. All declared chemical weapons material was destroyed or removed from Syria by the 30 June deadline set by the UN Security Council.

As permanent chair of the AG—the custodian of global best practice measures for containing the proliferation of chemical and biological weapons—we ensured the AG responded strongly, including by agreeing to new measures to strengthen counter-proliferation standards. The group also expanded its cross-regional membership, with Mexico becoming the forty-second country to join the AG.

We contributed to international efforts to prevent proliferators from gaining access to sensitive dual-use weapons of mass destruction (WMD) related materials and technologies through our regular regional outreach and bilateral engagement, active lobbying of countries of proliferation concern and strong leadership in the various export control regimes. We supported the OPCW in conducting regional capacity-building workshops for Southeast Asian and Pacific partners.



Ambassador to the Netherlands, Neil Mules AO (left), and Director-General of the Organisation for the Prohibition of Chemical Weapons, Ahmet Üzümcü, after signing an agreement to support the UN Mission to Eliminate Syrian Chemical Weapons, The Hague, 20 January 2014. [DFAT]

Counter-terrorism

The international terrorist threat became more complex and fluid over the year. The number of terrorist attacks increased. More Australians travelled to Syria and Iraq to join the conflict there, many fighting alongside terrorist groups such as the Islamic State of Iraq and the Levant. Although Al-Qaida's central leadership was weakened, the violent extremist messaging with which it is identified continued to inspire terrorist groups around the world, aided by social media networks.

Led by the Ambassador for Counter-Terrorism, we strengthened Australia's counter-terrorism partnerships with countries neighbouring Syria, intensified engagement with senior officials and initiated discussions on MOUs on cooperation to combat terrorism. At home we contributed to community outreach programs aimed at countering violent extremism and deterring Australians from joining the conflict in Syria. In the GCTF we helped develop international measures to address the challenge of 'foreign fighters' and the threat of kidnapping for ransom.

Terrorist networks in Southeast Asia continued to pose a threat to Australians and Australian interests, and countering their activities remained a key focus of the department's work.

In Indonesia we supported initiatives, including under the Australia–Indonesia Security Program, to build capacity and counter violent extremism in the community, focusing on disengaging terrorist inmates from violent extremism and strengthening Indonesia's capacity to monitor terrorist offenders following their release from prison. We partnered with Indonesia to organise a regional working-group meeting of the GCTF in Yogyakarta on modern counter-terrorism policing. Australia and Indonesia became co-chairs of a new GCTF working group that will address challenges associated with the management of terrorist prisoners.

In the Philippines we worked on improving the management of terrorist offenders, reducing the risk to Australians of kidnap-for-ransom, and supporting the Philippines in concluding negotiations with Islamic separatists (resulting in the peace agreement

known as the Comprehensive Agreement on the Bangsamoro).

South Asia was another counter-terrorism priority area. We partnered with the Australian Federal Police to provide counter-terrorism and security related training to Pakistani police officers. This included strengthening the Pakistan Police Service's capacity to deal with improvised explosive devices and funding a countering violent extremism radio program. We assisted UN agencies to train South Asian police, prosecutors and judges. Together with Macquarie University's Police, Intelligence and Counter-Terrorism school we provided security-related training opportunities to police in the Maldives.

The department enhanced Australia's international engagement on counter-terrorism through membership of the UN Security Council. We helped sharpen the council's counter-terrorism focus on new issues such as violent extremism, internet radicalisation and recruitment, and foreign fighters. We helped secure a robust international standard against the payment of ransoms to terrorists. As Chair of the UN Al-Qaida Sanctions Committee, Australia promoted a strategic approach to ensure sanctions could support national and regional responses to the evolving Al-Qaida-inspired terrorist threat. We also coordinated the first three-yearly review of terrorist listings pursuant to Australia's implementation of UNSC resolution 1373 (2001).

National security and strategic policy

The department helped shape high-level national security and strategic policy, including through cooperation with the Department of Defence on development of the 2015 Defence White Paper, and active participation in the Secretaries' Committee on National Security, the National Intelligence Coordination Committee and other forums.

We made a substantial personnel contribution to the major Australia–US biennial military exercise, Talisman Sabre 2013 and, with Defence counterparts, began planning for the 2015 exercise.

Position profile

Consul–Strategic Policy, Honolulu
Damien Donavan

I took up the newly established position of Consul–Strategic Policy at the Australian Consulate-General in Honolulu in January 2014.

This position is indicative of the importance Australia places on the alliance with the United States and the strong—and increasing—level of engagement between Australia and the US military in Hawaii. This is particularly true in light of the rebalance to the Asia–Pacific and US Force Posture Review Initiatives, including Marine and expanded US Air Force aircraft rotations through Darwin. Moreover, it signals the value we place in the role Pacific Command (PACOM) and its component commands have to play in ensuring security in our region.

It is a challenging role, given the PACOM Area of Responsibility encompasses more than 50 per cent of the globe and includes 36 countries. Military leaders here also have to contend with significant security risks, including that posed by North Korea, tensions in the East China and South China Seas, political extremism, weapons proliferation, piracy and other non-traditional security threats. This diversity also makes the role highly rewarding.

Every day brings a new set of issues to progress. I am able to engage with extremely professional people who are passionate about their roles. And Australia is highly respected as a dependable partner for peace in the region.

We contributed to whole-of-government responses to the allegations made by Edward Snowden, particularly highlighting the critical national interests served by the Australian Intelligence Community.

Strengthening the Trilateral Strategic Dialogue (TSD) between Australia, Japan and the United States was a priority, particularly given the opportunity it provides for the timely exchange of views on the global and regional strategic environment. We supported the TSD Foreign Ministers' meeting in Bali and progressed practical cooperation through the TSD's working groups.

We continued to work with other agencies and overseas partners on cyber policy issues, including internet governance. We supported Foreign Minister Bishop's participation in the October 2013 Seoul Conference on Cyberspace, a major international platform for dialogue on cyber norms involving

governments, business and civil society. China, Japan and the Republic of Korea agreed to initiate bilateral cyber policy talks. We co-chaired with Malaysia a successful ASEAN Regional Forum workshop on cyber confidence building measures in Kuala Lumpur in March 2014.

Space security remained an area of focus, reflecting our reliance on space-based systems and the growing international concern about the need to strengthen norms to guide space activities. We continued our advocacy of the proposed International Code of Conduct for Outer Space Activities, including through the 'open-ended consultations' in November 2013 and May 2014. At AUSMIN 2013 Australian and US ministers agreed arrangements for the relocation of a highly advanced US space situational awareness telescope to Western Australia to track space assets and debris.



Assistant Secretary John Quinn (fourth right) and Director Cyber Policy Section Henry Fox (second left) with ASEAN officials at the Regional Forum Workshop on Cyber Confidence Building Measures, Kuala Lumpur, 26 March 2014. [DFAT]

Outlook

The security landscape will remain challenging, complex and fluid, buffeted by shifting strategic dynamics in the Indo-Pacific, Middle East and Eastern Europe.

We will push for stronger regional and global counter-proliferation and disarmament norms to help prevent the proliferation of WMD by both state and non-state actors. The department will host the 30th Anniversary of the AG in Australia in 2015. Notwithstanding challenges presented by an increasingly fraught multilateral system, as co-chair we will engage NPDI partners to encourage the 2015 NPT Review Conference to deliver strong security dividends. Negotiations with India on a civil nuclear cooperation agreement will continue.

Terrorist threats present the least predictable dimension of the international and national security landscapes. Instability in the Middle East, particularly the conflicts in Syria and Iraq and the phenomenon of foreign fighters, will have potentially significant consequences in our region and domestically. The department will deepen Australia's cooperation with a range of counter-terrorism partners to extend international counter-terrorism efforts.

The Indo-Pacific likely will generate further security tensions, including as a result of shifting strategic and economic weight among countries in the region. Deepening relations with major powers, including through the TSD, strengthening regional partnerships and reinforcing regional architecture will be priorities. Helping to finalise the Defence White Paper 2015 will be a focus.

Over the next year, we will press for further transparency and confidence building measures in space, building on the recommendations and guidelines developed by UN bodies in 2013–14. We will continue our efforts, with likeminded partners, to finalise the International Code of Conduct for Outer Space Activities.

Cyber security will require adroit management. In collaboration with other departments and agencies we will progress our bilateral cyber policy dialogues with China, Japan and the Republic of Korea, intensify our discussions with other countries on cyber issues, and take forward practical measures to advance the regional cyber confidence building agenda. We will also participate in the next global cyberspace conference in The Hague in April 2015.

1.1(12) Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)

Overview

The department maintained a high quality of service and support to the Parliament, ministers and parliamentary secretaries, and Cabinet, especially in supporting their overseas travel. We managed effectively the closure, then re-establishment, of offices for portfolio ministers and parliamentary secretaries following the federal election.

We provided efficient financial, human resources, ICT and property management services to government departments and agencies in Australia and overseas, and to the New Zealand Government.

The department intensified engagement with business and state and territory governments to implement the Government's foreign, trade and aid policy and prioritise the economic diplomacy agenda.

Support to portfolio ministers

Feedback from Ministers and from their offices indicated that Ministers were highly satisfied with the department's responsiveness in supporting the establishment and operations of their offices and in providing policy and logistical support for their overseas engagements. Ministers were very satisfied with the quality of advice on and implementation of flagship policy issues, including the roll-out of the New Colombo Plan and the conclusion of two major FTAs.

Incoming government

The department closed and re-established the offices of the outgoing and incoming portfolio Ministers and Parliamentary Secretaries following the federal election. We coordinated the dismantling and installation of the physical offices in Parliament House and equipped Ministerial and Parliamentary Secretary state offices in Perth, Melbourne and Brisbane to handle new portfolio responsibilities.

The department provided temporary teams of advisers and Departmental Liaison Officers in each office to assist the new Ministers and Parliamentary Secretary prior to the commencement of permanent staff.

Ministerial submissions and briefings

During 2013–14, the department produced 1562 ministerial submissions, 267 meeting briefs, 121 Cabinet briefs and 28 Cabinet submissions.

Ministerial correspondence

We received and processed 11 975 items of ministerial correspondence in 2013–14, compared with 8003 in 2012–13. This surge in numbers reflected, in large part, the integration of AusAID into the department. The roll-out of common ICT services and the deployment of additional staff assisted with the management of some post-integration difficulties over distribution, tracking and handling of ministerial correspondence.

Ministerial travel

We assisted five portfolio ministers and two parliamentary secretaries who held office over the reporting period on a total of 57 visits.

The Australian Parliament

The department gave high priority to providing services to Parliament and fulfilled our public accountability responsibilities by presenting information to parliamentary committees.

Questions on notice

The department assisted portfolio ministers with responses to 106 written parliamentary questions on notice: nine from the House of Representatives and 97 from the Senate.

We also answered 806 questions submitted in writing or taken on notice during Senate Estimates hearings—169 more than in the previous year.



High Commissioner to Trinidad and Tobago, Ross Tysoe AO (left), and Deputy High Commissioner, Leona Landers (right), accompany Speaker of the House of Representatives, Bronwyn Bishop (third left), as she meets with Republic of Trinidad and Tobago President, HE Anthony Carmona SC ORTT (third right), President of the Senate, Timothy Hamel-Smith (second left), and Speaker of the House of Representatives, Wade Mark, Port of Spain, 5 April 2014. [DFAT]

Parliamentary travel

We assisted 49 federal parliamentarians to travel to 38 countries, including parliamentary delegation visits to nine countries. We recommended visit programs, scheduled appointments with relevant officials and provided written and oral background briefings on foreign, trade and development policy. We also assisted four former Prime Ministers with 25 visits to 18 countries.

Incoming delegations

We provided the presiding officers with briefings in preparation for their meetings with visiting parliamentarians and officials from nine countries.

Parliamentary committees

The department briefed and appeared before a range of parliamentary committees as outlined in Appendix 6 (p. 269). (See also Section 3, pp. 232–3.)

In accordance with section 63 of the *Public Service Act 1999* and the Department of the Prime Minister and Cabinet's *Requirements for Annual Reports*, as approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit on 29 May 2014, the department tabled its 2012–13 Annual

Report on 30 October 2013. The online report, available at www.dfat.gov.au/dept/annual_reports/12_13/, received a silver award from the Institute of Public Administration Australia (Canberra).

Services to attached agencies overseas

We provided financial, human resources and property management services, on a cost-recovery basis, to 26 government departments and agencies with overseas representation, and to the New Zealand Government.

From 1 July 2013, all signatories to the Service Level Agreement (SLA) were responsible for meeting the utility and cleaning costs associated with their allocated floor space in overseas chanceries. The SLA sets out the obligations of the department and other agencies for management services and determines service delivery standards in the areas of financial, human resources and property management for Australia-based employees and locally engaged staff at posts managed by the department. Feedback from clients on our SLA implementation was positive.

We provided ICT services to over 45 agencies in Australia and overseas and payroll services to 13 agencies overseas. (See *Appendix 10*, pp. 275–6.)

Services to state governments and other agencies overseas and in Australia

The department worked closely with other Australian Government agencies providing briefing, policy advice and logistical support for their international work. This included the

management of visit programs, participation in negotiations led by other agencies and support for Australian officials meeting with foreign counterparts.

Through our overseas network and state and territory offices (STOs), the department played a key role supporting visits by ministers, parliamentarians and officials from federal, state and territory jurisdictions. STOs were also a direct liaison point between the department and state and territory government on Australian foreign and trade policy issues.

Staff profile

Simon Stringer

Deputy State Director, Perth



I joined the department as a policy graduate in 2005 and have worked on free trade agreement negotiations, arms control and counter-proliferation issues, and trade/economic development agendas in the Iraq Taskforce. I have been posted to Poland and have undertaken short term missions in China, United Arab Emirates and Iran—quite a range of undertakings over such a short period.

I work as Deputy Director of the WA State Office, which is quite different to my experience in Canberra and at post. Work here requires more direct interaction with business, education, and non-government communities, and the state and local governments. During my 2.5 years here, the office has assisted with the hosting of numerous high-level meetings/events, including CHOGM, AUSMIN, AUKMIN, IORA and the annual Africa Down Under (ADU) mining conferences.

Working on these meetings has been both challenging and rewarding. For example, last year's ADU Conference was attended by nine African mining ministers, many senior African government officials and seven Australian heads of missions, as well as over 2000 delegates and 160 exhibitors. I was responsible for coordinating the department's liaison team whose role, in conjunction with Austrade, was to assist African ministers and senior officials in engaging with Australian companies. I felt this was a particularly good example of the different agencies within the portfolio coordinating to achieve trade outcomes.

Team profile

Joint Agency Coordination Centre Team

In March 2014, the department seconded a team of officers to the Joint Agency Coordination Centre (JACC) in Perth, which was established following the disappearance of Malaysia Airlines flight MH370 to coordinate the Government's support for the international search. The team included Julianne Hince, David Crisante, Claire Murray, Courtney Hoogen and Silai Zaki.

As one of the first agencies on the ground, the team drew on the department's international crisis expertise to assist establishing clear operating protocols, including diplomatic liaison with those nations affected by MH370, and to progress contingency planning in response to possible search outcomes.

With support from Canberra, our Western Australian state office and overseas posts, they led JACC's engagement with foreign government representatives from the eleven affected nations. Working in conjunction with consular officers in Canberra, the team also ensured consular support was provided to the families of the six Australian passengers.

JACC was the subject of intense international media and public scrutiny, fielding hundreds of enquiries each day. The department's media officers provided expertise and support for the team's engagement with domestic and international media, responses to public enquiries and whole-of-government communication.



International and domestic media being updated on efforts to locate missing flight MH370 by JACC Chief Coordinator, Air Chief Marshal Angus Houston AC AFC (Ret'd), and Minister for Defence, Senator David Johnston (back centre), Pearce, April 2014. [Department of Defence]

Services to business

Trade policy coordination, business liaison and state and territory offices

The department worked with Austrade to provide Australian companies with advice on the international business environment and market access opportunities.

STOs facilitated consultations with state and territory governments, industry, non-government organisations and tertiary institutions on a wide range of issues affecting Australia's economic and trade interests, for example:

- The Darwin office promoted opportunities for Australian business in Singapore through a presentation to representatives from the financial, agricultural, technology, and energy sectors.
- The Melbourne office organised two tours to regional Victoria for the consular corps to demonstrate the sophistication of the state's manufacturing, tourism and agribusiness.
- The Perth office worked with Protocol Branch on the visit by the Canberra diplomatic corps to Western Australia in May 2014 (see, 1.1(13), pp. 113–4).
- The Hobart office supported the Tasmanian Premier's trade mission to Indonesia, Hong Kong, China and Japan, which included the signing of an Antarctic gateway MOU between the Tasmanian Government and China's State Oceanic Administration.
- To commemorate the 40th anniversary of Australia–ASEAN relations, the Adelaide office supported the South Australian Government and the Council for International Trade and Commerce South Australia to host an event on opportunities for Australian business in ASEAN.
- In June 2014, the Brisbane office supported a Queensland–Japan Chamber of Commerce and Industry business delegation to Tokyo, Osaka and Kyoto, comprised of small and medium enterprises in the services industry.
- In May 2014, the Hobart office hosted Elizabeth O'Neill Award winner, Ms Fitria Sofyani (a senior Features Editor with *Marie Claire* Indonesia), for three days. (See also 1.1(14), p. 118.)
- The Sydney office worked with the state government to support two visits to regional NSW for the consular corps and organised sectoral specific visits to CSIRO, ANSTO and SBS to promote Australian excellence in science, technology and multicultural broadcasting.

Trade statistics

The department provided high quality public information on Australia's trade relationships with other countries through country fact sheets, trade statistics publications and time series trade data. The department produced a new statistical publication on the G20, and launched an interactive trade data website—'Australia's Trade at a Glance' <http://dfat.gov.au/trade/australias-trade-at-a-glance/>.

Outlook

The department will maintain a high standard of service to the Parliament and support the efforts of federal parliamentarians, parliamentary delegations and committees to advance Australia's interests overseas. Assisting portfolio ministers and the parliamentary secretary to advance our foreign, trade and aid priorities through policy and administrative support will remain an enduring, high priority.

In line with the Government's economic diplomacy agenda, we will continue to enhance our engagement with state and territory governments, other agencies and the business community in Australia and overseas. This will include consultation on trade policy and investment issues.

1.1(13) Services to diplomatic and consular representatives in Australia

Overview

The department provided high-quality visa, accreditation and other protocol services to diplomatic and consular staff from 102 missions resident in Canberra, 44 non-resident missions, 368 consular posts and 12 international organisations with offices throughout the country. In 2013–14, Australia hosted 3562 diplomatic and consular representatives from 162 countries. We received positive feedback from the diplomatic and consular corps on our engagement and service standards.

Although the size, diversity and geographic spread of the diplomatic and consular corps grew over the year, we continued to provide protocol services in a manner consistent with Australia's obligations under the Vienna Conventions, which codify the rights and responsibilities of diplomatic and consular officials.

Services to the diplomatic and consular corps

We assisted with the establishment of Ethiopia's new diplomatic mission, the non-resident diplomatic missions of Guyana, Mozambique and Niger, three new career consular posts and seven new honorary consular posts throughout Australia. We worked closely with Government House on the credentials ceremonies for 21 new resident and seven non-resident heads of mission. We expedited, with the Prime Minister's Office, the introduction of one resident head of mission with whom we share the same head of state and, with the Foreign Minister's Office, one regional representative of an international organisation.

The department supported the Government's engagement with its key international partners by providing high quality advice and services to diplomatic missions on security, immigration, private domestic employment, airport facilitation, customs and quarantine,

land and premises, taxation and motor vehicle ownership.

In fulfilment of our obligations to assist countries acquire suitable official premises, we liaised closely with the National Capital Authority on the management of the diplomatic estate. The department contributed to a new government policy on diplomatic leases which provided certainty for diplomatic missions on the calculation of annual rents and upfront premium payments.

The department continued to emphasise to diplomatic officials their obligations to respect Australian laws. We sought waivers of immunity of five diplomatic officials to assist the Australian Federal Police with witness statements in order to pursue allegations of criminal offences. Where necessary, we brought to the attention of heads of mission the poor traffic infringement records of individual diplomats.

We facilitated communication between law enforcement agencies and diplomatic missions to ensure timely consular advice and liaised closely with the corps following the disappearance of Malaysian Airlines flight MH370.

The department concluded a reciprocal bilateral arrangement with Romania on the employment of dependants of diplomatic officers, bringing the total number of arrangements managed by the department to 43. These agreements are complicated and can take years to conclude due to divergent expectations and legislative compliance issues.

We concluded new indirect tax concession packages, strictly on a reciprocal basis, with El Salvador, Paraguay and Qatar and agreed on an upgraded package with Israel. We brought our diplomatic concessions for duty-free tobacco into line with international practice by reducing the maximum permitted amounts for official and personal use.

See Table 7 (p. 115) for services statistics.

Staff profile

Sridhar Ayyalaraju*Director, Protocol Branch, Canberra*

Throughout my near 20-year career, I have cherished the unique experiences and diverse range of work that are possible in the department. This year was no different. I had the honour of serving as both our Consul-General in New Delhi and as our Deputy Chief of Protocol in Canberra. In between I was able to help select our 2015 corporate graduates.

Spending such a long time in one organisation is rare these days, but within the department I've enjoyed distinct careers as an internal auditor, accountant, lawyer, consul, manager and now in protocol, where I provide policy advice to foreign missions and other government agencies in accordance with Australia's obligations under the Vienna Convention on Diplomatic Relations. I've also had the privilege of three very different postings to Buenos Aires, Hanoi and New Delhi.

The department's work is exciting and complex. The most rewarding work I have been involved in has included negotiating treaties, hostage situations, appearing before Senate committees, working at multilateral conferences and negotiating with foreign governments. I'm also very proud to work with talented, professional and interesting colleagues, rolling up our sleeves together to achieve positive results for our country.

Protection of diplomatic and consular missions

The department implemented Australia's obligations under international law to protect the security and dignity of diplomatic and consular missions. We worked closely with the Australian Federal Police and the Attorney-General's Department to ensure any issues raised by missions relating to physical security, protest activity, elections and foreign dignitary visits were appropriately addressed.

Engagement with the diplomatic and consular corps

The department organised a highly successful visit by 72 Canberra-based heads of mission to Western Australia from 1 to 3 May, led by

Foreign Minister Bishop. The visit showcased the extensive trade, investment and tourism opportunities in Western Australia and included trips to BHP-Billiton, Woodside and Rio Tinto's key resource projects in the Pilbara. The diplomats also attended the 'In the Zone' conference at the University of Western Australia addressed by the Premier and Ms Bishop, received briefings from federal ministers and state senior officials on Australia's strategic and defence policies and Indian Ocean priorities, and visited indigenous rock engravings at the Burrup Peninsula. Feedback from the corps about the visit and the Minister's engagement was overwhelmingly positive and was in addition to other informal comments about the international best-practice standard of our service delivery.



Minister for Foreign Affairs, Julie Bishop, accompanies Canberra-based heads of mission to Mt Whaleback mine, Newman, May 2014.
[FMO/Catherine McDonald]

In December 2013, the Secretary welcomed over 600 government, business, NGO and academic stakeholders to the annual reception for the diplomatic corps. He acknowledged the strong contribution of the corps to enhancing bilateral foreign and trade relations and consular cooperation.

The department provided briefing and advice to the diplomatic corps on a range of issues, including Australia's hosting of the G20, our UN Security Council membership, post-election machinery of government changes, quarantine management changes and the new Australian P-series passports. The corps was invited to events during International Women's Week and National Reconciliation Week.

Outlook

The department will continue to provide best practice protocol services to the diplomatic and consular corps in Australia. Our emphasis on keeping the corps up to date on important issues for Australia, including the G20, will continue.

In line with our commitment to service excellence, we will review airport facilitation arrangements and the engagement of foreign private domestic workers. We will also pursue new or upgraded reciprocal indirect tax concession arrangements where doing so would be in the national interest.

The department will provide advice to other government agencies and diplomatic missions on dignitary protection and privileges and immunities associated with major events. These include the suite of G20 ministerial meetings, the G20 Leaders Summit, the Cricket World Cup and the Asian Football Cup.

Table 7: Services to diplomatic and consular representatives: statistics

	2011–12	2012–13	2013–14
Number of diplomatic representatives for whom the department provides services	1,148	1,849	1,862
Number of consular representatives for whom the department provides services	1,023	1,717	1,700
Number and category of services provided:			
• visas issued for the corps	2,925	3,527*	3,047
• arrivals and departures processed	1,692	2,614	2,906
• identity cards issued	1,362	1,505	1,793
• presentation of credentials/letters of introduction	33	30	30
• exequaturs issued	33	22	18
• facilitation of purchase, registration and disposal of cars by privileged personnel	1,057	1,081	1,072
• requests processed for foreign awards to Australian citizens	91	15**	5
• requests processed for dependants seeking permission to work	111	57	69
• approvals for new foreign missions in Australia (includes diplomatic missions, consular posts and offices of international organisations)	19	23	15
• approvals for defence advisers/attachés	13	12	24

* The rise in 'visas issued for the corps' reflected changes to DIBP's visa system and included international relations, overseas missions and other visa types that were unable to be captured previously.

** The significant reduction in 'requests processed by DFAT for foreign awards to Australian citizens' was due to the implementation of new foreign awards guidelines. Under these guidelines, an Australian can accept such an award if it is listed on an approved schedule. Requests are therefore processed only for foreign awards not so listed. These, however, are submitted to Government House directly, rather than through the department. DFAT's approval is required only for departmental officers.



Deputy Secretary Chris Moraitis (right) representing the Foreign Minister, with then Chief of Protocol, Sally Mansfield (second left), and Deputy Chief of Protocol, Melissa Hitchman (back left), presentation of credentials, US Ambassador to Australia, HE John Berry (third left), to Governor-General Quentin Bryce AC CVO (centre), with then Official Secretary to the Governor-General, Stephen Brady CVO (left), Mr Curtis Yee (third right) and Mr Michael Bryce AM AE (second right), supported by US Embassy staff and Aide-de-Camp (Navy) to the Governor-General, Canberra, 25 September 2013. [Andrew Taylor]

1.1(14) Public diplomacy and communication

Overview

The department's public diplomacy programs promoted a positive image and perceptions of contemporary Australia internationally. We ensured programs were strategically focused on economic diplomacy and reached broad constituencies, including through cultural diplomacy initiatives. People-to-people links were strengthened through our international media and cultural visits, effective delivery of Australia Awards Scholarships and our deepening alumni engagement.

We contributed to informed coverage of Australia's policies and programs by engaging actively with Australian and international media. We provided strategic communications services, a suite of online platforms and an expanded social media presence to support portfolio ministers and the parliamentary secretary in their domestic advocacy of Australia's foreign, trade and aid priorities.

International public diplomacy

We supported a diverse and high quality program of events throughout Vietnam to conclude the anniversary celebrations of 40 years of diplomatic relations. Sponsored by the Australia International Cultural Council (AICC), the program used dance, music, sport, science and education to showcase Australian talents and strengthen bilateral partnerships.

Indonesia is the AICC focus country for 2014. The program began in March with a visit to Kupang by B2M, an RnB band from the Tiwi Islands. Other events included: the contemporary Indigenous art exhibition, *Message Stick*; a young writers' literature exchange involving the Bali Emerging Writers Festival and the Emerging Writers Festival in Melbourne; Skate Jam, an innovative 'learn to skate' program run by Skateboarding Australia, which travelled to Bandung, Jakarta, Surabaya and Denpasar; and seven leading researchers from Australia took part in the Australia Indonesia Innovative Research Seminar Series.

Australia Awards

In 2013–14, Australia Awards expenditure was an estimated \$310 million. The department offered 4451 new awards to recipients from 117 eligible developing countries.

The department increased engagement with scholars while they were in Australia and expanded alumni activity overseas, establishing a new alumni engagement unit.

We implemented a new branding strategy to build domestic and international awareness of the Australia Awards. We also increased our staff training and outreach to managing contractors and partners in Asia, Pacific, Africa, Caribbean and Latin America. We successfully promoted gender equity in the program, with 50 per cent of scholarships and 47 per cent of fellowships awarded to women. Australia Awards are also increasing support to awardees with disabilities, including to carers. (See also 1.9(5), pp. 172–4.)

Media and communications services

The department's media liaison team in Canberra managed in a timely and professional manner over 4000 queries from domestic and international media organisations.

Consular matters, including cases involving Australians facing legal proceedings in China, North Korea, Egypt, Russia and Vietnam generated significant media interest, as did the department's support for Australians affected by major incidents overseas, such as the disappearance of flight MH370. We encouraged media outlets to include messages on safe travel in their reporting on consular matters.

We also managed a high volume of media queries about the Government's humanitarian response to natural disasters overseas, such as Typhoon Haiyan in the Philippines and the flooding in Solomon Islands.

The department's strategic communications effort supported key foreign, trade and aid policy initiatives, including the reprioritisation of the aid program and associated performance

framework and the conclusion of the Korea–Australia Free Trade Agreement and the Japan–Australia Economic Partnership Agreement.

The department managed media arrangements for high-level visits, including the Prime Minister's attendance at the East Asia Summit and the Commonwealth Heads of Government Meeting, and the bilateral visit of the Prime Minister and Trade and Investment Minister to China. We also managed media for the Foreign Minister's launches of the New Colombo Plan and the *Smarttraveller* III campaign.

We issued 404 media releases and public statements for the department, portfolio ministers and parliamentary secretaries.

The department's internal communications focused on keeping staff well-informed about the integration process and on implementation of the department's Capability Action Plan. We consolidated the department's policies and training courses on media engagement and social media to improve skills and capabilities in these areas across the integrated department.

Website services and social media

The department delivered high quality information to the public on its websites, with www.dfat.gov.au receiving 6.8 million visitors. Nearly 100 websites across the department's global network received around nine million visitors in total, with Beijing the most visited embassy website. More than 30 embassies published content in English and the local language.

As part of an ongoing three-year modernisation of the department's online presence, websites for ministers were relaunched on upgraded platforms to ensure their continued sustainability.

A key achievement was the consolidation of two intranets on a new platform ensuring staff had continued access to key policy, corporate and financial information (see 3.1, p. 213). Work continues on all sites to meet the requirements of the Government's Web Accessibility National Transition Strategy.

The department's use of social media continued to expand. By end of the year, the

department had 73 social media accounts in 44 countries, an increase of 62 per cent over the previous year. We embraced innovative social media use across the network, with Jakarta Embassy hosting a successful online Q&A on Facebook with the Ambassador for Women and Girls.

The number of followers of the departmental Twitter account nearly doubled during the year to 28 000, making it the third most followed Australian Government account.

The department expanded its multimedia presence by increasing the number of videos on the department's YouTube channel to 138; this includes 20 new videos in the *Our Ambassadors* series.



Trade advocacy

The department used new media, including social media and interactive websites, to boost the communication of Australia's trade policies. Subscriptions to our weekly trade newsletter, *Trade Talk*, grew by 200 per cent. The department launched its first interactive trade website to complement the *Trade at a Glance* publication. The department promoted the signature of the Korea–Australia Free Trade Agreement and the Japan–Australia Economic Partnership Agreement receiving considerable

public interaction with our related tweets and tens of thousands of new visitors accessing the agreements' promotional material on the DFAT website.

The department provided detailed advice on trade and economic statistics to ministers' offices, other agencies, business and the general public. Our 11 statistical publications were freely available on the website. We managed almost 2700 enquiries on trade and economic statistics in 2013–14, and continued our use of Twitter to deliver more timely and user-friendly updates on Australian trade issues, to a larger online audience.

Treaties

The department maintained the Australian Treaties Database, an online public resource for researching treaties to which Australia is a signatory or party. The database can be accessed at www.dfat.gov.au/treaties. We also maintained the Australian Treaties Library, which makes available the texts of all treaties Australia has entered into, and conducted treaty training for Commonwealth and state officials.

Special Visits Program

Our special visits program brings emerging leaders and opinion-shapers to Australia for meetings in their areas of interest with government, business and community figures. It gives participants an understanding of Australia's policy goals and the public policy environment in which decisions are made. The special visits program builds Australia's network of international foreign and trade contacts providing the bedrock for lasting engagement. Thirty-three individuals visited Australia under the program in 2013–14.

International media visits and award programs

The department funded and organised 10 international media visits (IMVs) to Australia, comprising 45 journalists from 30 countries. The IMV program is aligned with the department's foreign policy, aid and trade

priorities and seeks to generate accurate and informed international reporting on Australia.

A major focus of IMVs throughout the year was to support Australia's Presidency of the G20. Other IMVs included senior Indian editors, ASEAN (to coincide with the Secretary General's visit to Australia and the 40th anniversary of Australia–ASEAN relations) and the first ever sports diplomacy visit. All the IMVs generated significant and relevant international media commentary on Australia.

Through an internship program with the ABC, three journalists from the Indo–Pacific region came to Australia to develop their journalism skills. The department also supported the annual Elizabeth O'Neill Journalism Award—created in memory of a departmental officer who died in the Yogyakarta plane crash in 2007—with a two-week exchange between Indonesian and Australian journalists.

Australian Sports Outreach Program

The Australian Sports Outreach Program (ASOP), jointly managed by the Australian Sports Commission and funded by the department, continued to deliver positive public diplomacy outcomes for Australia. Through ASOP, posts in the Pacific region supported disadvantaged community groups to improve health and social inclusion through sport.

Cultural diplomacy

The department used the international cultural visits program to improve commercial opportunities in overseas markets for our domestic arts industry by strengthening institutional links and professional networks. We supported visits to Australia by artists, curators and directors of cultural institutions from Indonesia, Taiwan, Cambodia, Brazil, China and Republic of Korea.

The department delivered programs designed to raise the profile of Aboriginal and Torres Strait Islander art and culture internationally. We supported over 40 Indigenous-specific events overseas, including the artist

exchange program *Kerjasama*—Indigenous Arts Residencies in Regional Australia and Indonesia—run in collaboration with Asialink. The department also supported Indigenous musicians to perform in festivals in South Africa and the Pacific.

We hosted the first Indigenous international cultural visits program. Three North American festival producers visited the Australian Performing Arts Market to witness the professionalism and creativity of Aboriginal and Torres Strait Islander culture makers and their export-ready cultural products such as theatre, music and dance works.

We celebrated NAIDOC Week in Canberra in July, highlighting the talents of emerging Indigenous musicians (see also *Section 3*, p. 236).

The department promoted Australian screen content, industry expertise and Australian culture through film and generated opportunities for collaboration and cultural exchange. In partnership with Screen Australia, we supported delegations to international screen events including the Goa Film Bazaar and Australia China Documentary Forum. Other highlights included the *Tropfest* tour to South Africa, Zimbabwe and Kenya, and the third edition of our Brazil post's annual Australian Film Festival.

We continued our partnership with Asialink and Musica Viva to support travelling exhibitions and performances to selected countries in

Asia. Highlights included touring the visual arts exhibition *Vertigo* and accompanying workshops to Indonesia, Taiwan and South Korea, and the ensemble *Typhoon* to China.

Fostering people-to-people links

Reporting under the International Relations Grant Program can be found at Program 1.3, pp. 123–63.

Direct Aid Program

Reporting under the Direct Aid Program can be found at Program 1.9(4), p. 170.

Publications register

The department produced 41 publications in 2013–14, which are available for sale in hard copy or free of charge online at <http://www.dfat.gov.au/publications/>. The list of publications is at Appendix 15 (p. 292–3).

Historical publications and research

The department continued its commitment to the production of publications on the history of Australia's international relations.

The major volume published during the year was *Documents on Australian Foreign Policy: Australia and the Nuclear Non-Proliferation Treaty, 1945–1974*.



Then Ambassador to the United States and later Secretary (1970–74), Sir Keith Waller (centre), signing the Nuclear Non-Proliferation Treaty, Washington, 27 February 1970. Also present Deputy Director, US Arms Control and Disarmament Agency, Philip Farley (left), and US Under Secretary of State, U. Alexis Johnson. [US Department of State/Robert H McNeill]

Other volumes in the *Documents on Australian Foreign Policy* series under preparation include *Australia and Apartheid in South Africa and White Minority Rule in Rhodesia, 1950–1980*; *Australia in the interwar Period, 1920–1936* and *Australia in War and Peace, 1914–1919*. With the Australian National University, the University of Melbourne and the Crawford Fund, and supported by the Australian Research Council, the department commenced a biographical study of Sir John Crawford.

To assist departmental officers gain deeper historical insights into their work, the department convened a seminar series, 'Historical Perspectives on Contemporary Policy Challenges', involving speeches by academics and practitioners of diplomacy followed by questions and discussion.

Archival examination

During the year the department revised its processes for providing advice to the National Archives of Australia on the release of Commonwealth records subject to access requests under section 40 of the *Archives Act 1983*. We allocated additional resources to meet increased public demand for departmental files and the legislated transition of the closed access period from 30 years to 20 years.

We partnered with the National Archives of Australia to improve referral and examination processes, including implementing a 'triage' process and fast tracking of low sensitivity files, streamlining examination methods, and adopting a more efficient system of referral to other agencies.

Table 8: Records examined under the *Archives Act 1983*

	2011–12	2012–13	2013–14
Number of records examined	1,055	971	1,015
Number of folios contained in these records	208,219	196,171	231,597
Number of records released through the 'triage' process*	-	-	159
Records subject to review or legal appeal*	-	-	34

* additional information provided for the 2013–14 reporting period.

Freedom of information

The department finalised 268 freedom of information (FOI) applications, an increase of 48 from the previous year. We coordinated FOI consultation requests from other agencies, particularly concerning the international relations exemption under the *Freedom of Information Act 1982* (the FOI Act).

A significant proportion of applicants obtained access to their own personal information. We continued to see an increase in information requests covering complex and sensitive policy topics.

We finalised 10 applications to internally review the department's primary FOI decisions. Six appeals to the Office of the

Australian Information Commissioner against an FOI decision were lodged in 2013–14. (See *Section 3*, p. 233.)

Agencies subject to the FOI Act are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

The department published information, including relevant documents from AusAID, under the IPS contained in Part II of the FOI Act. The content is available at: www.dfat.gov.au/foi/ips.html.

Table 9: Requests processed under the *Freedom of Information Act 1982*

	2011–12	2012–13	2013–14
Requests for Information			
Access granted in full	35	40	25
Access granted in part	84	90	105
Access refused or no documents found	28	32	45
Requests transferred, withdrawn or processed outside of FOI	57	58	93
Total finalised	204	220	268
Requests subject to review or legal appeal			
Requests for internal review (s.54)	9	13	10
Appeals lodged with the Administrative Appeals Tribunal (s.55)	0	0	0
Commonwealth Ombudsman	0	0	0
Requests for review lodged with the Office of the Australian Information Commissioner	9	9	6

HV Evatt Library

The HV Evatt Library continued to support departmental officers by providing services in research and reference and enabling access to a collection of over 40 000 items, including over 2000 online resources, specialising in foreign relations, trade, aid and development.

Outlook

The department will support activities that promote Australia's national interests, economic capabilities and political and social values. We will promote Australia's commitment to economic diplomacy, build and leverage connections between people and institutions and draw on our

cultural, education, science and sporting assets to promote understanding of contemporary Australia.

The department will maintain a whole-of-government approach to the promotion and support of the G20 Leaders Meeting in Brisbane in November 2014 and complementary G20 meetings throughout the year.

The department's cultural diplomacy focus in 2015 will be on Turkey. The year-long program will reflect the diversity of our growing contemporary relationship and feature arts, education, sport, tourism and innovation sectors, supported by a trade and business program.

Program 1.2 Payments to international organisations (administered)

Objective

- To advance Australia's foreign, trade and economic, and security interests through participation in international organisation.

Deliverable

- Current membership of international organisations through payments of assessed and voluntary Australian Government contributions.

**2013–14
result**

met

Reporting

below &
App. 12

Key performance indicator

- The department's payments to international organisations are timely and within budget.

**2013–14
result**

met

Reporting

below &
App. 12

Administered item:

- Payments to international organisations

The department made payments totalling \$285 million, consisting of \$114.2 million to 34 international organisations and international treaty secretariats, including the United Nations, and \$170.8 million to 16 UN peacekeeping operations (see *Appendix 12, pp. 278–9*). These payments were made in full and on time. In accordance with FMA Regulation 3A, the amount of \$114.2 million in payments to international organisations does not include ODA payments.

Program 1.3 Public information services and public diplomacy (administered)

Objective

- To project a positive and contemporary image of Australia and promote a clear understanding of government policies and objectives through the department's public diplomacy, cultural and media activities.

Deliverables	2013–14 result	Reporting
<ul style="list-style-type: none"> An independent, credible and reliable voice and image in the region through effective management of the Australia Network. 	met	below & App. 12
<ul style="list-style-type: none"> Promotion of people-to-people links and a contemporary and positive image of Australia and support for the Government's international policy goals, including through grants and other support to bilateral foundations, councils and institutes. 	met	below & App. 12

Key performance indicator	2013–14 result	Reporting
<ul style="list-style-type: none"> An accurate and contemporary image of Australia, an understanding of the Government's foreign and trade policies, and strengthened people-to-people links and trade and economic ties. 	met	below & App. 12

Administered items:

- International relations grants program
- Australia Network
- Bali Peace Park

The department administered grants in 2013–14 of \$13.7 million in accordance with the Commonwealth Grant Guidelines. (See *Appendix 12, pp. 278–9 and www.dfat.gov.au/dept/grants*.)

The International Relations Grant Program

The International Relations Grant Program (IRGP) fosters professional, community and institutional linkages between Australia and partner countries on contemporary issues of shared interest including the arts, media, education, science, technology, health and social development. The department provides secretariats for, and works closely with, ten foundations, councils and institutes which manage the majority of IRGP grants.

Council for Australian–Arab Relations

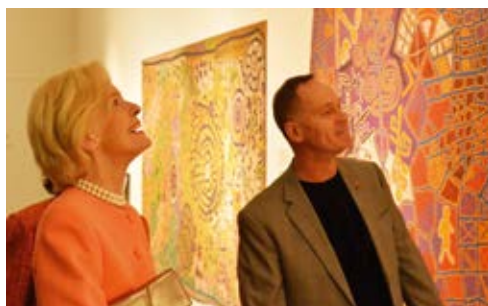
The department worked with the Council for Australian–Arab Relations (CAAR) to foster stronger relations between Australia and the Arab world. Through high-level policy forums in Abu Dhabi and Riyadh in April 2014, held in conjunction with Mr Robb's visit to the region, CAAR promoted Australian expertise in food security, energy and environmental services. Other projects strengthened links between the academic, business, sporting and arts communities.

Australia–China Council

The Australia–China Council's (ACC) new four-year strategic plan, endorsed by the Foreign Minister, sets the role and direction for the ACC in the bilateral relationship and supports the Government's focus on student mobility and economic diplomacy.

The ACC supported 38 projects in economic diplomacy, education and the arts in 2013–14. Together with the Australia–China Business Council (ACBC), it launched the 'China Australia Food Security Cooperation Initiative' which

will strengthen bilateral collaboration in agriculture and food security. The ACC helped Surf Life Saving Australia introduce surf safety practices in Shenzhen. Support for youth initiatives remained a priority, including the Australia–China Youth Dialogue, the Engaging China Project and the AustCham Future Business Leaders Program. The council's chair participated in the Prime Minister's visit to China and Australia Week in China program. Board members were active in the 2013 Australia–China Forum, the Bo'ao Forum for Asia, the Australia in China's Century Conference, ACBC Networking Day and Australia–China Business Week. The ACC launched Australia–China Relations—a comprehensive web resource on bilateral ties: www.dfat.gov.au/acc/our-relations/.



Then Governor-General Quentin Bryce AC CVO, with Director of the Warburton Arts Project, Gary Proctor, at the opening of *Tu Di Shen Ti (Our Land, Our Body)* exhibition, sponsored by the Australia–China Council, Tianjin, 16 October 2013. [Warburton Arts Project]

Australia France Foundation

The Australia France Foundation (AFF) built networks and relationships in France in the focus areas of cultural and commemorative diplomacy and strategic policy. The foundation supported: *Pacifiques*, a major French/Australian cultural project developed by the Museum of Natural History with Australian academics, artists and Indigenous communities to develop a new understanding of 'first contact' collections in France; an exhibition of the history of Australian Indigenous Art entitled *Memoires Vives/Vivid Memories* at the Museum of Aquitaine; the participation of two academics in a colloquium about Pacific states' involvement in World War I organised by the University of Picardy; and the commission by the Brown and Breen Duo of a new work by Australian

composer Peter Sculthorpe for a piano duo and didgeridoo. The AFF offered the Sadler Stokes Prize to schools from the Somme and Nord Pas de Calais region to foster awareness of Australia's role in World War I.

Australia–India Council

In 2013–14, the Australia–India Council (AIC) provided 33 separate grants to Australian organisations seeking to establish long-term partnerships and demonstrate Australian excellence in the arts, science, education, sport and public policy fields. The AIC consolidated the achievements of *Oz Fest* (the largest Australian cultural festival staged in India) with support for follow-on tours of the most successful acts. In education, the AIC introduced a School Leaders' Exchange Program. Engagement with the media was a strong theme with the delivery of the inaugural Senior Editors' Visit Program. India's young political elite were also introduced to Australia through the inaugural Young Parliamentarians' Visit Program.

Australia–Indonesia Institute

The Australia–Indonesia Institute (All) continued to foster collaboration and friendship through the provision of 38 grants. Priority areas for funding were education, media, science, religion and society, and the arts.

In 2014, the All marked 25 years of supporting links between the peoples of Australia and Indonesia. Launched in 1989, the institute advances Australia's foreign and trade policy priorities in Indonesia through a range of programs.

Representatives of these All flagship programs—including the BRIDGE school partnerships, the Australia–Indonesia Youth Exchange Program and the Muslim Exchange Program—gathered with past and present board members, alumni, media, parliamentarians, diplomats, musicians and artists, teachers and students, scientists and academics at an anniversary reception at Parliament House in June. Ms Bishop paid tribute to the All's immense contributions to building people-to-people links and partnerships, describing these links as the bedrock of the bilateral relationship.

Australia–Japan Foundation

The Australia–Japan Foundation (AJF) supported 40 projects in Australia and Japan across six priority areas: security, regional and international relations; economics and trade; society and culture; education and science; communication, information and advocacy; and the reconstruction initiative to support communities in the Tohoku region to recover from the March 2011 tsunami/earthquake disaster. Particular highlights were: Polyglot’s tour to Minami Sanriku—one of the areas most devastated by the disaster; Questacon’s five week Science Circus Tour to Tokyo and four cities in the Tohoku region; and the visit to Brisbane of 20 secondary school students from Minami Sanriku.

The Annual AJF Address was delivered by prominent academic and economist, Professor Takatoshi Ito, who spoke about the Japanese Government’s economic reform agenda and the implications for the bilateral economic relationship. The AJF also contributed to the annual symposium of the Australian Studies Association of Japan by supporting the participation of speakers from the Asia–Pacific region. Both activities supported the AJF’s advocacy program.

Australia–Korea Foundation

The Australia–Korea Foundation funded 42 projects and 15 scholarships for Australians studying in Korea to enhance people-to-people ties.

The foundation supported the Annual Joint Meeting in Melbourne of the Australia–Korea Business Council and the Korea–Australia Business Council attended by 120 business and government participants. Both councils supported the conclusion of the Korea–Australia Free Trade Agreement. Three internship programs provided opportunities for eight Australian and seven Korean students to immerse themselves in Korean and Australian workplaces. Australia’s local organising committee for the 2015 Asian Cup arranged Korea-themed activities and a business-networking function at Parramatta Stadium around the match between the Western Sydney Wanderers and Korea’s Ulsan Hyundai. The University of Southern Queensland hosted Australian and Korean scientists at a conference highlighting research on improved materials for bridges, roads and water and power systems. Australian and Korean aerial dancers astounded audiences with outdoor theatre on the walls of iconic buildings in Seoul.



Officers from the embassy in Tokyo assist at the Polyglot theatre’s interactive production, *We Built This City*, Minami Sanriku, 2 November 2013. [DFAT]

Council on Australia Latin Americas Relations

The Council on Australia Latin America Relations (COALAR) supported links with Latin America, funding 16 activities in the council's priority areas of business, education, culture, sustainability and tourism. Through COALAR we supported the Australia Latin America Business Council (ALABC) networking day in Canberra, the first time both ministers and the COALAR board have attended this annual event. Other activities included the ALABC Business Awards and the Latin America Film Festival.

Australia–Malaysia Institute

The Australia–Malaysia Institute (AMI) strengthened bilateral relations by funding 26 grants in public policy, sport, arts and culture, the media and education. Under the institute's annual flagship visit program, the Australia–Malaysia Cultural Exchange Program, six emerging leaders from Malaysia visited Sydney, Melbourne and Canberra to engage with their Australian counterparts across a range of sectors. They saw firsthand Australia's diversity and tolerance, discussed democratic processes and visited a number of interfaith organisations.

AMI—together with the Australia–Indonesia Institute and Australia–Thailand Institute—collaborated with the Asia Foundation on the annual Australia–ASEAN Emerging Leaders Program in Malaysia in June 2014. During this program, 25 young leaders from Australia and Southeast Asia discussed common strategic challenges and opportunities for the region and participated in the Asia–Pacific Roundtable.

Australia–Thailand Institute

The Australia–Thailand Institute (ATI) advanced Australia's foreign and trade policy priorities for Thailand through its support for community and institutional linkages between the two countries. The institute funded 25 grants across many fields of endeavour, including the arts, media, youth, sport, education, science and technology.

ATI's second annual round of the Discover Thailand scholarships program, delivered in partnership with Universities Australia, enabled a further 11 young Australians to live and study in Thailand, building enduring connections with one of Australia's top ten trading partners.

Australia International Cultural Council grants program

The AICC grants program supported 16 cultural projects in Asia, Africa, the Americas and Europe. The bulk of AICC activities in 2013–14 focused on Indonesia but other country highlights included: contemporary workshops and performances by Circa Contemporary Circus in Vietnam; cultural heritage training for workers in conservation techniques in Ho Chi Minh City and Phnom Penh by the National Gallery of Australia; the *Tu Di Shen Ti* exhibition of Aboriginal artwork from the Warburton Collection in museums in Western China; a showcasing of contemporary Indigenous films at film festivals in Africa; and the *Theatre of the World* exhibition in Paris (jointly organised by the Museum of Old and New Art and the Tasmanian Museum and Art Gallery).

Australia Network

In the 2014–15 Budget, the Government announced it will terminate the Australia Network contract with the ABC. The department entered into a funding agreement with the ABC in August 2012 for the delivery of the Australia Network service for ten years (to 2021–22). The service comprises satellite TV, digital and online platforms as well as the Radio Australia service.

Bali Peace Park

Through the consulate-general in Bali, the department continued to support the efforts of the Bali Peace Park Association to establish a memorial garden on the site of the terrorist attacks on 12 October 2002. The association's negotiations for the purchase of the site are continuing.

Program 1.4 International climate change engagement

Objective

- To influence the development of international policies and measures in relation to climate change through the pursuit of broad based international climate action and agreement.

Deliverables*	2013–14 result	Reporting
<ul style="list-style-type: none"> Influence international climate change negotiations to advance and protect Australia's national interests and international competitiveness and to promote broad based international climate change action. 	met	below
<ul style="list-style-type: none"> Strengthen bilateral climate change engagement with major economies and Australia's major trading partners to promote effective climate change action. 	met	below

Key performance indicators*	2013–14 result	Reporting
<ul style="list-style-type: none"> Effective bilateral engagement with major economies and Australia's major trading partners that promotes effective climate change actions and advances Australia's national interests. 	met	below
<ul style="list-style-type: none"> Extent of acceptance by key countries and negotiation groupings for Australian climate change positions. 	met	below
<ul style="list-style-type: none"> Negotiation outcomes that protect Australia's international competitiveness and are consistent with Australia's domestic policies and national circumstances. 	met	below

DIICCS RTE Portfolio Budget Statements 2013–14 – Program 4.3*

Deliverables*	2013–14 result	Reporting
<ul style="list-style-type: none"> International strategies and approaches to advance and protect Australia's national interests in a fair and effective global response to climate change. 	met	below
<ul style="list-style-type: none"> Influence international climate change negotiations to advance and protect Australia's national interests and to promote broad based international climate action. 	met	below
<ul style="list-style-type: none"> Strengthen bilateral climate change partnerships with key countries and engagement with geopolitical groupings. 	met	below
<ul style="list-style-type: none"> Engage with countries moving towards market mechanisms through a number of co-operative forums, including the World Bank Partnership for Market Readiness and the Asia-Pacific Carbon Markets Roundtable. 	met	below
<ul style="list-style-type: none"> Regional cooperation initiatives on forestry and continued support for adaptation, especially for vulnerable developing countries in the region. 	met	below
<ul style="list-style-type: none"> Progress discussions and negotiations on linking Australia's carbon pricing mechanism with the European Union scheme and other schemes. 	met	below

Key performance indicators*	2013–14 result	Reporting
<ul style="list-style-type: none"> Effective strategic engagement with key countries and groups that meets ministerial expectations in advancing Australia's national interests, including in international carbon markets. 	met	below
<ul style="list-style-type: none"> Extent of support by key negotiation groupings (members of the Cartagena Dialogue of progressive countries, Pacific Island countries, lesser developed countries, Alliance of Small Island States) for Australian climate change positions. 	met	below

* Program 1.4 was transferred from Program 4.3: 'Helping to Shape a Global Climate Change Solution', in the former Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCS RTE) *Portfolio Budget Statement 2013–2014*, under the Administrative Arrangements Orders on 18 September 2013. Program 1.4 KPIs and Deliverables were amended by the *Portfolio Additional Estimates Statements 2013–2014*. In line with the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* of 29 May 2014, the department has reported against the former and current KPIs and Deliverables for the entirety of the reporting period.

Overview

The department advocated Australia's international climate change interests in negotiations under the UN Framework Convention on Climate Change (UNFCCC), in a range of multilateral, plurilateral and regional climate change forums, and bilaterally with key countries.



Ambassador for Climate Change, Dr Justin Lee (left), addresses the opening plenary of UNFCCC Ad Hoc Working Group on the Durban Platform for Enhanced Action session, Bonn, March 2014. [IISD/Earth Negotiations Bulletin]

Climate change

Following the machinery of government changes in 2013, the department assumed responsibility for coordination of international climate change policy.

The department advocated Australia's interests in international climate change negotiations under the UNFCCC, where we worked with other countries to develop a new global agreement on climate change. Negotiations will conclude by the end of 2015 and the new agreement is intended to come into effect from 2020. We sought to influence the negotiations to deliver an agreement that creates a common playing field for all countries to take serious, coordinated action to reduce emissions.

The department engaged in a range of other multilateral, plurilateral and regional climate change forums, such as the Major Economies Forum and the Climate and Clean Air Coalition to Reduce Short-Lived Climate Pollutants, as well as bilaterally with key countries. In May 2014, the department led the first Australia–China Climate Change Working Group, which promotes collaboration on climate change and will report to the Australia–China Ministerial Dialogue to be held later in 2014. The department led climate change-related senior officials' talks with New Zealand in May 2014 and liaised closely with the United States on domestic and international developments.

Through the aid program, the department assisted developing countries deal with climate change and meaningfully contribute to an effective international response.

We supported the UN Development Programme and the Government of Singapore to help train the next generation of climate change negotiators from small island developing states.

In 2013–14, the department spent over \$1.76 million on international climate change engagement. This funding supported multilateral activities, including in the UNFCCC, Umbrella Group and Organisation for Economic Cooperation and Development Climate Change Expert Group. We also assisted countries build their capacity to calculate and report their emissions and prepare future policies and commitments to reduce their emissions, including through the Australia–China Climate Change Working Group.

Outlook

The department will continue to advance Australia's interests under the UNFCCC, bilaterally and in other multilateral, plurilateral and regional climate change forums.

Program 1.5 New Colombo Plan

Objective

- To foster closer people-to-people and institutional links between Australia and the Indo-Pacific by contributing to an overall increase in the number of Australian undergraduate students undertaking study and internships in the region.

Deliverables	2013–14 result	Reporting
• Implementation of the New Colombo Plan (NCP) pilot phase in Indonesia, Hong Kong, Singapore and Japan in 2014	met	below
• Successful design and implementation of the wider rollout of the NCP across the Indo-Pacific region from 2015, informed by a robust evaluation of the pilot phase.	met	below

Key performance indicators*	2013–14 result	Reporting
• Provision of around 40 scholarships and a mobility grants programme that will benefit more than 700 Australian undergraduate students during the pilot phase.	met	below
• A substantial number of New Colombo Plan awardees undertake an internship, mentorship or other similar arrangement as part of their New Colombo Plan experience.	met	below
• Satisfaction of undergraduate students and universities participating in the New Colombo Plan.	met	below
• New Colombo Plan students, universities and other stakeholders are engaged in public diplomacy and outreach.	met	below

* The Portfolio Additional Estimates Statements 2013–2014 notes: ‘The Key Performance Indicators for Program 1.5 reflect the metrics developed for the New Colombo Plan pilot phase. These indicators will be reviewed in 2014 at the conclusion of the pilot phase.’

Overview

The New Colombo Plan (NCP), launched in December 2013, is a signature foreign policy initiative of the Government which supports Australian undergraduates to undertake study and internships in the Indo-Pacific region. The pilot phase is running in Indonesia, Japan, Singapore and Hong Kong SAR.

The department established the NCP Secretariat in September 2013 to lead the program’s implementation. With the Department of Education and universities, the department worked to deliver a range of student grants for study and internships, through a scholarships program and a flexible

mobility grants program. The department’s advocacy during the pilot phase encouraged Australian universities and students to consider the Indo-Pacific as a destination of choice for undergraduate study, helping to build a greater two-way flow of students in the region. Through outreach and implementation activities, the department fostered greater links between students, universities, businesses and partner governments, and generated significant interest from other locations in the region to participate in the NCP from 2015.



Governor-General Sir Peter Cosgrove AK MC (third left) and Minister for Foreign Affairs, Julie Bishop, with New Colombo Plan scholarship fellows, Canberra, 25 June 2014. Left to right: Rebecca Wardell, Emma Roberts, Sarah Mitchell and Jason Emmanuelle. [DFAT]

Key facts: New Colombo Plan pilot phase

- 4 pilot phase locations—Indonesia, Japan, Singapore and Hong Kong SAR
- 1300 Australian undergraduate students undertaking NCP mobility programs
 - » tranche one mobility grants supporting 300 students from 24 Australian universities
 - » tranche two mobility grants supporting around 1000 students from 38 Australian universities and 2 university consortia
- 40 prestigious New Colombo Plan scholarships awarded to undergraduate students
- 38 of 41 Australian universities participating in the pilot phase across all Australian states and territories

Outreach

The department built domestic and regional support for the program through public diplomacy and outreach to universities and business. We promoted the NCP at domestic and international events, such as the International Education Association of Australia Outbound Mobility Forum. Through posts, the department hosted or participated in NCP working groups to coordinate implementation of the program with partner governments and stakeholders. The department hosted pre-departure events for NCP mobility students in five Australian states, held official launches in Japan and Hong Kong, and coordinated the visit of Parliamentary Secretary Senator Brett Mason to Indonesia, Singapore and Hong Kong in May to advance the NCP. The department organised the inaugural NCP scholarships award event in June, hosted

by the Foreign Minister and attended by the Governor-General as Patron of the NCP, members of the diplomatic corps, university and business representatives.

Scholarships and mobility programs

The department coordinated closely with the Department of Education to deliver the range of awards under the NCP, including scholarships and mobility programs. A rigorous selection process for the scholarships involved shortlisting of candidates and individual interviews with expert panels for each pilot location. Forty scholars were announced in June. This included nomination of a fellow for each location, in recognition of the top scholar. Over 140 NCP mobility grant applications were assessed covering short and longer-term

study, internships, practicums and research. Following a selection process, grants were made to universities supporting some 1300 Australian undergraduate students to undertake a range of mobility programs in the

pilot phase. Early feedback from universities and students has indicated a high level of enthusiasm and support for the program and the opportunities it affords the sector.



Secretary, Peter Varghese AO, and Secretary, Department of Education, Lisa Paul AO PSM, sign the New Colombo Plan Memorandum of Understanding, Canberra, 14 April 2014. [DFAT]

Thirty-eight of Australia's 41 universities are participating in the pilot phase and they are expected to partner with a wide range of universities in the pilot locations to provide opportunities for NCP students. The governments of pilot locations have responded positively, with active engagement at ministerial and officials' level to successfully implement the program. This has strengthened bilateral engagement on education cooperation and is promoting a more genuine two-way flow of students in the region.

Reference Group

The department supported the establishment and work of the NCP Reference Group, a high-level advisory body chaired by the Secretary of the department. The implementation and further development of the NCP is being informed by expert opinion from the education and business sector representatives in the group.

Internships and alumni

To garner support for internships, which are an integral component of the program, the department consulted businesses and other organisations in Australia and overseas. The response was positive and many expressed interest in hosting NCP interns and mentees. Work is ongoing to connect host organisations with Australian universities and their students to facilitate internships. To support ongoing connections and the legacy of the NCP, the department has commenced work on a long-term alumni strategy for the program.

Outlook

The NCP will scale up and be implemented more widely in up to 38 locations across the Indo-Pacific region from 2015. The program has been well received by regional locations beyond the pilot destinations. Approximately 60 scholarships and \$8 million in mobility grants will be offered in 2015. Facilitating the internship component of the program and engaging NCP students in alumni activities and networks will be priorities.

Mobility programs

The New Colombo Plan pilot phase has supported student mobility experiences across a wide range of disciplines, as demonstrated by the snapshots below.

Curtin University students in Indonesia

Ten engineering students from Curtin University participated in industry site visits, university lectures, laboratory and field work and industry placements over a four-week period in Indonesia. The students worked with Telekom University, Institut Teknologi Bandung, Universitas Gadjah Mada and Universitas Indonesia. The program exposed students to an international curriculum and provided direct industry experience. Participating companies included PT Telkom, PT Krakatau Steel, Chevron, Pertamina and Aneka Tambang.

Semester-length study in Japan

The University of Melbourne, Monash University, University of Queensland and the University of Technology, Sydney were among Australian universities to receive mobility grants for semester-based study in Japan. The grants are supporting students across a range of disciplines, including

language studies, arts, social sciences, science, health and design. Some of the funded students participated in the launch of the New Colombo Plan in Japan during Prime Minister Abbott's visit to Tokyo.

La Trobe University students in Singapore

Twelve nanotechnology students from La Trobe University undertook a nanotechnology study program in Singapore. Activities included laboratory visits and presentations at the National University of Singapore and Nanyang Technological University, and visits to leading Singapore research organisations, including the Institute for Materials Research and Engineering, SIMTech, the Institute for Medical Biology and the Singapore-MIT Alliance for Research and Technology at CREATE.

University of Wollongong students in Hong Kong

Fifteen University of Wollongong students enrolled in a Bachelor of Primary Education undertook an intensive study program working with Hong Kong students to develop research-based solutions to problems in the primary education sector.



Parliamentary Secretary Brett Mason (left) with New Colombo Plan mobility grant recipients, NCP launch, Hong Kong, May 2014. [DFAT]

Aid overview and outlook

Australia's new development policy and performance framework

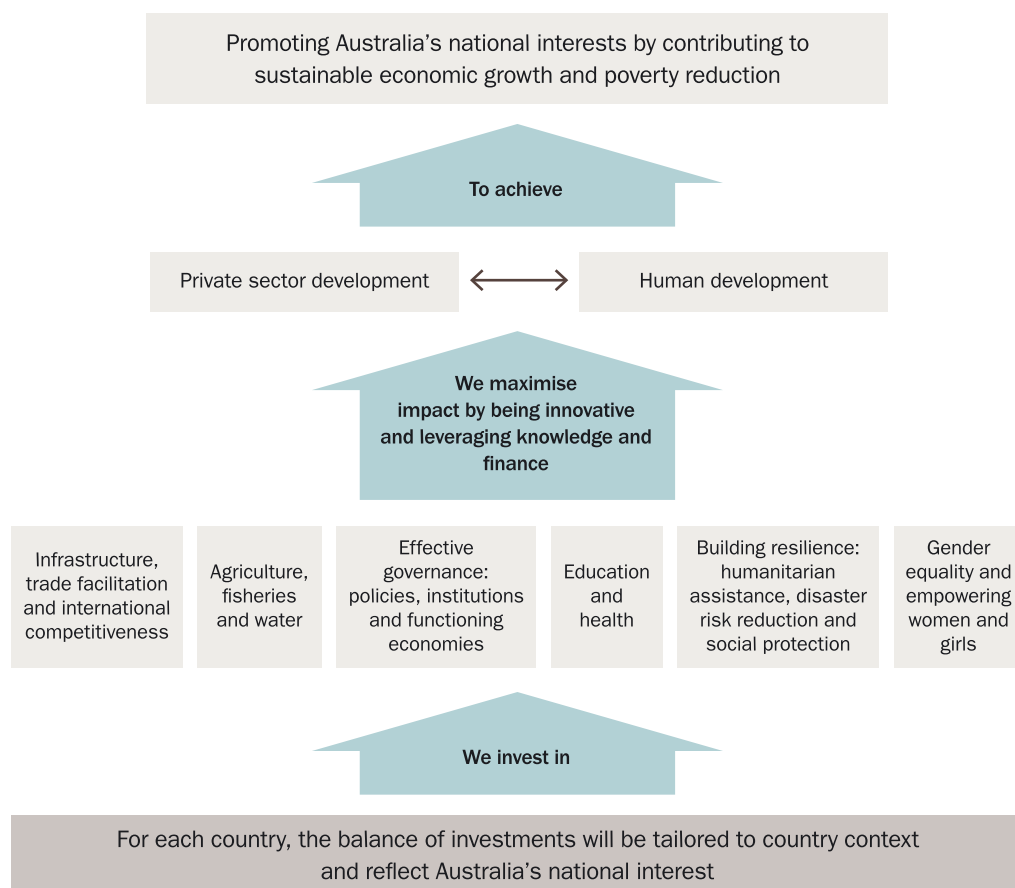
On 18 June 2014, Foreign Minister Bishop launched the Government's new aid policy, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*, and new performance framework, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*. These documents establish the rationale, direction and performance framework underpinning a targeted and effective aid program.

The aid program's purpose—to promote Australia's national interests by contributing

to sustainable economic growth and poverty reduction—acknowledges that economic growth is the most sustainable way to reduce poverty and lift living standards.

The reshaped aid program will achieve its purpose by focussing on two development outcomes: strengthening private sector development and enabling human development. Our aid program will focus on the Indo-Pacific and investments in six priority areas addressing regional barriers to growth and key poverty challenges.

Figure 18: Aid program strategic framework



The development of the Government's new performance framework was a key priority for the department. We undertook broad-based consultation to inform our work. In particular, we:

- supported Senator Mason in a series of meetings and roundtables with representatives from partner governments, NGOs, multilateral organisations, private sector firms and academia;
- established an informal working group comprising representatives from the Australian Council for International Development and the International Development Contractors' group;
- released a consultation paper on the department's website and invited public submissions; and
- hosted meetings with representatives from multilateral organisations, NGOs, donor country governments and international think tanks in Australia and overseas.

In total, the department received input from more than 40 consultation events with over 70 stakeholders and experts, as well as 48 written submissions. We also drew on the submissions to, and findings of, the Senate inquiry into Australia's aid program undertaken in early 2014.

The framework was independently reviewed by the Chair of the department's Independent Evaluation Committee, former Vice President of the World Bank Jim Adams, who assessed it to be a credible and effective system for overseeing the performance of Australian aid.

At a strategic level, the performance framework has 10 high-level targets to ensure the aid program is effectively managed and delivering on Government priorities.

- **Promoting prosperity:** Promote economic development by increasing Australia's aid for trade investments to 20 per cent of the aid budget by 2020.
- **Engaging the private sector:** All new investments will explore innovative ways to promote private sector growth or engage the private sector in achieving development outcomes.
- **Reducing poverty:** By July 2015, all country and regional programs will have Aid Investment Plans that describe how

Australia's aid will promote economic growth in ways that provide pathways out of poverty.

- **Empowering women and girls:** More than 80 per cent of investments, regardless of their objectives, will effectively address gender issues in their implementation.
- **Focusing on the Indo-Pacific region:** Increase the proportion of country program aid that is spent in the Indo-Pacific region to at least 90 per cent from 2014–15.
- **Delivering on commitments:** From July 2015, progress against mutual obligations agreed between Australia and its key partner governments and organisations will form part of program performance assessments.
- **Working with the most effective partners:** By July 2015, design and apply new systems to assess the performance of the aid program's key delivery partners and ensure stronger links between performance and funding.
- **Ensuring value-for-money:** Deliver high standards of value-for-money in at least 85 per cent of aid investments. Where standards are not met and improvements are not achieved within a year, investments will be cancelled.
- **Increasing consolidation:** Reduce the number of individual investments by 20 per cent by 2016–17 to focus efforts and reduce transaction costs.
- **Combatting corruption:** Develop and implement new fraud control and anti-corruption strategies for all major country and regional programs by July 2015.

At the country program level, rigorous performance benchmarks tailored to country circumstances will provide a sharper basis for assessing program performance.

Management requirements will be tightened to ensure funding is directed to individual aid investments making a difference. Aid investments that are assessed as performing poorly will need to be improved within one year or be cancelled.

For further discussion on aid performance, efficiency and effectiveness, see pp. 191–4.

2013–14 Aid program

In 2013–14, total Australian official development assistance (ODA) was an estimated \$5 billion. The department was responsible for managing \$4.3 billion of that total. The balance was delivered by other government agencies. (See also *DPSO*, p. 194 and Appendix 4, pp. 263–5.)



Secretary, Peter Varghese AO, with Minister for Foreign Affairs, Julie Bishop, at the launch of the Government's new aid policy, Canberra, 18 June 2014. [Mark Graham]

Table 10: Australian ODA by agency, 2013–14

Department / Agency	Estimated Outcome 2013–14 (\$m)
Department of Foreign Affairs and Trade ⁽¹⁾	4,296.3
Department of Immigration and Border Protection	429.3
Australian Federal Police	126.8
Australian Centre for International Agricultural Research	94.1
Department of Education	27.6
Treasury	26.6
Department of Health	9.4
Department of Employment	7.0
Department of Agriculture	5.0
Attorney-General's	4.5
Commonwealth Scientific and Industrial Research Organisation	2.9
Department of Infrastructure and Regional Development	2.2
Department of Defence	2.0
Department of Communications	1.5
Department of Finance	1.1
Australian Sports Commission	1.0
Other Australian government agencies	5.4
States and Territories	2.1
Total	5,044.9

(1) Includes actual expenditure for programmed aid and an expected outcome for departmental expenditure and adjustments as estimated at May 2014.

While developing the new aid policy, we began reshaping the aid program to reflect the Government's new policy priorities.

We also implemented business and aid management reforms to streamline existing processes for efficient and effective delivery of the aid program (see *DPSO*, pp. 191–4).

Our aid investments achieved significant development results, reported below against priority areas, and in the following sections of the report. (See *Programs 1.6–1.13*, pp. 141–90; and Appendix 5, pp. 266–8.)

Infrastructure, trade facilitation and international competitiveness

The department invested \$514.6 million of ODA in infrastructure development, trade facilitation and international competitiveness. Better infrastructure reduces the cost of doing business and improves international competitiveness, while support for trade facilitation ensures that businesses can take advantage of international opportunities. (See also *Aid for trade*, p. 76.) Support included:

- technical assistance for developing countries' implementation of the WTO Agreement on Trade Facilitation;
- training customs officials and simplifying cross-border processing for cargo trucks in the Mekong region;
- public-private partnerships in infrastructure building; and
- improving transport links in Vietnam through construction of the Cao Lanh Bridge.

Agriculture, fisheries and water

The department invested \$205.5 million of ODA in agriculture, fisheries and water. Our support helped improve food security and productivity in our region by:

- providing access to agriculture technologies for more than 417 000 poor women and men;
- improving water management in the Mekong River Basin, which is contributing to more constructive engagement on water-related issues between the six Mekong countries and helping increase technical knowledge of the Mekong River Basin's water resources; and
- assisting Pacific regional fisheries to promote onshore investment and increase Pacific island government revenues to over US\$250 million (from US\$100 million in 2011).

Effective governance

The department invested \$600.1 million of ODA to support measures to improve governance in developing countries. These investments helped our partner governments, the private sector and civil society to build institutions that have a direct role in promoting stability, inclusive economic growth and poverty reduction. Support included:

- strengthening the management of Indonesia's electoral system, including through training 1598 election officials on election operations in the lead up to the 2014 elections;
- training and infrastructure development for the Royal Papua New Guinea Constabulary, including in Bougainville; and
- regional efforts to combat corruption by helping Transparency International to establish and operate its network of national advocacy and legal advice centres in the Indo-Pacific region.

Education and health

The department invested \$952.1 million of ODA in education. Investments in education build critical skills and create opportunities for young people to contribute to the economy. Australia supported bilateral education programs with 21 countries throughout Asia and the Pacific, by:

- building more than 9000 additional classrooms; training over 100 000 teachers to improve education quality; and enabling over 1.3 million more children to enrol in schools across the region;
- offering 4450 new Australia Awards, enabling students and future leaders from developing countries to study in Australia;
- assisting the Philippines Government extend basic education from kindergarten to grade 12; and
- funding education programs in response to humanitarian crises in Syria, Iraq and Yemen, benefiting around 2.1 million children inside Syria and 390 000 in the region.

The department invested \$701.8 million of ODA in health, including basic water, sanitation and hygiene. Health assistance included support for:

- nearly 900 000 additional births attended by a skilled birth attendant; over 2.3 million children vaccinated; increased access to safe water for over 2.9 million people; increased access to hygiene for over 2.0 million people and increased access to basic sanitation for over 1 million people;
- a review of the Indonesian health sector to help determine priorities for the coming five years and funding to reduce the number of maternal deaths in some of the poorest regions of Indonesia; and
- the third phase of Vietnam's National Target Program on Rural Water Supply and Sanitation (2011–15), which has a greater focus on basic services in low income districts, and working with the private sector.

Building resilience: humanitarian assistance, disaster risk reduction and social protection

The department invested \$635.8 million of ODA in humanitarian assistance, promoting disaster risk reduction and resilience, and strengthening social protection to enable the poor to build skills and increase their participation in the economy. In particular, we:

- responded to emergencies in 24 countries, including Typhoon Haiyan in the Philippines and flooding in Solomon Islands, and provided \$271.5 million to deliver instances of life-saving assistance to approximately 10.2 million people;
- worked with international partners to build the disaster resilience of countries in the Indo-Pacific, the most disaster-affected region in the world (see 1.10, p. 180), including resilience to climate-related shocks and the impacts of climate change (see 1.4, p. 128);

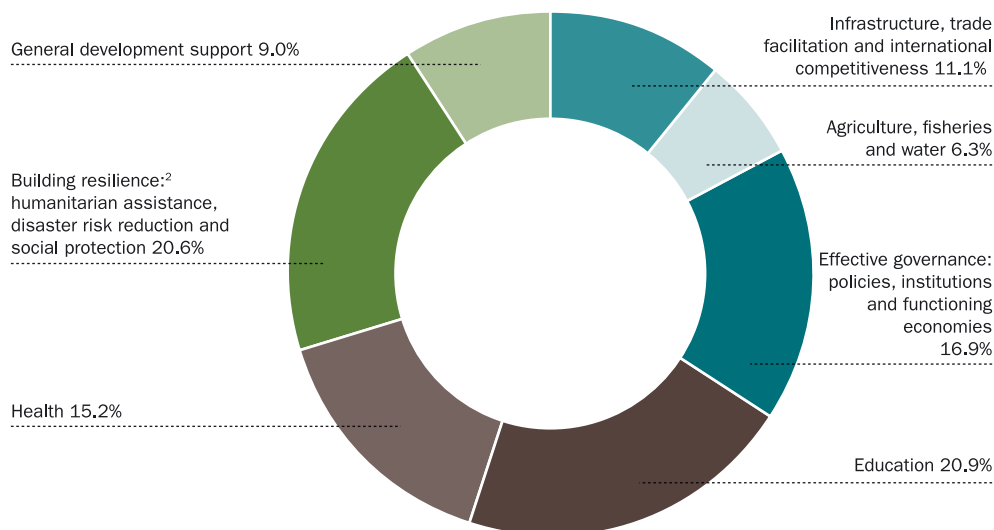
- invested \$76 million in social protection to help a number of governments in the Indo-Pacific region to improve the effectiveness, efficiency and reach of their national social protection systems. For example, our support in Indonesia, enabled the government's existing social protection programs to reach over 2.8 million more poor people.

Gender equality and empowering women and girls

An estimated \$2.2 billion of the department's total aid investments contributed to promoting gender equality and women's empowerment, acknowledging the significant benefits that flow to whole communities from women's participation.

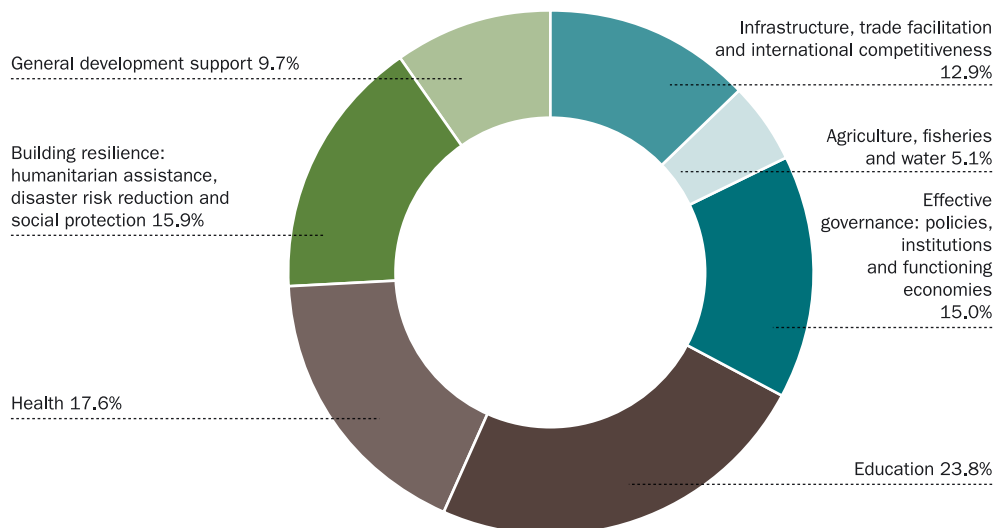
The department played an active role in promoting gender equality and the empowerment of women and girls, including advancing equal access to health and education; promoting women's economic empowerment; enhancing women's roles in decision-making, leadership and peacebuilding; and ending violence against women. (See also 1.1(10), pp. 94–6.) Our support included:

- helping over 66 000 women survivors of violence access critical services such as emergency shelters, counselling and legal advice including in Bangladesh, Sri Lanka, Cambodia, Timor-Leste, Papua New Guinea, Fiji, Solomon Islands, Vanuatu and Sub-Saharan Africa; and
- in association with the Government of Pakistan and international community, helping 1441 women in Pakistan establish small businesses and increase their monthly incomes.

Figure 19: Estimated Australian ODA by sector, 2013–14¹

1 This chart presentation is based on sectors identified in the aid policy released on 18 June 2014.

2 In 2013–14, the 'Building resilience' investment priority included approximately \$360 million for on-shore asylum seeker costs as reported by the Department of Immigration and Border Protection. The Government phased out the use of ODA for onshore asylum seeker costs in July 2014.

Figure 20: Estimated department ODA by sector, 2013–14¹

1 This chart presentation is based on sectors identified in the aid policy released on 18 June 2014.

Outlook

The department will focus on implementing the new development policy and performance framework for Australia's aid program. We will continue to reshape aid programming to align with the new priorities and ensure progress against targets. We will develop new aid investment plans for all country and regional aid programs by July 2015.

We will maintain high standards of transparency and accountability in the management of the aid program and continue to publish aid information on our website www.dfat.gov.au.

We will produce an annual Performance of Australian Aid report to assess progress against the strategic targets and performance benchmarks, provide a whole-of-aid-program summary of country and regional program performance and a snapshot of overall results.

To ensure a stronger link between funding and performance, the department will design a Performance Incentive Fund to begin operating in 2015–16. This fund will provide an incentive for programs, countries and partners to continually improve their effectiveness.

An early priority will be establishment of a new Development Innovation Hub to drive innovation in the aid program. Backed with funding of \$140 million over the next four years, the Development Innovation Hub will test new ideas and leverage funding from the private sector, NGOs, academia, partner governments and other actors to maximise results from our aid program. It will use partnerships, secondments and exchanges to develop ideas and approaches from leading innovators.

Innovation

Innovation can improve the lives of the poor in developing countries who face substantial challenges accessing basic services, finding jobs and lifting themselves out of poverty. Innovation is about **testing, learning and adapting** and, through this, finding the best solutions to tackle the most difficult development challenges and taking these to scale.

The new Development Innovation Hub's initial investments will establish and deepen partnerships to unlock new ways of lifting economic growth and alleviating poverty, and sourcing alternative financing for priority development projects in Australia's region. This will include partnerships to address constraints to private sector investment, such as funding for early stage project development assistance, including securing private sector finance, as well as guarantees and insurance to offset risks.

The first investment will be a partnership with **Global Innovation Fund (GIF)**—a United States – United Kingdom government initiative to be established as a private sector company. GIF will support a portfolio of innovations across multiple sectors including health, education, sustainable energy, food production, small business and accountable government. Innovations will be selected through open global competition, and innovators supported to pilot and field test development ideas. Impact and cost effectiveness will be rigorously assessed. Australian funding to GIF will focus on innovators working in the Indo-Pacific.

Program 1.6 ODA Papua New Guinea and Pacific

Objective

- To assist developing countries in Papua New Guinea and the Pacific region to reduce poverty and achieve sustainable development.

Deliverable

- To assist developing countries in Papua New Guinea and the Pacific region to reduce poverty and achieve sustainable development.

2013–14
result

Reporting

met

below

Key performance indicators

- Achievement of significant development results.*
- Demonstrated organisational effectiveness.*

2013–14
result

Reporting

met

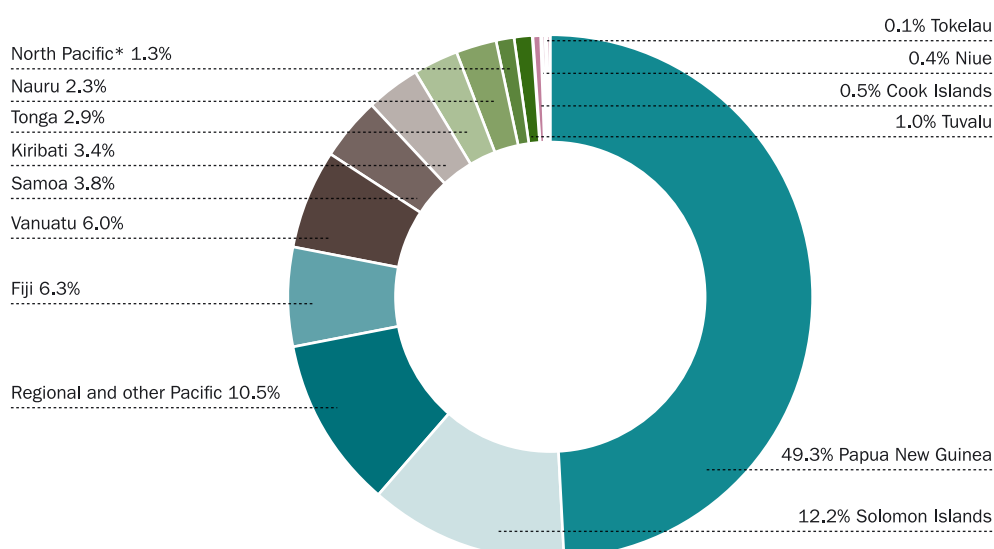
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* Program 1.6 KPIs were revised over the course of the 2013–14 reporting period. In the *Portfolio Budget Statements 2013–2014*, the KPIs of then AusAID program 1.1 included a reference to tier 2 and tier 3 headline results under the Comprehensive Aid Policy Framework (CAPF). The *Portfolio Additional Estimates Statements 2013–2014* subsequently indicated that a revised set of KPIs for the Australian Aid Program was under development. Revised performance information was published in the *Portfolio Budget Statements 2014–2015*. A new aid policy and performance framework was launched on 18 June (see *Aid overview*, p. 134). In line with the *Requirements for Annual Reports*, the department has reported against the former and current performance information for the entirety of the reporting period. Aggregate reporting of performance over the year against tier 2 and tier 3 CAPF headline results is at App. 5, pp. 266–8.

Figure 21: Estimated department ODA to Papua New Guinea and the Pacific, 2013–14



*Includes the Federated States of Micronesia, Palau and the Marshall Islands

Papua New Guinea

Country statistics*

*data sources for statistics used in this section: HDI–UNDP; GDP–World Bank; Australian ODA–OECD/DAC

HDI rank (2013)	157
GDP per capita, PPP (current int'l \$) (2013)	2538
Australian ODA as a % of total ODA (2012)	70.2%

In 2013–14, the department managed bilateral aid of \$430.3 million to Papua New Guinea. Other assistance through regional and global programs brought our total ODA to an estimated \$459.4 million.

In line with the Australian and PNG Governments' priorities, the department reoriented the aid program toward greater support for private sector-led economic growth. We are focussing on: improving the enabling environment for business; supporting rural livelihoods and income generating opportunities in agriculture; strengthening technical and vocational training; and supporting infrastructure that will encourage economic growth. We will continue to invest in good governance, health and education, law and justice, and women's empowerment as essential elements of inclusive economic growth and social stability in Papua New Guinea.



High Commissioner to Papua New Guinea, Deborah Stokes, hands over sewing machines to women in Manus—a High Commission-funded sewing project, 29 January 2014. [DFAT]

Our aid supported the development and maintenance of essential transport infrastructure for economic growth and service delivery, resulting in maintenance of over 2000 kilometres of PNG's most economically important roads. We strengthened aviation and maritime safety and security standards through modernising and upgrading air traffic management systems and communications.

The department promoted effective law and justice through strengthening access to legal services, policing and protection for victims of family and sexual violence. Our funding contributed to the establishment of family and sexual violence units, training and infrastructure development for the Royal PNG Constabulary, including in Bougainville, and more female village court magistrates.

The department promoted improved public sector governance and accountability at the national, sub-national and community levels by funding programs which: strengthened budget prioritisation and planning, revenue collection and the enabling environment for private sector development; delivered voter awareness training in the lead-up to the 2013 local-level government elections; supported an increased number of female candidates in local elections; and strengthened community development and service delivery. (See also 1.1(7), p. 68.)

Our assistance resulted in increased access and quality of education in schools and higher education institutions through training 4315 teachers and building or upgrading 120 classrooms; assisting five PNG universities to complete quality assessments; financing over 600 000 children to attend elementary school, contributing to an increased net enrolment of 79 per cent national net enrolment rate in basic education; and supporting 328 postgraduate study awards in Australia and 505 students to study in Papua New Guinea.

We worked with Australian NGOs to strengthen PNG's health and HIV/AIDS services. Our funding enabled 24 848 babies to be delivered under the supervision of skilled staff; 54 393 children to be immunised against measles and other diseases; and increased access to anti-retroviral therapy for HIV/AIDS patients.

At the sub-national level in Papua New Guinea, the department delivered assistance in Bougainville which helped implement the Bougainville Peace Agreement, including by: providing support to the public service in Bougainville; facilitating reconciliation under the Panguna Peace Building Strategy; and supporting the delivery of services to Bougainvilleans—maintaining key roads,

strengthening law and justice and policing, constructing school infrastructure, piloting adult literacy classes, delivering medical supplies and strengthening health services.

The department worked to strengthen women's empowerment and economic participation. We increased training for women health workers and increased access for women to law and justice services and mobile banking. Our aid supported women's leadership in government, the private sector and civil society, including through the *Business Coalition for Women*. We supported PNG women to study at Australian universities and technical colleges and to study in-country in the fields of midwifery, nursing, community health work and education.

Solomon Islands

HDI rank (2013)	157
GDP per capita, PPP (current int'l \$) (2013)	2068
Australian ODA as a % of total ODA (2012)	73.4%

The department managed bilateral aid of \$95.7 million to Solomon Islands. Other assistance through regional and global programs brought our total ODA to an estimated \$113.7 million.

In response to major flooding in Honiara and surrounding areas in April 2014, we provided \$3 million in immediate humanitarian relief and a further \$2 million to help rebuild key infrastructure. (See also 1.1(7), p. 69.)



Third Secretary in Honiara, Tao van Wieringen, helps to distribute aid at an evacuation centre following the floods in Solomon Islands, Honiara, 9 April 2014. [DFAT]

The department agreed priority areas with the Solomon Islands Government—health and education services, justice services, broad-based economic growth and governance.

Enhancing stability, including maintaining law and order and supporting democratic elections, remained an overriding priority. We funded courts and justice agencies to deliver justice services to all Solomon Islanders and supported the Government to prepare for national elections due in late 2014.

We worked to improve budget execution and staff performance in public sector agencies. Our aid supported maintenance or rehabilitation of 417 kilometres of roads; delivered improved water quality and supply in Honiara; and facilitated the provision of agriculture and financial services.

Australia is the lead donor to the health sector, contributing around 40 per cent of recurrent health spending. We promoted the control and elimination of malaria. Our support also helped to reduce the number of maternal and infant deaths and improve sanitation and clean water access across all provinces—18 new water and sanitation facilities were constructed in 2013.

In education we worked closely with the Solomon Islands Government to support teacher training and curriculum development, as well as strengthening planning, financial and procurement systems. We reduced financial

barriers for all 145 000 students in basic education, allowing more children to go to school. In 2013–14, the department supported the establishment of the Australia–Pacific Technical College (APTC) in Solomon Islands.

Vanuatu

HDI rank (2013)	131
GDP per capita, PPP (current int'l \$) (2013)	2991
Australian ODA as a % of total ODA (2012)	64.1%

The department managed bilateral aid of \$40.6 million to Vanuatu. Other assistance through our regional and global programs brought total ODA to an estimated \$55.8 million. The department's aid program to Vanuatu focused on improving education, health, infrastructure, economic governance, and law and justice. We also provided assistance for Vanuatu to better prepare and respond to natural disasters.

The department sought to improve the effectiveness of our aid investments in Vanuatu, reshaping some programs, strengthening monitoring and evaluation and introducing new financial controls.

Our efforts to promote economic growth resulted in: maintenance of 128 kilometres of key rural roads; 4000 men and 5000 women attending financial literacy workshops from which over 500 female participants consequently formed cooperative business groups; 852 Ni-Vanuatu in rural and remote areas participating in business development workshops; and 15 000 new savings accounts opened in rural areas. We helped 205 Ni-Vanuatu participate in the Seasonal Workers Program in Australia (SWP) and promoted business opportunities in the tourism sector through development of Vanuatu's first formal tour guide accreditation system. Our education support enabled 141 Ni-Vanuatu (55 per cent women) to graduate from the APTC's Port Vila campus with internationally-recognised qualifications and 44 Ni-Vanuatu Australia Awardees to study in Australian and regional universities.

We improved basic education and health services by helping to finalise a new primary school curriculum for years 1–6; supporting the introduction of a new Teacher Service Commission Act which will lead to improvements in teacher quality; and distributing medical supply kits to over 150 villages.

We contributed to safer communities by assisting 3737 women survivors of violence access counselling and support services through the Vanuatu Women's Centre; providing humanitarian assistance in response to a landslide on Paama Island, a dengue outbreak and Cyclone Lusi; and supporting 1804 youth access services (for example, literacy, computing, agriculture, nutrition) at Wan Smolbag, a local civil society organisation. (See also 1.1(7), p. 70.)



Foreign Minister Julie Bishop congratulates newly-accredited tour operator, Sam Andikar, during her official visit, Vanuatu, 19 December 2013. [DFAT/Graham Crumb]

Promoting economic growth through skills training in tourism

The Australian aid program in Vanuatu funded a 'Skills for Economic Growth' Program which helped establish Technical and Vocational Education and Training (TVET) centres in three of the six provinces in Vanuatu. The centres provide access to accredited vocational training and business development services. They have been particularly successful in growing Vanuatu's tourism industry.

In Sanma and Malampa provinces, where centres have been established, there were previously no local tourism accommodation businesses meeting national accreditation standards—there are now 25. Previously, no Ni-Vanuatu tour guides had been approved by the Vanuatu Department of Tourism—in 2013, 20 tour guide leaders trained through the TVET centres received national certification.

Ten new local tours and activities were approved for promotion by Carnival Australia cruise ships. These achievements have significantly boosted local economies and revenue for government.

Fiji

HDI rank (2013)	88
GDP per capita, PPP (current int'l \$) (2013)	7948
Australian ODA as a % of total ODA (2012)	52.4%

Australia remains Fiji's largest donor. The department managed bilateral aid of \$34.7 million while other assistance through regional and global programs brought our total ODA to an estimated \$59 million.

Sustainable economic growth and poverty reduction in Fiji is at the heart of the department's development assistance program. We focused on primary health care, improving the quality of education, tertiary scholarships, community development, private sector development, and gender equality.

The aid program is assisting Fiji's transition to democracy. We supported preparations for the multinational observer group, funded four Australian experts in the Fiji elections office, and supported the participation of two Fiji officials to participate in the Australian Electoral Commission's elections visitor program. We also worked to expand

our cooperation with Fiji's public sector to build public service capacity, improve good governance and facilitate economic growth. (See also 1.1(7), p. 69.)

The department shifted the focus of the aid program in Fiji to include aid for trade and private sector initiatives through a Market Development Facility, the Pacific Financial Inclusion Program and the Pacific Agriculture Market Access Program.

Direct support for Fijian women was also a growing area of focus. Through a Markets for Change program, ten municipal markets around Fiji will be pilot sites for safer, cleaner, more inclusive trading spaces for women market vendors and for women customers.

Samoa

HDI rank (2013)	106
GDP per capita, PPP (current int'l \$) (2013)	3430
Australian ODA as a % of total ODA (2012)	39.8%

Australia is Samoa's largest development partner. The department managed bilateral aid of \$23.1 million. Other assistance through regional and global programs brought our total ODA to an estimated \$35.7 million. We supported improved access to primary health care through construction of a prosthetics and orthotics building, a pharmacy warehouse and a new primary healthcare complex. We facilitated training of 100 Samoan health staff and the provision of specialist medical care by four visiting Australian medical teams.

The department's efforts helped to address education priorities. We provided grants to all schools in Samoa to improve facilities and purchase school materials, funded the construction of four new secondary schools

and helped improve the primary school curriculum. We provided 50 Australia Awards Scholarships and supported 100 Samoan students in manufacturing, construction, electrical, hospitality and health studies at the APTC.

We provided \$3.5 million out of a possible \$4 million in performance-linked aid to Samoa following the achievement of benchmarks for fiscal discipline and debt management, reform of state-owned enterprises and improvements in public financial management and accountability. (*See also 1.1(7), p. 70.*)

The department also contributed \$9.2 million to build a new chamber for the Samoan Parliament.

Tonga

HDI rank (2013)	100
GDP per capita, PPP (current int'l \$) (2013)	5303
Australian ODA as a % of total ODA (2012)	36.8%

The department managed bilateral aid of \$16.9 million to Tonga. Other assistance through regional and global programs brought our total ODA to an estimated \$26.6 million.

We focused our efforts on disaster response and supporting Tonga's preparations for a free and fair national election in November 2014. We facilitated the first practice parliament for women in Tonga that aimed to encourage women's active participation in politics, and funded development of a new database that will improve the accuracy and maintenance of Tonga's electoral roll.

We coordinated closely with other development partners including the World Bank, the Asian Development Bank (ADB) and New Zealand, to link the payment of aid to agreed policy reforms and benchmarks for improved economic management. Those benchmarks

covered management and transparency of public finances, debt reduction, state-owned enterprise reform and business cost reductions. (*See also 1.1(7), p. 70.*)



Opening Day, Practice Parliament for Women, Nuku'alofa, 10 April 2014. [DFAT]

To enhance economic opportunities for Tongans and strengthen remittance flows, the department invested in new programs to improve the quality of basic education and increase vocational education and training opportunities.

Tonga faces high rates of non-communicable diseases (NCDs) such as diabetes and heart disease that will impose increasingly high economic and social costs unless reversed. We supported the health ministry to mobilise 20 specialist nurses, who will be placed in health centres and diabetes centres across Tonga to monitor and treat NCD-related issues in the community.

In collaboration with the World Bank, the department used the aid program to maintain roads and train local private sector contractors. We also worked with the ADB to improve access to water and waste management services for people living in Tonga's capital city, Nuku'alofa.

We supported efforts to end violence against women and remove barriers to women achieving equality in Tonga. Our efforts contributed to the passage of Tonga's first Family Protection Bill in September 2013. We also continued to fund women's and children's crisis services to assist women in need.

Kiribati

HDI rank (2013)	133
GDP per capita, PPP (current int'l \$) (2013)	1855
Australian ODA as a % of total ODA (2012)	46.4%

The department managed bilateral aid of \$23.7 million to Kiribati. Other assistance through regional and global programs brought our total ODA to an estimated \$31.6 million.

Australia is Kiribati's largest aid donor, with a focus on education, skills development and health initiatives. (See also 1.1(7), p. 76.)

We assisted 1355 primary school children through improved school facilities and a further 2943 school children and teachers through expanded access to water and sanitation facilities at schools. Senator Mason opened the new Betio Maternity Ward in May 2014 as part of our infrastructure improvement program.

Nauru

HDI rank (2013)	n.a.*
GDP per capita, PPP (current int'l \$) (2013)	n.a.
Australian ODA as a % of total ODA (2012)	74.7%

* n.a. – not available

Australia is Nauru's most significant aid donor. The department managed bilateral aid of \$14.7 million. Other assistance through regional and global programs brought our total ODA to an estimated \$21.1 million.

The presence of the Offshore Processing Centre on Nauru contributed to an increase in economic prosperity, employment and private sector growth. The expanding national budget also allowed the Government of Nauru to significantly reduce debt.

The department's bilateral aid investments, delivered through targeted grants to Nauru, contributed to positive education, health and infrastructure development outcomes. The jointly-agreed programs increased primary school net enrolment rates, maintained strong immunisation rates, and helped maintain the island's power supply and water services. We also funded a new independent procurement agent and in-line advisors to assist government performance. (See also 1.1(7), pp. 70–1.)

Tuvalu

Australia is Tuvalu's largest aid donor and, in 2013–14, the department managed bilateral aid of \$6.1 million with other assistance through regional and global programs bringing our total ODA to an estimated \$9.5 million.

Tuvalu's economic prospects are constrained by the country's distance from markets, small size and vulnerability to external shocks. Our aid investment focused on activities to maximise Tuvalu's resilience and prospects for growth.

The department worked closely with the Government of Tuvalu and other development partners to improve management of public finances and state-owned enterprise reform, and to ensure value-for-money in procurement. We strengthened basic education through teacher training, early grade literacy, and school management reform. We also improved water security, coastal protection and food security through the UN Development Programme and Tuvalu's national climate change adaption program.

Cook Islands

The department managed bilateral aid of \$1.9 million to the Cook Islands. Other assistance through regional and global programs brought total ODA to an estimated \$4.4 million. Much of the bilateral aid was delivered by New Zealand under a delegated cooperation arrangement with a focus on water and sanitation, disaster risk reduction, education and improved gender equality. In 2013–14 we also provided an additional \$230 500 directly to the Cook Islands to support disability-inclusive development. (See also 1.1(7), p. 71.)

Niue

Under a delegated cooperation arrangement with New Zealand the department provided \$1.4 million in 2013–14 for improvements to education and waste management. We funded construction of a new primary school and early childhood education centre.

Tokelau

In 2013–14 we contributed \$0.385 million to the Tokelau International Trust Fund, established in 2000 to support the long-term financial stability of the country. (See also 1.1(7), p. 71.)

North Pacific

In 2013–14 the department provided an estimated \$12.2 million in aid to the three countries in the North Pacific—the Federated States of Micronesia, the Marshall Islands and Palau. In the **Federated States of Micronesia**, we worked to improve donor coordination and support the country's planning for the cessation of the Compact of Freedom of Association with the United States in 2023.

In the **Marshall Islands** the department assisted efforts to develop greater resilience to natural disasters and increase the availability of safe drinking water.

Assistance to **Palau** focused on helping clear unexploded ordnance from World War II. In 2013 our delivery partner, Cleared Ground Demining, removed the 30 000th piece of ordnance, opening up tourism sites and increasing avenues for economic development.

Pacific Regional Program

In 2013–14, the department's Pacific regional aid program totalled \$174 million. The department used the program to support regional approaches to improved governance, economic growth and integration, skills development, and better education and health outcomes.

Our engagement with Pacific regional organisations supported enhanced regional security, economic growth and development. In early 2014, we signed multi-year Partnership Arrangements with the Pacific Islands Forum (PIF) Secretariat and the Secretariat of the Pacific Community to assist them to strengthen their own governance and forward planning.

The department worked with the ADB and International Finance Corporation (IFC) to deliver programs that will foster a positive environment for private sector development and economic growth across the Pacific. The ADB Pacific Private Sector Development Initiative will address legal and regulatory constraints to private sector development, and the IFC Pacific Partnership will leverage \$1 billion of private sector investment into the Pacific, and provide economic opportunities for 75 000 people.

We promoted progress in PACER Plus free trade negotiations by enhancing the capacity of the Office of the Chief Trade Adviser to provide independent advice and assistance to Pacific Island countries. (See 1.1(7), pp. 66–7.) Under the Pacific Horticultural and Agricultural Market Access program, the department helped countries meet the quarantine requirements of key trading partners.

The SWP is a core element of our Pacific engagement. Over 3000 Pacific workers have participated in the program since July 2012, remitting on average \$5000–\$6000 from a six-month placement. Through the Labour Mobility Initiative, the department worked with the World Bank and International Labour Organisation to build the capacity of SWP-participating governments. In 2013–14, we designed a new phase of the initiative to assist in sourcing workers and broadening the benefits of the SWP for women and other disadvantaged groups.

The department provided core funding to the University of the South Pacific, supporting its 25 000 students at 14 campuses across the region. We also funded 5600 APTC graduates (42 per cent female) in high-demand industry sectors. Our investment in critical comparative analysis by the Secretariat of the Pacific Board for Educational Assessment informed country-level decisions about early grade learning.

As part of Australia's ten-year \$320 million Pacific Women Shaping Pacific Development program, the department supported activities to increase women's representation in decision making, expand women's access to economic opportunities, and reduce violence against women.



High Commissioner to Kiribati, George Fraser, delivers an address on International Day to End Violence Against Women, Tarawa, 14 February 2014. [DFAT]

We supported the development of a roadmap to contain the costs of NCDs which put significant financial and health burdens on Pacific economies. In partnership with the Royal Australasian College of Surgeons, the department funded volunteer surgeons to provide over 1000 surgeries across the region.

The department continued to support the PIF Secretariat and the Pacific Disability Forum in its work with Pacific governments and disabled peoples' organisations to implement disability-inclusive policies and create opportunities for people with disabilities. Under the Pacific Sports Partnership program, people with disabilities were involved in regular cricket, table tennis and football activities that improved their quality of life and increased their participation in the community.

The department provided over \$12 million to support regional fisheries management agencies, including for promoting new market-based measures to increase tuna revenues and a community-based fisheries management program in Kiribati, Solomon Islands and Vanuatu.

Supporting women at risk in Papua New Guinea

In Papua New Guinea, studies have shown that the majority of women experience violence at some point in their lives. Helping Papua New Guinea to prevent and respond to this violence is a priority of our aid effort.

During a visit to Lae in February 2014, the Minister for Foreign Affairs, Julie Bishop, announced that Australia would provide \$3 million funding over three years to a new PNG Family and Sexual Violence Case Management Centre in the city. The funding is to provide a team of case workers to ensure women receive medical support, as well as the immediate shelter, legal support and other services they need. The team is to also train other service providers. Australia and Papua New Guinea are co-funding the redevelopment of the Lau Angau Memorial Hospital, which houses a Family Support Centre to meet the immediate health needs of survivors of violence.

The Ambassador for Women and Girls, Natasha Stott Despoja, during her visit to Goroka in April 2014, reaffirmed our support for PNG initiatives to end violence against women and children and witnessed an agreement for Australia to build a new Family Support Centre at Goroka Provincial Hospital.

In Port Moresby, we supported the Safe Cities program (managed by the United Nations) which is improving safety for women in the produce markets so they can trade without fear of violence.

The department is also working with the PNG police, prosecutors and magistrates to improve legal protections and support for survivors of family and sexual violence. The department provided an additional three Family and Sexual Violence Units in police stations, bringing the total to 14. These units supported over 9000 women survivors of violence.

The department's *Pacific Women Shaping Pacific Development* initiative funded a number of programs to help address family and sexual violence. We supported Oxfam to deliver counselling, refuge, and paralegal services to victims of violence and raise awareness among men and boys on the rights of women. This assisted over 7000 clients, exceeding the target of 5000.

The *Pacific Women* program also promotes greater understanding of how to respond to the issues facing women in the Pacific, including by funding research on the links between women's economic empowerment and violence against women in Melanesia.

Program 1.7 ODA East Asia

Objective

- To assist developing countries in the East Asia region to reduce poverty and achieve sustainable development.

Deliverable

- To assist developing countries in the East Asia region to reduce poverty and achieve sustainable development.

2013–14
result

met

Reporting

below &
App. 5

Key performance indicators

- Achievement of significant development results.*
- Demonstrated organisational effectiveness.*

2013–14
result

met

met

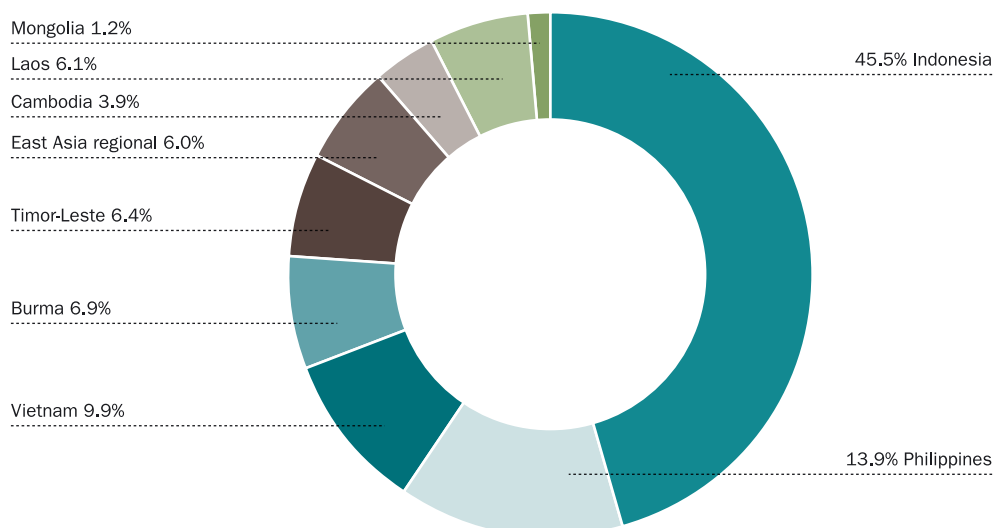
Reporting

below &
App. 5

below &
App. 5

* Program 1.7 KPIs were revised over the course of the 2013–14 reporting period. In the *Portfolio Budget Statements 2013–2014*, the KPIs of then AusAID program 1.2 included a reference to tier 2 and tier 3 headline results under the Comprehensive Aid Policy Framework (CAPF). The *Portfolio Additional Estimates Statements 2013–2014* subsequently indicated that a revised set of KPIs for the Australian Aid Program was under development. Revised performance information was published in the *Portfolio Budget Statements 2014–2015*. A new aid policy and performance framework was launched on 18 June (see *Aid overview*, p. 134). In line with the *Requirements for Annual Reports*, the department has reported against the former and current performance information for the entirety of the reporting period. Aggregate reporting of performance over the year against tier 2 and tier 3 CAPF headline results is at App. 5, pp. 266–8.

Figure 22: Estimated department ODA to East Asia, 2013–14



Indonesia

Country statistics*

*data sources for statistics used in this section: HDI–UNDP; GDP–World Bank; Australian ODA–OECD/DAC

HDI rank (2013)	108
GDP per capita, PPP (current int'l \$) (2013)	9559
Australian ODA as a % of total ODA (2012)	26.3%

In 2013–14, the department managed bilateral aid of \$488.2 million. Other assistance through regional and global programs brought total ODA to an estimated \$521.1 million, in addition to \$39.5 million in funding provided under the Australia–Indonesia Partnership for Reconstruction and Development (see 1.8, p. 160).

It is in Australia's national interest that Indonesia remains a stable, democratic and prosperous nation and the aid program supports activities which promote this. Australia is Indonesia's largest bilateral grant donor and remains a donor of choice for key Indonesian government agencies. We used Australian skills and knowledge to leverage local capabilities and improve policy decisions in key sectors.

The department promoted reducing poverty and lifting living standards through economic growth by helping to build a more robust regulatory and policy environment for economic activity. We supported policy formulation and implementation in areas such as financial sector sustainability, tax administration, trade policy and public financial management. The department's funding for the annual tax census enabled Indonesia to add more than 443 000 businesses and individuals to the tax system resulting in additional government revenue.

The department assisted with infrastructure development to stimulate economic activity. Under the Provincial Road Improvement and Maintenance Program, we used performance incentives to promote good governance and improve maintenance of provincial roads. Our support to Indonesia's National Program for Community Empowerment contributed to the building of bridges and rural roads.

We provided assistance to the Vice President's National Team for Accelerating Poverty Reduction, which enabled it to reduce costly fuel subsidies and prevent six million people from falling into poverty after fuel price rises.

We invested in universal education in Indonesia, supporting the rollout of a national system to train teachers and school staff and improve education programs and policies.

The department contributed to a review of the Indonesian health sector to help determine priorities for the coming five years. Our funding helped reduce the number of maternal deaths in some of the poorest regions of the country, address HIV prevalence among specific groups and increase HIV testing and treatment across Indonesia, particularly in Papua and West Papua provinces.

Ensuring women's access to economic opportunity and enhancing their capacity to participate fully in their community free of discrimination and violence was a priority. We funded the Empowering Indonesian Women for Poverty Reduction program which focused on increasing women's access to jobs and removing workplace discrimination. We continued our support for the establishment of women's microcredit groups. (See also 1.1(2), pp. 36–7.)

Staff profile

Nicole Smith

Executive Officer, Indonesia Political and Economic Strategy Branch, Canberra



I started working on the Australian aid program in 2010 and held a variety of roles that included corporate, policy and program management responsibilities.

Prior to integration, I was managing Australia's aid support to Indonesia through the *Indonesia–Australia Partnership on Food Security in the Red Meat and Cattle Sector*. The partnership is a \$60 million initiative to improve joint competitiveness and long-term investment and trade between Australia and Indonesia.

This role involved working collaboratively with the department's Indonesia Economic and Trade team, which helped develop my understanding of how the department develops policy and works effectively across government on complex issues.

Following integration, I began working in the Indonesia Economic and Trade team to manage the Indonesia Economic Governance program. This is a fantastic opportunity to apply my skills and experience in aid management and to learn about and contribute to economic and trade policy, which is certainly not something I thought I would be working on a year ago. It is an interesting and challenging role and I am very excited to be working with a new and energetic team in which our collective knowledge and experience is shared.

Philippines

HDI rank (2013)	117
GDP per capita, PPP (current int'l \$) (2013)	6533
Australian ODA as a % of total ODA (2012)	17.2%

The department managed bilateral aid of \$119.8 million to the Philippines. Other assistance through regional and global programs and our humanitarian response efforts brought our total ODA to an estimated \$171.4 million.

Humanitarian assistance was an important feature of our aid program. We provided \$38.8 million following Typhoon Haiyan and continue to support recovery and reconstruction efforts through our development program (see also 1.10, p. 177). We also delivered fast and effective humanitarian assistance following conflict in Zamboanga and the 7.3 magnitude earthquake in Bohol. The department worked with the Government of the

Philippines to prepare for, and help reduce the impact of disasters.

We used aid funding to support nationwide education reforms. In February 2014, the Foreign Minister launched a \$150 million, five-year program to assist the Government of the Philippines to extend basic education from kindergarten to grade 12. This will benefit eight million boys and girls across 19 000 schools.

We also focused on sustainable economic growth and infrastructure, supporting the Public Private Partnership Program to mobilise technical support for critical infrastructure development.

Our work to promote the conditions for peace and security in Mindanao supported the development of the Comprehensive Agreement on the Bangsamoro and was welcomed by President Aquino. We agreed to provide a further \$6 million in funding to help build more capable and responsive institutions, expand economic opportunities, and strengthen foundations for peace and long term stability in conflict-affected areas. (See also 1.1(2), pp. 39–40.)

The department promoted women's decision making, leadership and peacebuilding in Mindanao. Our support facilitated participation by a wide network of women leaders into peacebuilding efforts in the region. We assisted teachers undertake gender-responsive school planning and introduced support and referral systems for students and teachers affected by gender-based violence.

Vietnam

HDI rank (2013)	121
GDP per capita, PPP (current int'l \$) (2013)	5293
Australian ODA as a % of total ODA (2012)	3.0%

Australia is the fourth largest bilateral aid donor to Vietnam and the largest grant donor. The department managed bilateral aid of \$95 million, with other assistance through regional and global programs bringing our total ODA to an estimated \$121.9 million.

Inefficient infrastructure limits the private sector's ability to drive development in

Vietnam. We continued our funding for construction of the Cao Lanh Bridge over the Mekong River and, in partnership with the World Bank, supported public–private partnerships in infrastructure. We used policy development, technical cooperation and capacity building to help Vietnam engage in the global trading system.

Cao Lanh Bridge

Through the aid program, the department is providing \$160 million in co-financing with the Asian Development Bank for the design and construction of the Cao Lanh Bridge. This is the largest single Australian aid activity in mainland Southeast Asia and will link people and markets in the Mekong Delta to the rest of Southeast Asia and beyond. It will directly benefit five million people, improve transport facilities to 170 000 daily road users, bring new economic opportunities to areas isolated from major population centres, and improve access to basic social and health services. The project involves the resettlement of 615 families who are being compensated through the Cao Lanh Bridge resettlement program.



Ambassador to Vietnam, Hugh Borrowman (right), accompanies Parliamentary Secretary Brett Mason (second right), during a Cao Lanh Bridge briefing session with Vietnam's Deputy Prime Minister, Vu Van Ninh (second left), Cao Lanh, 19 October 2013. [DFAT]

Vietnam needs a skilled and competitive workforce to transition to an industrialised economy. Vietnam was the third largest recipient of Australia Awards in 2013–14. The department provided Vietnam with 238 Australia Awards Scholarships for postgraduate study and 161 Fellowships for short-term training and work attachments with Australian organisations.

We were a lead donor supporting the Government of Vietnam's rural water supply and sanitation program. Our contribution assisted 109 031 people access safe water and 177 000 people access basic sanitation.

The department worked with partners, including NGOs and the Vietnam Women's

Union, to protect vulnerable communities through improved planning for environmental change and natural disasters. Our support helped over 115 000 people protect their livelihoods by adopting innovative rice farming methods, improved ways of managing coastal forests and aquaculture, and assisted small farmers to get high-value products to market.

We continued Australia's support for gender equality in Vietnam. Under a regional partnership with UN Women, we commissioned a national assessment of women's economic livelihoods to inform the development of Vietnam's National Programme on Gender Equality.

Timor-Leste

HDI rank (2013)	128
GDP per capita, PPP (current int'l \$) (2013)	2242
Australian ODA as a % of total ODA (2012)	38.1%

Australia is the largest bilateral aid donor to Timor-Leste. The department managed bilateral aid of \$71 million. Other assistance through regional and global programs brought our total ODA to an estimated \$79.4 million.

Our aid investments complemented the efforts of the Government of Timor-Leste and supported economic and social reform to deliver effective and equitable development.

We assisted with the delivery of programs in health, education, agriculture and infrastructure. Our contribution provided increased access to safe water for an additional 28 000 people, the rehabilitation and maintenance of 96 kilometres of rural roads, and helped 10 000 additional farmers access high yielding seed varieties.

Through the Market Development Facility we supported small business to increase production, stimulate markets and create jobs. Timor-Leste's first enterprise to source, process and pack local rice for retailing in supermarkets was funded through the aid program.

The department helped strengthen public financial management and economic policy reform. In June 2014, we signed an innovative Direct Budget Support Agreement with the Ministry of Finance, linking the provision of funding to achievement of the Ministry's own key performance indicators.

In April 2014, we launched a program to address violence against women. We worked with the Timorese Government and local organisations to deliver violence prevention strategies. We used grants, capacity building and research to provide improved support services and access to justice for survivors of violence. (See also 1.1(2), p. 40; and 1.13, p. 190.)

Cambodia

HDI rank (2013)	136
GDP per capita, PPP (current int'l \$) (2013)	3042
Australian ODA as a % of total ODA (2012)	11.8%

In 2013–14 the department managed bilateral aid of \$56.1 million. Other assistance through regional and global programs brought our total ODA to an estimated \$74.1 million. These aid investments targeted areas that improved economic opportunities—agriculture and rural development, health, infrastructure and effective governance. (See also 1.1(2), pp. 40–1.)

We focused on increasing agricultural production and reducing rural poverty by expanding irrigation systems and providing farmers with access to quality seeds, fertilisers and training. Seven irrigation schemes were constructed, enabling 4221 families to grow more than one rice crop per year.

Approximately 17.33 square kilometres of land in three target provinces was cleared of landmines and unexploded ordnance, reducing casualties in those provinces by 50 per cent and making the land available for farming and other activity. (See also 1.1(11), p. 102.)

We contributed to the second Health Sector Support Program, delivered through the World Bank. This enabled health centres and hospitals to provide better quality health

care, with subsidised treatment packages for approximately 2.5 million of the poorest Cambodians. Our support ensured over 10 000 women could give birth with the assistance of a skilled attendant.

We invested in key economic infrastructure and repaired roads, bridges and other facilities damaged by the floods in 2013. Rehabilitation of the Cambodian Railway southern line, between the seaport of Sihanoukville and the capital Phnom Penh, was completed with our support, helping to alleviate the over-extended road network.

We supported over 20 000 villagers to participate in crime prevention and community safety projects, focusing on violence against women, youth crime and drugs. We funded legal aid services in 84 per cent of Cambodian courts and helped Transparency International Cambodia develop a high school anti-corruption curriculum.

The year marked the 20th anniversary of scholarships programs in Cambodia. The 55 Australia Awards Scholarships offered in 2013–14 took the total number of awards to more than 500 since 1994.

Burma

HDI rank (2013)	150
GDP per capita, PPP (current int'l \$) (2013)	n.a.*
Australian ODA as a % of total ODA (2012)	11.2%

* n.a. not available

The department managed bilateral aid of \$67.6 million to Burma. Other assistance through regional and global programs brought our total ODA to an estimated \$85.5 million.

In-country reforms presented the opportunity to promote economic growth, strengthen peace and improve education and health.

Our aid assisted the Government of Myanmar to maintain a positive reform path, including through strengthened public financial management systems. (See also 1.1(2), p. 40.)

Supporting education and financial reform

Burma's ambitious reform agenda has the potential to transform its economy and engagement with our region.

The department's support for Burma's school grants and stipends program promotes sustainable improvements to education and financing that will benefit approximately 8.3 million students in Burma's 43 000 government-supported schools.

The department is strengthening Burma's ability to finance public services and investing in programs that reduce poverty. Our contribution supports efficient, accountable and responsive public service delivery. We work to build economic management capacity to support more efficient revenue collection and allocation of resources for social services like education.

In 2013–14, we focussed on establishing the building blocks for good public financial management and education reform. We supported research to fill critical information gaps and helped improve the impact of education grants by promoting inclusion. We created a monitoring and evaluation framework to ensure that our aid investment would lead to improved educational outcomes.



Australian aid delivers improved education outcomes in Burma. [UNICEF]

The department worked with the International Finance Corporation and the Government of Myanmar to strengthen the enabling environment for private sector growth. Our aid investments improved democratic systems and parliamentary processes, including women's access to justice and rule of law. We supported the first national census in three decades.

We played a key role in promoting the rights of women and girls and protecting those affected by conflict. We distributed 44 000 hygiene kits and lights for internally displaced women and provided training to increase female representation in community dialogues and peace negotiations.

Our assistance enrolled an additional 24 000 children at government, monastic and community schools, and trained more than 11 000 teachers and caregivers; provided health services to women and children ensuring skilled birth delivery assistance to 5438 women and vaccinations to 8822 children; allowed 3300 people to gain access to agricultural technologies, 3500 to increase their incomes, and 6300 to increase access to financial services; and benefited 140 000 people in conflict and crisis situations in Rakhine and Kachin states, as well as on the Thai border.

Laos

HDI rank (2013)	139
GDP per capita, PPP (current int'l \$) (2013)	4812
Australian ODA as a % of total ODA (2012)	11.6%

* not available

The department managed bilateral aid of \$33.4 million to Laos. Other assistance through regional and global programs brought our total ODA to an estimated \$48 million.

Our aid to Laos focused on trade, education, rural development, rural infrastructure and human resource development.

The department assisted Laos to increase economic integration with the regional and global economy. We helped Laos meet reform commitments and maximise the benefits from trade and economic frameworks such as the ASEAN–Australia–New Zealand Free Trade Area. We funded two assessments of non-tariff measures and services trade, with a view to simplifying the trading environment, and established a business assistance facility to help increase exports. (See also 1.1(2), p. 41.)

We worked to improve education quality and the skill level of the workforce. We funded programs to bring education to disadvantaged children in remote communities,

girls, ethnic minorities and children with disabilities. Our aid investment helped build 393 classrooms, train 2526 teacher and 532 principals, improve school access for 9235 children with disabilities and provide school meals to 66 000 children to encourage school attendance.

The department promoted rural development programs to generate incomes, improve livelihoods and build resilience. Our aid contribution helped establish 61 new village banks and micro-finance institutions providing financial services to more than 10 000 people from poor rural communities; clear 877 hectares of unexploded ordnance benefiting more than 70 000 people; provide community-based water supplies and roads, benefiting 27 620 people; improve livelihoods for 9500 people through rice-bank and irrigation systems; and mobilise a rural social protection demonstration program which will reach 35 000 people.



Ambassador to Laos, John Williams (right), and Vice Minister of Education and Sports, Mr Lytou Bouapao, open an Australian aid-funded, UNICEF project, providing new water, sanitation and hygiene facilities, Viengkeo Primary School, Vientiane, 3 June 2014. [DFAT]

Mongolia

HDI rank (2013)	103
GDP per capita, PPP (current int'l \$) (2013)	9433
Australian ODA as a % of total ODA (2012)	2.7%

Australia is one of the largest grant donors to Mongolia. The department managed bilateral aid of \$9.5 million in 2013–14 with other assistance through regional and global programs bringing our total ODA to an estimated \$15.3 million.

The department designed a new flagship extractives program to help Mongolia progress towards equitable and sustainable economic growth. The program will support governance in the mining sector and better use of mining revenues for improved service delivery. It will also address the social and environmental impacts of mining. (See also 1.1(1), p. 35.)

Our aid investment helped Mongolia manage scarce groundwater resources better in the southern Gobi region, a key mining area that is also home to communities of pastoral nomads, and improve water and sanitation facilities in schools and kindergartens, benefiting 2629 children in Khuvsgul province. We enhanced skills through the provision of 43 Australia Award scholarships; improved the capacity of government to undertake resource sector regulatory tasks through targeted training courses; and promoted transparency and accountability in the minerals sector by supporting civil society organisations such as Revenue Watch.

East Asia regional programs

The department managed \$75.7 million in regional aid in East Asia, which focused on addressing trans-boundary development challenges that were not readily addressed through country-level interventions.

The program complemented the department's activities in Vietnam, Laos, Cambodia, Burma, Mongolia, the Philippines, Timor-Leste and Indonesia—fostering economic growth; enabling economic integration and increasing regional trade; strengthening regional approaches to managing water resources; preparing for and managing disaster responses; tackling human security and health issues, including human trafficking and labour protection for migrant workers, and preventing the spread of communicable diseases.

Through the *ASEAN–Australia Development Cooperation Program Phase II*, we built the capacity of the ASEAN Secretariat, supporting it to implement 53 activities around the liberalisation of goods, services and investment.

The department used the Economic Cooperation Support Program to assist developing ASEAN countries implement and access the benefits of the ASEAN–Australia–

New Zealand Free Trade Agreement (see 1.1(8), p. 82).

Under the Mekong Water Resources Program, we promoted a collaborative, equitable and sustainable approach to Mekong water resource management. We helped strengthen water-related institutions, including the Mekong River Commission, facilitating regional consultation and supporting high-quality local research to underpin decision-making.

The department worked to improve disaster response and preparedness in Southeast Asia, including through support for the establishment of the ASEAN Coordinating Centre for Humanitarian Assistance. We continued our work in the East Asia Summit to build the region's capacity to respond to natural disasters.

With China, we moved forward on the first pilot project under the Memorandum of Understanding on Development Cooperation, signed by Australia and China in April 2013—an anti-malaria project in Papua New Guinea. We also worked with Chinese counterparts and the Cambodian Government to explore the feasibility of jointly assisting Cambodia's water and irrigation management.

Program 1.8 ODA East Asia Australia–Indonesia Partnership for Reconstruction and Development

Objective

- To continue to assist Indonesia in reconstruction and development post the 2004 tsunami.

Deliverable

- To continue to assist Indonesia in reconstruction and development post the 2004 tsunami.

**2013–14
result**

met

Reporting

below

Key performance indicators

- Achievement of significant development results.*
- Demonstrated organisational effectiveness.*

**2013–14
result**

met

met

Reporting
below &
App. 5below &
App. 5

* Program 1.8 KPIs were revised over the course of the 2013–14 reporting period. In the *Portfolio Budget Statements 2013–2014*, the KPIs of then AusAID program 2.1 included a reference to tier 2 and tier 3 headline results under the Comprehensive Aid Policy Framework (CAPF). The *Portfolio Additional Estimates Statements 2013–2014* subsequently indicated that a revised set of KPIs for the Australian Aid Program was under development. Revised performance information was published in the *Portfolio Budget Statements 2014–2015*. A new aid policy and performance framework was launched on 18 June (see *Aid overview*, p. 134). In line with the *Requirements for Annual Reports*, the department has reported against the former and current performance information for the entirety of the reporting period. Aggregate reporting of performance over the year against tier 2 and tier 3 CAPF headline results is at App. 5, pp. 266–8.

Australia–Indonesia Partnership for Reconstruction and Development

The Australia–Indonesia Partnership for Reconstruction and Development (AIPRD) provided \$1 billion of assistance following the 2004 Indian Ocean tsunami, including \$39.5 million in 2013–14. The assistance included \$500 million in grants and \$500 million in concessional loans to rebuild social and economic infrastructure across Indonesia. In 2013–14, there was one ongoing program under AIPRD—the Eastern Indonesia National Roads Improvement Project (EINRIP). This project is supporting 20 major road construction projects to build 395 kilometres of high quality roads in Eastern Indonesia.

In 2013, EINRIP project monitoring data showed that on 10 control roads and 14 project roads vehicle speeds on control roads had increased by around 10 per cent

since 2008, but on the project roads speeds had increased by nearly 30 per cent. The data also showed that traffic volumes on the control roads had increased by 30 per cent since 2008, whereas on project roads the overall increase was 55 per cent. With technical assistance from EINRIP, the Indonesian Government increased funding for routine and periodic maintenance of national roads and issued new design standards that will increase capacity and durability of national roads. The successful acquisition of most of the land required for the road construction projects and technical improvements to reduce delays from minor outstanding land acquisition issues significantly enhanced EINRIP's efficiency.

Program 1.9 ODA Africa, South and Central Asia, Middle East and other

Objective

- To assist developing countries in Africa, South and Central America and the Middle East to reduce poverty and achieve sustainable development.

Deliverable

- To assist developing countries in Africa, South and Central America and the Middle East to reduce poverty and achieve sustainable development.

2013–14
result

Reporting

met

below

Key performance indicators

- Achievement of significant development results.*
- Demonstrated organisational effectiveness.*

2013–14
result

Reporting

met

below &
App. 5

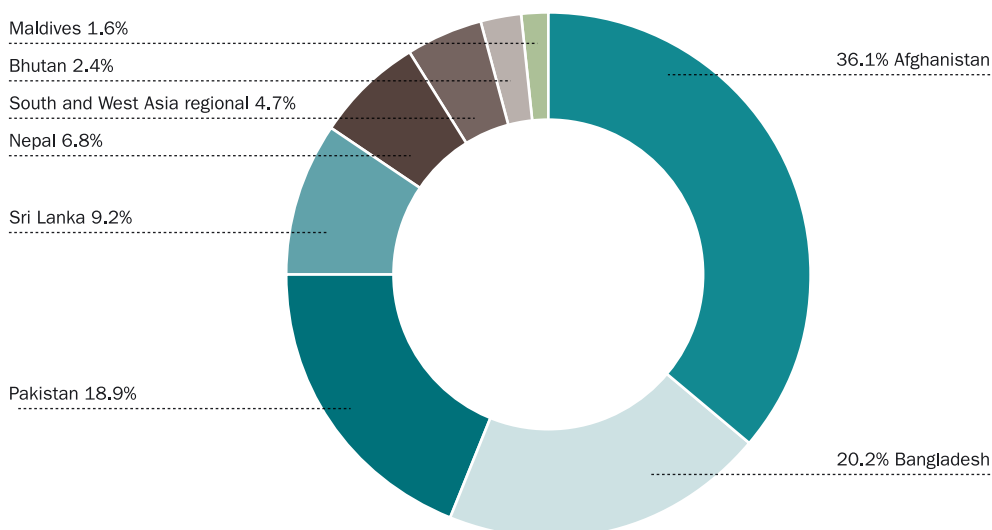
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App. 5

* Program 1.9 KPIs were revised over the course of the 2013–14 reporting period. In the *Portfolio Budget Statements 2013–2014*, the KPIs of then AusAID program 1.3 included a reference to tier 2 and tier 3 headline results under the Comprehensive Aid Policy Framework (CAPF). The *Portfolio Additional Estimates Statements 2013–2014* subsequently indicated that a revised set of KPIs for the Australian Aid Program was under development. Revised performance information was published in the *Portfolio Budget Statements 2014–2015*. A new aid policy and performance framework was launched on 18 June (see *Aid overview*, p. 134). In line with the *Requirements for Annual Reports*, the department has reported against the former and current performance information for the entirety of the reporting period. Aggregate reporting of performance over the year against tier 2 and tier 3 CAPF headline results is at App. 5, pp. 266–8.

1.9(1) South and West Asia

Figure 23: Estimated department ODA to South and West Asia, 2013–14



Afghanistan

Country statistics*

*data sources for statistics used in this section: HDI–UNDP; GDP–World Bank; Australian ODA–OECD/DAC

HDI rank (2013)	169
GDP per capita, PPP (current int'l \$) (2013)	1990
Australian ODA as a % of total ODA (2012)	3.5%

In 2013–14, the department managed bilateral aid of \$130.8 million to Afghanistan. Other assistance through regional and global programs brought our total ODA to an estimated \$138.4 million. Afghanistan is a difficult environment in which to deliver aid. Ongoing conflict, corruption and weak capacity constrain development efforts. We worked closely with the Afghanistan Government and the international community to deliver a program focused on health, education (particularly for girls), infrastructure, mine clearance and public financial management.

The department's work helped to significantly increase school enrolments and improve access to basic health, particularly for

pregnant women and children. Our programs supported family planning, antenatal care, postnatal care and vaccinations, and helped to deliver health services to more than 1 825 000 Afghans. We contributed to the rehabilitation and maintenance of more than 12 800 kilometres of rural roads.

Support for the construction of the first strategic grain reserve facility in Kabul helped to address food security challenges. The department also supported mine clearance activities.

Our public service training activities reached 720 civil servants and contributed to increased expenditure on development by four key ministries.

Bangladesh

HDI rank (2013)	142
GDP per capita, PPP (current int'l \$) (2013)	2557
Australian ODA as a % of total ODA (2012)	4.1%

The department managed bilateral aid of \$61.4 million to Bangladesh. Other assistance through regional and global programs brought our total ODA to an estimated \$77.6 million. The department's work provided support for education and increased economic opportunities for the poor, especially women.

To maximise the impact of our aid in education, the department supported non-government partners to deliver immediate high quality results and worked with government to improve the quality of service delivery systems over the long term. Our assistance helped 550 000 children enrol in school and trained over 12 000 teachers. (See also 1.1(5), pp. 59–60.)



Counsellor (Development Cooperation) in Dacca, Priya Powell (back, second left), visits a DAP-funded boat school, bringing education to children in inaccessible areas, Sylhet district, Bangladesh, April 2014. [DFAT]

The department supported programs which provide assistance and greater access to services for women. In partnership with the United Kingdom and BRAC (one of the world's largest NGOs), the department enabled over 112 000 extremely poor Bangladeshis to receive financial assistance and training. We also provided humanitarian services to vulnerable communities and helped 4000

female victims of domestic violence access legal and medical assistance.

We awarded 134 scholarships for postgraduate studies and short courses in Australia and supported Australian Volunteers for International Development to address Bangladesh's education, livelihood and other development needs. (See also 1.13, p. 189.)

Staff profile

Jade Cooper

Graduate Trainee, Canberra



I joined the former AusAID in 2013 as a graduate, and have had the privilege of working with and learning from incredibly passionate, knowledgeable and skilled colleagues in the Disability, Law and Justice, South Asia Bilateral and Poverty and Social Transfers sections. Highlights have included coordinating Australian Government input into UN Human Rights Council statements and resolutions, assisting our aid program in Bangladesh design a new social protection program, co-facilitating Mekong Poverty and Social Analysis training, and engaging in scoping missions and analysis of the social inclusiveness of the department's Mekong investments during a short term mission with the Mekong Regional Hub in Hanoi.

Beyond the work of my sections I have enjoyed the opportunity to engage in a number of roles across the development and foreign policy portfolios, including sitting on the Secretary's reading pack editorial committee, assisting at a G20 Development Working Group meeting, and co-managing the former InnovAid and now 'Foreign Ideas' forum for staff to pitch new and innovative ideas within the department.

Prior to joining the department I worked in the social development sector with UNHCR Japan, UNHCR Malaysia, the Japan Institute of International Affairs and the Commonwealth Human Rights Initiative's Ghana office.

Pakistan

HDI rank (2013)	146
GDP per capita, PPP (current int'l \$) (2013)	4699
Australian ODA as a % of total ODA (2012)	3.0%

The department managed bilateral aid of \$63.4 million to Pakistan. Other assistance through regional and global programs brought our total ODA to an estimated \$72.6 million. Programs focused on economic growth, education and health and particularly promoted gender equality and women's economic empowerment. (See also 1.1(5), p. 59.)



Deputy High Commissioner to Pakistan, Paul Molloy OAM (kneeling), and UN Food and Agricultural Organization (FAO) project leader, David Doolan (left), visit an Australian–FAO supported agricultural development project, teaching women farmers market gardening skills and marketing techniques, Quetta, 10 June 2014. [DFAT]

Our programs helped improve agriculture productivity and the sharing of Australian scientific expertise in water resource management. The department helped promote growth and jobs by providing: 1441 women and 410 men with access to microfinance and business development training; 7600 farmers with better agricultural supplies; and 8500 farmers with training, improved livestock and crop production technologies and practices. Our community infrastructure programs, vocational training activities and Australia Awards (115 awards) were key investments in human resource development.

The department's contribution to early childhood care and education resulted in additional school enrolments, the building or refurbishing of 991 classrooms and the training of 4538 teachers and administrators. Our programs supported improvements in maternal and child health (33 818 additional births attended by a skilled birth attendant), as well as reductions in child malnutrition (food deliveries to 61 321 malnourished children) and the incidence of blindness (10 000 eyesight saving surgeries).

Sri Lanka

HDI rank (2013)	73
GDP per capita, PPP (current int'l \$) (2013)	9736
Australian ODA as a % of total ODA (2012)	4.5%

The department worked closely with the Sri Lankan Government, other donors and Australian government agencies to deliver bilateral aid of \$31.9 million. Other assistance through regional and global programs brought total ODA to an estimated \$35.2 million. The program focused on improving education, livelihoods, access to basic services and community rehabilitation.

The department helped build 345 classrooms, and train school officials and 4600 primary and secondary teachers. We provided 65 Australia Awards in priority areas such as education and sustainable economic development.

The department supported forestry and community rehabilitation programs which increased incomes for more than 4300 poor women and men, and increased access to

financial services for over 10 400 Sri Lankans. The provision of new production technologies and training on improved practices and techniques benefited more than 16 700 low-income workers in the agricultural sector.

Reconciliation and accountability remain important to maintaining peace and stability following the conflict in Sri Lanka. The

department supported the formation or strengthening of 107 civil society organisations; funded the provision of counselling and support services for 326 women survivors of violence; and strengthened the capacity of local government and non-government organisations to undertake de-mining activities. (See also 1.1(5), p. 59.)

Regional and other South Asian countries

The department managed \$18 million in regional South Asia to promote regional economic integration and cross-border cooperation on water, food and energy security.

We helped to identify priority policy and regulatory trade reforms; strengthen the structure and processes of the South Asian Association for Regional Cooperation; and enhance the capacity of small and medium enterprises in Bangladesh, Bhutan, India, Nepal and Sri Lanka led and owned by women. In line with our economic diplomacy objectives, we also strengthened key institutions such as chambers of commerce.

The department contributed to efforts to close the infrastructure gap in South Asia by funding pre-feasibility work for large scale projects in the transport and energy sectors, such as the Augmentation of Inland Water Transport System project in **India**. We promoted improved water resource management and enhanced agricultural practices, drawing in Australia's

expertise in these areas through ACIAR and CSIRO.

We delivered \$26.1 million in development assistance to **Nepal**. Programs focused on micro-enterprise development (especially for women), job creation and improving access to quality education and health services. We directly supported additional enrolment of approximately 55 000 students in basic education, delivered more than 300 000 textbooks and provided 39 Australia Awards Scholarships.

In the **Maldives**, the department contributed \$6.3 million in aid. We provided 33 Australia Awards Scholarships, improved the quality of primary and secondary education and supported the UNDP-led Integrated Governance Program. We delivered \$9.4 million in aid for **Bhutan**, awarding 46 Australia Awards Scholarships and helping to build the research capacity of the Royal Institute of Management. (See also 1.1(5), p. 60.)

Micro Enterprise Development Programme

Since 1998, the Australian-funded Micro Enterprise Development Programme (MEDEP) in Nepal has assisted more than 40 000 female micro-entrepreneurs.

One of those entrepreneurs was Kesha Kumari Damini who received MEDEP support to build her tailoring business. She now chairs the 60 000-member National Micro-entrepreneurs' Federation of Nepal and is a recipient of the Oslo Business for Peace Awards 2014. The annual award, chosen by a committee of Nobel Laureates in Peace and Economics, is given to individual business leaders who have fostered peace and stability through private enterprise, ethical business practices and creating shared value for society.

The department works with the Nepal Ministry of Industry and UNDP to fund and implement the MEDEP which aims to expand employment opportunities and alleviate poverty of the ultra-poor and socially marginalised. Since its establishment, MEDEP has helped directly create more than 70 000 micro-entrepreneurs and 75 000 jobs, with about 60 per cent going to women.

1.9(2) Middle East and Africa

Middle East and North Africa

In 2013–14, the department managed aid to the Middle East and North Africa (Algeria, Egypt, Iraq, Jordan, Lebanon, Morocco, Palestinian Territories, Syria, Tunisia and Yemen) of \$126.2 million.

The department supported research through the ACIAR to improve food security and livelihoods of farmers in Iraq, Egypt and Tunisia, and with Germany, the International Labour Council and Danish Refugee Council facilitated the creation of job opportunities for women and young people in Egypt and Iraq.

We provided close to \$60 million in humanitarian assistance to the region. (Australia has contributed more than \$132 million in response to the Syria crisis since the violence began in 2011.) This helped provide monthly food assistance for up to 4 million people inside Syria, and emergency relief items for more than 1.4 million people in neighbouring countries. It also assisted with educational support for nearly 2.5 million children affected by conflict and contributed to regional immunisation campaigns that vaccinated more than 22 million people against polio and measles. We also provided emergency relief items and food assistance to help support people in need in Iraq and Yemen.

The department managed bilateral aid to the Palestinian Territories of \$33.6 million. Other assistance through regional and global programs brought total ODA to an estimated \$54.2 million. The department's assistance helped advance institutional reform, lift rural livelihoods and improve the delivery of basic services to the vulnerable. We worked closely with the UN Relief and Works Agency (UNRWA), the Palestinian Authority, World Bank, UN Children's Fund and Australian non-government organisations to deliver assistance. Australian aid helped improve water and sanitation facilities in 68 schools, benefiting over 35 000 children, and assisted 17 207 additional Palestinian refugees attend school in the West Bank, Gaza, Lebanon, Syria and Jordan,

with girls making up half of all enrolments. The department promoted economic growth by working with Australian NGOs to raise incomes for 53 465 people in poor farming communities. (See also 1.1(6), pp. 62–4.)

Sub-Saharan Africa

The department managed an estimated \$218.2 million in aid to Sub-Saharan Africa through regional and global programs. We worked with African partner governments, international agencies, NGOs and other donors to deliver country and regional programs aimed at improving productivity, economic empowerment and the health and resilience of communities. Responding to humanitarian emergencies in Africa was also a priority. With the Australian Government's reprioritisation of the aid program, the department ceased some water and sanitation programs in Zimbabwe, and reduced several other programs across Africa in health, agriculture and governance. (See also 1.1(6), pp. 64–5.)

We supported African governments to create the right enabling environments to attract and retain investment and increase business confidence. Our human resource development programs addressed mining governance, mining codes, resource revenue taxation and mining cadastre systems. The department's assistance in tax reform delivered an additional \$22 million in revenue to the Liberian government and an additional \$20 million in Ghana.

The department's programs also supported women in mining. We hosted *Women in Mining* study tours to Australia for African mining professionals. Outcomes from these tours included the establishment in Ghana of an *Association of Women in Mining and Allied Professionals* and the facilitation in Ethiopia of actions to stimulate employment opportunities for women and youth.



First Secretary in Addis Ababa, Sue Moore, with South Sudanese refugees in Gambella, Western Ethiopia, 18 March 2014. [DFAT]

Agriculture plays a key role in Africa's development. The department worked to improve research and innovative technology adoption and boost private sector activity through improving agricultural markets. We sponsored the sharing of highly relevant technical, research and agribusiness expertise from ACIAR and the CSIRO. Australian investments enabled more than 44 000 poor men and women to gain access to agricultural technologies.

In northern Kenya, Australia partnered with the Kenyan Government and the United Kingdom on a Hunger Safety Net Program to provide cash

transfers to 100 000 households suffering extreme poverty. The department's work resulted in improved livelihoods and the development of small businesses. We also partnered with the United Kingdom and European Union on an innovative program working with the private sector to deliver livestock insurance to vulnerable pastoralist communities.

The department's programs, through the Australia Africa Community Engagement Scheme and the African Enterprise Challenge Fund, enabled 74 800 people to increase their incomes and 210 836 people to access to financial services. An additional 2950 people were able to access social transfers (such as cash or in-kind transfers).

Australia supported better health systems and increased access to basic health care, particularly for women and children in Ethiopia and South Sudan. As a result of the department's focus on Africa's health, 278 484 children were vaccinated and 71 972 women were able to give birth with the support of a skilled birth attendant.

Staff profile

Rebecca Yohannes

Senior Program Manager, Addis Ababa



As an LES program manager at the embassy in Addis Ababa, Ethiopia, I am part of a team managing Australia's bilateral and aid relationship with Ethiopia, including Australian NGO programs and volunteer placements. Through this work the Australian Government is focusing on marginalised Ethiopian communities, with particular attention to women, children, people living with disabilities and people vulnerable to disaster. I represent Australia in partner negotiations and ensure that Australia's aid effectiveness and accountability standards are met. I manage and monitor the performance of aid activities, providing advice and expertise to deliver effective outcomes.

It is fulfilling to contribute to Africa's development by working in partnership with different stakeholders. I enjoy the challenge of trying to understand the needs of beneficiaries and how these can be addressed in the most effective and accountable manner. This requires me to sometimes visit different parts of Ethiopia, alongside our government and other partners, to assess their needs and monitor the outcomes and impact of our activities.

The highlight of my job comes when I interact with program beneficiaries and get firsthand information on how their lives have transformed. I would like to think my efforts help contribute to a better future for all Ethiopians, including my own children.

The department supported programs that increased access to clean water and basic sanitation, and improved water and sanitation infrastructure and governance in Malawi, Mozambique, Zambia and Zimbabwe. As a result, 143 850 additional people had access to basic sanitation, 375 577 people accessed safe water and 452 736 people improved their knowledge of hygiene practices. We also helped increase women's participation in community water, sanitation, and hygiene committees, to help ensure the priorities and needs of women and children are met.

Sub-Saharan Africa continues to face protracted and complex humanitarian crises,

involving food insecurity, political instability, armed conflict and displacement. The department provided over \$46.2 million in critical humanitarian assistance, primarily in South Sudan, Somalia, Central African Republic, Sudan and Democratic Republic of Congo. We helped over 3.5 million people receive food, water, shelter, and health care. We provided counselling and other services for almost 4000 women survivors of violence. Where possible we linked life-saving assistance to longer-term efforts to build resilience in communities exposed to protracted crises.



First Secretary (Development) in Accra, Zabeta Moutafis (second left), with UNICEF Niger Director, Guido Cornale (left), and WFP Niger Director, Benoit Thierry (third left), check food availability and prices at a local market north of Niamey, Niger, 5 July 2013. [UNICEF Niger/C. Arnaud]

1.9(3) Americas

The department implemented the Government's decision to discontinue bilateral assistance to the countries of the Latin American and Caribbean region.

Latin America

In 2013–14, the department's total aid program to Latin America was \$15.7 million. This fulfilled Australia's four-year aid commitment to the region and we began managing remaining programs to completion.

We used Australian assistance to support regional priorities including economic development, effective governance and humanitarian and disaster response capacity. Our aid was principally delivered on a regional basis targeting multiple countries through multilateral organisations, UN agencies and partnerships with Chile and Brazil.

The department focused efforts on capacity building and institutional linkages, primarily through Australia Awards. We provided 100 Scholarships and 45 Fellowships and achieved gender balance in this assistance.

In partnership with the Inter-American Development Bank we completed a project supporting over 100 000 women in Peru to improve their financial literacy and business skills. We provided training for young people on job placements and assisted another 150 000, mainly women, develop savings programs. Working with the World Food Programme, the department continued to assist communities and governments in the region to be better prepared and responsive to natural disasters and crises.

Caribbean

Our total development assistance to the Caribbean was \$5.8 million. This fulfilled Australia's four-year aid commitment to the Caribbean and we began managing remaining programs to completion.

Australian assistance supported regional priorities agreed with the Caribbean Community secretariat, including economic resilience, people-to-people and institutional linkages, climate change and disaster risk reduction. Most assistance was delivered through regional and multilateral partners.

To build economic resilience, we helped the IMF's Regional Training Centre to provide 134 assignments and hold 42 training courses covering 1117 participants, building capacity in macroeconomic analysis, public financial management, revenue administration, financial sector supervision and statistics.

The department supported the Caribbean Community Climate Change Centre and the Caribbean Disaster and Emergency Management Agency. We funded the Great Barrier Reef Marine Park Authority's work to support a Caribbean regional action plan and projects to improve management of coastal ecosystems.

We awarded 40 Australia Awards Scholarships. We also selected 19 Fellows from 11 countries for short-term training in Australia.

See also 1.1(3), pp. 47–50.

1.9(4) Cross-regional programs

Cross-regional programs are funding allocations that benefit a number of regions, including sector-based initiatives. They are separate to programs managed under bilateral and multilateral arrangements.

Direct Aid Program

The Direct Aid Program (DAP) supports Australia's wider foreign, trade and public diplomacy interests and assists developing countries reduce poverty and achieve sustainable development. DAP provides practical assistance to community groups, government and non-government organisations, not-for-profit private organisations and individuals, while also helping to build a distinctive and positive image of Australia globally.

Under the DAP we provided \$10.9 million in aid funding for over 750 projects in over 100 countries. Projects addressed a broad range of development needs including community health, gender equality, rural development, environmental issues and youth and education.

Government and public sector support

Since 2004, the Public Sector Linkages Program (PSLP) has supported public sector capacity building initiatives in developing countries, involving Australian Government agencies and public universities. In line with government priorities, the department began winding-down the PSLP. The 75 ongoing projects under the program will cease in June 2016.

We commenced a funding round for the new Government Partnerships for Development (GPFD) program. GPFD also supports capacity building activities involving Australian government agencies and public universities but on a larger scale than those under PSLP and for a maximum of three years. We approved \$21.3 million in funding for 11 activities.

In addition to the PSLP and GPFD programs, the department provided \$76.3 million to other Commonwealth departments to undertake 134 capacity building projects with developing country government agencies.



High Commissioner to Kenya, Geoff Tooth, with students and teachers from Immanuel Afrika Academy after laying the foundations for the construction of eight new DAP-funded classrooms, Nairobi, 20 November 2013. [DFAT]

Cross-regional health initiatives

We supported the Asia Pacific Leaders Malaria Alliance, launched by the Prime Ministers of Australia and Vietnam on 10 October 2013. We funded the Asia Pacific HIV Capacity Building Program and the Asia Pacific Business Coalition on AIDS. We also utilised product development partnerships (public–private partnerships that focus on pharmaceutical research and development) to develop new drugs, vaccines and diagnostic tests to treat and prevent malaria and tuberculosis.

Water, sanitation and hygiene initiatives

We began implementation of the Civil Society Water, Sanitation and Hygiene Fund. The fund will work with 13 civil society organisations delivering 29 water and sanitation activities in 19 countries. The aim is to improve access to water, sanitation and hygiene for 3.5 million people in the Indo–Pacific region by 2018.

Rights and services for people with disability

Recognising that people with disability are some of the poorest in our region, the department funded 62 organisations and NGOs working with people with disabilities, and to provide services, to more than 158 000 people. The department is currently developing a new disability strategy that will guide support for disability-inclusive development through Australia's aid program beyond 2015.

Support for the extractives sector

The department supported more effective mining policy and regulation in Indonesia, Mongolia and Africa. We funded the International Mining for Development Centre, partnering with universities and Australian state authorities, to assist Indonesia improve oversight of mining operations. Our training and curriculum support lifted the number of mining inspectors in Indonesia to 1000.

Supporting children with disability in Bangladesh

Children with disability are often denied their right to education and face stigma and discrimination as well as the risk of violence and harassment. Through funding from the department, the Disability Rights Advocacy Fund is assisting the Society for Education and Inclusion of the Disabled in Bangladesh to establish self-advocacy groups of young persons with autism, intellectual disabilities and multiple disabilities. The department's support complements campaigns to ensure national policies and legislation in Bangladesh are compliant with the UN Convention on the Rights of Persons with Disabilities and incorporate the voices of these children.

1.9(5) Australia Awards

Australia Awards

The Australia Awards are a whole-of-government initiative bringing together scholarships and fellowships offered by the department, the Department of Education, and the ACIAR. The Australia Awards administered by the department are a key pillar of the aid program, contributing to the long term human development needs of our developing country partners. The awards help build an alumni network that contributes to the productivity of Australia and the development of people-to-people links between Australia, the Indo-Pacific and beyond. (See also 1.1(14), p. 116.)

In 2013–14, the department's Australia Awards expenditure was an estimated \$310 million. We offered 4451 awards to recipients from a total of 117 eligible developing countries across seven regions—

over 77 per cent in the Indo-Pacific region. Total awards included approximately 2850 long-term awards and 1600 short-term awards. At 30 June 2014 there were 4725 long-term Australia Awards scholarships awardees studying in Australia.

The department successfully achieved gender equity in the Australia Awards—50 per cent of scholarships and 47 per cent of fellowships were awarded to women in 2013–14. We continued to support the inclusion of people with disability, by providing reasonable adjustments to enable access and participation.

The department facilitated tracer studies to track the development contributions made by alumni and their ongoing linkages with Australia. In 2013 we commenced tracer studies in Papua New Guinea, Solomon Islands, Tuvalu, Nauru and Kiribati.



Australia Award recipients. Left to right: Napae Ipave Hurim (PNG), Norah Ngeny (Kenya), Judy Nyokabi Maina (Kenya), Ronald Sofe (PNG), Zuwen Mohamed Kikoti (Tanzania) and Vini Talai (PNG), Canberra, 11 June 2014. [DFAT]

Table 11: Intake year and region of Australia Awards recipients

Region	2010	2011	2012	2013	2014
East Asia (incl. Southeast Asia)	1,243	1,919	1,781	1,748	1,908
Sub-Saharan Africa	202	458	979	987	708
South and West Asia	390	475	534	559	525
Pacific Island countries	349	422	472	483	454
Papua New Guinea	155	324	233	662	618
Latin America and Caribbean	11	94	157	164	204
Middle East and North Africa	4	92	61	40	34
Total	2,354	3,784	4,217	4,643	4,451

Table 12: Australia Awards Scholarships: top 10 countries represented in Australia (as at 30 June 2014)

Rank	Country	Number of awardees	Per cent of total awardees	Post-graduate	Under-graduate	TVET*
1	Indonesia	1,091	23	1,091		
2	Vietnam	668	14	668		
3	Papua New Guinea	356	8	250	87	19
4	Philippines	190	4	190		
5	Bangladesh	154	3	148	6	
6	Cambodia	124	3	124		
7	Laos	122	3	68	38	16
8	Pakistan	113	2	113		
9	Fiji	101	2	58	42	1
10	Timor-Leste	98	2	35	63	
All countries, TOTAL		4,725	100	4,237	441	47

* Technical, vocational and educational training

Australia Awards Fellowships

The Australia Awards Fellowships program is a competitive grants program, established in 2006 to fund short-term study, research and professional development activities hosted in Australia by Australian organisations. It targets senior and mid-career professionals in eligible developing countries, who will be in a position to advance key regional development priorities and increase institutional capacities. Fellowships also help to build partnerships and links between Australian and counterpart organisations in developing countries, particularly in Asia.

In 2013–14, total expenditure for the Australia Awards fellowships was \$19.7 million. We supported 36 Australian host organisations to work with approximately 1172 fellows from eligible countries. Of these, 78 per cent were from Asia—60 per cent from East Asia (including Southeast Asia) and 18 per cent from South Asia.

Australia Awards Leadership Program

The Leadership Program takes the top 100 Australia Awards Scholarship recipients every year and builds their leadership capacities, networks and long-term connection to Australia through a series of tailored activities.

The department organised the annual Leadership Program Conference in Canberra in June 2014. Opened by the Foreign Minister, the conference featured presentations by Australia's Sex Discrimination Commissioner, the G20 Youth Summit chair, and an editor at *The Jakarta Post*. Feedback from conference delegates was overwhelmingly positive.

Helping develop future leaders

The department's Australia Awards program helps train future leaders and delivers results. Dr Lam Minh Yen received her Masters of Science in Infectious Disease at Flinders University in 2001 through the Australia Awards. Prior to completing her scholarship she was head of intensive care in the Hospital for Tropical Diseases in Ho Chi Minh City. In October 2006, she was promoted to Vice Director. Dr Yen trains and mentors hundreds of medical students each year in treating serious cases of tetanus, dengue shock syndrome, severe sepsis, hand-foot and mouth disease, infections of the central nervous systems and HIV/AIDS. In the last year, the mortality rate for these diseases at her hospital was the lowest in Vietnam and she was considered one of the top tropical disease specialists in the world.

Program 1.10 ODA emergency, humanitarian and refugee program

Objective

- To assist developing countries to respond to emergencies and assist refugees.

Deliverable	2013–14 result	Reporting
<ul style="list-style-type: none"> To assist developing countries to respond to emergencies and assist refugees. 	met	below

Key performance indicators	2013–14 result	Reporting
<ul style="list-style-type: none"> Achievement of significant development results.* 	met	below & App. 5
<ul style="list-style-type: none"> Demonstrated organisational effectiveness.* 	met	below & App. 5

* Program 1.10 KPIs were revised over the course of the 2013–14 reporting period. In the *Portfolio Budget Statements 2013–2014*, the KPIs of then AusAID program 1.4 included a reference to tier 2 and tier 3 headline results under the Comprehensive Aid Policy Framework (CAPF). The *Portfolio Additional Estimates Statements 2013–2014* subsequently indicated that a revised set of KPIs for the Australian Aid Program was under development. Revised performance information was published in the *Portfolio Budget Statements 2014–2015*. A new aid policy and performance framework was launched on 18 June (see *Aid overview*, p. 134). In line with the *Requirements for Annual Reports*, the department has reported against the former and current performance information for the entirety of the reporting period. Aggregate reporting of performance over the year against tier 2 and tier 3 CAPF headline results is at App. 5, pp. 266–8.

Overview

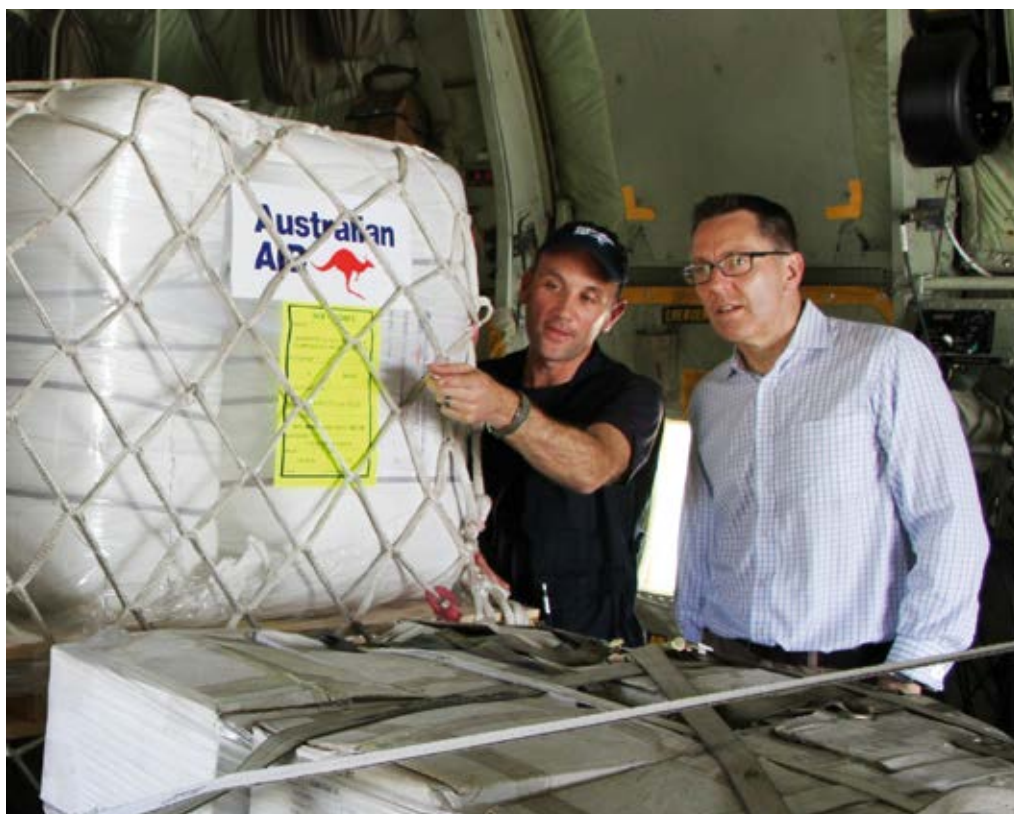
In 2013–14, the department provided an estimated \$271.5 million to deliver life-saving assistance to over 13 million people.

We responded to emergencies in 24 countries. Our humanitarian assistance helped communities struck by disasters, such as Typhoon Haiyan in the Philippines in November 2013 and flooding in Solomon Islands in April 2014. We also provided critical relief to people who were displaced by conflict, persecution or armed violence across the Indo-Pacific, the Middle East and Africa.

The department used proven and effective partnerships with Australian Government, non-government and international agencies to deliver humanitarian assistance. Through the department's Humanitarian Partnership Arrangement with Australian NGOs, we worked with CARE, Caritas, Oxfam, Plan, Save the Children and World Vision to deliver emergency responses in the Philippines, Solomon Islands and Syria.

The department supported national governments in the Indo-Pacific to increase their disaster response capacities. For example, an Australian Civilian Corps (ACC) regional deployment over the 2013–14 cyclone season assisted national disaster agencies in Fiji, Tonga, Samoa and Vanuatu to improve contingency and risk management plans.

The department worked with international partners to build the disaster resilience of vulnerable countries in the Indo-Pacific. Our partnership with the UN Office for Disaster Risk Reduction promoted a 35 per cent increase in the number of countries allocating national funding to disaster risk reduction and increased the number of policies and legislation on disaster risk reduction in the region.



Emergency Manager, Ray Bojczuk (left), briefs Parliamentary Secretary Brett Mason on the emergency stock, part of Australia's response to the Solomon Islands flooding, Honiara, 11 April 2014. [DFAT]

Responding to emergencies

The department maintained its capacity to respond quickly to humanitarian emergencies, including through fielding its own Rapid Response Teams to the Philippines and Solomon Islands and through the provision of pre-positioned relief supplies.

We continued our investment in the Australian Medical Assistance Team (AUSMAT)—made up of qualified medical professionals from a national register managed by the Department of Health. AUSMAT delivers emergency medical care in the aftermath of a disaster. We deployed AUSMAT teams as part of Australia's response to Typhoon Haiyan and also following the Solomon Island floods.

The department also supported a specialist urban search and rescue capability able to be deployed at short notice where large structural collapses have occurred. We maintained two deployable teams from the Queensland Fire and Emergency Services and Fire and Rescue NSW.

The department supported the RedR stand-by deployment capability. Funded by the department, RedR deployed 93 humanitarian specialists (including engineers, protection officers and water, sanitation and public health specialists) to UN humanitarian operations in 18 countries.

Responding to Typhoon Haiyan

Typhoon Haiyan struck the Philippines in November 2013. More than 14 million people were affected, with an estimated four million left homeless. Over 6000 lives were lost.

The department activated its crisis response mechanisms to respond to the consular and humanitarian crises. We issued updated travel advisories and regular travel bulletins alerting Australians to the typhoon and providing advice as to how they might leave affected areas. The department's emergency call centre handled more than 2800 calls and confirmed the safety of about 2250 Australians.

We pre-positioned two departmental emergency response specialists in Manila and, once the typhoon had passed, deployed disaster response teams to manage the whole-of-government response and to assist the Philippine Government with its coordination and relief operations.

Working with international partners, we evacuated more than 3000 people to safety, including 27 Australians. With the help of the Australian Defence Force, the Attorney-General's Department and the Department of Health, the department deployed two 37-member AUSMAT teams. AUSMAT established a 50-bed field hospital with surgical capability at Tacloban Airport. The AUSMAT field hospital treated 3281 patients and performed 238 surgeries.

The department provided a total of \$38.8 million in immediate humanitarian assistance and continues to support recovery and reconstruction efforts through our development program. In addition, Australia has deployed seven Australian Civilian Corps specialists to support the planning, implementation and coordination of recovery activities.



AUSMAT officers, Wendy Rogers – operating nurse Royal Darwin Hospital (left), and Tracy Callan – paramedic South Australia, arrive to assist in the relief efforts following Typhoon Haiyan, Philippines, 15 November 2013. [DFAT]

Working with our partners

The department's humanitarian partnerships are based on mutual commitments to deliver timely humanitarian responses to the most vulnerable and improve the quality of the humanitarian system, with a focus on the Indo-Pacific. By working through high performing international organisations, we are able to extend our global reach to deliver effective humanitarian assistance to those most in need.

UN World Food Programme (WFP)

In 2013–14, the department contributed \$112 million towards WFP's 2013 operations, including \$36 million in core funding and \$10 million for school feeding programs. WFP is an important partner for the department, operating as it does in 14 countries in the Indo-Pacific, where under-nutrition is prevalent.

We also contributed \$10 million to WFP in Pakistan to increase food security and nutrition among vulnerable populations and to deliver technical support to the Pakistani Government to address under-nutrition. In the Philippines, the department provided \$5 million to WFP to deliver emergency food assistance in the wake of Typhoon Haiyan. The department's partnership with WFP supported nutrition assistance in Bangladesh, Bhutan, Cambodia, Laos, Burma and Timor-Leste. We played an active role on the WFP Executive Board,

pressing for the improvement of gender policies and an increased focus of WFP operations in the Indo-Pacific.

UN Office for the Coordination of Humanitarian Affairs (OCHA)

In 2013–14 the department provided a total of \$12.35 million to UN OCHA—\$9 million in core funding and \$3.35 million for its regional and country operations, including \$2.35 million in the Indo-Pacific region.

The department worked closely with OCHA in its stewardship of the Transformative Agenda, which is reforming the international humanitarian system to improve leadership, coordination and accountability.

Central Emergency Response Fund (CERF)

The department contributed \$16 million to the UN CERF in 2013–14. CERF plays an important role in kick-starting rapid response in new and sudden humanitarian crises and in ensuring that on-going humanitarian crises continue to receive critical funding. Our investment helped CERF deliver funding to disasters in 45 countries, including the Philippines, Burma, Pakistan, Syria and South Sudan.

We used our role as Chair of the CERF Advisory Board to guide where, how and when this humanitarian fund provides emergency or gap funding to humanitarian crises.



Staff from the High Commission in Nairobi, Solomon Ngari (left), Caroline Mbuguga (centre) and Josef Rafalowicz, visit one of the Australian-supported WFP School Feeding Program sites, Nairobi, 17 October 2013. [DFAT]

United Nation High Commissioner for Refugees (UNHCR)

In 2013–14, the department provided \$39.8 million, including \$18 million in core funding, to support the international humanitarian work of UNHCR. Our assistance helped provide shelter, water, food, health care and humanitarian protection to 39.7 million refugees and other persons displaced by armed violence or natural disasters across 123 countries. We also supported UNHCR in its search for lasting solutions to displacement.

In line with our focus on improving education outcomes for children, the department provided \$9 million to UNHCR in Jordan to support education and psycho-social services for Syrian and Jordanian children affected by the humanitarian crisis in Syria.

International Committee of the Red Cross (ICRC)

Australia was the ninth largest donor to the ICRC, the department providing \$42 million in 2013–14, including a core contribution of \$22 million.

The ICRC is a proven and highly-valued humanitarian partner. It is the lead international organisation for promoting international humanitarian law, through its humanitarian action and advocacy.

Protection in humanitarian action—responding to sexual and gender-based violence

Sexual and gender-based violence (SGBV) is a serious humanitarian protection issue and its prevention is an important element of the aid program's focus on women and girls. In 2013–14, the department worked to prevent and respond to SGBV in emergencies. We provided \$1 million to support delivery of UNHCR's Sexual and Gender Based Violence Strategy and \$4 million for the ICRC's Special Appeal for strengthening the international response to sexual violence.

The department supported global and regional humanitarian protection programs. We provided \$750 000 to support the Gender Standby Capacity and the Protection Standby Capacity Projects deploying protection and gender specialists to work with global humanitarian organisations in emergencies.

The department was a strong advocate for the consideration of protection issues in emergency responses within the Indo-Pacific region and supported the Sexual and Reproductive Health Programme in Crisis and Post-Crisis settings (SPRINT) initiative. In the aftermath of Typhoon Haiyan and the flooding in Solomon Islands, SPRINT worked with vulnerable girls and women to prevent and manage incidence of sexual violence.

Disability-inclusive humanitarian assistance

The inclusion of the particular needs of people with disabilities during emergencies is a priority. The department worked with the Women's Refugee Council (WRC) to strengthen disability-inclusive programming in refugee settings. Our support enabled the development and distribution of guidance on *Working with Persons with Disabilities in Forced Displacement*. This guidance was based on extensive field assessments and consultation with over 770 refugees with disabilities.

We also assisted the WRC deliver technical support and training on the inclusion of disability in humanitarian action to UNHCR country offices and disability organisations in eight countries. A ground-breaking WRC report, *Disability Inclusion: Translating Policy into Practice in Humanitarian Action*, providing practical guidance for humanitarian actors on disability inclusive humanitarian action was released on 22 April 2014.

Reducing risk and building resilience

Risk management approaches that anticipate, mitigate and prepare for natural disasters reduce the impact of shocks when they occur. In the aftermath of catastrophic events, there is an opportunity to rebuild more resilient systems, communities and households, better able to withstand future disasters and crises.

The department delivered \$100 million in disaster risk reduction expenditure, mostly through country development programs. We focused on decreasing the vulnerability of critical service delivery systems, including health and education, and on building resilience in communities in the Indo-Pacific. For example, we supported the Pacific Risk Resilience Program (PRRP), to strengthen links between governments and communities in Fiji, Solomon Islands, Tonga and Vanuatu on disaster risk reduction. In Solomon Islands, the PRRP built community knowledge of food stocks and farming that is more resilient to natural disasters.

The department partnered with the World Bank's Global Facility for Disaster Reduction and Recovery to design and implement the Global Program for School Safety (GPSS). Where a country committed to invest in its national education sector, the GPSS provided support to build disaster-safe schools.

Australian Civilian Corps

The department manages the Australian Civilian Corps (ACC) register of specialists, and their deployment. The register is made up of experienced specialists who can deploy into crisis or disaster affected situations as Commonwealth employees. The ACC register has more than 500 specialists and since its inception in 2011 the ACC has undertaken more than 100 deployments.

In 2013–14, the ACC deployed 50 specialists to 17 countries, providing 215 person-months of assistance. The ACC supported credible election processes in Nepal and Papua New Guinea and elections preparations in Fiji; provided assistance to national disaster management offices in Timor-Leste, Tonga, Vanuatu and Fiji; supported recovery after Cyclone Evan in Samoa; and assisted the peace process in Mindanao in the Philippines.



ACC electoral officer, Julie Green, assisting with the transfer of local government election ballot papers, Port Moresby, July 2013. [DFAT]

Program 1.11 ODA multilateral replenishments

Objective

- To assist developing countries through contributions to multilaterals.

Deliverable	2013–14 result	Reporting
To assist developing countries through contributions to multilateral organisations.	met	below

Key performance indicators	2013–14 result	Reporting
Achievement of significant development results.*	met	below & App. 5
Demonstrated organisational effectiveness.*	met	below & App. 5

* Program 1.11 KPIs were revised over the course of the 2013–14 reporting period. In the *Portfolio Budget Statements 2013–2014*, the KPIs of then AusAID program 1.5 included a reference to tier 2 and tier 3 headline results under the Comprehensive Aid Policy Framework (CAPF). The *Portfolio Additional Estimates Statements 2013–2014* subsequently indicated that a revised set of KPIs for the Australian Aid Program was under development. Revised performance information was published in the *Portfolio Budget Statements 2014–2015*. A new aid policy and performance framework was launched on 18 June (see *Aid overview*, p. 134). In line with the *Requirements for Annual Reports*, the department has reported against the former and current performance information for the entirety of the reporting period. Aggregate reporting of performance over the year against tier 2 and tier 3 CAPF headline results is at App. 5, pp. 266–8.

Overview

The department works with multilateral organisations because their global reach and ability to leverage additional funding support and expertise delivers real development results. They also play an important role in setting standards for development and in facilitating research on global development challenges. Under the new aid policy, the department began preparations to design and apply revised systems to assess the performance of multilateral delivery partners and ensure stronger links between performance and funding. We will work closely with multilateral partners in developing the new arrangements.

joint annual performance assessments of multilateral organisations. We secured major changes to MOPAN's approach, making it more responsive to the needs of members. We were involved in MOPAN's development of a new assessment methodology which will be implemented from 2015.

OECD Development Assistance Committee

We played a key role in shaping the analytical work of the OECD's Development Assistance Committee (DAC) serving, for example, as an examiner on the DAC peer review of Japan's development programs. We participated in DAC networks, including gender equality (as chair) and governance (as co-chair). We prioritised engagement on conflict and fragility.

The DAC is revisiting the scope and measurement of ODA to ensure it can more accurately reflect the contemporary development finance landscape. We are actively supporting this process which is due to conclude in December 2014.

Working with others to enhance multilateral effectiveness

In 2013–14, the department chaired the Multilateral Organisation Performance Assessment Network (MOPAN), a network of 18 bilateral donors that undertakes

Multilateral development banks and replenishments

World Bank Group

The department provided an estimated \$483 million to the World Bank Group (WBG)—one of our key global partners. Our contribution leverages the World Bank's capital to support conditions for economic growth, including creating better conditions for trade and investment. Working with the WBG on joint activities, especially in the Indo-Pacific region, extends the reach, quality and impact of our aid program.

International Finance Corporation

In collaboration with the International Finance Corporation (IFC), the private sector financing arm of the WBG, we helped support private sector development and access to finance across the Pacific. IFC support helped mobilise almost \$1 billion in private investment, through public private partnerships that are expected to improve infrastructure and health services for millions of people. In addition, in the Indo-Pacific region, IFC and its clients have supplied 31.1 million people with gas, delivered 120 million phone connections, and encouraged US\$310 million in new investments.

International Development Association

The International Development Association (IDA) is the part of the WBG that supports the world's poorest 82 countries through highly concessional loans and grants designed to boost economic growth, reduce inequalities, and support shared

prosperity. We provided \$218 million in core funding to the IDA, making Australia the 10th largest contributor.

Our advocacy helped secure a record capital replenishment of the IDA in December 2013 despite global economic pressures. This replenishment included agreement to a strong package of policy reforms on supporting economic growth and jobs, private sector development, value for money, results monitoring and improved assistance to fragile and conflict-affected states.

Asian Development Bank

The Asian Development Bank (ADB) is a key partner in the Asia-Pacific region, due to its strong focus on supporting economic development, infrastructure, regional cooperation and integration, and on catalysing private sector engagement in developing member countries. Australia is the fifth largest shareholder and second largest contributor to the Asian Development Fund.

In 2013–14, we provided \$101.1 million in core contributions to the ADB through the fund. Our contribution helped train more than 13 300 teachers, build or upgrade more than 590 kilometres of roads and provide more than 183 000 people with access to safe water. We also provided \$76.6 million in funding for joint projects with the ADB at country, sector and regional levels, mainly targeting infrastructure, health, education and private sector development in the Greater Mekong subregion and in the Pacific.

Program 1.12 ODA UN, Commonwealth and other international organisations

Objective

- To assist developing countries through contributions to the United Nations, Commonwealth and other international organisations.

Deliverable	2013–14 result	Reporting
<ul style="list-style-type: none"> To assist developing countries through contributions to the United Nations, Commonwealth and other international organisations. 	met	below

Key performance indicators	2013–14 result	Reporting
<ul style="list-style-type: none"> Achievement of significant development results.* 	met	below & App. 5
<ul style="list-style-type: none"> Demonstrated organisational effectiveness.* 	met	below & App. 5

* Program 1.12 KPIs were revised over the course of the 2013–14 reporting period. In the *Portfolio Budget Statements 2013–2014*, the KPIs of then AusAID program 1.6 included a reference to tier 2 and tier 3 headline results under the Comprehensive Aid Policy Framework (CAPF). The *Portfolio Additional Estimates Statements 2013–2014* subsequently indicated that a revised set of KPIs for the Australian Aid Program was under development. Revised performance information was published in the *Portfolio Budget Statements 2014–2015*. A new aid policy and performance framework was launched on 18 June (see *Aid overview*, p. 134). In line with the *Requirements for Annual Reports*, the department has reported against the former and current performance information for the entirety of the reporting period. Aggregate reporting of performance over the year against tier 2 and tier 3 CAPF headline results is at App. 5, pp. 266–8.

Overview

The department supported the United Nations, Commonwealth and other international organisations to promote sustainable economic growth and poverty reduction.

UN agencies

The department's official development assistance delivered through UN agencies totalled approximately \$601.2 million in 2013–14, a proportion of which was provided under other ODA programs. Our funding contributed to a reduction in poverty by increasing access to maternal and child health services, safe water, sanitation facilities and primary education.

UN agency funding

The department provided an estimated \$94.4 million to the UN Development Programme (UNDP), including \$20.7 million in core funding. This funding helped UNDP, among other things, create 6.47 million jobs, over half for women, in 109 countries; provide enhanced social protection in 72 countries; deliver life-saving anti-retroviral treatment for HIV/AIDS to one in seven of all people receiving treatment worldwide; assist electoral work in 68 countries, including registering 3.4 million new voters in Afghanistan, 34.5 per cent of them women; improve access to justice and legal aid, particularly for women, in 117 countries; and assist 36 countries fulfil their international human rights commitments.

We worked closely with the UN Children's Fund (UNICEF), providing \$34.1 million in core funding through a partnership framework and an estimated \$109.2 million overall. This funding helped UNICEF to deliver therapeutic feeding programs to 2.4 million children with acute malnutrition; vaccinate 35.9 million children for measles; provide 24.3 million people with access to safe water; provide access to HIV prevention, care and treatment for 1.6 million pregnant women; help 7.4 million people access appropriately designed toilets; and provide access to safe community spaces, learning spaces and psychological support for 2.5 million children in emergency situations. As a result of our advocacy, both UNDP and UNICEF adopted improved processes for reporting on results under their strategic plans.

The department continued its support for the UN Entity for Gender Equality and the Empowerment of Women (UN Women). We provided \$8 million in core funding and over

\$10 million in non-core funding to UN Women. We used our position on the UN Women Board, including as Vice President in 2014, to highlight the experience of women in the Pacific and the importance of tackling violence against women.

We provided \$7.2 million to the UN Programme on HIV and AIDS (UNAIDS), comprising a core contribution of \$3.6 million and an additional \$3.6 million allocated for the Asia–Pacific region. This funding facilitated better international coordination of the global response to HIV/AIDS by providing technical assistance to countries on strategic investment cases, guidance on targeting key populations and management of regional civil society networks. As chair of the UNAIDS Programme Coordinating Board in 2014, we focused on raising awareness of the needs of countries with higher disease burdens in the Indo–Pacific.

Staff profile

Andrew Thackrah

*Executive Officer, International Organisations
Branch, Canberra*



I started working at the former AusAID in December 2012. Initially, I was in the Bilateral Partnerships Team that worked to promote links between the Australia and other major aid donors, such as the United Kingdom and the United States. I enjoyed learning about the development programs of our partners and gained a lot from the experience and sense of humour of my colleagues. At AusAID I was also part of a taskforce that help arrange two major international Mining for Development Conferences.

After the integration of the aid program with DFAT, I became a member of the department's UN Economic and Development Team. My current role is to manage Australia's relationship with UNICEF. Recently, I represented Australia at UNICEF's Executive Board in New York and organised a visit to Australia by the fund's deputy head. These events presented opportunities to enhance Australia's partnership with UNICEF, particularly in the Indo–Pacific region.

Since joining the department, I have learnt a lot from colleagues who have diverse experiences in both foreign and trade policy. I have also enjoyed the experience of being a union representative involved in negotiating the department's new Enterprise Agreement.



Ambassador and Permanent Representative to the United Nations in Geneva, Peter Woolcott (right), LES Health Adviser, Timothy Poletti (centre), and Youth Representative, James Gray, attend the 33rd UNAIDS Programme Coordinating Board meeting, Geneva, 17–19 December 2013. [Jenny Da Rin]

The department provided \$15 million in core funding to the UN Population Fund (UNFPA) to improve reproductive health, family planning and gender equality; implement the International Conference on Population and Development Programme of Action in the Indo-Pacific region; and contribute to the international post-2015 development agenda. Our four-year, \$12 million commitment to the UN Peacebuilding Fund complemented Australia's advocacy of inclusive approaches to peacebuilding.

Commonwealth organisations

The department provided approximately \$11.9 million in assistance to the Commonwealth Foundation, the Commonwealth Youth Programme, the Commonwealth of Learning and the Commonwealth Fund for Technical Cooperation. We supported the Commonwealth People's Forum in Sri Lanka in November 2013 to engage civil society with Commonwealth leaders on global development issues.

Our support for the Commonwealth of Learning contributed to the Lifelong Learning for Farmers initiative, which strengthened livelihoods and empowered 177 000 farmers, 65 per cent of whom were women, in poorer sections of

rural societies throughout the Commonwealth. Through the Commonwealth Fund for Technical Cooperation we enabled election observers to participate in 13 elections in Commonwealth countries, including Sierra Leone and Pakistan. A Commonwealth financial literacy program in Vanuatu reached in excess of 4000 rural villagers, with over 3000 new accounts opened.

International education programs

The department contributed \$70 million to the Global Partnership for Education (GPE) to improve access to and the quality of education for children in developing countries. Our advocacy at the Board level resulted in GPE approving a regional grant to the Pacific of \$8.5 million in 2013, which will benefit Papua New Guinea and Tonga.

We contributed \$2.6 million to foster innovation in teaching reading in the early school years through a partnership with USAID and World Vision under the All Children Reading Grand Challenge for Development. We also supported the UNESCO Institute for Statistics to improve assessment and tracking of education quality. Funding for the World Bank's Systems Approach to Better Education Results program helped initiate 48 new assessments of policy constraints limiting the performance of developing countries' education systems.

International health programs

Since 2004, we have provided \$410 million to the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund). Our \$100 million contribution in 2013–14, helped provide antiretroviral therapy for 36 000 people with HIV/AIDS, treat 30 000 people with tuberculosis, and distribute one million insecticide treated bed nets to prevent malaria. Our investment leveraged greater resources to the region, with the Global Fund investing more than ten times the amount contributed by Australia to the fund in the Indo-Pacific region.

In 2013–14, the department contributed \$52.5 million to the Global Alliance for Vaccines and Immunisation (GAVI), supporting the immunisation of 1 536 000 children in developing countries. We also contributed \$4.9 million to the International Finance Facility for Immunisation to raise funds for vaccines. We used our membership of the GAVI Board to increase GAVI's engagement and investment in our region.

We provided \$20 million in voluntary core funding to the World Health Organization (WHO) to support its General Programme of Work 2014–19. The department supported country and regional priorities and specific health issues, including the health emergency response in Syria and the Global Polio Eradication Initiative and Endgame Strategic Plan 2013–2018, to which we contributed \$15 million.

Other funding investments in the health sector included: \$2.95 million to the UNFPA Global Programme to Enhance Reproductive Health Commodity Security; \$2 million core funding for the International Planned Parenthood Federation and a further \$2 million to support its work improving access to sexual and reproductive health services in South Asia. Our contribution helped to improve access to family planning and reproductive health in our region.

International sustainable development programs

The department committed \$93 million to support the Global Environment Facility's (GEF) sixth replenishment and influenced the strategic direction of its policies and programs, including increased allocations to the Indo-Pacific region and enhanced private sector engagement. We worked with the GEF to address environmental problems such as biodiversity loss, land degradation and cross-border water issues.

We used our position on the Green Climate Fund Board to direct focus in three areas: engagement with the private sector, including through new financial instruments

and platforms that target institutional investors; involvement in the Indo-Pacific, especially through support for small island developing states; and integration of gender considerations. The selection of the Republic of Korea as host of the fund, with our support, was an important outcome for the Indo-Pacific.

Global development

The department contributed to the global development effectiveness agenda, working with both traditional and new donors on transparency, private sector partnerships, strengthening domestic resource mobilisation and improving results. We supported the Foreign Minister's participation at the first High-Level Meeting of the Global Partnership for Effective Development Cooperation in April 2014 where she placed a strong focus on promoting the role of taxation in development and the G20's work in this area.

Outlook

The department will provide \$140 million for GPE's new four-year replenishment period (2015–18). We will also contribute \$200 million to the Global Fund over 2014–16 and commit a further \$100 million over five years to support polio eradication and routine immunisations.

The department will continue to engage in negotiations on the post-2015 global development agenda with a specific focus on economic growth, gender equality and women's economic empowerment, peace and governance. This process will culminate in the UN General Assembly Leaders' Summit in September 2015.

Contributing to the shape of the future development finance architecture will be a priority. We will focus on the catalytic role of official development assistance and promote the importance of mobilising and effectively spending all sources of finance—including from the private sector.

Program 1.13 ODA NGO, volunteer and community programs

Objective

- To assist developing countries through contributions to non-government organisations, volunteer and community programs.

Deliverable

- To assist developing countries through contributions to non-government organisations, volunteer and community programs.

2013–14
result

met

Reporting

below

Key performance indicators

- Achievement of significant development results.*
- Demonstrated organisational effectiveness.*

2013–14
result

met

met

Reporting

below &
App. 5

below &
App. 5

* Program 1.13 KPIs were revised over the course of the 2013–14 reporting period. In the *Portfolio Budget Statements 2013–2014*, the KPIs of then AusAID program 1.7 included a reference to tier 2 and tier 3 headline results under the Comprehensive Aid Policy Framework (CAPF). The *Portfolio Additional Estimates Statements 2013–2014* subsequently indicated that a revised set of KPIs for the Australian Aid Program was under development. Revised performance information was published in the *Portfolio Budget Statements 2014–2015*. A new aid policy and performance framework was launched on 18 June (see *Aid overview*, p. 134). In line with the *Requirements for Annual Reports*, the department has reported against the former and current performance information for the entirety of the reporting period. Aggregate reporting of performance over the year against tier 2 and tier 3 CAPF headline results is at App. 5, pp. 266–8.

Overview

The department's partnerships with civil society organisations enhance the effective delivery of the aid program. Civil society organisations can deliver services directly, facilitate local enterprise and self-sufficiency, utilise extensive networks and help reduce reliance on government. The Civil Society Engagement Framework—developed in consultation with NGOs—underpinned our work in this area.

Over the coming year the department will refresh the framework to reflect the department's civil society engagement across all foreign, trade and development priorities in line with the new aid policy.

Partnership with the Australian Council for International Development

The department worked with the Australian Council for International Development (ACFID) to promote a professional and accountable development NGO sector. We drew on the knowledge, skills and strengths of ACFID members in the implementation of Australian aid. ACFID and its members played an important role in the development of the new performance framework, including participating in an informal working group convened by Parliamentary Secretary Senator Mason.

The Australian NGO Cooperation Program

The department provided \$131 million to 44 accredited Australian NGOs to deliver projects that alleviate poverty in developing countries under the Australian NGO Cooperation Program (ANCP). We accredited six new organisations to the ANCP and signed partnership agreements with ten of the largest Australian NGOs to support programs that contributed to poverty reduction and sustainable development.

Through the ANCP, we helped deliver 667 projects in more than 60 countries, directly benefiting the lives of more than 20 million people. We also introduced changes to the program to improve delivery and enhance results, updating the grants management system, ANCP Online, to simplify reporting processes and to capture program results in gender, disability and private sector areas. We commissioned an independent evaluation of the ANCP by the department's Office of Development Effectiveness (ODE) for 2014–15.

The department conducted an evaluation of nine NGO activities located in Cambodia, including initiatives focused on women and people with a disability. The evaluation noted that NGO performance and quality was notably stronger than the last assessment in 2006. The department also conducted in-country monitoring of programs in Ethiopia, Thailand, Peru, Nepal and Zimbabwe. NGOs and their local partners demonstrated strong program results. As a result of the monitoring visits, we recommended improved Australian aid branding of NGO activities, development of enhanced risk analysis in some programs, and greater cooperation between Australian NGOs to enhance development results.

Overseas aid gift deduction scheme

The department continued to simplify and streamline the process through which Australian charities are granted approval to offer tax deductible receipts for public donations for their international development activities. An online processing service commenced, with over 30 organisations taking the opportunity to move away from the existing paper-based process.

Engaging with Australian business on development

Strengthening private sector development is a key objective of the aid program. Closer engagement between the department and the business community, in Australia and in our partner countries, helps us to deliver on this goal and maximise the impact and effectiveness of our programs.

We strengthened links with the Australian business community through secondments, workshops and conferences, engagement with industry groups and direct outreach. We focused on identifying practical ways to work together to boost women's economic empowerment, infrastructure development and vocational education and training.

In July 2013 the department signed an MOU with Carnival Cruises Australia to combine resources, networks and experience to enhance economic growth in the Pacific. The MOU outlined areas for joint cooperation in Vanuatu and Papua New Guinea, focusing on vocational education and training, recruitment of local staff, direct sourcing of handicrafts, artwork and local produce where possible, and support for tourism development.

The department supported the National Dialogue on the Role of the Private Sector in Development and Aid for Trade at the University of Adelaide. The forum provided an opportunity for Australian business leaders, government and academia to share best practice approaches to private sector development initiatives. The forum resulted in the formation of the Australian Trade and Development Business Network and the department maintained regular engagement with this group.

The department seconded an officer to the Business Council of Australia to enhance linkages and improve understanding of the international priorities of Australian businesses.

We convened a business roundtable on Africa in Perth and promoted partnerships with the private sector under the Australia Awards program and through the mining skills development initiative. We engaged with the Australia–Africa Mining Industry Group at the annual Africa Down Under conference in Perth. The department used aid funding to build regulatory capabilities in developing countries through the International

Mining for Development Centre, and supported enabling policy frameworks such as the Africa Mining Vision.

Following the Australia Papua New Guinea Business Council Expo in May 2014, we held a business roundtable to share lessons with the private sector on aid delivery in Papua New Guinea.

The department built the evidence base for private sector development activities in developing countries. We worked with the Overseas Development Institute to identify best practice models for donor partnerships with business in Vietnam, Burma, Papua New Guinea and Indonesia.

Australian Volunteers for International Development

We invested \$55.3 million supporting more than 2006 Australian volunteers in 43 countries under the Australian Volunteers for International Development (AVID) program.

More than 80 per cent of volunteers were on assignment in the Indo-Pacific region, focusing on governance, health, education, and social infrastructure and services in a range of non-government, government, educational and small business organisations.

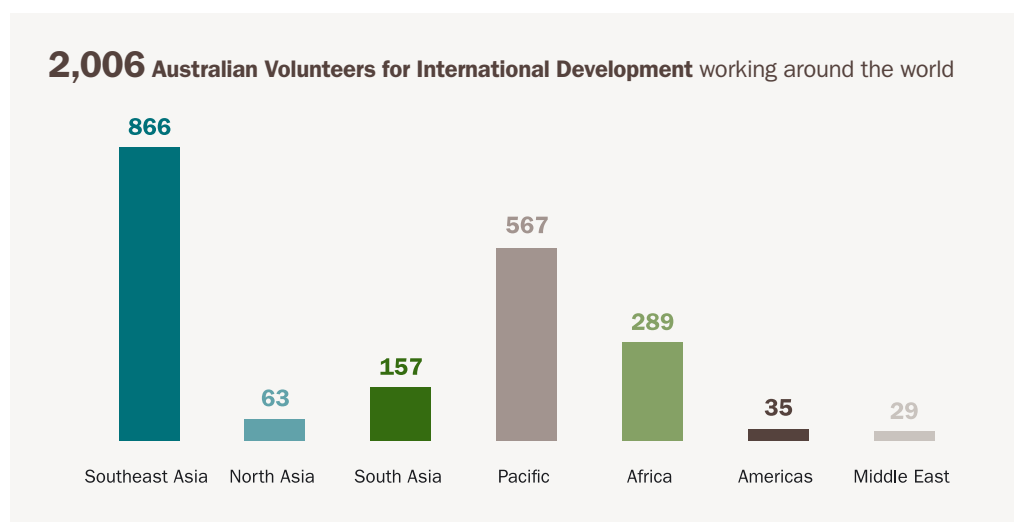
The largest volunteer programs were in Indonesia, Cambodia, Vietnam, the Philippines, Timor-Leste, Fiji, Solomon Islands, and Vanuatu.

In January 2014, the ODE released the findings of its independent evaluation of the AVID program. The evaluation confirmed that Australian volunteers are making an effective contribution to the capacity of host organisations, providing their staff with new knowledge and skills and developing people-to-people links.

In response to the ODE evaluation, the department introduced reforms to improve the efficiency and effectiveness of the AVID program including by: consolidation of the program under a single brand; a more targeted geographic reach; an increase in involvement by posts; more formal support networks for both volunteers and host organisations; a refocus on developing the long-term capacity of host organisations; and implementation of a simplified performance monitoring system.

The department worked closely with its three AVID delivery partners—Scope Global (Austraining International), Australian Red Cross and Australian Volunteers International—to implement the ODE reforms, and to mobilise, manage and support volunteers.

Figure 24: AVID by region, 2013–14



Program 1.14 Programs to promote Australia's tourism interests*

Objective

- To administer programs that strengthen and stimulate growth in the tourism industry or support Australian business to become sustainable.

* Program 1.14 was introduced in the *Portfolio Supplementary Additional Estimates Statements (SAES) 2013–14* and is administered by Austrade. Program 1.14 activities were transferred from Program 3: 'Tourism Related Initiatives and Management' in the former Department of Resources, Energy and Tourism (DRET) *Portfolio Budget Statement 2013–2014*. Further information about the program can be found in the 2013–14 SAES and the *Portfolio Budget Statements 2014–15*.

Administered items:

- T-QUAL grants program
- Tourism Industry Regional Development Fund grants program

The department received \$16.801 million in appropriations for Program 1.14 – Programs to promote Australia's tourism interests – on behalf of the Australian Trade Commission (Austrade).

The department made payments on behalf of Austrade in 2013–14 of \$6.216 million for the T-QUAL grants program and \$4.563 million for the Tourism Industry Regional Development Fund (TIRF) program to support Australian tourism business.

These payments were made in full and on time.

Performance reporting under this program is included in the Austrade 2013–14 Annual Report.

For reporting on international tourism policy and engagement under Program 1.1 – Foreign affairs and trade operations – see 1.1(9), p. 88.

Departmental program support

Outcome 1 (ODA)

Objective

- To support the implementation and management of Australia's international aid program.

Key performance indicators	2013–14 result	Reporting
Support for the efficient and effective delivery of aid.*	met	below & App. 5
Demonstrated organisational effectiveness.*	met	below & App. 5

* 'Departmental program support Outcome 1' KPIs were revised over the course of the 2013–14 reporting period. In the *Portfolio Budget Statements 2013–2014*, the KPIs of then AusAID 'Departmental Support: Outcome 1' comprised: implementation of the Comprehensive Aid Policy Framework (CAPF), including achievement of results under tier 3 of the CAPF Results Framework; production of the Annual Review of Aid Effectiveness; and Implementation of the Performance Management and Evaluation Policy. The *Portfolio Additional Estimates Statements 2013–2014* subsequently amended the name of the program and indicated that a revised set of KPIs for the Australian Aid Program was under development. Revised performance information was published in the *Portfolio Budget Statements 2014–2015*. A new aid policy and performance framework was launched on 18 June (see *Aid overview*, p. 134). In line with the *Requirements for Annual Reports*, the department has reported against the former and current performance framework for the entirety of the reporting period. Aggregate reporting of performance over the year against tier 2 and tier 3 CAPF headline results is at Appendix 5, pp. 266–8. The *Portfolio Budget Statements 2013–2014* and *Portfolio Additional Estimates Statements 2013–2014* do not list Deliverables for this program.

Overview

Throughout a year of significant organisational change, the department continued to manage its financial, human and other resources to ensure the delivery of an efficient and effective aid program.

Managing performance in the aid program

A new performance framework for the aid program

The department focused on contributing to the Government's new performance framework for the aid program—*Making Performance Count*. The framework introduced ten strategic targets and a process for identifying country and regional-level performance benchmarks to ensure the aid program is well managed and making progress in delivering key development priorities. It also strengthened links between funding and performance at all levels of the aid program, ensuring a sharper emphasis on results and value for money. (See *Aid overview and outlook*, pp. 134–5.)

Quality checks of aid investments

Under the department's aid management policies, all country and regional aid investments over \$3 million must have the quality of their implementation assessed annually. In 2013–14, over 99 per cent of these aid investments were assessed against six criteria: effectiveness, efficiency, relevance, sustainability, monitoring and evaluation and gender. These assessments are subject to peer moderation and independent quality assurance by the department's Office of Development Effectiveness (ODE). (See *Section 3*, p. 231.)

Aid program performance reviews

The department also assesses the performance of country and regional portfolios of aid investments against their strategic objectives. These assessments are published in annual Aid Program Performance Reports (APPRs) and subjected to independent quality assurance by the ODE.

During the year, 34 APPRs were published covering all 36 countries and regions where the aid program operated. ODE's independent review of the quality of APPRs affirmed that they generally provided frank, well-written explanations of performance and served their accountability role well.

Staff profile

Shireen Sandhu

*Director, South West Asia Development
Operations Branch, Canberra*



I began my development career in 1989 in the former AusAID. I've had a rich and diverse career including postings to Papua New Guinea on two occasions, Vietnam, and recently to Geneva as development counsellor responsible for advancing Australia's development policy objectives and relationships on humanitarian and global health issues with key multilateral partners.

Working closely with senior PNG Government officials in the Department of Provincial and Local Government Affairs in Port Moresby was an early career highlight. Embedded within the department, I helped sub-national levels of PNG government strengthen efforts to deliver basic services to their people.

Much of my work in Geneva involved holding UN agencies to account and ensuring the humanitarian system was fit for purpose. I found my experiences in Papua New Guinea and Vietnam allowed me to advocate effectively for issues relevant to our part of the world. In 2013 I saw the value and importance of Australia's support to multilateral humanitarian and health agencies during a field mission in remote areas of Burma where conflict had resulted in loss of life and livelihoods and the displacement of more than 100 000 civilians. Many internally displaced people told us Australian support had helped them move freely to look for paid work and ensure their children had access to education and health services.

Simplifying aid management systems and strengthening aid management capabilities

Building and supporting aid management capability across the integrated department was an important priority to ensure effective and efficient delivery of the aid program. We simplified aid management systems and revised governance arrangements, reflecting the integration of aid with other responsibilities of the department. We developed new aid management guidance to support the new performance framework (replacing the previous Performance Management and Evaluation Policy).

The department conducted 195 aid management training sessions covering design of aid investments, management of risk and fraud, contracting and procurement, monitoring and evaluation, public financial management, and safeguards including child protection. Work also commenced on development of a four-year

strategic workforce plan, which will include elements to further enhance aid management capabilities within the department.

Efficiency and value for money

The department implemented a range of initiatives to ensure the Australian aid program was managed efficiently and delivered value for money.

Value for money principles and targets

We introduced value for money principles which address the efficient, effective, economical and ethical use of aid resources. These principles will be progressively embedded into aid management policies and processes.

The new performance framework includes a target requiring high standards of value for money to be met in at least 85 per cent of aid investments. Investments that do not meet these standards will have one year to improve or be cancelled.

Consolidation of aid investments

The department continued with efforts to consolidate the aid program to focus on fewer, larger investments, in order to increase their impact and effectiveness while reducing administrative costs. Good progress was achieved with the total number of current aid investments decreasing by 12 per cent since June 2013. The introduction of a target to reduce the number of investments by 20 per cent by 2016–17 under the new performance framework will drive further efficiency improvements.

Use of advisers in the aid program

The department contracts advisers to support aspects of the delivery of the aid program. An adviser's assignment can range from providing short-term technical expertise to working closely with counterparts for several years to build skills in areas like economic management, education and infrastructure development. We continued to implement measures to ensure that advisers were engaged in a way that maximised development outcomes and value for money.

The Aid Adviser Remuneration Framework requires fees for all internationally-sourced advisers to be set according to fixed remuneration tables and benchmarked against the practices of other international development agencies. The framework promotes transparency of adviser remuneration and benefits, ensures consistency across departmental activities and encourages a more rigorous selection process with a stronger focus on performance.

We published stocktake reports on the use of advisers. The latest stocktake report (covering the period from 1 July to 31 December 2013) released in June 2014 found that the framework had successfully standardised adviser remuneration.

Evaluating the effectiveness of Australian aid

Quality checks of investments and annual program performance reports are complemented by independent evaluations. The ODE commissions strategic evaluations each year. In addition, operational evaluations are commissioned by staff with direct program management responsibilities. The ODE also tests the robustness of the department's assessment of aid results through an annual spot check of the ratings given by aid managers to individual investments and quality reviews of annual program performance reports.

The ODE produced seven major publications in 2013–14 which together help to describe the performance of Australian aid across a broad range of geographic and sectoral areas:

- *Lessons from Australian Aid*, a summary of the key findings of recent evaluations and quality assurance products;
- *Australian Volunteers for International Development Evaluation Report*, which helped reshape and reinvigorate the department's volunteer initiatives;
- *Evaluation of Australian aid to Timor-Leste, 2009–13*, which examined one of Australia's top 10 bilateral aid programs by value;
- *Evaluation of Australia's response to the 2011 Horn of Africa humanitarian crisis*, which provided key lessons to enhance our future humanitarian assistance;
- *2013 Quality review of aid program performance reports*, which assessed the department's reporting of bilateral and regional program performance;
- *Quality of Australian aid operational evaluations*, a comprehensive review of 87 aid evaluations undertaken in 2012; and
- *Learning from Australian aid operational evaluations*, a summary of the common lessons from the best of the department's 2012 operational evaluations.

As well as enhancing accountability for aid spending, ODE evaluations assisted the continuous improvement of the aid program by informing the future direction, design and delivery of investments. *Lessons from Australian Aid*, for example, synthesised important lessons on the role of policy dialogue and of non-state actors in delivering effective aid and raised the need for a more sophisticated approach to building capacity in partner countries.

Transparency

The department maintained high standards of transparency and accountability in the management of the aid program. We published policies, plans, results, evaluations, research and detailed statistics on our website. We fulfilled Australia's aid reporting obligations to the OECD Development Assistance Committee and International Aid Transparency Initiative. Through the AusTender website (www.tenders.gov.au), the department also published information on aid-related business opportunities, annual procurement plans, multi-use lists and contracts awarded.

Under the new development policy, information on the performance and results of Australian aid will be publicly reported through an annual *Performance of Australian Aid* report. This will report on progress against the ten strategic targets in the new performance framework, and summarise country and regional aid program performance.

Whole-of-government engagement

Delivery of the Australian aid program is a whole-of-government effort which harnesses specific experience, skills and knowledge across a range of Australian Government agencies to help reduce global poverty and improve prosperity and stability in our region.

In 2013–14, an estimated \$748.5 million representing around 14 per cent of total ODA was delivered by other government agencies. These included ACIAR, which invested an estimated \$94.1 million for research and development to improve food security and rural development for sustainable economic growth. The Australian Federal Police also invested an estimated \$126.8 million to support law and justice initiatives in a number of countries, including Solomon Islands, Papua New Guinea and Timor-Leste.

We worked closely with other government agencies on a range of initiatives to implement and enhance the effectiveness and transparency of the aid program. We prepared the *2012–13 Annual Review of Aid Effectiveness*, which covered the aid spending of all government agencies, and hosted an interdepartmental committee which facilitated consistency and efficiency in the planning, delivery, monitoring and reporting of aid activities. Through the Public Sector Linkages Program, the department drew on the skills of APS employees in other agencies to help implement public sector capacity building programs in developing countries. We also commenced the Government Partnerships for Development Program which will enable public sector skills sharing to continue on a larger scale. In addition to these programs, we also funded the delivery of capacity building activities by over 37 Australian Government agencies.

Outcome 2: Consular and passport services

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

Program 2.1	Consular services	196
Program 2.2	Passport services	204

Program 2.1 Consular services

Objective

- To support and assist Australian travellers and Australians overseas through high-quality consular services, including accurate and timely travel advice, practical contingency planning and rapid crisis response.

Deliverables	2013–14 result	Reporting
<ul style="list-style-type: none"> High-quality consular services to an increasing number of Australian travellers and Australian citizens living overseas, including notarial services and assistance with welfare issues, whereabouts enquiries, arrest or detention matters, deaths, medical emergencies and payment of travellers emergency loans to Australians in need. 	met	pp. 196–203
<ul style="list-style-type: none"> High-quality travel advisory services, including issuing accurate and timely travel information on travel destinations, promoting this information through continuation of the <i>Smartraveller</i> campaign and effectively managing an online travel registration service. 	met	p. 201
<ul style="list-style-type: none"> Effective consular contingency planning for major events or high-risk scenarios, including through regular reviews of procedures and available resources, training of staff, and coordination with other government agencies and foreign governments. 	met	pp. 197–200
<ul style="list-style-type: none"> Coordination of whole-of-government responses to large-scale crises involving conflict, civil unrest, natural disasters or terrorist incidents. 	met	pp. 199–200

Key performance indicators	2013–14 result	Reporting
<ul style="list-style-type: none"> The department's delivery of consular services is effective, efficient, timely and responsive, and within the scope of Australian Government responsibility. 	met	pp. 196–203
<ul style="list-style-type: none"> Accurate and timely travel advisories which provide clear guidance to a broad audience of potential risks and the extent of Australian Government assistance, and continued growth of public use of the <i>Smartraveller</i> website and the online registration service. 	met	pp. 196–201
<ul style="list-style-type: none"> Consular contingency planning accurately anticipates high-risk events and scenarios, necessary resources for response are readily available, procedures and networks remain valid and viable, and plans are tested and reviewed regularly. 	met	pp. 197–203
<ul style="list-style-type: none"> Timely and effective consular support to Australians through well-coordinated implementation of whole-of-government responses to large-scale crises. 	met	pp. 199–200

Overview

The department provided assistance to 14 558 Australians in difficulty overseas in 2013–14, an increase of 22 per cent from the previous year. In recognition of the strong demand for and often unrealistic public expectations of consular assistance, the department began work on a three-year Consular Strategy. The strategy will introduce measures aimed at ensuring the efficient and cost-effective

delivery of consular services, with a particular priority on directing resources to people most in need. It will also seek to address community misperceptions of the consular role.

The department used the *Smartraveller* website, Facebook, iPhone app and new Twitter feed to provide accurate and timely advice to the Australian public on ways to minimise the risks associated with overseas travel. Our advertising and public outreach activities promoted *Smartraveller* messages and

conveyed specific advice targeted at business and young travellers.

We coordinated whole-of-government responses to large scale crises, activating crisis response mechanisms for civil aviation incidents, natural disasters and civil unrest. We enhanced our dialogue and cooperation with international partners to lift our capacity to deal with kidnap-for-ransom cases. The department strengthened consular contingency planning, including through cooperation with the business community, and undertook contingency planning ahead of a number of major international events.

Consular services

At 30 June 2014, Australians had access to consular services through 167 diplomatic and consular missions and honorary consuls managed by the department and Austrade. Australians also had access to consular services from Canadian diplomatic missions in a further 17 countries, under a reciprocal consular sharing agreement. (See *Appendix 14*, pp. 285–91.)

The department's Consular Emergency Centre (CEC) received 53 049 calls in 2013–14, a two per cent increase from 2012–13. The CEC provides public access to consular services from anywhere in the world, 24 hours a day, seven days a week.

Assisting Australians overseas

In 2013–14, we assisted 14 558 Australians in difficulty overseas, an increase from 11 927 in 2012–13. Major incidents, including Typhoon Haiyan in the Philippines and civil unrest in South Sudan, generated a significant increase in the number of consular inquiries.

The department directed considerable resources to helping Australians arrested, detained or imprisoned overseas, some serving lengthy prison terms or involved in complex judicial and legal proceedings. We provided a wide range of consular services

and assistance, including guidance on the availability of local legal advice and in a small number of cases where local regulations require it, assisted consular clients to take forward requests for parole, sentence reductions or executive clemency.

Consular staff monitored trials to seek to ensure the application of due legal process and procedural fairness for Australian citizens and undertook welfare visits to Australians in detention. We provided funding to a not-for-profit organisation that offers assistance to the families of Australians detained overseas.

The department provided extensive consular assistance to an Australian journalist employed by Al Jazeera English who was arrested and charged in Egypt. We maintained ongoing senior-level engagement with relevant Egyptian authorities to convey clearly the high priority the Australian Government accorded to the expeditious resolution of the case. We coordinated a whole-of-government approach to the management of complex cases involving Australians in detention or at risk of detention on terrorism- and intelligence-related grounds.

We assisted 1330 Australians who were hospitalised and helped in 27 cases of Australians who required medical evacuation to another location. Consular staff also provided advice and assistance to families of 1215 Australians who died overseas.

Demand for notarial services continued to grow, with 222 042 notarial acts in 2013–14, compared to 195 470 in the previous period.

Travellers' emergency loans

In 2013–14, the department disbursed \$144 648 in emergency loans to 239 Australian travellers, a decrease from the previous year. Loans were provided on a case-by-case basis to Australians who were demonstrably incapable of accessing alternative funding sources and whose welfare was at serious risk. All recipients had to sign a legally enforceable deed of undertaking-to-repay. These undertakings make clear the link between repayment of outstanding loans and eligibility for a new passport.

Table 13: Travellers' emergency loans

	2010–11	2011–12	2012–13	2013–14
Number of Australian travellers assisted by emergency loans	345	365	298	239
Amount provided in emergency loans	\$356,246	\$218,470	\$209,126	\$144,648
Amount recovered in debt recovery activities	\$136,564	\$207,963	\$242,415	\$154,183

Included in these loans was \$62 972 to 29 Australians imprisoned overseas, provided under the Prisoner Loans Scheme for the purchase of essential supplies where no other source of funds existed.

We continued to improve our rate of debt recovery through tightened and simplified procedures. In 2013–14, we recovered \$154 183 from Australians who had been issued loans.

case-related and consular policy matters was discussed and agreement reached on a range of follow up actions.

Together with key partners, we convened a workshop at Wilton Park in the United Kingdom in September 2013 for consular representatives from 23 countries. A key outcome was agreement to convene a Global Consular Forum in 2015. This will be the first multilateral consular gathering of its kind.

Consular emergency services

The department granted a payment of \$3871 to one Australian traveller under the consular emergency services financial support mechanism, which enables the extension of financial assistance when it is not practical or legally possible for individuals to sign an undertaking-to-repay.

International dialogue and cooperation

The department continued its close consular partnership with Canada. Under the terms of a bilateral consular-sharing agreement, posts of either country extend consular assistance to citizens of the other in a number of agreed locations.

We also maintained highly cooperative consular relationships with the United States, the United Kingdom and New Zealand. We hosted the annual gathering of this grouping of five nations, known as the consular colloque, in March 2014, focussing on exchanging views on prominent themes and best practice.

The department held annual bilateral consular consultations with China, Indonesia and Vietnam. In each case, a range of specific

Consular policy

The department commenced development of a three-year Consular Strategy (see box, p. 199). We also reviewed consular policies to respond to operational needs and the evolving consular environment. We refined guidance on prisoner and kidnap-for-ransom policies and also on the management of vulnerable clients, including those for whom there are mental health concerns—an increasing element of the department's consular caseload.

The department conducted a comprehensive review of notarial services, policies and procedures, focusing on procedures for legalising tertiary education documents and measures to address fraudulent documentation. We also introduced measures to improve the efficiency of our services. We provided training and briefings on the new policies to Australian-based authentication officers, foreign missions in Australia and societies of notaries public.

We continued work on the development of a new consular information system. We achieved considerable progress. Work will continue to address a range of technical issues to enable the new system to become operational.

Consular training

We delivered over 80 training and information sessions attended by over 1000 staff in Canberra and overseas. Training was tailored to meet the specific needs of consular officers with varying levels of experience

and in different operating environments and incorporated updated policies on complex case management as well as implementation of changes to the *Privacy Act 1988*. All Canberra-based consular officers participated in specialised training in assisting victims of trauma.

Consular Strategy 2014–16

With ever increasing numbers of Australians travelling overseas each year, demand for consular assistance continues to grow. Australia has always delivered a high standard of consular assistance, both in individual cases and during crisis situations. But the expectations of some Australians exceed what can realistically be delivered by consular officials.

Against a background of a tight fiscal environment, the department initiated the development of a Consular Strategy. The three-year plan will articulate how we will provide the most efficient and cost-effective consular services to the people who most need our help. This will be accompanied by comprehensive messaging to help Australians understand better what ‘consular’ means and improve traveller self-reliance. Consular assistance should not be considered the first resort when Australians encounter difficulties.

Following internal consultations, including among staff in Canberra and at our overseas posts, the Foreign Minister invited public input into the process in December 2013. We published an issues paper on the departmental website and promoted it via social media, interviews and print media advertisements. Over 50 submissions were received, covering personal experiences as well as conceptual and policy approaches. The department undertook an extensive process of follow-up and analysis and conducted consultations with interest groups in Australia and the consular services of other countries.

We have made good progress on developing the strategy and are planning for it to be launched in 2014, accompanied by a revised Consular Services Charter.

Responding to and preparing for consular crises

The department led whole-of-government responses to international crises. We activated the Crisis Centre and the Emergency Call Unit (ECU) following Typhoon Haiyan in November 2013—one of the largest tropical storms ever recorded. Our Emergency Response Team (ERT) to Tacloban, one of the most severely affected areas, was among the first group of international responders to travel into the city to provide consular support.

Our team in Manila supported the post’s key response coordination role. The department confirmed the safety of more than 2233 Australians and answered over 2800 enquiries through the ECU.

The department also deployed an ERT to Laos following a plane crash which claimed 49 lives, including six Australians. Working closely with our international partners, the department assisted more than 330 Australians to leave South Sudan following the serious breakdown in security in December 2013. The department also led the whole-of-government response to Tropical Cyclone Ian in Tonga in January 2014.

Staff profile

Josh Young*Emergency Response Team Officer, Canberra**Josh Young (left), with ERT colleague Leann Johnston, Philippines, November 2013. [DFAT]*

I joined DFAT in 2007 and have worked in a number of corporate areas of the department and undertaken a long-term posting to Jakarta from 2009–2012.

I have been involved in consular responses to several overseas crises, including the Jakarta hotel bombings in 2009, civil unrest in Egypt and the Japan earthquake and tsunami in 2011.

Drawing on this experience, I joined the departmental ERT as a consular officer in 2013. ERT deployments are often undertaken in challenging environments, commonly as a result of a tragic event. As a consular officer on the ERT, I have the opportunity to make a difference to those who really need our help. While this can be confronting at times, it's also extremely rewarding.

In 2013 I was part of the first ERT deployed to support the Australian Embassy in Vientiane response to the tragic plane crash in Pakse, Laos, which claimed the lives of six Australians. I was also deployed as part of the Government's initial response to Typhoon Haiyan in the Philippines in November 2013. I was located in Tacloban with the Australian Medical Assistance Team and was charged with providing assistance to Australians affected by the typhoon.

We implemented a new all-hazards approach to contingency planning, moving beyond consular matters to include the full range of risks that posts may need to respond to, introducing a new Crisis Action Plan template for posts. Working with the Australian Defence Force (ADF), the department undertook Consular Planning Assistance Team visits to the Solomon Islands, Brazil, Mali, Cote d'Ivoire, Pakistan and Sri Lanka. We also delivered contingency planning and crisis management training to posts in South Asia and the Pacific.

We began implementation of the Joint Statement on Enhanced Diplomatic Network Cooperation with the United Kingdom, which will expand the sharing of best practice and development of new consular crisis training initiatives with UK agencies. We also agreed to enhance our crisis response cooperation with France, in particular in West Africa.

Contingency planning for major events was a priority. The department conducted field and table-top exercises on a range of crisis scenarios with government and non-government partners. We worked with other agencies and the Australian Olympic and Paralympic committees on planning for the Sochi Winter Games and provided an enhanced consular presence in Sochi. We also deployed consular staff to several locations in Brazil for the 2014 FIFA World Cup.

The department increased contingency planning engagement with the business community, making a presentation to a major business conference focussed on Africa and participating in crisis planning exercises undertaken by Australian companies operating overseas.

Keeping Australians informed

The department assisted Australians to plan for their own safety and welfare overseas by providing accurate and timely travel advisory services.

In 2013–14, we issued 877 updates to travel advisories for 169 destinations, reflecting changes in the security situation and other significant developments. We also reviewed and reissued 30 travel bulletins on a range of issues, including advice for Australians seeking evacuation from areas affected by Typhoon Haiyan and event-specific bulletins for the Winter Olympic and Paralympic Games and the FIFA World Cup.

The department developed specific advice for business travellers: <http://smartraveller.gov.au/business/>, focusing on issues relevant to business travel and operating overseas. We updated information for young travellers, including a page for the several thousand Australians who travel overseas for end of school celebrations.

Reflecting the priority we attach to expanding the take-up of travel and medical insurance, we commissioned an independent consumer organisation to produce advice for publication on the *Smartraveller* website. We expect this advice to provide helpful guidance on typical policy features, including elements of the Product Disclosure Statement. Work was ongoing at the end of the period and will be completed early in 2014–15.

Ms Bishop launched the latest phase of our *Smartraveller* advertising and outreach activities which featured the real-life story of Natalie Hensby, who was involved in a high-speed boat crash in Thailand. The campaign featured messaging on the need for appropriate travel and medical insurance and included significant advertising on television, print, and online (in both digital display and search formats).

We built our social media following to increase the dissemination of safe travel messages to

new audiences and target groups. We launched a *Smartraveller* Twitter account and partnered with Twitter to introduce Twitter Alerts. Through our partnership with Twitter we can send high priority alerts messages to registered members of the public. We used a limited number of paid Facebook posts to reach large audiences and increase the reach of our travel advice.

We continued to highlight the benefits for Australians of accessing *Smartraveller* information in our advocacy and advertising. Subscriptions have increased by more than 30 per cent over the year. Our followers on Facebook have increased tenfold to 39 000 over the same period, and our newly-launched Twitter account has attracted 6100 followers in its first nine months. While only a minority of total travellers choose to register, registrations have allowed us to contact travellers in emergencies.

The department worked with the travel industry to promote travel advice and the *Smartraveller* campaign messages. We convened the *Smartraveller* Consultative Group to seek industry feedback on the performance and direction of the campaign. Consular staff promoted *Smartraveller* safe travel messages at travel expos in all Australian capital cities in early 2014.

Consular Services Charter

The Consular Services Charter describes what the department can and cannot do for Australians overseas. It also details how the public can provide feedback through the *Smartraveller* website, in writing, over the phone, in person or through social media channels. In 2013–14, we received 265 communications via the *Smartraveller* website and 516 communications directly via email, of which 72 were comments, 34 were complaints and 25 were positive feedback. We also received direct comments from our consular clients and their families. The department used constructive feedback to continue improving the quality of our consular services.

Table 14: Consular services provided to Australian travellers

	2009–10	2010–11	2011–12	2012–13	2013–14
Australian resident departures ¹	6,938,303	7,609,300	8,452,924	8,856,210	9,240,530
Cases of Australians hospitalised given general welfare and guidance	1,467	1,203	1,265	1,372	1,330
Cases of Australians evacuated to another location for medical purposes	29	28	24	28	27
Cases of next of kin of Australians who died overseas given guidance or assistance with disposal of remains	1,143	1,142	1,138	1,247	1,215
Cases of Australians having difficulty arranging their own return to Australia given guidance and assistance	29	478	46	53	47
Whereabouts – inquiries made about Australians overseas who could not be contacted by their next of kin ²	9,310	12,899	4,154	1,829	4,794
Cases of Australians arrested overseas	1,086	1,069	1,181	1,136	1,185
Cases of Australians in prison ³	324	313	326	343	339
Cases of Australians given general welfare and guidance	7,679	7,054	6,440	5,919	5,621 ⁴
Total number of cases involving Australians in difficulty who received consular assistance	20,995	24,186	14,574	11,927	14,558
Notarial acts ⁵	165,240	177,474	188,149	195,470	222,042
Total number of cases of Australians provided with consular services	186,235	201,660	202,723	207,397	236,600
Australians in financial difficulty who were lent public funds to cover immediate needs (travellers' emergency loans)	286	345	365	298	239

1. Figures draw on ABS and Department of Immigration and Border Protection data, and include permanent long-term and short-term departures of Australian citizens and permanent residents.
2. Figures include crisis-related whereabouts cases.
3. The format of this table has changed. In previous years, the table reported a 'snapshot' of the Australian overseas prisoner population on 30 June each year, with the total number of cases of Australians in prison during the year in a footnote. The 'snapshot' figure will now be in the footnote. In 2013–14, the 'snapshot' figure on 30 June was 229.
4. Welfare and guidance figure includes the following sub-categories: general (1804), welfare and other serious matters (2151), theft (1238), assaults (209) and welfare of children (219).
5. Figures include notarial acts performed by overseas posts, in Canberra and at state and territory offices in Australia.



DFAT @dfat · Mar 3

Heading overseas or already there? Don't forget to activate [#TwitterAlerts](#) from [@Smarttraveller](#) to get critical updates during crises.

Staff profile

Agus Paramarta*Senior Consular and Passport Officer, Bali*

As the locally engaged Senior Consular Clerk at the Australian Consulate-General in Bali, I work as part of the consular and passports team that manages the enquiries and concerns of Australian travellers and expatriates. We also cover the neighbouring province of Nusa Tenggara Barat, where increasing numbers of Australians visit each year.

Consular work is challenging and varied. My work day could start by helping clients with passport renewals. Then I may assist an Australian who has been arrested or contact the family of someone who has been robbed. The day could finish with arranging a medical evacuation for a sick child returning to Australia. You never know how you might be required to assist Australians in need.

I was in my second year at the consulate-general when the second Bali bombing occurred in 2005. I was in the team deployed to local hospitals to help provide on-the-ground information and to assess and report on those seriously injured.

The biggest challenge of my work is dealing with complex arrest cases that attract high levels of media and public attention. Working with local authorities can be an interesting experience. Being persistent and respectful is key for me in trying to achieve my goals and assist my team. I have learnt that big achievements are often accomplished through a series of small steps.

Outlook

We will launch and implement the three-year Consular Strategy. Effective public messaging will be critical to its effectiveness. We will use the fourth phase of the *Smartraveller* public information campaign and ongoing outreach to specific community groups and external stakeholders to promote the strategy's key messages.

We expect the roll-out of a new consular information management system will deliver more efficient case management and more robust statistical information which, in turn, will enable us to produce more informative material for the public on trends in consular assistance. We will strengthen our processes for handling feedback to support continuous improvement of our services.

We will implement a single crisis protocol: the purpose of this is to ensure a coherent and coordinated departmental response to international incidents, whether consular, humanitarian or political in nature. We will also

continue to review our crisis facilities so that they support the range of responses required by the integrated department.

Contingency planning and crisis preparedness will remain a priority. We will intensify our engagement with the private sector and increase cooperation with the ADF on evacuation planning. We will undertake comprehensive planning and provide enhanced consular support for the Australian Government commemorations of the Gallipoli Centenary and other World War I anniversaries.

We will broaden and deepen our international consular engagement and work to promote the development of the Global Consular Forum. We will also seek to strengthen our engagement with key countries in the Indo-Pacific region to promote more dialogue and cooperation on shared consular challenges.

Taking into account the Consular Strategy, we will assess our consular training requirements and develop our first consular training strategy. We will review the effectiveness of our honorary consul network.

Program 2.2 Passport services

Objective

- To provide Australians access to secure international travel documentation through the delivery of high-quality passport services.

Deliverables	2013–14 result	Reporting
<ul style="list-style-type: none"> High-quality passport services to Australians, including processing new passport applications, registering lost or stolen passports, issuing emergency passports, and detecting passport fraud. 	met	below
<ul style="list-style-type: none"> Maintenance of security standards, promotion of web-enabled services, and adherence to the client service commitment of passport issue within ten working days, while effectively managing an increasing workload. 	met	below
<ul style="list-style-type: none"> Ongoing implementation of the National Security – Improved Passport Integrity and Strengthened Issuance Systems (Passport Redevelopment) program.* 	some progress	p. 215
<ul style="list-style-type: none"> Finalisation and production of the new P-series Australian travel document. 	met	below

Key performance indicators	2013–14 result	Reporting
<ul style="list-style-type: none"> Public and travel industry clients are satisfied with the department's efficiency and effectiveness in delivering passport services, with routine passports issued within ten working days and urgent passport issues dealt with in a timely and responsive manner. 	met	below
<ul style="list-style-type: none"> Staged delivery of the National Security – Improved Passport Integrity and Strengthened Issuance Systems (Passport Redevelopment) program within budget and against timelines.* 	some progress	p. 215
<ul style="list-style-type: none"> Introduction of the new P-series Australian travel document in mid-2014. 	met	below

* The Portfolio Additional Estimates Statement 2013–2014 amended the Program 2.2 KPIs and Deliverables to clarify the title of the department's program for the redevelopment of a new travel document issuance system.

Overview

Australia's reputation for providing a world class passport was reinforced with the release of the next generation (P-series) passport—ahead of schedule on 16 June 2014. The new security features reflect the department's strong focus on passport security.

The department provided a secure, efficient and responsive passport service to Australian citizens in 2013–14. We issued 1.8 million passports through a network of more than 1600 Australia Post outlets, nine Australian passport offices in Australia and over 100 Australian diplomatic missions and consulates overseas.

The department sustained strong client service performance, issuing passports within 10 working days in 98.6 per cent of cases. We assisted 177 clients affected by natural disasters to obtain a replacement passport free of charge.

Passport services

Despite weakening consumer sentiment in the second half of the year, we issued 1 803 143 passports in 2013–14, a 5.83 per cent increase on the previous year.

The bulk of our passports were produced in Australia while our missions and consulates overseas issued 7857 emergency

passports and processed 90 044 ordinary passport applications.

The department issued 175 496 priority passports and met the two working day processing target in 99.5 per cent of cases. Three clients requested a refund of the priority

processing fee where the service level was not met. There was a 9.76 per cent increase in priority applicants, which tracked the overall increase in passport numbers, but also reflected the value of this additional service to clients.

Table 15: Travel documents issued

	2011–12	2012–13	2013–14
TOTAL number of travel documents issued	1,747,670	1,703,850	1,803,143
% produced in Australia	98.6	98.7	98.6
% issued in 10 working days	99.7	98.8	98.6
Emergency passports issued by Australian diplomatic missions	7,976	8,020	7,857
Priority (PPF) passports issued	157,820	157,112	175,496
% of PPF passports issued in 48 hours	99.8	99.8	99.5
Documents reissued due to natural disaster	275	74	177

The fee for an ordinary passport increased from \$238 to \$244 on 1 January 2014. This was in accordance with the *Australian Passports (Application Fees) Act 2005* which provides for annual passport fee increases in line with the consumer price index.

Australia Post provided passport interviewing services through its national network of 1665 corporate and licensed post office outlets on behalf of the department. Australia Post conducted 94.7 per cent of passport interviews in Australia.

In 2013–14, 32.92 per cent of clients used the electronic passport application forms available online at www.passports.gov.au. This was consistent with last year's usage. We continue to review opportunities to improve the passports website and increase client take-up of online services.

The Australian Passport Information Service (APIS) provided a phone information service to clients and arranged interviews with our passport offices in Australia on behalf of the department. APIS handled 1 819 842 enquiries, an increase of 7.3 per cent over 2012–13 levels.

During the year, 38 689 passports were reported lost or stolen (compared with 37 720 last year). As a percentage of total passports on issue, this is consistent with the annual rate since the introduction of lost and stolen fees in 2005.

The number of passports reported missing in the mail, following dispatch from our production centres, totalled 240 or 0.015 per cent. The department continues to work closely with Australia Post, including to investigate each instance individually, to minimise this number.

In 2013–14, the department reissued, at no cost, 177 passports to replace those lost, damaged or destroyed as a result of crises and disasters, including Typhoon Haiyan, Tropical Cyclone Dylan in Queensland and bushfires in Victoria and South Australia.

Delivering a contemporary passport service for Australia

The Australian Passport Office continued to work with the Information Management Division to progress work on the Passport Redevelopment Program (PRP). (See 3.1, p. 215.)

Passport security

We began the phased implementation of the new P-series passport on 16 June 2014. Featuring an Australian-flag blue cover with gold embossing, the P-series passport builds on the already advanced security features of the Australian ePassport.



Passport Officer, Rick Wellman, examines the ultraviolet features of the new P-series passport, 26 June 2014. [DFAT/Alan Walsh]

The department advanced the National Identity Security Strategy by promoting the Document Verification Service, combating identity crime, improving national management of death data and enhancing services to victims of identity crime.

As part of our efforts to strengthen national identity security, we played a leadership role in the national Facial Biometrics Centre of Expertise. The centre promotes collaboration and best practice among government agencies employing facial biometrics technologies. We commissioned world-leading research programs for facial biometrics with the Defence Science and Technology Organisation and the University of New South Wales. The department worked domestically and internationally to develop standards for facial comparison competencies and to have forensic facial comparisons recognised by Australian courts.

We finalised a memorandum of understanding with Taiwan for the exchange of lost, stolen and invalid passport data. We commenced work on changes to the *Australian Passports Determination 2005* to expand Australia's participation in the APEC Regional Movement Alert System. We worked with Interpol to

improve the data we provide to its Stolen and Lost Travel Documents database.

We continued our work with the International Civil Aviation Organization (ICAO) to improve traveller security through the ongoing development of international standards for travel documents, the delivery of related capacity building efforts and the management and expansion of the ICAO. We also continued to actively participate in technical working groups with the International Organization for Standardization related to biometrics and passport chip technology.

We worked closely with other government departments to enhance border security and expand eligibility for the SmartGate automated border control system to other nationalities.

Fraud detection and prevention

The department worked closely with law enforcement and intelligence partners to detect, investigate and prosecute offences under the *Australian Passports Act 2005*. We became partners of the Australian Federal Police-led Fraud and Anti-corruption

Centre and the National Border Targeting Centre strengthening our ability to advance national security.

We investigated 348 allegations of passport fraud involving identity or application fraud or the improper use or possession of an Australian passport. Forty of these cases were referred to the Commonwealth Director of Public Prosecutions. Passport fraud was proven in 25 cases prosecuted during 2013–14. The cases involved identity fraud, application fraud and improper use or possession of Australian passports.

The department increased its focus on high-risk identity fraud cases, including through improving our capacity to resolve complex identity cases with facial recognition expertise and facial matching technologies. We worked with other agencies to identify risk indicators and create a risk profile for persons attempting to obtain an Australian passport by using someone else's genuine credentials. These efforts will increase our ability to detect passport applications using a fraudulent identity.

The Foreign Minister cancelled 77 passports under the *Australian Passport Act 2005*. This 62.5 per cent increase from the previous year was due largely to an increased number of requests from the relevant competent authority to cancel passports on national security grounds.

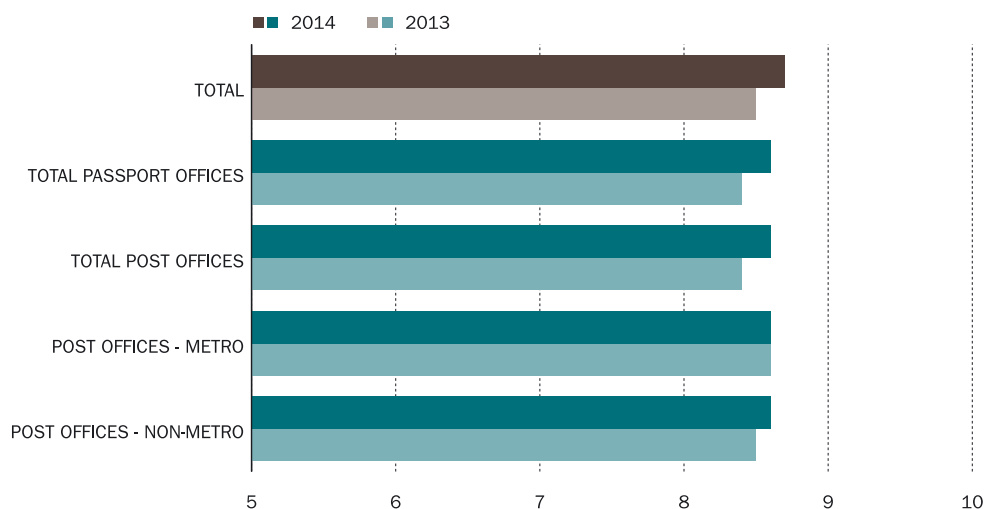
Client Services Charter

In accordance with our commitment to superior client services and the highest levels of security and integrity in the Australian passport system, the department commenced a review of Australian passports legislation. The review will assess redtape constraints while maintaining the integrity of the passport issuing process. We will ensure legislation continues to underpin the provision of an efficient and secure Australian passport system.

Client feedback on the department's passport services and processes was positive. We conducted two client satisfaction surveys and will use comments from those, including in relation to the clarity of information on forms and supporting documents, to continually improve our services.

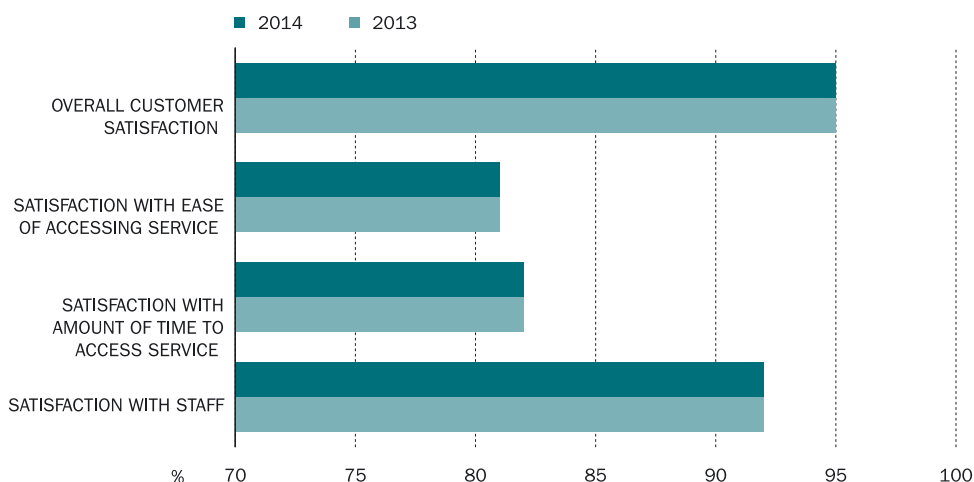
We responded to 84 passport related complaints, including as a result of internal reviews, investigations by the Commonwealth Ombudsman and claims under the Government's scheme for Compensation for Detriment caused by Defective Administration (see also Section 3, p. 233). The Commonwealth Ombudsman made no adverse findings against the department on passport related matters in 2013–14.

Figure 25: Overall satisfaction with passport application process (based on 1200 clients surveyed from late-March to mid-April 2014)



1 = Extremely dissatisfied 10 = Extremely satisfied

Figure 26: Overall satisfaction with the Australian Passport Information Service (based on 3012 clients surveyed over a three-month period)



Outlook

Passport demand is expected to increase to 1.9 million in 2014–15. This is driven primarily by the increasing demand for children's passports.

We will focus on maintaining—and looking for opportunities to enhance—our services to clients without compromising the integrity and security of the Australian passport

system. We will finalise the review of the passport legislation.

We will address constructive client feedback and improve application forms and supporting documents, as well as information and services offered through the passports website at <http://www.passports.gov.au>.

Work on the PRP will continue.

We will begin design work on the next generation of travel documents, the R-series.



Australian P-series passports. [DFAT/Alan Walsh]

Outcome 3: Security, ICT and overseas property

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

Program 3.1	Security and ICT	210
Program 3.2	Overseas property	218

Program 3.1 Security and ICT

Objective

- To ensure a secure Australian Government presence overseas by sustaining and improving security, and strengthening information and communications technology (ICT) capability at Australia's overseas missions.

Deliverables	2013–14 result	Reporting
<ul style="list-style-type: none"> Enhanced protection through strengthened security measures in line with the evolving security environment, particularly in high-threat location. 	met	pp. 210–13
<ul style="list-style-type: none"> Protection of classified information and ICT services through effective management of ICT systems and security vetting processes, as well as through staff security training to ensure high standards of awareness and vigilance. 	met	pp. 210–17
<ul style="list-style-type: none"> Continued progress in moving the department's ICT systems infrastructure to a common platform that can be more efficiently integrated and supported, and implementation of ICT elements of the Government's national security policy objectives.* 	some progress	pp. 210, 213–17
<ul style="list-style-type: none"> High-quality overseas ICT services to other government agencies. 	met	pp. 214–16

Key performance indicators	2013–14 result	Reporting
<ul style="list-style-type: none"> Security risks relating to classified information are minimised, as evidenced by a low number of sensitive security breaches. 	met	p. 212
<ul style="list-style-type: none"> Effective risk-mitigation strategies appropriate to increased security risks. 	met	pp. 210–13
<ul style="list-style-type: none"> Client satisfaction with the accessibility, reliability and effectiveness of the secure cable network (Official Diplomatic Information Network) and the global secure telecommunications infrastructure. 	met	pp. 213–17

* This Deliverable was amended over the course of the 2013–2014 reporting period. A reference in the *Portfolio Budget Statements 2013–2014* to 'implementation of key elements of the Government's ICT Reform Program and ICT elements of the Government's national security policy and objectives' was replaced in the *Portfolio Additional Estimates Statements 2013–2014* with the reference to 'implementation of ICT elements of the Government's national security policy and objectives'. The original reference related to a program of the previous Government. In line with the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* of 29 May 2014, the department has reported against the former and current KPIs for the entirety of the reporting period.

Overview

The department ensured appropriate security arrangements at our overseas missions through ongoing review and mitigation of threats from terrorism, politically-motivated violence, civil disorder, foreign intelligence services, crime and cyber espionage. Posts in Afghanistan, Iraq and Pakistan were a priority along with other high-threat posts in the Middle East, Africa and the Pacific.

As a result of integration, we expanded our international threat assessment capability to monitor and advise on security threats and risks for staff operating in regional and remote areas. We implemented a new overseas travel policy and updated our training programs to ensure staff were well prepared to operate safely overseas.

The department fully complied with the mandatory requirements of the Protective Security Policy Framework (PSPF) in relation to security governance, personnel security and physical security. The department's Security Manual Change Management Committee continued to review security policies and practice to ensure compliance with the PSPF and responsiveness to changes in the international security environment. We updated the department's Security Manual to reflect best security practice as a result of the integration process.

The department's ICT modernisation reform agenda continued in 2013–14 in accordance with the DFAT ICT Strategy. Work was completed on improving ICT services to the department and partner agencies and major long-term change programs were progressed.

The department's ICT footprint expanded significantly following the integration of AusAID. The global and domestic ICT network increased to over 170 sites with the addition of 39 sites. Of these, 23 are co-located with existing departmental operations, nine are in unique or 'stand-alone' locations within the same city, and seven are in remote locations, such as provincial centres in Papua New Guinea.

The organisational change presented a major ICT challenge for the department given the duplication of infrastructure, resourcing and applications. We delivered a single departmental email address, phone, internet and intranet service within six weeks of the integration announcement. We merged finance and human resourcing systems by 30 June 2014 for the start of the new financial year.

We completed major elements of our ICT reform program, including the global upgrade of the standard ICT operating environment at all overseas sites and commenced at domestic locations. A new MOU for the provision of ICT services with over 45 partner agencies was successfully negotiated and is currently being finalised. We increased technology and procedural security controls and network performance within Australia and at overseas posts to enhance the protection of the global network.

The Australian Passport Office (APO) and the Information Management and Technology

Division continued work on the Passport Redevelopment Program (PRP). The PRP will deliver a new passport issuance system that will be able to manage projected growth in passport issue rates, deliver efficiencies and a more secure passport service.

The International Communications Network (ICN) Program moved into its initial development and delivery phase of a five-year modernisation of the department's global ICT infrastructure and services.

Security threat assessment

Within the department's risk management framework, we reviewed security threat ratings for all posts. We used our assessments of threats from foreign intelligence service activity, politically motivated violence, civil disorder, and crime to determine posts' security mitigation strategies, operational procedures and contingency planning. We also provided up-to-date assessments of dangers to staff and their families on posting, risks to government property overseas, and threats to the department's global ICT network and classified information, including from cyber espionage.

As a result of integration, we reviewed our security policies, processes and methodologies to develop a more widely-based threat and risk framework that extended coverage beyond national capitals to regional and remote areas. We provided security advice, including mitigation measures, to help inform decision-makers about the deployment of whole-of-government personnel, Australian Civilian Corps members, contractors, and volunteers working overseas in support of Australia's aid program.

As part of our regular auditing of security arrangements for volunteer deployments, we revised the agreed common security standard between the department and core partners of the Australian Volunteers for International Development Program—Australining International, Australian Red Cross, and Australian Volunteers International.

Managing security at overseas missions

The security and safety of government officials and their families overseas, together with the protection of classified information and assets, was a high priority. In addition to post-managed security arrangements, the department engaged specialist security contractors to supplement and reinforce our capabilities, particularly in vulnerable locations, such as Baghdad, Kabul and Jakarta.

Departmental security advisors undertook official inspections at 16 posts to confirm the appropriateness of security arrangements. Regional security advisors based in Baghdad, Beijing, Jakarta, Kabul, Islamabad, New Delhi, and Port Moresby continued to monitor, assess and respond to changing security environments within their respective regions.

The department provided operational security equipment and services to posts including walk-through metal detectors, mail isolation units, CCTV and duress alarms, guarding (including close personal protection), and residential security. We supplied new specialised security and safety equipment to Tel Aviv, Islamabad, Kabul, and Baghdad and managed the armoured vehicles fleet program for 24 posts.

The department reconvened the Inter-Agency Security Forum (IAOSF) involving representatives from agencies with staff at our overseas posts. A high priority for the IAOSF was a review of the Security Services Protocol, which provides guidance on responsibilities for security measures at posts, and a working group was established in March as part of the review process.

The department continued to enhance its overseas security countermeasures capability particularly in high-threat locations. We strengthened internal cyber governance, management and response frameworks, and contributed to whole-of-government responses to cyber issues.

Appropriate physical security measures are vital for a secure Australian government presence overseas. The department oversaw implementation of the initial physical security works for the new embassy in Jakarta and

finalised the security specifications for the new embassy in Bangkok. In Kabul, we provided advice for the security fit-out of the office annex and agreed on the security standards for an expanded embassy and residential compound. We commenced consolidation of all office and residential facilities to achieve a more integrated and physically secure working environment in Kabul. Security works for the new embassy in Addis Ababa neared completion and we undertook security design work and planning for missions in Chengdu, Nairobi, Noumea, and Rangoon. As part of the Paris embassy mid-life upgrade, a number of physical security enhancements were incorporated in the works. We commenced work on the security specifications for the new Melbourne state office. The forecast security inspection to Dakar proceeded. The establishment of a diplomatic mission in Dakar was later discontinued.

The department supported other government organisations, providing physical security design documentation and project oversight for projects in eleven overseas locations.

Security vetting, compliance and awareness

We applied a comprehensive vetting regime to all staff handling classified information in Australia and overseas. We granted 442 new clearances; recognised 1973 clearances (including former AusAID personnel), and approved 490 security clearance revalidations.

The department fully complied with the Protective Security Policy Framework in relation to security governance, personnel protective security and physical protective security.

We minimised security risks relating to classified information through a strictly-enforced security breach monitoring and reporting system, as well as issuing regular security reminders and conducting mandatory pre-posting security briefings. There were no sensitive security breaches involving the compromise of national security classified information.

Security training

Security training was mandatory for all staff on long and short-term overseas postings, including attached agency staff. We reviewed and updated our training programs and adapted them to meet the needs of the changing international security environment, as well as workplace health and safety obligations overseas. We prioritised staff safety, implementing a new overseas travel policy to take account of the increase in travel by staff to remote locations and regions with elevated security threats. The policy established minimum safety and security training requirements for travelling staff.

We delivered security training to 1265 officers, including 215 from other agencies. Our training focused on overseas and personal security awareness and defensive driving, including car-jacking awareness. For staff going to extreme- or high-threat locations, specialist hostile environment preparation training was mandatory, including medical trauma and first aid training. Training courses emphasised practical learning outcomes, including through the use of simulations, threat scenarios and field exercises.

ICT capability building

The ICT Strategy 2011–2014 guided the overall direction of the department's ICT programs and operations. We commenced planning for a new strategy for delivery from 2014–15.

The department completed the ICT reform program underway since 2011. The program improved basic ICT services at post and domestically, and enhanced business continuity and disaster recover capabilities, mobility solutions and capabilities, and financial control and management of ICT services. We consolidated ICT functions into a

single accountable division to ensure greater control over ICT programs and more effective client agency engagement.

The department completed the global upgrade of the standard ICT operating environment at all overseas pre-integration sites and commenced at domestic locations. The upgrade involved major infrastructure changes, including more powerful servers and faster desktops, and adoption of the Windows 7 operating system and Microsoft Office 2010 suite. The project standardised our domestic and international ICT environments, laying the groundwork for the ICN and further integration activity.

The department expanded its new data centre in preparation for the migration of core systems and services from the existing facilities which are at end of life. The new facility houses up-to-date computing infrastructure within a purpose-built whole-of-government data centre. It is more resilient, reliable, offers greater redundancy and also meets government environmental targets.

Availability and reliability of communications

New satellite infrastructure was installed at 12 posts. The upgrades improved the reliability of satellite communication, allowed remote management of satellite infrastructure and facilitated better satellite bandwidth allocation. New communications hardware at a further 15 posts also enhanced ICT performance.

We further improved communications reliability by consolidating the department's email infrastructure within a single platform. We replaced the ageing Notes email system with Microsoft Exchange and introduced a global automated email archiving facility domestically and at post.

Australia's first electronic declaration to the Organisation for the Prohibition of Chemical Weapons

The Information Management and Technology Division in partnership with the Australian Safeguards and Non-Proliferation Office (ASNO) redeveloped a key business application to hold information on certain chemicals manufactured in Australia as well as their use, storage and transfers in and out of the country. The chemicals application assists ASNO meet Australia's declaration obligations under the Chemical Weapons Convention and other requirements of the *Chemical Weapons (Prohibition) Act 1994*.

In March 2014, the department produced Australia's first electronic annual declaration of past chemical activities for the Organisation for the Prohibition of Chemical Weapons (OPCW) in The Hague. The previous database generated a Word document of approximately 150 pages, included a number of manual steps and was overly complex. The new application produced an electronic declaration file in XML format in about 90 seconds.

A secure online portal will be released in 2014 which will allow chemical manufacturers, users and traders to submit their chemical activities to ASNO online, removing the need for manual data entry that would normally be required by ASNO and the OPCW.

The combination of online data collection and the new chemicals application will save approximately 6–8 weeks of an ASNO Executive Officer's time in preparing and generating annual declarations on past and anticipated chemical activities for the OPCW.



IMD-ASNO Team: Left to right: Tracey Jolly (IMD), Dr Josy Myer (ASNO), Meng Ngai (IMD), Anne Charlton (IMD), Kearyn Ferguson (ASNO), and Dr Robert Floyd (Director General ASNO). [DFAT]

International Communications Network program

The ICN program is the scheduled replacement and modernisation of the SATIN network and is a key enabler of the department's ICT transformation agenda. The ICN will address existing network and system limitations to better meet the changing business needs of the department's global communications network. The program will incrementally introduce new and improved ICT capabilities in areas such as unclassified and classified mobile computing and communications.

The pace of ICN development was affected to some extent by the need to temporarily redeploy key technical staff and resources to meet the priority of integration—this was particularly the case in areas such as network infrastructure. The procurement of a new global telecommunications contract under ICN was rescheduled in order to prioritise integration of the DFAT and AusAID ICT networks.

The department commenced the first of a number of major procurement activities for the ICN, approaching the market for the supply of wide area network services in January 2014.

Passport Redevelopment Program

Together with the APO, we continued work on the PRP, considering the requirements and validation phases necessary for the sub-systems which will underpin Australia's new passport issuance system for deployment in 2016. The department has instigated a contract variation and established an alternative delivery model for implementation in 2014–15.

SAP Redevelopment Program

The department progressed through phase three of a multi-year program of work to modernise financial management processes. This program involves considerable business process re-engineering both in Australia and posts but will deliver improvements to the management of travel and expenses, procurement and contracts, and assets and inventories, as well as cash handling, financial reporting and budget planning.

Cyber security

The department implemented new technical and procedural processes to reduce the potential for misuse of privilege by trusted insiders and increase the protection of administrative accounts against intruders.

We collaborated with partners such as the Australian Signals Directorate (ASD) to assure the integrity and security of the department's systems and information in response to the continually evolving cyber threat environment.

We played an active role in key whole-of-government forums, such as the Cyber Security Operations Board, which sets standards for protections, reporting and response to cyber threats.

To ensure the robustness of our cyber security capabilities and their alignment with whole-of-government priorities, we reformed security risk management and compliance processes. We enhanced information technology security risk assessments using new threat modelling techniques to deliver more rigour and better alignment of risk treatments to technological risk factors.

With assistance from ASD, we began work to simplify and standardise the design of new departmental systems to strengthen cyber controls.

Records management

The department responded to the increased demand for records management services following integration by adding function classifications and inherited records authorities to the Electronic Documentation and Records Management System (EDRMS). EDRMS training was delivered to over 1400 staff.

We reviewed onsite records storage held domestically and internationally and began several projects to sentence and destroy old paper records.

Transition to electronic records continued to be a focus with over 65 000 electronic files created and only 15 000 paper files created. New high speed scanners enhanced our digital capability.

ICT client services and support

The department continued to deliver high quality domestic ICT support to ministerial and parliamentary staff by undertaking office relocations and equipment upgrades in ministerial, electorate and Commonwealth Parliamentary Offices. Regional technical officers (RTOs) also supported our ministers on 18 overseas visits.

We completed ICT fit-out of new and relocated sites in Addis Ababa, Chengdu, Beijing, Honiara, Honolulu, Kabul, Shanghai, Melbourne, Perth and Sydney. Emergency Communications (radio)

Networks were installed in eight posts and secure area environmental systems were replaced at nine posts.

In support of the department's overseas presence, RTOs conducted 254 routine and emergency maintenance short-term missions, with all posts visited at least once in the year.

The department negotiated a new MOU for the provision of ICT services with over 45 partner agencies. The new MOU uses a new service based financial cost model, which allows for more transparent and responsive service arrangements. (See *Appendix 10, pp. 275–6, for more information about arrangements to provide ICT services to other Australian Government agencies.*)

ICT training and development

Well-trained staff will be crucial for achieving the department's longer-term ICT objectives. We trained 170 post ICT system administrators domestically and internationally. Over 3300 staff received training on a range of ICT issues including Windows 7 and Office 2010 environment.

As part of the integration process, over 1000 former AusAID staff have received training in SATIN, including EDRMS and cables.

Lunchtime ICT training courses in Canberra continued throughout 2013–14 with topics covering a range of essential ICT skills for general and specialist staff.

Table 16: Security and ICT statistics

	2009–10	2010–11	2011–12	2012–13	2013–14
Number of posts and Australian Government entities with access to secure communications network and secure telecommunications infrastructure	145	148	145	144	172
Number of client agencies receiving ICT services	42	44	42	42	42
Number of cables	166,580	160,137	145,021	149,090	142,945
Cables to overseas post	83,221	74,590	67,290	67,401	66,092
Cables from overseas posts	83,359	85,547	77,731	81,689	76,853
Number of security-related visits to overseas missions	187	127	106	111	131
Number of security clearances and reviews processed	849	1,154	830	1,582	2,905

Outlook

The department is one of seven agencies participating in the ANAO's first cyber security audit. We will implement the outcomes from the report—scheduled for release in late June 2014.

We will continue working with the Overseas Property Office on the security elements of work at our new embassies as well as those being upgraded or relocated. We will set performance requirements for security works in Melbourne, Canberra, Los Angeles, and Beijing, and for co-location with the United Kingdom in Baghdad. In Kabul, security work will continue towards achieving a contiguous office and residential compound. The department will facilitate the provision of new security services in Kabul and Jakarta.

The department will update the Security Services Protocol in line with the IAOSF working group recommendations.

The department will introduce an electronic-based security clearance revalidation system to improve the efficiency of clearance processing.

We will roll out the SATIN network to our 39 new sites over the next two years and continue to manage the platform until it is replaced through the ICN program. Integration of finance, human resources and records management systems will be progressed throughout 2014–15.

In 2014–15 the ICN program will begin to modernise and enhance the department's technology services overseas and in Australia. The program will commence delivery of a new global telecommunications network service, expand the department's data centre,

introduce new classified mobile computing and communication services, expand unclassified mobile service, and open up the department to collaborate and exchange information more effectively with other government agencies.

In line with the Government's National Security Roadmap, we will bring forward an initial release of the protected network solution through the ICN and ICT Integration programs. This will improve the department's ability to gather, analyse and share information with partner agencies at the protected level.

We will continue replacement of key legacy systems, such as the existing Consular Management Information System, to provide more flexible, business-focused technology.

We will develop a new ICT Strategy to guide the ongoing modernisation of the department's ICT services over the next 3 years. We will focus on aligning ICT to the objectives and goals set out in the department's Strategic Framework and Business Plan as part of the Australian Public Service Commission Capability Review.

Further work bringing together systems delivering human resourcing, finance and aid programs will be required. Legacy systems which were used to deliver interim ICT solutions will need to be decommissioned.

To meet the tight timeframes for integration, highly skilled ICT resources were sourced from business-as-usual activities and other major programs of work. This reprioritisation and redeployment of ICT resources impacted the pace of development on ICN and the responsiveness of ICT services delivery in some areas. While overall operational support was not affected, enhancements to core aid delivery systems such as AidWorks were put on hold and will be addressed in 2014–15.

Program 3.2 Overseas property

Objective

- To ensure a secure Australian Government presence overseas through the effective management of the Commonwealth's overseas owned estate and of the contracts for the leased estate.

Deliverables	2013–14 result	Reporting
<ul style="list-style-type: none"> Efficient and effective management and delivery of a substantial construction and refurbishment program in the overseas property estate, including: <ul style="list-style-type: none"> relocation of the chancery in Nairobi to secure, purpose-built accommodation; construction of consolidated, secure, purpose-built residential accommodation in Kabul; construction of a new chancery, residential accommodation and a Head of Mission residence in Jakarta; construction of a new chancery and Head of Mission residence in Bangkok; and a services upgrade of the chancery in Paris. 	met*	pp. 218–20
<ul style="list-style-type: none"> Efficient and effective management of the overseas property estate to meet the Government's requirements and maintain conditions and service capabilities. 	met	pp. 221, 274
<ul style="list-style-type: none"> Effective management of outsourced property contract arrangements. 	met	p. 221

Key performance indicators	2013–14 result	Reporting
<ul style="list-style-type: none"> Completion of construction and refurbishment projects within an agreed timeframe and budget. 	met	pp. 218–20
<ul style="list-style-type: none"> Effective and accountable management of the property services contract and construction project contracts. 	met	p. 221
<ul style="list-style-type: none"> Achieve a portfolio condition and utility rating of good or better. 	met	pp. 218–21
<ul style="list-style-type: none"> The majority of tenants rate the performance of the service provider and the Overseas Property Office as good or better. 	met	pp. 218–21
<ul style="list-style-type: none"> Asset management plans are in place for all owned properties in the estate. 	met	pp. 218–21
<ul style="list-style-type: none"> Achieve a management expense ratio appropriate to the unique nature of the Commonwealth's overseas owned estate. 	met	p. 219

* Construction work to complete projects in Nairobi, Jakarta and Bangkok and the refurbishment of the Paris chancery are continuing on schedule. The requirements for the Kabul residential property were re-scoped over the course of the 2013–2014 reporting period and a revised project program is under development.

Overview

The Overseas Property Office (OPO) supports the department's operations by providing a safe, secure and functional work environment within a portfolio of owned and leased domestic and overseas properties.

During the year, OPO conducted a substantial construction, fit-out and refurbishment program in the overseas estate, including ongoing construction of the new embassy complex in

Jakarta and commencement of construction of a new chancery and head of mission residence in Bangkok.

We hosted an International Property Conference in March 2014 bringing together senior government property officials from The Netherlands, Canada, United Kingdom, New Zealand and the United States. Key outcomes included agreement to share information on available chancery space for sub-letting among like-minded governments

and agreement to benchmark capital costs for construction activities.

In managing the Commonwealth's overseas property estate, the department achieved a management expense ratio (MER) of 1.357 per cent, which is appropriate to the unique nature of the estate (MER refers to management expenses expressed as a proportion of the portfolio value).

Major construction projects

Overseas owned estate

The construction of a new chancery and residential complex in Jakarta remains on track to meet its scheduled practical completion date of August 2015 followed by the fit-out

and furniture installation and occupancy in March 2016. The project received an Indonesian Safety Award in recognition of its commitment to site and worker safety.

To involve the local Indonesian community in the construction of the new embassy, OPO funded the *Tembok Seni Australia* art wall project. Forty-six large pictures drawn by Indonesian school children at Australia–Indonesia Institute-partnered BRIDGE schools are now displayed on the hoardings surrounding the construction site (see also 1.3, p. 124). The site has attracted positive attention, particularly through social media.

The construction contract for the Bangkok project was awarded to Bouygues Thai and VSL Australia (BVSL) with on-site works commencing in February 2014. The project is due for completion in July 2016 with occupation expected in late 2016.



Ambassador to Jakarta, Greg Moriarty, with the winning contributor to the Tembok Seni Australia art wall project, South Jakarta, 25 February 2014. [DFAT]

Staff profile

Bina Chandra*Director, Overseas Property Office, Canberra*

I joined the department in 2007 as a specialist Project Manager in OPO. My background is in architecture and urban design, and I worked as a design and development professional in the building industry for almost 15 years.

Since joining the department, I have had the opportunity to manage many interesting and challenging projects around the world including in Kuala Lumpur, Dhaka, Islamabad, and Kabul.

My major project this year is managing the construction of the new Australian embassy complex in Bangkok. This is a large high-profile project for one of Australia's biggest overseas missions.

I find my role as a project manager both satisfying and challenging. It is satisfying because I am engaged with a project from conceptualisation through to the delivery and final completion, and challenging because I have to deliver results in disparate and testing environments. The most enjoyable aspect of project management is that it allows me to use my architectural training while broadening my understanding of the building industry through contact with the different architectural and building engineering consultants engaged on each project.

The head of mission residence in Colombo was completed on schedule and within the approved budget in February 2014.

In March 2014 the Joint Parliamentary Standing Committee for Public Works approved construction of a secure chancery in Nairobi. The design contract for the chancery was awarded to Brisbane-based James Cubitt Architects.

The mid-life services refurbishment of the Australian embassy in Paris continued with completion scheduled for June 2015. Refurbishment works at the owned residential compound in Hanoi commenced during the year.

Leased estate

The new annex to the Australian high commission in Honiara, Solomon Islands, was officially opened in July 2013 by the former Minister for International Development. The annex provides accommodation for staff attached to the restructured bilateral aid program following the transition of the Regional Assistance Mission to the Solomon Islands in June 2013 (see 1.1(7), p. 69).

Construction of new office accommodation and facilities in Kabul were completed and occupied in May 2014. Work on the new chancery in Addis Ababa was also completed and staff commenced operations from the permanent premises in June 2014. The fit-out of leased accommodation for the consulate-general in Chengdu continued with completion scheduled for October 2014.

Management of the overseas estate

We relied on the Portfolio Strategic Plan (PSP) to forecast major capital works and refurbishment programs for the overseas owned estate. In conjunction with our asset management plans, the PSP was also used to inform investment decisions and performance monitoring of all owned properties.

Outsourced property services

The department's property services provider DTZ, delivered property management and tenant advisory services on leased and owned chanceries and head of mission residences, including annual inspections, technical assessments and advice on compliance and building safety. DTZ also managed procurement and contractor services for maintenance of the estate, and provided management and revenue collection, payment processing and IT, and reporting support services. DTZ's work was carried out in accordance with Commonwealth procurement guidelines.

Satisfaction with DTZ's and OPO's performance was measured by an annual survey undertaken by posts in June 2014. The results show that OPO continued to deliver consistently high levels of service, with over 80 per cent of posts rating OPO's performance as good or better. However, there was a decline in posts' assessment of DTZ's performance compared with the previous two years.

The contract with DTZ for the delivery of outsourced property services to both the overseas and domestic property portfolios expires in June 2016. In preparation for a re-tender process, OPO appointed Price Waterhouse Coopers to assess market capability for the delivery of property services and consult with peer organisations to determine the appropriate mix of services in future.

Workplace health and safety (WHS) compliance

Comprehensive WHS audits at 72 posts have now been undertaken to identify and mitigate possible risks to staff. Additional audits were carried out on an as required basis where specific hazards were identified and appropriate remediation plans were developed and implemented. The remaining 20 posts will be audited over the next two financial years.

We undertook a program of compliance audits and hazard identification, risk mitigation and remediation in the overseas estate at 72 posts to ensure the safety and welfare of staff, their families and visitors.

Outlook

OPO will maintain its strategic property planning capability through individual asset management plans (AMPs) for each of its properties and a Portfolio Strategic Plan (PSP). The PSP will recognise the department's strategic priorities and pursue improved asset utilisation and cost management.

Enhanced AMPs, using industry benchmarks and ratings, will assist OPO to make effective short, medium and long term decisions regarding property investment and maintenance programs to ensure properties remain fit for purpose.

Establishing the new consulate-general in Houston and major refurbishment programs at the Washington and Port Moresby chanceries will be priorities.

We will analyse the responses from posts to the annual performance survey and take the necessary remedial action.

Report on financial performance

Departmental operating result

The department demonstrated strong financial performance in 2013–14, notwithstanding the challenges associated with the integration of former AusAID operations.

The 2013–14 financial statements reported an operating deficit of \$92.4 million, including depreciation and amortisation expenses of \$156.2 million. Excluding depreciation and amortisation expenses, the operating result for 2013–14 is a surplus of \$63.8 million.

This includes a surplus of \$21.0 million by the Overseas Property Office.

The main factors contributing to the department's operating surplus in 2013–14 were:

- strong planning, leadership and resources dedicated to integrating former AusAID operations within the department;
- continued focus on financial planning and management at all organisational levels;
- additional appropriation revenue for no win no loss arrangements; and
- a conservative approach to spending across the department due to integration and changes to government policy (e.g. travel).

See also Management of financial resources, pp. 243–4.

Revenue

The department reported \$1435.2 million of revenue in the Statement of Comprehensive Income, comprised of:

- \$1327.7 million of appropriation revenue from government; and
- \$107.5 million of own source income including gains.

This represents an increase of \$112.9 million over 2012–13. The main factors contributing to this movement were:

- integration of former AusAID operations and associated funding within the department, and

- an increase in no win no loss appropriation for FBT (Living Away From Home Allowance) as well as additional funding for UN Security Council and the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education staff.

The department also reported \$111.5 million of other comprehensive income arising from asset revaluation movements in the Statement of Financial Position. This is recorded directly as equity and is not incorporated into the departmental operating result.

Expenses

The department reported \$1527.6 million of expenses in the Statement of Comprehensive Income. This represents an increase of \$148.3 million over 2012–13.

The main factors contributing to the movement in 2013–14 were:

- integration of former AusAID operations and associated expenditure within the department, and
- increases in depreciation, FBT and employee benefits (including voluntary redundancies).

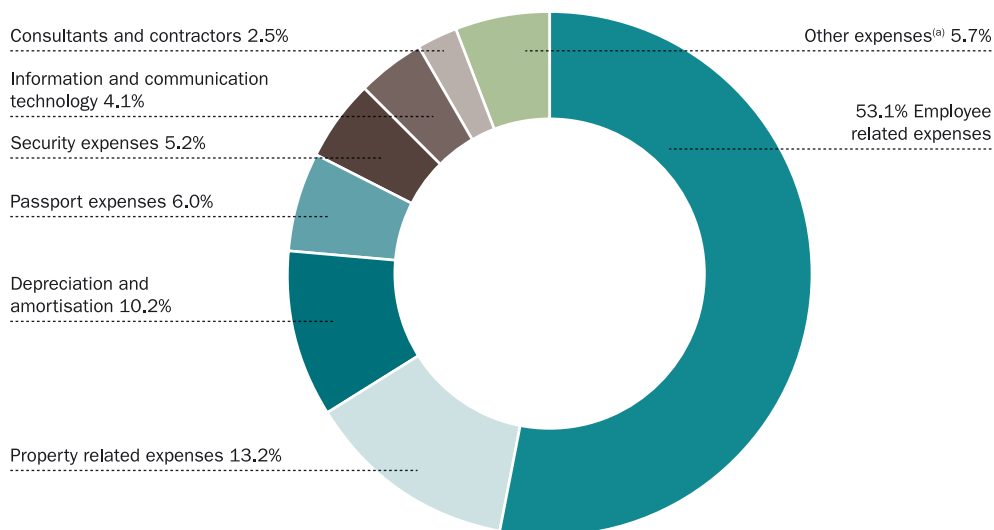
Figure 27 shows the composition of the department's consolidated total expenses:

Assets and liabilities

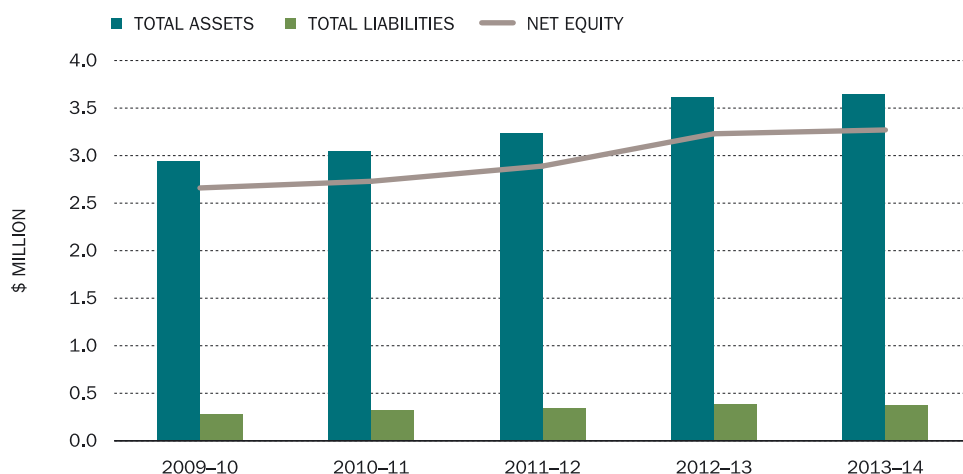
The department reported a strong net asset position of \$3293.7 million in the Statement of Financial Position, with liabilities equating to only 11 per cent of the total asset base.

This is an increase of \$60.8 million over 2012–13. The main factor contributing to the movement in 2013–14 was integration of former AusAID assets and liabilities within the department.

Figure 28 provides an overview of movements in the department's assets and liabilities over the past five financial years.

Figure 27: Departmental expenses, 2013–14

(a) Other expenses include travel and office expenses.

Figure 28: Assets and liabilities, 2013–14

Administered program performance

The department implemented the Government's decision to stabilise the aid budget at around \$5 billion a year, focussed on promoting economic growth, reducing poverty and lifting living standards in the Indo-Pacific region, providing predictability to partner governments and organisations. Program changes were implemented in consultation with partners.

The department's 2013–14 administered revenues were \$573.6 million, which is \$325.6 million lower than the 2012–13. The movement in 2013–14 is mainly due to dividend revenue.

The department's 2013–14 administered expenses were \$4720.5 million, which is \$183.1 million higher than 2012–13.



High Commissioner to Papua New Guinea, Deborah Stokes, with PNG Prime Minister, the Hon. Peter O'Neill CMG, Anzac Day, Port Moresby, 2014. [DFAT]



Parliamentary Secretary Brett Mason joins Samoan Prime Minister, Tuilaepa Sailele Malielegaoi, to inspect a damaged bridge at Leone near Apia, where he announced \$20 million assistance to Samoa for economic infrastructure, 8 May 2014. [DFAT]

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SECTION THREE

CORPORATE MANAGEMENT AND ACCOUNTABILITY

သံတမန်ရေးရာ *Handel* **Diplomazia** 통상 ทางการทูต *Ngoại giao* **Comércio** *Дипломатия*
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omacia व्यापार *تجارة* **Development** *Thương mại* **Komersiu** المساعدة التنموية *le commerce*
ao **Comércio** *Дипломатия* *торговля* *ياستس* *Perdagangan* *ديبلوماسية* *διπλωματία* *Kal*
टनीति *دبلوماسية* **Diplomatiko** 外交 *Développement* *εμπόριο* *Diplomasi* *Comercio* *سفارت*
La diplomatie *Diplomasia* *Ticaret* *Asistencia* *سوداگری* *ကုမ္ပဏီ* **Trade** *व्यापार* *تجارة* *т*

Corporate Management and Accountability

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Corporate Management and Accountability

Overview

The department's corporate agenda focused on ensuring human and financial resources reflected the Government's desire to bring development, foreign policy and trade objectives into closer alignment. We reviewed staffing levels and their distribution across departmental functions in response to machinery of government changes and tighter budget circumstances and implemented a voluntary redundancy program.

We initiated a departmental four-year workforce plan aimed at attracting and retaining the staff needed to deliver on departmental policy, program management, service delivery and corporate priorities into the future.

The department seconded staff across the APS to support whole-of-government initiatives including on the G20 and people smuggling. In line with the Government's economic diplomacy agenda, we continued

secondments to the Business Council of Australia and Treasury.

Safeguarding the welfare of staff was a key priority, particularly during the integration process. We commenced a program of pulse surveys to seek staff feedback and, through the Staff and Family Support Office, delivered more than 1200 management, counselling and wellbeing sessions.

Reflecting the department's commitment to workplace diversity, we launched a Reasonable Adjustment policy to support officers with disability and continued to recruit and offer career development opportunities to Indigenous staff.

Our commitment to quality learning and development saw the department win two top awards at the LearnX Impact Awards 2014 for work on an education eLearning project. We delivered training to assist staff manage change in the workplace.

Corporate governance

The department underwent significant organisational restructuring and developed revised governance arrangements to ensure effective implementation of the Government's foreign policy, trade and development agenda in a cohesive whole-of-portfolio manner.

The department commenced strengthening leadership, strategy and delivery capabilities in response to the findings of an APSC Capability Review and began preparations for the implementation of the new *Public Governance, Performance and Accountability Act 2013* (PGPA Act). (See also p. 230.)

supported the Secretary through strategic overview of the department's work units. (See *Figure 2, p. 21, for the organisational structure and the deputy secretaries' areas of responsibility.*) Members of the executive represented the Government at meetings in Australia and overseas and chaired key corporate governance bodies.

Senior management committees and their roles

Portfolio coordination

The machinery of government changes which brought management of the aid program, development, tourism and international climate change policy into the department were designed to ensure a cohesive approach to implementing the Government's foreign, trade and development policy agenda, with a particular focus on economic diplomacy.

The Executive

The Secretary and deputy secretaries oversaw all significant foreign, trade and development policy, and corporate management issues in the post-integration department. The executive was also responsible for placements of senior executive staff. The deputy secretaries

In this context, the department worked closely with portfolio agencies to ensure a consistent and co-ordinated approach to policy formulation and implementation. The Secretary met regularly with his portfolio counterparts at portfolio agency heads meetings to ensure high-level coordination on policy and corporate issues. Cross-portfolio coordination at the working level was also intensified. (See Figure 4, p. 23.)

Whole-of-government coordination

The department's leading coordination role across Australia's overseas network is set out in the *Prime Minister's Directive: Guidelines for the Management of the Australian Government Presence Overseas*. Working closely with other agencies, the department helped achieve whole-of-government objectives, including by coordinating policy approaches to bilateral and multilateral trade negotiations, building and maintaining regional cooperation on issues such as counter-terrorism and people smuggling, hosting and participating in major international meetings, delivering an effective aid program and responding to humanitarian and consular crises.

The Secretary and senior executive met senior officers from other Australian government departments and agencies regularly to coordinate whole-of-government approaches to current and emerging policy matters, as well as shared management challenges.

Management mechanisms

The department's structure of management bodies and meetings enables effective sharing of information, robust corporate governance, communication of priorities, and strong and ethical organisational values.

The **Departmental Executive (DE)**—comprising the executive, the head of Corporate Management Division, the Chief Financial Officer, the Chief Information Officer and rotating representatives from the senior executive service (SES)—is the department's major formal management body. Meeting weekly, the DE focuses on strategic resource management and priorities, including the budget and cross-cutting policy matters requiring high-level attention. The DE evaluates performance and discusses the priorities and challenges for overseas posts

and state and territory offices through the Post/Office Evaluation Report (PER/OER) and Post Liaison Visit (PLV) processes.

The following committees, chaired at deputy secretary-level, support the DE. Two of these committees were established following the integration of the department and AusAID to oversee and report on aid policy and investments.

The **Audit and Risk Committee** provides independent assurance and advice to the Secretary and Departmental Executive on the department's risk, control and compliance framework, and its external accountability responsibilities.

Both the AusAID Audit Committee and DFAT Audit and Risk Committee met separately twice prior to integration. The fully integrated Audit and Risk Committee was established on 1 November 2013. The committee met three times during the reporting period.

The committee has four permanent departmental members and two independent external members. Other designated departmental officers and representatives from the ANAO may attend meetings as observers.

The committee monitored departmental compliance with obligations under legislation and recommended improvements to certain management systems and key business processes, the corporate governance framework and financial reporting processes.

The committee also provided a forum for both informal and formal communication between key stakeholders, including the Secretary, the DE, senior managers, Internal Audit Branch, others areas of the department with governance responsibilities and the ANAO.

The **Ethics Committee** met twice during 2013–14 to oversee and make recommendations on the development and implementation of the department's conduct and ethics policies, including conducting investigations. Membership of the committee was reviewed and expanded during the year to reflect integration of the aid function into the department. The department's Conduct and Ethics Manual is regularly reviewed and updated, and is available on the departmental website at www.dfat.gov.au/publications/conduct-ethics/.

As the peak consultative bodies for workplace matters, the **Workplace Relations Committee** and the **AusAID Consultative Forum** met separately once and jointly six times during 2013–14, including to consult on workplace changes arising from integration. Other workplace issues including parking, conditions of service, performance management and the impact of the budget on staffing levels were also canvassed. Membership on both forums included elected staff, union and management representatives. The AusAID Consultative Forum was disbanded on 30 June 2014.

The **Aid Investment Committee** provides effective oversight of Australia's aid investment portfolio, ensuring it aligns with government policy, achieves development impact, and promotes value for money in aid expenditure. The committee provides strategic guidance on Aid Investment Plans for major programs and reviews high-risk and/or high-value aid investments.

The **Development Policy Committee** ensures the design and delivery of the aid program is consistent with the national interest and government policy priorities, and aligns with foreign, trade and development policy.

Intradepartmental communication

The Secretary communicated with departmental staff through the following mechanisms:

- weekly meetings with division heads to communicate the department's foreign, trade and investment, and development policy and corporate priorities
- administrative circulars, the department's intranet and all staff messages
- regular meetings with relevant senior officers to discuss policy, staffing, budget and other corporate management issues
- regular forums open to all staff to discuss policy and corporate issues affecting the department (transcripts of these forums are made available to all staff in Australia and overseas)
- meetings with divisions to discuss policy and corporate issues
- publication on the intranet of his speeches and presentations.

The overseas network was informed of policy and corporate issues through:

- regular formal and informal communication with divisions in Canberra
- regional heads of mission/post meetings
- video conferences between the Secretary and some overseas posts
- regional management conferences
- post liaison visits led by a deputy secretary.

The Secretary and deputy secretaries used these mechanisms to communicate regularly with departmental staff in Canberra and overseas on the integration process.

Evaluation and planning

Regular evaluation takes place across the department to ensure resources are best directed to support the Government's foreign, trade and investment, and development policy objectives.

The department's *Portfolio Budget Statements 2013–14* outlined our performance expectations and planned use of resources. The development program functions, international climate change negotiations and tourism policy, now integrated in the department, were reported on in other Portfolio Budget Statements. The department updated its deliverables and key performance indicators for the *Portfolio Budget Statements 2014–15* to ensure they closely aligned with the department's new priorities.

The department evaluated the performance of posts and state and territory offices (PERs/OERs), on a rolling basis (each post and office is reviewed once every 18 months). In 2013–14 six OERs and 42 PERs were discussed with the relevant state directors and heads of mission. The department sought input from more than 60 federal or state government agencies and departments on the performance of our posts and offices as part of the review process. Feedback from these agencies was strongly positive about our ability to achieve outcomes important to Australian interests.

Divisional evaluation reviews, conducted on a rolling basis throughout 2013–14, enabled the executive to evaluate each division's performance and to determine or refine priorities for the year ahead.

As a result of integration, the findings of the APSC Capability Review and changes under the new PGPA Act, the department began work to enhance strategic planning processes, including through the introduction of divisional and post business plans and changes to evaluation processes for work units. The

PGPA Act will also require the development of a Corporate Plan for 2015–16.

In 2013–14, post liaison visits led at deputy secretary level were conducted in Ottawa, New Delhi, Chennai and Mumbai to assess first hand each post's performance and their operating environment.

Capability improvement and change

The department is going through a period of significant change—some changes are organisation-specific while others affect the wider public service. The integration of AusAID and some climate change and tourism functions into the department was a key driver for change. The outcomes of the Australian Public Service Commission's Capability Review and the government-mandated changes to the department's role requiring prioritisation of economic diplomacy and a reshaped aid program also reinforced the need for change.

The department will remain a high-performing organisation able to deliver the outcomes expected by the Government and the Australian community if we adapt and are responsive to these challenges. We need to strengthen core organisational capabilities in line with the findings of the Capability Review and we have developed a comprehensive action plan to help us achieve this objective. We have focused our capability improvement and change program on organisational culture and innovation, risk and knowledge management, and aspects of policy-making, strategic thinking and business planning.

The objectives and activities outlined in our capability improvement program are based largely on ideas put forward by departmental staff and are designed to be practical, cost-effective and achievable. Actions will be implemented in an incremental, pragmatic and flexible manner and reviewed and updated periodically to reflect changing requirements. We have adopted an open, inclusive and consultative approach to managing change to maintain staff awareness, understanding and support. We are also tackling change through practical, supported actions that target *behaviours* and *practices*, so as to ensure change elements are an organic part of the capability building process. The preparatory work carried out in 2013–14 has laid the foundations for achieving sustainable, long-term improvement.

Through the capability improvement program we are on track to building a more resilient, flexible, innovative and efficient department that can adapt quickly to new challenges and be an influential player within government.

Office of Development Effectiveness

An operationally independent unit in the department—the Office of Development Effectiveness (ODE)—evaluates the quality and effectiveness of the aid program. ODE monitors performance, evaluates impact and contributes to international evidence and debate about aid and development effectiveness. In 2013–14, ODE published seven reports on Australian aid investments. (See also *DPSO*, pp. 191–4.)

The ODE also verifies, through an annual spot check, the ratings given by staff on the performance of individual aid investments. This process enhances the overall reliability and robustness of the department's ratings system. The work of ODE is overseen by the Independent Evaluation Committee (see p. 232).

Conduct and ethics

The department's Conduct and Ethics Unit (CEU) investigates allegations of fraud and misconduct, including against locally engaged staff overseas. Of the 21 allegations investigated in 2013–14, 11 allegations were substantiated.

One of the key roles of the CEU is to promote the APS Values, Employment Principles and Code of Conduct as well as our own Code of Conduct for Overseas Service. We provided awareness training to our staff in Australia and at Vientiane, Port Moresby and Paris posts, complementing the department's mandatory e-learning training modules on APS values, ethical behaviour and accountable decision-making. We also provided specific pre-posting briefings on overseas conduct and ethics issues for heads of mission, deputy heads of mission and senior administrative officers.

To meet obligations imposed by the entry into force of the *Public Interest Disclosure Act 2013* on 15 January 2014, the department established rigorous procedures for effectively managing complaints relating to any allegations of malfeasance as defined under the act involving departmental staff. The new procedures complement existing policies on reporting potential breaches of the APS Code of Conduct and suspected criminal offences.

Child protection compliance

The Child Protection Compliance Section reviews the implementation of the Child Protection Policy for the aid program. The section monitors compliance by staff and partner organisations, conducts audits and spot checks to monitor the child protection systems of partner organisations, and ensures that any allegation of child exploitation or abuse by an aid program delivery partner is responded to appropriately.

The section provides policy guidance, conducts staff training, delivers briefings to partner organisations and provides advice on program design and the management of risks to children.

Countering fraud

The Fraud Control Section (FCS) investigates allegations of fraud within the aid program and other incidents of external fraud. When fraud in the aid program is substantiated, FCS seeks the recovery of any losses and the application of appropriate penalties, including the prosecution of offenders.

During 2013–14, FCS staff delivered 46 training sessions to 1026 participants consisting of department, partner government, multilateral, contractor and NGO staff in Canberra and overseas.

The department's fraud prevention, investigation, reporting and data collection procedures comply with the Commonwealth Fraud Control Guidelines and the Australian Government Investigation Standards (see p. 3). The department's Fraud Control Plan stresses zero tolerance for dishonest or fraudulent behaviour by employees, clients, contractors and recipients of Australian aid program funds, and underlines the department's strong commitment to reducing the risk and incidence of fraud across its operations both within Australia and overseas.

The department conducts a biennial department-wide fraud risk assessment. A fraud risk assessment was completed for the integrated department and will inform a new fraud control plan in 2015.

Risk management and business continuity planning

As a result of integration, the department began reviewing business continuity planning (BCP) processes in Canberra. We managed BCP processes during the transitional integration period by prioritising higher risk areas. The department focused on improved business continuity management, taking account of lessons learned from desktop exercises in Canberra and at state and territory offices.

The department's result in the 2014 Comcover Risk Management Benchmarking Survey exceeded the average across participating agencies. We performed most strongly in our business continuity and disaster recovery policies and processes, achieving the highest possible rating in the survey.

The department commenced work on a revised risk management policy to provide all divisions and business areas across the integrated department with the necessary tools and guidance to engage with risk as a core professional responsibility, consistent with the new Commonwealth Risk Management Policy. Risk reporting will be embedded as part of the new business planning processes.

Regulatory practice

The department established a deregulation unit to drive red tape reduction initiatives and provide advice on regulatory impact analysis requirements for new policies. We assisted in

the establishment of the Trade and Investment Policy Advisory Council (see 1.1(9), p. 88) which has deregulation as a permanent agenda item. We completed a stocktake of our regulatory footprint and identified areas for reform in the short, medium and long term. We began work to calculate the total regulatory cost burden imposed by the department on individuals, business and community organisations to guide future red tape reduction initiatives. Given our relatively small regulatory footprint—primarily in the areas of passports, sanctions, nuclear and chemical stakeholder permits, consular services, grants, and interaction with small and medium enterprises—most red tape savings will be realised through changes to business processes rather than the repeal of legislation.

Internal audit

The department's Internal Audit Branch, under the direction of the Chief Auditor, reviews the quality, accountability, efficiency and effectiveness of the functions and processes used by the department to develop and implement foreign, trade and development policy, deliver an effective aid program and provide high quality consular assistance.

The internal audit program provides assurance that critical policies and procedures are complied with and identifies areas for improvement in administrative and program functions and processes. The internal audit program is delivered using a combination of internal resources and external providers.

External scrutiny and accountability

Independent Evaluation Committee

The Independent Evaluation Committee (IEC) monitors the impact and performance of Australian aid. The committee has three external members (former World Bank Vice President, Jim Adams, is the chair), two Australian government officials, including a DFAT deputy secretary, as full members, and a member of the Department of Finance as an observer. The IEC oversees the work plan and

evaluation and performance analysis products of the ODE (see p. 231). The committee met four times in 2013–14.

Parliamentary committees of enquiry

Departmental officers appeared as witnesses before the Joint Standing Committee on Treaties in relation to three proposed treaty actions. This figure does not include occasions on which Treaties Secretariat staff attended

JSCOT hearings in an observer/advisory capacity. (See *Appendix 6* for further details, p. 269.)

Courts and administrative tribunals

The department was involved in a number of legal matters during the year (see *Appendix 7*, p. 270). There were no decisions that had a significant legal impact on operations.

Commonwealth Ombudsman

The Commonwealth Ombudsman commenced nine investigations with respect to the department's activities in 2013–14 and recorded no administrative deficiencies. No formal reports were issued.

Office of the Australian Information Commissioner – freedom of information and privacy

The Information Commissioner finalised eight reviews of FOI decisions made by the department. In one case, the department's decision was overturned by the Information Commissioner. In all other cases, the decisions of the department were affirmed, with a small amount of additional material being made available to the applicant in one case.

The Privacy Commissioner finalised one privacy complaint finding that the department did not breach the complainant's privacy.

Legislation

The process for all portfolio-related legislation was managed effectively.

The department facilitated the enactment of the *Australian Civilian Corps Amendment Act 2013* that entered into force on 13 December 2013 and the *Export Market Development Grants Amendment Act 2014* that entered into force on 9 April 2014.

The department played a key role in the enactment and amendment of a number of legislative instruments within the portfolio.

Among them were the *Autonomous Sanctions Amendment (Ukraine) Regulation 2014*, the *Consular Privileges and Immunities (Indirect Tax Concession Scheme) Amendment Determination 2013 (No. 1)* and the *Charter of the United Nations Legislation Amendment Regulation 2013 (No. 2)*.

The department provided input to legislation managed by agencies within the portfolio and contributed to the development of legislation initiated by other agencies that affected the foreign affairs and trade portfolio.

Reports by the Auditor-General

In 2013–14, the Auditor-General tabled in Parliament the following reports by the Australian National Audit Office (ANAO) related to the department's operations:

Report No. 7: Agency Management of Arrangements to Meet Australia's Treaty Obligations

Report No. 13: Audits of the Financial Statements of Australian Government Entities for the period ended 30 June 2013

Report No. 44: The Interim Phase of the Audit of Financial Statements of Major General Government Sector Agencies for the year ending 30 June 2014

Report No. 50: Cyber Attacks: Securing Agencies' ICT Systems

Details of these reports can be found on the Australian National Audit Office website.

Compensation for detriment caused by defective administration

Eleven new cases were lodged under the compensation scheme for detriment caused by defective administration, well below the annual average of 21 cases per year for the period 2008–2013. Ten were resolved during the year (including cases from previous financial years). Of these, eight payments were made from administered funds while in two cases, compensation under the scheme was found not warranted. Three cases remained in progress at the end of the financial year.

Management of human resources

The department's human resources management focused on deploying and equipping staff to support the Government's decision to more closely align its development, foreign policy and trade objectives. The department also continued to manage its staff flexibly and effectively in response to emerging policy priorities and to assist Australians overseas.

We streamlined processes to deploy staff quickly and effectively to meet changing business needs and match resources to newly integrated structures. We introduced a new web-based internal placements process and a combined bulk posting round covering the full range of the department's functions.

The department began a comprehensive staff profile review in early 2014 to take advantage of efficiencies from integration and in anticipation of expected budget cuts. The review concluded that a reduction of 500 staff would enable the department to deliver the Government's priorities in foreign affairs, trade and development, while achieving the required savings from integration, the aid budget reductions and more efficient delivery of the aid program.

The department managed a voluntary redundancy program across the integrated department. As at 30 June 2014, 254 formal offers of voluntary redundancy to non-SES staff had been accepted as had all 18 offers to SES staff.

In Canberra, the department seconded staff to the Department of the Prime Minister and Cabinet to support Australia's G20 presidency in 2014 and contributed to whole-of-government efforts to counter people smuggling through secondments to the multi-agency Operation Sovereign Borders Joint Agency Taskforce. We also established a New Colombo Plan Secretariat.

The department increased staff in the economic and trade divisions to support the Government's economic diplomacy agenda and continued secondment programs with the Business Council of Australia and Treasury. Additional staff were deployed to progress a range of free trade agreements.

The department responded quickly to operational needs overseas. We deployed staff on short-term missions to help overseas posts manage one-off events and crises, including Anzac Day commemorations in Gallipoli and France, the World Cup in Brazil and humanitarian responses in the Philippines. We seconded staff to assist the Government of Myanmar as ASEAN and East Asia Summit Chair in 2014, the Indonesian Ministry of Foreign Affairs as APEC host in 2013 and the UN Secretariat Department of Political Affairs.

Workforce planning, staff mobility and retention

The department remained committed to enhancing its workforce planning capability, including in line with the APSC's Capability Review recommendations. We established a new HR section to develop a comprehensive four-year workforce plan. The plan outlines strategies to ensure the department's workforce capabilities can meet policy, program management, service delivery and corporate priorities.

The workforce plan also focuses on developing and maintaining a talented workforce of highly mobile generalists, subject matter experts, and specialists. The plan will build on the efforts undertaken in 2013–14 to attract and retain specialist policy and program staff to deliver on the Government's re-focused aid program.

Recruitment

The department completed 16 non-SES bulk recruitment rounds (including graduate recruitment) and 29 non-SES specialist rounds. No SES selection processes were completed. External recruitment after 31 October 2013 was limited to filling positions requiring specialist skills not available from existing staff in the department.

The 2015 graduate recruitment program attracted 2373 applicants for the policy graduate intake and 421 applicants for the corporate graduate intake.

Staff profile

Kathleen Blades

Director, Workplace Planning, Salaries and Metrics, Canberra



As the Director of Workforce Planning, Salaries and Metrics, I have an exciting opportunity to lead the development of the first strategic workforce plan to traverse foreign affairs, trade and aid functions of the department. Since joining the department in November 2013, I have been assisting with the integration of the aid program into the department and exploring opportunities to enhance the department's workforce analytics capability.

Developing strong strategic workforce frameworks to underpin organisations undertaking complex and geographically dispersed operations has been the focus of my workforce planning career for the past decade. Whether designing a model to support the defence logistics capability during my time with the Department of Defence or developing workforce plans for large private sector organisations, I have developed a passion for ensuring the workforce planning spine of an organisation is equipped to shape a workforce that is able to respond to emerging capability requirements.

The department's four-year strategic workforce plan will be developed and published in 2014–15. I am looking forward to this work and all that it will contribute to the careers of the talented professionals who represent Australian interests to the international community.

Workplace diversity

In line with APS-wide diversity objectives, the department continued to support flexible working arrangements, including access to flex/time off in lieu, permanent part-time work arrangements and teleworking (home-based work). The volunteer-run DFAT Families Network hosted a seminar series to assist staff with balancing career and family commitments. The network also provided resources and advice to staff on managing the challenges of taking up, and returning from, overseas postings.

We held a number of major diversity-focussed events in Australia and overseas reinforcing our commitment to diversity objectives—NAIDOC week in July 2013; International Day of People with Disability in December 2013; International Women's Day in March 2014; and National Reconciliation Week in May 2014.

In line with the department's commitment to an inclusive workforce reflective of the Australian community, we encouraged the work

of a number of staff network groups. Staff network groups for Indigenous employees and staff with disability were active in providing advice to the departmental Indigenous and disability champions. The champions worked to raise awareness of diversity issues at senior levels within the department and monitored the delivery of departmental initiatives to support diversity. We welcomed the establishment of the Lesbian, Gay, Bisexual, Transgender and Intersex Network in January 2014.

Diversity training focused on providing staff with skills to adequately foster inclusive workplace practices and on maximising contributions of employees from diverse backgrounds. This included harnessing the benefits of the over 730 staff across service delivery, policy and corporate areas with working-level proficiency in one or more of 38 foreign languages.

Indigenous employment

In delivering commitments under the Reconciliation Action Plan (RAP) 2011–2015, we provided Aboriginal and Torres Strait Islander cultural awareness training to 140 officers, including all 2014 graduates and all Darwin state office staff.

We promoted events during National Reconciliation Week to enhance staff awareness of the history and meaning of reconciliation. Mr Fred Chaney AO, Senior Australian of the Year 2014, addressed staff and members of the Diplomatic Corps on the progress of reconciliation in Australia.

The department conducted a staff survey to gauge levels of awareness of Indigenous peoples, culture and contemporary issues. The survey revealed valuable information to assist in developing a new RAP by the end of 2015.

We celebrated NAIDOC Week with a range of cultural activities, performances and workshops in Australia and at overseas posts. A concert featuring emerging Indigenous musicians Sue Ray, Marcus Corowa and Jess Beck with the Pirra Trio was a highlight.

In 2013–14, three staff were seconded to Jawun for six-week placements within Indigenous communities in North East Arnhem Land, Central Coast and Cape York. Two officers participated in Indigenous Community Volunteers (ICV) community-led projects with the Kimberley Land Council in Broome. The department enhanced its commitment to engagement with Indigenous communities by

agreeing to five future staff secondments to the Jawun program and two ICV secondments.

The department contributed to the 'Closing the Gap' strategy and cemented relationships with tertiary education institutions through the awarding of four \$5000 scholarships. Two students studied at the Gummurri Centre in Griffith University, and two undertook the Foundation Course through the Ngunnawal Centre at the University of Canberra. We used our membership with Supply Nation to procure Indigenous services, including consultants, multi-media companies and cultural performers.

The department continued to recruit Indigenous Australians through the APS Pathways Program and through the use of special measures positions within the broader graduate program. The graduate program was advertised online in the *Koori Mail*, the *National Indigenous Times* and at www.OurMob.com.au. In seeking to attract Indigenous talent, the department initiated a promotional video highlighting the diverse career opportunities within the department.

We promoted career development of Indigenous staff through the International Skills Development Program. Opportunities included participation in the UN Permanent Forum on Indigenous Issues as part of the Australian delegation; a six-week internship at our permanent mission in New York; and a two-week placement in Wellington. These opportunities provided staff valuable experience and insight into the nature of work at our overseas posts.



Graduates with departmental colleagues at the 2013 APSC Graduation for Indigenous Graduates, Cadets and Trainees, Canberra, 12 December 2013. Left to right: Tanya Bennett, Alicia Smith, Lindsey Sanger, Kyara Simpson, Lakeisha Finn and Sharon Burke. [APS Commission]

International Skills Development Program

The International Skills Development Program (ISDP) has been operating since 2009 contributing to the department's learning and development culture. The program provides high achieving junior officers with the opportunity to attend significant international exchanges, negotiations or meetings, particularly to support the development of economic diplomacy skills. The program also celebrates the diversity of the department's workforce.

In 2013–14 there were 51 participants in the program, one of whom was selected to participate as a member of the Australian delegation to the 7th Session of the Conference of States Parties to the Convention on the Rights of Persons with Disabilities in New York. An Indigenous trainee also attended the UN Permanent Forum on Indigenous Issues in 2014 as part of the program.

Disability employment

On 31 May 2014, the department had 52 employees (representing 1.3 per cent of its A-based employees) who disclosed a disability, although internal surveys suggest the actual number is considerably higher. In line with the department's ongoing commitment to support employment and career progression for people with a disability, we appointed a senior SES officer as Disability Champion. The champion promoted greater visibility and awareness of the needs of employees with disability including through advocacy of disability policies and resources across the department. We reviewed arrangements for staff with mobility permits to ensure access to appropriate parking.

On 30 April 2014, the department launched a Reasonable Adjustment policy, which provides guidelines on reasonable adjustments to be made in the workplace to allow officers with a disability to access and perform the inherent requirements of their job. We used the services available under the Department of Employment's Job Access scheme to meet the needs of staff with a disability. The Workplace Diversity Manager and Workplace Health and Safety Section were active in assisting staff with disability to transition to new worksites and meeting reasonable adjustment requirements. We held disability awareness training for managers and on International Day of People with Disability we promoted the achievements and experiences of people with disability both in Australia and at our overseas posts.

In line with our commitment to staff development within the department's Disability Action Strategy 2011–2015, one staff member with a disability was selected to form part of the Australian delegation to the Conference of States Parties to the Convention on the Rights of Persons with Disabilities. We also supported the APS RecruitAbility scheme through the graduate program, allowing applicants with disability to experience all aspects of our selection processes.



Graduate trainee, Hugh Boylan, attends the 7th session of the Conference of State Parties to the UN Convention on the Rights of Persons with Disabilities, New York, 10–12 June 2014. [DFAT]

Disability reporting mechanisms

Details about disability reporting under the National Disability Strategy are available at www.dss.gov.au. Information regarding other disability reporting mechanisms is available through the APSC's State of the Service Report and the APS Statistical Bulletin, at www.apsc.gov.au.

Learning and development

The department is committed to the professional development needs of staff.

Throughout the year, we focused on leadership and management programs. The Executive Training and Development Program enabled staff to attend courses through the Australia New Zealand School of Government; National Security College; Australian Public Service Commission; Melbourne Business School; SAID Business School University of Oxford;

Centre for Public Management; Harvard Kennedy School Boston; Centre for Executive Education University of California Berkeley; and Australian Graduate School of Management.

Following integration we provided courses and workshops to support the transition and deal effectively with change. In the initial three-month period a total of 344 staff participated in these change courses in Canberra and at post.

We responded to the 2013 APSC Capability Review which recognised the increasingly important role of locally engaged staff and their training needs. In 2014 we held four workshops for locally engaged staff in Kuala Lumpur, Shanghai, Manila and Lima.

We continued our emphasis on digital learning across the department and were recognised for our efforts, winning two top awards at the LearnX Impact Awards 2014.

Education e-learning awards

Education Section members, Development Policy and Education Branch. Left to right: Kate Danaher, Louise Ellerton and David Coleman



The department won the platinum award for 'Best Talent – Learning Partnership' in the LearnX Impact Awards 2014. The department was also recognised with a gold award in the 'Best eLearning Design – Accessibility' category.

The awards are in recognition of 40 high-quality e-learning modules that provide professional knowledge efficiently to our staff in Australia and overseas. Developed in partnership with Evolve Studios and the department's Education Resource Facility, the modules strengthen the department's capability in designing and implementing effective education partnerships across our region.

LearnX Impact Awards recognise the exceptional impact of organisational learning and performance within the Asia-Pacific region.

Trainee programs

In February 2014, 36 policy graduates and six corporate graduates commenced the department's two-year graduate training program. The program provides policy graduates with placements in bilateral, trade, multilateral, development and corporate policy areas. Corporate graduates are encouraged to complete business management and/or accounting qualifications in addition to placements within the department in a range of corporate policy roles.

Graduates receive a mix of academic and professional skills training and in 2013–14 the department broadened courses offered to include development policy and programs; critical thinking; negotiation of international trade agreements; and a course on developing a 'world view'.

As part of a junior networking and outreach initiative, twenty international participants joined graduate trainees for two months for the core training period. Junior diplomats were drawn from Africa, the Middle East, the Caribbean, Asia and the Pacific, with funding provided through the Australian Leadership Awards Fellowships and the Australia–Malaysia Institute.

The department continued its two-year Administrative Officer Development Program to develop skilled officers at the APS4 to EL1 levels to fill administrative positions at overseas posts. We provided six new administrative trainees with six to eight rotations in key corporate areas, as well as short-term placements in overseas missions and state and territory offices.

Three Indigenous tertiary students were employed in 2013–14 through the Indigenous Cadetship Program. This program assists promising Indigenous tertiary students gain relevant work experience while completing their studies. In February 2014, two cadets completed their studies and were subsequently recruited to the department under the 2014 APSC Pathways graduate program. One Indigenous graduate was also recruited under APS Special Measures provisions.

In March 2014 two new staff joined the department under the Indigenous Traineeship Program. The 15-month program provides skills development in a range of corporate areas as well as the opportunity to gain a Certificate IV in Government. Two Indigenous trainees recruited in 2013 successfully completed the program in May 2014. One trainee undertook an internship in New York to assist with the UN Permanent Forum on Indigenous Issues.



2011–12 Administrative Development Program participants complete the two-year program, Canberra, 20 November 2013. Left to right: Genevieve Holley, Michael Lyons, David Braddick, Janine McLennan and Kathryn Stacey. [AUSPIC/Howard Moffat]

Staff profile

Yasmine Davis

*Indigenous Cadet, Southeast Asia Maritime
Bilateral Branch, Canberra*



Since joining the department in 2011 as an Indigenous cadet, I have continued my studies in law and international relations while gaining a wide range of valuable work experience during university breaks. I have had the opportunity to draft policy papers for APEC, prepare legal advice for consular and passports areas, and engage with business and state government through my work in the Queensland State Office.

I have also assisted with preparations for ministerial and high-level meetings with Malaysia and Singapore, and drafted Australia's public statements on international human rights issues for presentation at the United Nations.

The highlight of my time in the department was a short-term mission to New York, where I assisted in the smooth running of the UN Permanent Forum on Indigenous Issues. This involved working closely with the Australian delegation and coordinating a side event co-hosted with Ecuador. During the same trip, I visited Washington, where I participated in government meetings, including a high-level conference on the South China Sea.

We supported ICT graduates, apprentices and cadets through whole-of-government entry level recruitment programs. Two ICT tertiary graduates completed their programs while two ICT apprentices and one ICT cadet continued their combined study and work programs.

The department recruited one ICT tertiary graduate and two ICT cadets in January 2014 to take up work placements in the Information Management and Technology Division, covering infrastructure support, project management, applications, and web support and development. The graduates complete an 11-month APSC Graduate Development Program incorporating a Diploma in Government. In line with whole-of-government objectives, ICT graduates collaborate with graduates from other agencies on a major project, which they present to a panel of SES officers.

Studies assistance

The department supports the professional development of staff through relevant tertiary study. In 2013–14 study assistance in the form of financial support and leave was

approved for 236 employees. The department supported staff studying in the disciplines of arts, business, crisis management, development studies, economics, environmental studies, evaluation, information technology, international relations, law, policy and strategic studies.

Language training

The department encouraged a high level of language ability in staff posted overseas, including through our 179 language-designated positions. We provided training in 27 priority foreign languages, aligning with Australia's foreign, trade and development priorities. In 2013–14, 157 staff undertook long-term language training in Australia and overseas and a further 89 staff undertook short-term survival language training.

Staff are encouraged to maintain their language proficiencies through language allowances, immersion classes and lunchtime discussion classes. Additional support is provided to staff through the Rosetta Stone eLearning application.

Performance management

The department's performance management processes are structured to deliver an effective and productive workplace.

The 2013–14 performance management cycle ran over the twelve months to 31 March 2014. Employees received informal performance feedback throughout the cycle, a formal mid-term appraisal and an end-of-cycle performance review. SES employees participated in the performance management system but were not eligible to receive a performance bonus. The performance system:

- provides employees with a clear understanding of their role and what is expected;
- provides incentives for improved performance including salary advancement or a performance bonus payment;
- links individual performance to expected work-level standards; and
- identifies staff career development and training needs.

Former AusAID and Climate Change employees participated in the performance cycle from 30 January 2014.

Locally engaged staff

The department's performance at overseas posts is significantly enhanced by locally

engaged staff (LES). The department acknowledges the professional support and significant contribution made by these staff to the advancement and protection of Australia's interests overseas. LES play an important role across a diverse range of responsibilities, including political/economic reporting, public diplomacy, corporate management, and the delivery of consular and passport services to Australian citizens.

Under the *Prime Minister's Directive: Guidelines for the Management of the Australian Government Presence Overseas*, the department manages the appointment, termination, salary and conditions of service of all LES, except those engaged by Austrade. This is done in accordance with contemporary Commonwealth management principles, local labour and other relevant laws and good employer practice.

In 2013–14, the department was the legal employer of 4077 LES, 1633 of whom were employed on behalf of other government agencies. On 1 November 2013, the department became the legal employer of 635 LES who had been formally employed by AusAID. The alignment of the terms and conditions of employment for the integrated locally engaged staff workforce was a key priority. By 30 June 2014, 40 of 42 posts had completed a review of the terms and conditions.



LES staff in Samoa, (left to right): Vena Liz-Upton, Azaria Lesa Ah Kau, Asenati Tuiletufuga and Ana Hall, mark the beginning of the newly integrated department, Apia, 1 November 2013. [DFAT]

Workplace arrangements

Most non-SES employees integrated into the department were transferred to the *DFAT Enterprise Agreement 2011–14* (EA) on 30 January 2014. Tourism employees were transferred on 13 February. Transitional arrangements covered some of the terms and conditions applying to former AusAID employees until 30 June 2014. (See *Appendix 2*, p. 256.)

The EA nominally expired on 30 June 2014 but will continue until replaced by a new agreement. The agreement promoted a strong performance-based culture, operational efficiencies, and a positive working environment focused on training and career development.

Remuneration of senior executives

SES terms of employment are determined by the Secretary under Section 24(1) of the *Public Service Act 1999*. All SES employees integrated into the department were transferred to DFAT SES conditions of service by way of Section 24(1) agency determinations; former AusAID SES on 30 January 2014 and former Climate Change SES on 13 February 2014. Executive remuneration is set out in Note 13 of the financial statements (pp. 352–8).

Staff welfare

The Medical Unit continued to support six clinics in Port Moresby, Dili, Jakarta, Rangoon, Vientiane and Phnom Penh. During 2013–14 there were 112 medical evacuations. The department provided 1252 staff with a flu vaccination in Canberra, with programs also rolled out at state and territory offices and at posts.

The Staff and Family Support Office (SFO) provided more than 1200 management and counselling consultations. Staff counsellors visited 55 posts (including four state offices) and responded to critical incidents in Nairobi (Westgate Mall attack), Vientiane and Bangkok (Pakse aircraft accident) and Manila (widespread flooding). The Family

Liaison Officer supported staff and families in relation to the overseas posting cycle and fostered the network of community liaison officers.

The SFO conducted nearly 200 training sessions with over 2800 participants covering change management, supporting distressed and difficult clients, adapting to life at post, the cross-cultural workplace and stress management. The SFO provided mental health screening for high-threat posts, wellbeing checks for staff, oversight of the Employee Assistance Program, and pre-posting and return-to-Australia briefings. Support to managers included advice on performance management issues, the management of change, and mental health matters.

Staff surveys

In 2013–14 the department initiated a program of pulse surveys to seek feedback from staff and monitor staff wellbeing. This was particularly important during the integration of staff from AusAID and Climate Change agencies.

A total of 4190 staff participated in the first pulse survey held from 24 February to 5 March 2014—a 65 per cent response rate. The survey provided staff views on their experiences of the management of large-scale workplace change. Following the survey divisions prepared action plans to further embed strong communication practices and leadership across the organisation. Work being undertaken in the Capability Action Plan also responds to themes raised in the staff survey. The next pulse survey is scheduled for late 2014.

Workplace health and safety

The department's workplace health and safety arrangements, provided in accordance with Schedule 2, Part 4 of the *Work Health and Safety Act (Cth) 2011*, are reported in *Appendix 8* (pp. 271–2).

Management of financial resources

The department's operations in Australia and overseas are supported by a sound financial resource management framework, which includes robust internal controls and regular budgeting performance reporting. (See also *Report on financial performance*, pp. 222–3.)

The 2013–14 Budget included additional funding for the department to implement a new International Communications Network; construct two new properties in Nairobi and Kabul; continue support for the Regional Assistance Mission to Solomon Islands; and support the prevention and disruption of maritime people smuggling.

At the 2013–14 Additional Estimates, the department received additional funding for the Government's New Colombo Plan and for a Debt-to-Health swap with the Government of Indonesia, as well as administered funding to cover payments to multilateral organisations. The Government discontinued the establishment of a new post in Senegal (Dakar) and withdrew associated funding.

In its report, *Interim Phase of the Audit of Financial Statements of Major General Government Sector Agencies for the year ending 30 June 2014*, the ANAO acknowledged that the department (including the former AusAID) had effective internal controls to ensure good financial management and a sound financial reporting framework.

Financial management information system

The department completed the first year of a two-year program of work to improve its financial management information system and business processes. Early results included enhanced internal audit controls and more efficient user access management. Further improvements in relation to procurement processes, travel management, cash management, financial reporting and budget planning will be developed throughout the next financial year.

Assets management

A rigorous capital funding process ensured work units provided well-argued business cases to seek capital funds. The executive, in addition to receiving monthly budget reports, reviewed the progress of previously approved projects. Work areas reviewed and updated their asset purchasing and disposal needs as part of a five-year asset plan.

The department operates a rolling cycle for asset revaluations whereby each asset class is revalued every five years. The only exceptions are land and buildings, which are revalued annually. Informal reviews and impairment testing of asset classes are conducted annually to ensure asset values are fairly stated in the end-of-year accounts.

Purchasing performance

The department ensured compliance with all relevant Commonwealth procurement policies and legislation, particularly the *Commonwealth Procurement Rules*.

Competitive tendering and contracts of \$100 000 or more (inclusive of GST) let during 2013–14 incorporated provisions to allow access to relevant contractors' premises by the Auditor-General.

Competitive tendering and contracting

The department updated its procurement policy framework and other policies, guidance and tools to reflect the requirements of the *Public Governance, Performance and Accountability Act 2013* and the needs of the integrated department.

Exempt contracts

There were no contracts or standing offers in excess of \$10 000 (including GST) exempted from publication 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 consultants where it requires specialist expertise or when independent research, review or assessment is required.

Prior to engaging consultants, the department takes into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. The engagement of consultants during 2013–14 was in accordance with the *Financial Management and Accountability Act 1997*, related regulations including the *Commonwealth Procurement Rules* and relevant internal policies.

During 2013–14, the department entered into eight new consultancy contracts involving total actual expenditure of \$875 214. In addition, 18 ongoing consultancy contracts were active, involving total actual expenditure of \$1 213 681.

In accordance with Commonwealth requirements, annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website www.tenders.gov.au.

Whole-of-Australian-Government stationery and office supplies

Officemax became the department's stationery provider on 1 February 2013 on transitioning to the Whole-of-Australian-Government Arrangements for Stationery and Office Supplies. A Change Order to the Agency Deed between the department and Officemax has been made to reflect the integration of AusAID. Officemax will continue to be the department's stationery provider until 30 June 2015.

Whole-of-Australian-Government travel management services

The Department of Finance exercised the second and last option to extend their Whole-of-Australian-Government head agreement with Agency Travel Management Companies for 12 months to April 2015.

Consequently Carlson Wagonlit Travel will continue to be the department's travel provider until 30 April 2015.

The department transitioned to phase two of the Whole-of-Australian-Government Arrangements (for Travel and Related Card Services) on 1 July 2013. Under phase two, the AOT Group will provide accommodation services to the department and Thrifty and Europcar will provide the department's car rental suppliers for travellers within Australia.

Overseas property-leased estate

See Program 3.2, Overseas property, pp. 218–21.

Domestic property

Office accommodation for the department's operations in Australia is provided through commercially-leased premises in Canberra and each state capital, Darwin and Newcastle. The department also owns a residence on Thursday Island for the head of the Torres Strait Treaty Liaison Office. (See also *Appendix 9*, p. 274.)

Outlook

Strong management of financial resources will be required for the effective implementation and alignment of government priorities in the areas of foreign affairs, trade and development assistance, while achieving efficiency savings in departmental operating costs. The department will continue to rollout measures to cement machinery of government changes and this process is expected to deliver significant savings from the departmental budget.

In 2014–15, the department will directly administer approximately 92 per cent (\$4.640 billion) of the estimated \$5.032 billion total ODA budget. We will effectively manage ODA resources in line with ten specific performance targets. Ensuring at least 90 per cent of country program aid is spent in the Indo-Pacific region and that 20 per cent of total ODA supports aid for trade by 2020 are two particular priority targets.

"MY TRAVEL INSURANCE DIDN'T JUST SAVE ME \$100,000, IT SAVED MY LIFE."

When Natalie went to Thailand, she had full travel insurance and registered her trip with Smartraveller. Just as well. On her way to a Full Moon Party, Natalie was in a high-speed boat collision, and nearly died. She spent three weeks in a Bangkok hospital and faced medical bills over \$100,000. But thanks to her insurance, she was able to focus on making a full recovery.



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Australian Government



Australian emergency supplies arriving in Tonga following Cyclone Ian, Nuku'alofa, January 2014. [DFAT/Scott McLennan]



Ambassador to Zimbabwe, Matthew Neuhaus, with school children and teachers, beneficiaries of the embassy-funded project that provided books to six library centres, Harare, 29 November 2013. [DFAT]

دىپلوماسى Le commerce Diplomatie 发展援助
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SECTION FOUR

APPENDIXES

သံတမန်ရေးရာ *Handel* **Diplomazia** 통상 ทางการทูต *Ngoại giao* **Comércio** *Дипломатия*
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टनीति *پيلوماسی* **Diplomatiko** 外交 *Développement* *εμπόριο* *Diplomasi* *Comercio* سفارت
La diplomatie *Diplomasia* *Ticaret* *Asistencia* سوداگری *ကုန်သွယ်* **Trade** व्यापार *تجارة* *tr*

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Appendix 1

Ministerial responsibilities

(as at 30 June 2014)

Minister for Foreign Affairs The Hon. Julie Bishop MP



Ms Bishop had overall responsibility for the Foreign Affairs and Trade portfolio, including administration of the Department of Foreign Affairs and Trade. She was responsible for all non-trade international political, multilateral and legal issues (including the treaty-making process), development assistance, consular and passport functions and management of the overseas estate. In addition, Ms Bishop was responsible for all human rights, arms control and disarmament issues, peacekeeping, and the non-trade related aspects of the UN system. The Minister was also responsible for implementing the Government's overseas student program, the New Colombo Plan. Ms Bishop had primary carriage of non-trade related public affairs activities and questions of protocol.

Ms Bishop shared responsibility for international security and counter-terrorism issues with the Minister for Defence. She also supported the Minister for Immigration and Border Protection to implement Operation Sovereign Borders and the Regional Deterrence Framework.

Ms Bishop also had responsibility for the administration and management of the Australian Secret Intelligence Service, the Australian Safeguards and Non-Proliferation Office and the Australian Centre for International Agricultural Research.

Minister for Trade and Investment The Hon. Andrew Robb AO MP



Mr Robb was responsible for pursuing Australia's trade and investment interests around the world. He was also responsible for the Government's tourism policies and agencies.

Mr Robb established the Trade and Investment Policy Advisory Council (TIPAC) to ensure commercial interests are at the core of efforts to strengthen Australia's trade and investment relationships. TIPAC members represent a broad cross-section of the Australian economy, are highly respected in their fields, and have vast experience in global trade and investment.

Mr Robb prioritised the conclusion of trade agreements to promote Australia's trade interests. He successfully negotiated conclusion of the Korea–Australia Free

Trade Agreement and the Japan–Australia Economic Partnership Agreement in the first half of 2014. He is also working to conclude a free trade agreement with our biggest trading partner, China, in the second half of 2014, and is advancing Australia's position in the Trans-Pacific Partnership Agreement negotiations. Mr Robb is also progressing trade negotiations with Indonesia, India, the Gulf States, Regional Comprehensive Economic Partnership countries, and Pacific Island countries. He is examining opportunities for launching new trade agreements to secure significant commercial gain for Australian businesses.

Mr Robb has also promoted Australia's trade interests in international economic forums including the World Trade Organisation, APEC, and the OECD. With the Foreign Minister, Mr Robb is actively engaged on Australia's economic diplomacy agenda, including through aid for trade initiatives.

As Australia's first Minister for Investment, Mr Robb has reached out to global investors to promote Australia as a secure investment destination with significant opportunities for greenfield and brownfield investment. Mr Robb had conducted 35 investment roundtables in 11 countries in his first eight months as Minister.

Mr Robb also has responsibility for tourism, Australia's largest services industry export valued at \$30 billion. Soon after taking office, the Minister endorsed *Tourism 2020*, the national long-term tourism strategy, which enables Mr Robb to work with his state and territory tourism counterparts to double overnight visitor expenditure by 2020.

Mr Robb's priorities for tourism include both supply-side issues, such as labour and skills, visa access, investment, infrastructure and aviation, as well as the demand strategy led by the marketing efforts of Tourism Australia.

In undertaking his role, Mr Robb is responsible, with the Minister for Foreign Affairs, for the Department of Foreign Affairs and Trade, as well as the Australian Trade Commission (Austrade), the Export Finance and Insurance Corporation and Tourism Australia.

Parliamentary Secretary to the Minister for Foreign Affairs Senator the Hon. Brett Mason



Senator Mason supported the Minister for Foreign Affairs in advancing Australia's national interest—the security and prosperity of Australians and the promotion of prosperity, reduction of poverty and enhancement of stability in our region, the Indo–Pacific.

Senator Mason was a strong advocate for Australia's elevated engagement with Pacific countries and, as part of his responsibilities, he worked closely with Pacific countries to promote integration and cooperation in the pursuit of economic growth, sustainable development, governance and security.

Senator Mason assisted the Minister for Foreign Affairs on the Australian aid program and the implementation of the New Colombo Plan. He also assisted in overseeing the Australian Centre for International Agricultural Research (ACIAR).

Appendix 2

Staffing overview

Table 17: Employees by classification, gender and location (excluding locally engaged employees overseas)

Classification*	Female			Male			Total Staff	Total Staff
	Canberra	State Offices	Overseas	Canberra	State Offices	Overseas	30 June 2014	30 June 2013**
APS Level 1	0	0	0	0	0	0	0	0
APS Level 2	5	4	0	5	1	0	15	0
APS Level 3	15	28	0	9	8	0	60	70
APS Level 4	38	30	4	33	8	11	124	116
APS Level 5	342	136	80	146	36	62	802	581
APS Level 6	279	7	64	151	10	45	556	259
Exec. Level 1	460	5	150	389	19	159	1,182	691
Exec. Level 2	153	3	71	185	5	96	513	324
Non SES Unattached***	233	0	1	71	0	1	306	150
SES Band 1	31	1	23	58	1	55	169	134
SES Band 2	6	0	4	22	0	22	54	41
SES Band 3	2	0	1	3	0	8	14	13
SES (Spec.) Band 1	0	0	0	3	0	0	3	3
SES (Spec.) Band 2	0	0	0	1	0	1	2	2
SES Unattached***	9	0	0	13	0	0	22	20
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	65	0	0	47	0	0	112	87
Medical Officer CL 3	0	0	1	0	0	3	4	4
Medical Officer CL 4	0	0	1	1	0	1	3	3
Total	1,641	214	400	1,143	88	464	3,950	2,506

* Broadband classifications applicable to APS1–6, Executive Levels 1–2, Cadets and Graduates are identified in Table 25.

** Excludes staff absorbed by DFAT following the Administrative Arrangement Orders of 18 September and 3 October 2013.

*** Includes staff on leave without pay, long service leave, seconded to other agencies and staff covered by the *Members of Parliament (Staff) Act 1984*.

**** Director of Safeguards, a statutory officer responsible to the Minister for Foreign Affairs, occupies the position of Director General of ASNO.

Note: Staffing figures are based on headcount.

Table 18: Ongoing and non-ongoing employees full-time and part-time (excluding locally engaged employees overseas)

Ongoing employees		Non-ongoing employees		Total	Total
Full-time	Part-time	Full-time	Part-time	30 June 2014	30 June 2013
3,534	313	89	14	3,950	2,506

Table 19: Employees by categories of employment

Category	Female	Male	Total	Total
			30 June 2014	30 June 2013
Ongoing employees	2,197	1,650	3,847	2,397
Non-ongoing employees	58	45	103	109
Overseas employees (locally engaged employees)	1,335	1,116	2,451	1,774
Total	3,590	2,811	6,401	4,280

Table 20: SES by level and location

Category	Canberra	State Offices	Overseas	Total	Total
				30 June 2014	30 June 2013
SES Band 1	89	2	38	129	94
SES Band 2	28	0	4	32	20
SES Band 3	5	0	0	5	4
SES Specialist Band 1	3	0	0	3	3
SES Specialist Band 2	1	0	1	2	2
Director of Safeguards*	1	0	0	1	1
Head of Mission Band 1	n.a.	n.a.	40	40	40
Head of Mission Band 2	n.a.	n.a.	22	22	21
Head of Mission Band 3	n.a.	n.a.	9	9	9
Secretary	1	0	n.a.	1	1
SES Unattached**	22	0	0	22	20
Total	150	2	114	266	215

n.a. not applicable

* Director of Safeguards, a statutory officer responsible to the Minister for Foreign Affairs, occupies the position of Director General of ASNO.

** Includes staff on leave without pay, long service leave, seconded to other agencies and staff covered by the *Members of Parliament (Staff) Act 1984*.

Table 21: SES by gender

Category	Female	Male	Total	Total
			30 June 2014	30 June 2013
SES Band 1	39	90	129	94
SES Band 2	8	24	32	20
SES Band 3	2	3	5	4
SES Specialist Band 1	0	3	3	3
SES Specialist Band 2	0	2	2	2
Director of Safeguards*	0	1	1	1
Head of Mission Band 1	16	24	40	40
Head of Mission Band 2	2	20	22	21
Head of Mission Band 3	1	8	9	9
Secretary	0	1	1	1
SES Unattached**	9	13	22	20
Total	77	189	266	215

* Director of Safeguards, a statutory officer responsible to the Minister for Foreign Affairs, occupies the position of Director General of ASNO.

** Includes staff on leave without pay, long service leave, seconded to other agencies and staff covered by the *Members of Parliament (Staff) Act 1984*.

Table 22: SES: Gains and losses during the year

	Total
Commenced in the department *	64
Separated from the department	14

* Includes machinery of government transfers and promotion of non-SES staff to the SES from within the department.

Note: Figures include non-ongoing SES officers recruited for short term projects who commenced and/or separated during the year.

Table 23: SES: Interagency mobility during the year

	Band 1	Band 2	Band 3	Sec	Total
To the department	49	13	2	0	64
From the department	7	5	2	0	14

Table 24: Employees by location and gender as at 30 June 2014

Location	APS Staff			Locally Engaged Staff		
	Female	Male	APS Total	Female	Male	LES total
Canberra						
Canberra	1,641	1,143	2,784	0	0	0
Overseas post – by regions						
Europe	45	50	95	160	129	289
Asia	182	202	384	630	556	1,186
<i>South Asia</i>	39	46	85	79	142	221
<i>South East Asia</i>	112	102	214	403	333	736
<i>North Asia</i>	31	54	85	148	81	229
Americas	28	45	73	107	88	195
New Zealand and the South Pacific	78	78	156	245	169	414
Middle East and Africa	47	60	107	152	150	302
Multilateral*	20	29	49	41	24	65
Overseas posts total **	400	464	864	1,335	1,116	2,451
Staff in state and territory offices – including APO						
Queensland	40	18	58			
Victoria	62	26	88			
Western Australia	31	10	41			
New South Wales	59	22	81			
South Australia	13	5	18			
Tasmania	4	5	9			
Northern Territory	5	2	7			
State & territory total	214	88	302			
Total staff numbers	2,255	1,695	3,950	1,335	1,116	2,451
Total DFAT resourcing						6,401

* Posts in this category are Geneva UN, Geneva WTO, New York UN, Paris OECD and Vienna.

** Overseas posts total includes officers on in-country language training, short-term assignments, in-transit from post and exchange officers.

Table 25: Employees covered by the Enterprise Agreement, determinations, individual flexibility agreements and remuneration supplementation agreements as at 30 June 2014 (excluding locally engaged employees overseas)

APS Level	Enterprise Agreement			Determinations, individual flexibility agreements and remuneration supplementation agreements			Total
	Salary Min	Salary Max	No. of staff	Salary Min	Salary Max	No. of staff	
APS Level 1-3, Broadband 1 (includes graduates and cadets)	43,368	69,974	167		n.a.	0	167
APS Level 4-5, Broadband 2	63,755	106,869	1,009		n.a.	0	1,009
APS Level 6	77,511	123,985	615		n.a.	0	615
Exec. Level 1 *	96,524	155,758	1,301		n.a.	0	1,301
Exec. Level 2 **	116,611	139,602	528	158,040	216,092***	39	567
Medical Officers		n.a.	-	175,170	198,654	7	7
Subtotal non-SES			3,620			46	3,666
SES ****		n.a.	0	131,751	580,194	264	264
Subtotal SES			0			264	264
Total			3,620			310	3,930

n.a. not applicable

* Includes shift penalties for Executive Level 1 staff.

** Includes Executive Level 2 staff deployed to Head of Mission SES positions overseas

*** With the exception of one staff member with a maximum salary of \$216 092, all staff at the EL2 level on determinations, individual flexibility agreements or remuneration supplementation agreements had a maximum salary of \$172 669.

**** The Secretary and the Director General of ASNO have not been included in the above figures as their remuneration is set by Prime Ministerial Determinations and the Remuneration Tribunal respectively.

Note: This table excludes 18 employees on temporary transfer to other organisations including the Office of the Governor-General, Parliament House and other government agencies.

Performance pay

The former AusAID 2012–13 performance management cycle concluded on 31 August 2013. For this cycle, 870 employees (SES and non-SES) received a bonus, totalling \$1.829 million. In the DFAT 2012–13 performance cycle, 1238 non-SES employees received bonuses totalling \$2.394 million.

As a result of integration, former AusAID and Climate Change employees participated in the DFAT 2013–14 performance cycle which concluded on 31 March 2014. A total of 2433 non-SES employees received a

performance bonus, at a cost of \$4.820 million in this cycle. The increase in bonuses paid in the 2013–14 performance cycle is due to increased staff numbers resulting from integration and the higher number of staff at the top of each band or broadband since annual increments were introduced in the 2009–10 performance cycle.

Table 26 shows the total bonus payments made for the reporting period covering the former AusAID and DFAT performance cycles. The total number of staff receiving a performance bonus for this reporting period was 3303, totalling \$6.649 million.

Table 26: Performance bonus payments by level 2013–14

Substantive classification	Number of staff who received a performance bonus	Aggregated (Total) amount	Average amount	Range of payments	
				Minimum amount*	Maximum amount
APS 3	55	64,359	1,188	494	1,360
APS4 (former AusAID only)	16	20,302	1,269	544	1,360
APS 5	509	735,871	1,442	561	1,747
APS 6	629	1,056,479	1,678	656	2,159
EL1	1,410	2,939,693	2,086	596	2,444
EL2**	647	1,692,048	2,617	882	3,453
SES (former AusAID only)	37	140,299	3,792	3,518	6,091
TOTAL	3,303	6,649,051	2,010	494	6,091

* Low minimum payment figures are due to payment of pro rata bonuses to staff who worked only part of the performance management cycle.

** Includes Medical Officers and eligible EL2 HOM–HOPs who are at the top of the EL2 level or have elected to receive a bonus.

Appendix 3

Agency resource statement

Table 27: Department of Foreign Affairs and Trade Resource Statement 2013–14

		Actual available appropriation for 2013–14 \$'000	Payments made 2013–14 \$'000	Balance remaining 2013–14 \$'000
Ordinary annual services¹				
Departmental appropriation				
Departmental appropriation ²		1,473,673	1,449,134	24,539
Total		1,473,673	1,449,134	24,539
Administered expenses³				
Outcome 1 ⁴		5,319,684	4,122,420	
Outcome 2		750	129	
Payments to CAC Act bodies		82,121	82,121	
Total		5,402,555	4,204,670	
Total ordinary annual services	A	6,876,228	5,653,804	
Other services⁵				
Total				
Departmental non-operating				
Equity injections		76,633	51,318	25,315
Total		76,633	51,318	25,315
Administered non-operating				
Administered assets and liabilities		2,800,510	346,266	
Payments to CAC Act bodies		2,697	2,697	
Total		2,803,207	348,963	
Total other services	B	2,879,840	400,281	
Total available annual appropriations		9,756,068	6,054,085	
Special appropriations				
Special appropriations limited by criteria/entitlement				
<i>FMA Act 1997 s.28</i>			1,036	
Total special appropriations	C		1,036	
Special accounts⁶				
Opening balance		514,880		
Appropriation receipts		-		
Appropriation receipts				
- other agencies		-		
Non-appropriation receipts to				
Special accounts		343,730		
Payments made			533,198	
Total special account	D			325,412

	Actual available appropriation for 2013–14 \$'000	Payments made 2013–14 \$'000	Balance remaining 2013–14 \$'000
Total resourcing			
A+B+C+D	10,614,678	6,588,319	
Less appropriations drawn from			
annual or special appropriations above			
and credited to special accounts	53,143	-	
and/or CAC Act bodies through			
annual appropriations	84,818	84,818	
Total net resourcing and payments	10,476,717	6,503,501	

- 1 Appropriation Bill (No.1) 2013–14, Appropriation Bill (No.3) 2013–14 and Appropriation Bill (No.5) 2013–14, and also includes prior year departmental appropriation and s31 relevant agency receipts.
- 2 Includes an amount of \$50.423 million in 2013–14 for the Departmental Capital Budget. For accounting purposes this amount has been designated a 'contribution by owners'.
- 3 Includes appropriations carried forward from previous years to fund payments committed under multi-year agreements.
- 4 Includes appropriation initially transferred from AusAID to Outcome 4 (established as a transitional measure under *FMA Act Determination 2013/12 – Section 32 Transfer of Functions from AusAID to DFAT*) which has been incorporated and reported as part of Outcome 1 in accordance with the *Portfolio Additional Estimates Statements 2013–2014*. Also includes an amount of \$2.505 million in 2013–14 for the Administered Capital Budget. For accounting purposes this amount has been designated a 'contribution by owners'.
- 5 Appropriation Bill (No.2) 2013–14 and Appropriation Bill (No.4) 2013–14.
- 6 Does not include 'Special Public Money' held in accounts like Other Trust Monies accounts (OTM), Services for other Government and Non-agency Bodies accounts (SOG) or Services for Other Entities and Trust Money's special accounts (SOETM).

Table 28: Expenses and resources for Outcome 1

Outcome 1: The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities	Budget estimate¹ 2013–14 \$'000	Actual expenses² 2013–14 \$'000	Variation 2013–14 \$'000
	(a)	(b)	(a) – (b)
Program 1.1: Foreign Affairs and trade operations			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1, No. 3 & No. 5)	88,802	5,993	82,809
Departmental expenses			
Departmental appropriation	550,188	554,558	(4,370)
Expenses not requiring appropriation in the Budget year	47,505	58,264	(10,759)
Total for Program 1.1	686,495	618,815	67,680
Program 1.2: Payments to international organisations			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1, No. 3 & No. 5)	299,532	293,170	6,362
Total for Program 1.2	299,532	293,170	6,362
Program 1.3: Public information services and public diplomacy			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1, No. 3 & No. 5)	25,396	24,956	440
Total for Program 1.3	25,396	24,956	440

Outcome 1: The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities	Budget estimate¹ 2013–14 \$'000	Actual expenses² 2013–14 \$'000	Variation 2013–14 \$'000
	(a)	(b)	(a) – (b)
Program 1.4: International climate change engagement			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1, No. 3 & No. 5)	2,588	267	2,321
Total for Program 1.4	2,588	267	2,321
Program 1.5: New Colombo Plan			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1, No. 3 & No. 5)	5,372	3,918	1,454
Total for Program 1.5	5,372	3,918	1,454
Program 1.6: Official Development Assistance - PNG & Pacific			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1, No. 3 & No. 5)	637,366	873,114	(235,748)
Other services (Appropriation Bill No. 2 & No. 4)	-	19	(19)
Total for Program 1.6	637,366	873,133	(235,767)
Program 1.7: Official Development Assistance - East Asia			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1, No. 3 & No. 5)	698,217	1,011,682	(313,465)
Total for Program 1.7	698,217	1,011,682	(313,465)
Program 1.8: Official Development Assistance - East Asia AIPRD			
Administered expenses			
AIPRD loans special account	23,936	29,221	(5,285)
Total for Program 1.8	23,936	29,221	(5,285)
Program 1.9: Official Development Assistance - Africa, South and Central Asia, Middle East and other			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1, No. 3 & No. 5)	606,011	823,346	(217,335)
Expenses not requiring appropriation in the Budget year	685	2,479	(1,794)
Total for Program 1.9	606,696	825,825	(219,129)
Program 1.10: Official Development Assistance - emergency, humanitarian and refugee program			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1, No. 3 & No. 5)	182,606	252,540	(69,934)
Total for Program 1.10	182,606	252,540	(69,934)
Program 1.11: Official Development Assistance - multilateral replenishments			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1, No. 3 & No. 5)	265,089	279,445	(14,356)
Expenses not requiring appropriation in the Budget year	423,741	372,802	50,939

Outcome 1: The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities	Budget estimate¹ 2013–14 \$'000	Actual expenses² 2013–14 \$'000	Variation 2013–14 \$'000
	(a)	(b)	(a) – (b)
Other services (Appropriation Bill No. 2 & No. 4)	2,785,109	346,247	2,438,862
Total for Program 1.11	3,473,939	998,494	2,475,445
Program 1.12: Official Development Assistance - UN, Commonwealth and other international organisations			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1, No. 3 & No. 5)	265,418	432,489	(167,071)
Total for Program 1.12	265,418	432,489	(167,071)
Program 1.13: Official Development Assistance - NGO, volunteer and community programs			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1, No. 3 & No. 5)	76,278	196,091	(119,813)
Total for Program 1.13	76,278	196,091	(119,813)
Program 1.14: Programs to promote Australia's tourism interests			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1, No. 3 & No. 5)	16,801	11,560	5,241
Total for Program 1.14	16,801	11,560	5,241
ODA program support			
Departmental expenses			
Departmental appropriation	239,578	288,407	(48,829)
Expenses not requiring appropriation in the Budget year	15,282	23,488	(8,206)
Total for program support	254,860	311,895	(57,035)
Outcome 1 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1, No. 3 & No. 5)	3,169,476	4,208,571	(1,039,095)
Other services (Appropriation Bill No. 2 & No. 4)	2,785,109	346,266	2,438,843
Special accounts	23,936	29,221	(5,285)
Expenses not requiring appropriation in the Budget year	424,426	375,281	49,145
Departmental expenses			
Departmental appropriation	789,766	842,965	(53,199)
Expenses not requiring appropriation in the Budget year	62,787	81,752	(18,965)
Total expenses for Outcome 1	7,255,500	5,884,056	1,371,444
	2012–13	2013–14	Variation
Average staffing level (number)	4,375	4,120	(255)
Australian-based staff	2,949	2,684	(265)
Locally engaged employees overseas	1,426	1,436	11

1 Incorporates the international development function from 1 November 2013, and the international climate change negotiation function from 5 December 2013, when those functions were transferred to the department, as directed by the Department of Finance in the preparation of budget documentation.

2 Incorporates full year expenses for programs including the international development functions.

Table 29: Expenses and resources for Outcome 2

Outcome 2: The protection and welfare of Australians abroad and access to secure international travel documentation through timely and responsive travel advice and consular and passport services in Australia and overseas	Budget estimate 2013–14 \$'000	Actual expenses 2013–14 \$'000	Variation 2013–14 \$'000
	(a)	(b)	(a) – (b)
Program 2.1: Consular services			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1)	200	9	191
Departmental expenses			
Departmental appropriation	70,412	71,598	(1,186)
Expenses not requiring appropriation in the Budget year	5,587	7,522	(1,935)
Total for Program 2.1	76,199	79,129	(2,930)
Program 2.2: Passport services			
Administered expenses			
Special appropriations	1,010	979	31
Departmental expenses			
Departmental appropriation	232,455	234,291	(1,836)
Expenses not requiring appropriation in the Budget year	16,196	24,615	(8,419)
Total for Program 2.2	249,661	259,885	(10,224)
Outcome 2 totals by appropriation type			
Administered Expenses			
Ordinary annual services (Appropriation Bill No. 1)	200	9	191
Special appropriations	1,010	979	31
Departmental expenses			
Departmental appropriation	302,867	305,889	(3,022)
Expenses not requiring appropriation in the Budget year	21,783	32,137	(10,354)
Total expenses for Outcome 2	325,860	339,014	(13,154)
	2012–13	2013–14	Variation
Average staffing level (number)	1,049	1,111	62
Australian-based staff	554	593	39
Locally engaged employees overseas	495	518	23

Table 30: Expenses and resources for Outcome 3

Outcome 3: A secure Australian Government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas owned estate	Budget estimate 2013–14 \$'000	Actual expenses 2013–14 \$'000	Variation 2013–14 \$'000
	(a)	(b)	(a) – (b)
Program 3.1: Foreign affairs and trade security and ICT			
Departmental expenses			
Departmental appropriation	178,959	178,109	850
Expenses not requiring appropriation in the Budget year	9,937	18,713	(8,776)
Total for Program 3.1	188,896	196,822	(7,926)
Program 3.2: Overseas property			
Departmental expenses			
Special accounts	71,747	68,022	3,725
Total for Program 3.2	71,747	68,022	3,725
Outcome 3 totals by appropriation type			
Departmental expenses			
Departmental appropriation	178,959	178,109	850
Special accounts	71,747	68,022	3,725
Expenses not requiring appropriation in the Budget year	9,937	18,713	(8,776)
Total expenses for Outcome 3	260,643	264,844	(4,201)
	2012–13	2013–14	Variation
Average staffing level (number)	724	944	220
Australian-based staff	417	602	185
Locally engaged employees overseas	307	342	35

Appendix 4

Aid program expenditure

Table 31: Australian ODA by country and region, 2013–14

Department of Foreign Affairs and Trade ODA, 2013–14			Whole-of-Australian Government ODA ¹	
Actual expenditure			Estimated outcome	
	Bilateral program funds	Regional/ Global program funds	Total	Total
Country/Region	\$m	\$m	\$m	\$m
Papua New Guinea	430.3	29.0	459.4	519.4
Solomon Islands	95.7	18.0	113.7	164.4
Vanuatu	40.6	15.1	55.8	60.1
Samoa	23.1	12.5	35.7	36.4
Fiji	34.7	24.3	59.0	59.5
Tonga	16.9	9.7	26.6	29.3
Nauru	14.7	6.4	21.1	29.5
Kiribati	23.7	7.9	31.6	26.3
Tuvalu	6.1	3.4	9.5	10.1
Cook Islands	1.9	2.5	4.4	3.7
Niue and Tokelau	1.8	2.5	4.4	5.5
North Pacific ²	5.1	7.1	12.2	12.9
Regional and other Pacific ³	(0.0)	97.8	97.8	105.4
Total Pacific and PNG	694.7	236.4	931.0	1,062.6
Indonesia	527.7	32.9	560.6	601.6
Viet Nam	95.0	26.9	121.9	138.9
Philippines	119.8	51.6	171.4	175.2
Timor-Leste	71.0	8.4	79.4	112.3
Cambodia	56.1	18.0	74.1	77.5
Burma	67.6	17.9	85.5	81.4
Laos	33.4	14.7	48.0	56.4
Mongolia	9.5	5.8	15.3	16.7
East Asia regional	(0.0)	75.7	75.7	81.4
Total East Asia	980.2	251.8	1,232.0	1,341.4
Afghanistan	130.8	7.6	138.4	149.3
Pakistan	63.4	9.2	72.6	78.3
Bangladesh	61.4	16.3	77.6	84.4
Sri Lanka	31.9	3.4	35.2	40.8
Nepal	15.9	10.2	26.1	35.3
Bhutan	3.4	6.0	9.4	13.9

Department of Foreign Affairs and Trade ODA, 2013–14			Whole-of-Australian Government ODA ¹	
Actual expenditure			Estimated outcome	
	Bilateral program funds	Regional/ Global program funds	Total	Total
Country/Region	\$m	\$m	\$m	\$m
Maldives	2.9	3.4	6.3	6.4
South and West Asia regional	(0.0)	18.0	18.0	27.7
Total South and West Asia	309.6	74.0	383.6	435.9
Iraq	2.5	0.1	2.6	4.1
Palestinian Territories	33.6	20.6	54.2	54.8
Other North Africa and Middle East	53.7	15.6	69.3	42.2
Sub-Saharan Africa	134.1	84.1	218.2	243.8
Latin America	5.3	10.5	15.7	19.0
Caribbean	3.2	2.6	5.8	10.6
Core contributions to multilateral organisations and other ODA not attributed to particular countries and regions ⁴	0.0	1,084.4	1,084.4	1,517.9
Departmental⁵			372.6	372.6
Adjustments⁶			(73.2)	(73.2)
Total	2,216.8	1,780.2	4,296.3	5,031.7

1. Estimated ODA for 2013–14 represents expected outcomes as estimated at May 2014.

2. Federated States of Micronesia, Palau and Marshall Islands.

3. Includes amounts attributable to the Pacific region (but not to a specific country).

4. Includes payments to some UN and Commonwealth organisations. The ODA eligible components of cash payments to the International Development Association, Asian Development Fund, Global Environment Facility, Heavily Indebted Poor Countries Initiative, Multilateral Debt Relief Initiative and the Montreal Protocol Multilateral Fund are also included.

5. Departmental expenses expected outcome as estimated at May 2014.

6. Includes expected outcome for adjustments as estimated at May 2014. 'Adjustments' includes adjustments to reconcile expenses to ODA, which are reported on a cash basis. This includes adjusting accrued expenses to cash and excluding non-ODA eligible departmental and administered expenditure. The adjustments exclude non-ODA eligible departmental expenditure such as receipts under section 31 of the *Financial Management and Accountability Act 1997*, GST payments, and fringe benefits tax. The adjustments also exclude non-ODA eligible administered expenditure such as miscellaneous receipts and GST payments.

Table 32: Department ODA global program expenses, 2013–14

Global Program	2013–14 \$m
Humanitarian, emergency and refugees	298.5
Which includes core contributions to:	
International Committee of the Red Cross and Red Crescent	22.0
World Food Programme	46.0
Other UN humanitarian agencies	58.8
Multilateral replenishments¹	
IDA	582.8
MDRI	109.0
Heavily Indebted Poor Countries Initiative	57.0
Subtotal multilateral replenishments	748.8
Other international organisations	
UN agencies	107.4
Commonwealth organisations and other	12.1
Other international programs ²	253.7
Subtotal other international organisations/programs	373.2
Community programs	
Global NGO programs	132.0
Volunteer programs	55.2
Community engagement and development research	9.1
Subtotal community programs	196.3
Less: new multi-year commitments	(748.8)
Add: cash paid to multi-year liabilities	345.7
Total	1,213.8

Notes:

1. New commitments are recorded as liabilities at the time of commitment.
2. Other international programs include the Global Alliance for Vaccines & Immunization, Global Fund to Fight Aids, Tuberculosis and Malaria, and other international health programs.

Appendix 5

Aid performance

Contribution of Australian aid to development outcomes

Table 33: Contribution of Australian aid to development outcomes¹

Indicators ²	2013–14
Distance (km) of roads constructed, rehabilitated or maintained	4,162
Number of additional births attended by a skilled birth attendant	889,067
Number of additional children enrolled in school	1,396,054
Number of additional people with increased access to basic sanitation	1,069,547
Number of additional poor women and men able to access social transfers (such as cash or in kind transfers including food)	3,612,022
Number of children able to access schools that have been made more accessible to children with disabilities	109,406
Number of children vaccinated	2,355,618
Number of civil society organisations supported to track service provision	3,694
Number of classrooms built or upgraded	9,401
Number of people awarded tertiary scholarships	4,510
Number of people provided with disability services like prostheses and assistive devices	137,035
Number of people provided with increased access to safe water	2,939,422
Number of people with increased knowledge of hygiene practices	2,073,702
Number of police and other law and order officials trained	17,939
Number of poor women and men who gained access to agricultural technologies	502,708
Number of poor women and men who increased their access to financial services	1,561,912
Number of poor women and men with increased incomes	642,153
Number of public servants trained	55,030
Number of school officials trained	20,406
Number of students provided with financial or nutritional support	663,993
Number of teachers trained	109,441
Number of textbooks provided	4,614,366
Number of vulnerable women, men, girls and boys provided with life-saving assistance in conflict and crisis situations	13,693,296
Number of women survivors of violence receiving services such as counselling	66,349
Number of disaster responses launched by the department within 48 hours of a request for assistance during a humanitarian crisis	8
Percentage of WASH management committees in which women are equally represented	58%
Value of additional agricultural production (US dollars) ³	28,109,660

1 Tier 2 headline results under the Comprehensive Aid Policy Framework.

2 Results reflect total Australian ODA, including the contribution of other government departments.

3 The ACIAR have advised that methodological changes mean its results cannot be reported on in this indicator in 2013–14. In 2012–13, ACIAR provided 86 per cent of the results against this indicator.

In 2013–14, the aid program recorded increases across a number of results compared to 2012–13. In particular, a number of indicators relating to the empowerment of women and girls showed strong results. For example, there was a 192 per cent increase in the number of births attended by skilled birth attendants. An investment in Bangladesh with the local NGO BRAC significantly contributed to this result by ensuring that an additional 574 000 births were supervised by an attendant skilled in the identification, management and referral of complications in women and newborns. Also in 2013–14, the number of women survivors of violence receiving services, such as counselling, increased by 168 per cent.

The aid program assisted more poor women and men to increase their incomes. The UN Development Programme significantly contributed to these results by increasing the incomes of over 300 000 people with core funding from Australia. Australian aid investments generated a 64 per cent increase in the numbers of civil society organisations supported to track service provision. This was largely due to Australian NGO Cooperation Program funding which supported 1983 civil society organisations. This increase will allow improved assessment of service provision

leading to more effective governance in partner countries.

In 2013–14 the reported value of agricultural production due to Australian support was over US\$28 million. In addition, the Australian Centre for International Agricultural Research (ACIAR) independently reports approximately \$13 billion of benefits in developing economies attributable to ACIAR's investment of \$2.5 billion in all bilateral research since 1982.

In 2013–14, a number of results decreased from 2012–13 levels. For example, the number of poor women and men able to access social transfers, such as cash or in kind transfers, reduced from over 7.3 million people to over 3.6 million people. This was primarily due to the inclusion in the 2012–13 results of a one-off catalytic result following Australian support for improved systems to target, monitor and expand access to social transfers in Indonesia, which assisted almost 7 million poor people. Similarly, the number of public servants trained decreased by 73 per cent. The large result in 2012–13 was principally due to an electoral support program in Pakistan, which trained 126 206 public officials to prepare for general elections in May 2013.

Operational and organisational effectiveness

Table 34: Australian aid operational and organisational effectiveness¹

Indicators	2013–14
Australian Multilateral Assessment completed and updated annually	Updated
Maintain minimum of 76% of tenders, by value, open and competitive	96%
100% of adviser remuneration will remain within Adviser Remuneration Framework limits	100%
The number of initiatives will reduce by more than 25% by 2015–16	12%
At least 95% of the monitorable initiatives to report annually on performance through the quality at implementation mechanism	99%
At least 75% of initiatives that are given a low quality effectiveness rating are cancelled or improved within two performance cycles	78%
All independent evaluations listed in the annual evaluation plan will be published	100%
Enrolment, transition and completion rates at all levels within the education sector will be disaggregated by gender by 2014	52%
1,000 new volunteers per year by 2015–16	990
At least 50 accredited Australian international development NGOs participating in ANCP by 2015–16	48
At least 500 Australians on the Australian Civilian Corps register who are screened, trained and ready to deploy overseas	513
100,000 teachers are trained by 2015–16 in the Global Education Program curricula	44,732

1 Tier 3 headline results under the Comprehensive Aid Policy Framework.

In 2013–14, the Australian aid program met key operational and organisational effectiveness performance indicators as shown in the table above.

As part of the Government's new performance framework released in June 2014, the systems used to assess the performance of our multilateral partners, non-government organisations and contractors will be revised and strengthened by July 2015. In 2013–14 assessments of these partners were undertaken, including key multilateral organisations.

In 2013–14, more than 99 per cent of the monitorable initiatives reported on their performance through the quality at implementation mechanism, exceeding the target for this indicator (95 per cent). Poorly performing initiatives identified through this mechanism were required to improve or be cancelled within two years. In 2013–14, 78 per cent of poorly performing initiatives were either improved or cancelled, exceeding the target for this indicator (75 per cent). As part of the new performance framework, a tougher approach to underperforming investments will be implemented. In future years, where efficiency and effectiveness standards are not met and improvements are not achieved within a year, investments will be cancelled.

The Australian aid program seeks to ensure that its investments represent value for money, cost effectiveness and leverage the best available expertise. In 2013–14, the number of tenders, by value, that were open and competitive increased to 96 per cent. All advisers were remunerated within the Aid Adviser Remuneration Framework limits. The department improved its efficiency, reducing the number of its investments by 12 per cent in 2013–14. The department effectively managed the risk of fraud through active compliance with the *Australian Government Fraud Control Guidelines*.

The Government is committed to high standards of transparency and accountability in the management of the Australian aid program. This policy commitment is formalised in the Government's new development policy, *Australian aid: promoting prosperity, reducing poverty, enhancing stability*. The publication of 100 per cent of independent evaluations commissioned by the Office of Development Effectiveness is evidence of this commitment. Australia will fully participate in the International Aid Transparency Initiative and is working with our partner countries to ensure that the data in the education sector is sex-disaggregated where possible.

In 2013–14, the department involved the Australian community in the delivery of the aid program by supporting the mobilisation of 990 volunteers; completing the registration, screening and training of over 500 individuals for the Australian Civilian Corps; and training almost 45 000 teachers to engage Australian children in understanding the challenges faced by developing countries in our region.

Appendix 6

Inquiries by parliamentary committees

During the reporting period, the department provided submissions and/or gave evidence to the following parliamentary committees:

Parliamentary Standing Committee on Public Works

- Inquiry into the construction of a new Australian High Commission in Nairobi, Kenya, confidential submission made on 9 December 2012 and hearing attended on 10 February 2014.

Joint Standing Committee on Foreign Affairs, Defence and Trade

- Inquiry into Australia's trade and investment relationships with countries of the Middle East, submission made on 15 May 2014.
- Inquiry into the human rights issues confronting women and girls in the Indian Ocean – Asia Pacific region, submission made on 29 May 2014 and hearing attended on 17 June 2014.
- Inquiry into the role of the private sector in promoting economic growth and reducing poverty in the Indo-Pacific region, submission made on 7 May 2014, and hearing attended on 23 June 2014.

Senate Standing Committees on Foreign Affairs, Defence and Trade

- Inquiry into the *African Development Bank Bill 2013 [Provisions]*, a joint Treasury/former AusAID submission made on 15 July 2013.
- Inquiry into Australia's overseas aid and development assistance program, submission made on 7 February 2014, hearing attended on 21 February 2014.
- Inquiry into the *Trade and Foreign Investment (Protecting the Public Interest) Bill 2014*, submission made on 14 May 2014.
- Inquiry into Australia's future activities and responsibilities in the Southern Ocean and Antarctic waters, submission made on 27 June 2014.

Joint Standing Committee on Treaties

Departmental officers appeared before the Joint Standing Committee on Treaties as witnesses in relation to:

- *Arms Trade Treaty*, hearing 3 March 2014; JSCOT report 138.
- *Protocol to the 2007 World Wine Trade Group Agreement on Requirements for Wine Labelling Concerning Alcohol Tolerance, Vintage, Variety and Wine Region*, hearing 24 March 2014; JSCOT report 139.
- *Amendment to the Agreement Establishing the South Pacific Commission*, hearing 24 May 2014; JSCOT report 141.

Appendix 7

Matters before courts and administrative tribunals

During the year the department was involved in the following matters before courts and administrative tribunals.

Courts

The department successfully defended eight employment actions brought in a foreign court by former locally engaged staff members. In one case, the plaintiff has appealed the court's decision.

The department successfully defended an appeal brought against the department alleging breach of contract in relation to the relocation of an Australian mission overseas.

The department is defending an employment action brought in a foreign court by a former locally engaged staff member.

The department is defending an action brought by a consular client in relation to incarceration overseas.

An action seeking judicial review of visa application-related decisions taken by the department was withdrawn.

Tribunals

The department continued to be involved in applications before the Administrative Appeals Tribunal (AAT) concerning passports matters. At the end of the financial year there were six active applications before the AAT for review of passport decisions.

The department is assisting the Merit Protection Commissioner with two reviews of employment actions, and is defending one claim of discrimination brought by an employee in the Australian Human Rights Commission.

Appendix 8

Workplace health and safety

Information in this appendix is provided in accordance with Schedule 2, Part 4 of the *Work Health and Safety Act (Cth) 2011*.

Health and safety management arrangements

The department prioritises the health and safety of all workers, many of whom operate in unique and challenging environments overseas. To prepare workers for overseas deployments the department has embedded organisational practices which support health and safety outcomes in decision-making. Through its Work Health and Safety (WHS) Management System the department provides guidance on WHS risk management for all workers. The management system outlines the responsibilities of all workers, including senior management, supervisors, employees, volunteers and their contracted representatives and provides a framework for the delivery of WHS policies, programs and initiatives across the department's global network.

These responsibilities include establishing WHS committees in the central office, state and territory offices, and at overseas posts. The committees facilitate cooperation on WHS matters between management and workers and take an active role in the dissemination of health and safety information. Line areas in the central office work closely with overseas posts to ensure appropriate WHS risk management processes are in place for workers who operate outside mission environments in more remote locations overseas.

Initiatives taken during the year

The department implemented initiatives to enhance and standardise its approach to hazard identification and WHS risk management; internal compliance and reporting mechanisms; contractor safety management; and safety management in procurement.

The department put in place health and safety mechanisms to support workers through organisational change, developed an improvement action plan based on an independent audit of the department's Rehabilitation Management System and introduced consultative mechanisms to ensure the health and safety of all workers, including contractors and volunteers, where the duty of care obligation is shared with other agencies.

Anti-bullying, harassment and discrimination

The department is committed to providing a workplace that is free from workplace bullying, harassment and discrimination behaviours and a workplace that is fair, flexible, safe and rewarding.

In circumstances where bullying, harassment or discrimination issues arise the department takes prompt action to address the issues.

The Anti-bullying, Harassment and Discrimination Policy was reviewed and updated to align with the new anti-bullying provisions that came into effect in January 2014 under amendments to the *Fair Work Amendment Act 2009*.

As part of its commitment to providing a safe workplace, the department established a dedicated unit within Employee Health and Safety Section to manage bullying, harassment and discrimination. The unit has delivered a number of information sessions to staff and will continue to promote a workplace free of bullying, harassment and discrimination.

Health and safety outcomes achieved

Appropriate remedial action was taken to eliminate or control risks to prevent WHS incidents for all workers, including those working in remote development locations. The department further refined annual hazard identification processes to address the

risks associated with large items of plant and equipment.

Over 32 additional training sessions were provided to Australia-based health and safety representatives in Canberra, to staff on pre-posting, as part of rapid response training, to graduates and through visits to posts in Papua New Guinea and Indonesia. Senior Administration Officers and locally engaged staff managers received training at four Regional Management Conferences in the United States, Pacific, Europe and Southeast Asia.

Reporting requirements under the *Work Health and Safety Act (Cth) 2011*

Twelve incidents were notified to Comcare under Part 3 of the Act.

No directions were given to the departments under Part 11, Section 217 of the Act.

No notices were issued under Part 10, Section 191 of the Act.

No external investigations were commenced under Part 9 of the Act.

Table 35: Workplace health and safety statistics

	2011–12	2012–13	2013–14
Total departmental staff covered by Comcare (includes employees located in Australia, Australia-based employees overseas and, where applicable, locally engaged staff overseas)	2813	2836**	4121
Number of claims accepted by Comcare:			
• falls, trips and slips	9	7	12
• hitting objects	0	2	1
• sound and pressure	0	0	1
• body stressing	10	10	18
• heat, radiation and electricity	3	0	1
• chemicals and other	1	0	2
• biological factors	3	0	3
• mental stress	3	2	1
• other and unspecified	0	2	1
Total	29	23	40
Departmental premium for Comcare coverage (as a percentage of total departmental wages and salaries) 2013–14*	0.75	1.11	1.25 (DFAT prior to integration) 1.70 (AusAID prior to integration)

* The Comcare coverage premium for current and previous years is reviewed annually by Comcare based on the changes during the year in the number of claims and the average cost relating to injury or illness.

** Total departmental staff covered by Comcare is calculated as an estimate and reviewed by Comcare for the previous year's actuals figures.

Appendix 9

Ecologically sustainable development and environmental performance

This appendix comprises the department's report on its ecologically sustainable development and environmental performance as required by section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (the EPDC Act).

The department continued to ensure that, where possible, policy activities, administration of legislated activities and other operations accorded with and enacted ecologically sustainable development principles. We pursued these principles through a combination of multilateral environmental agreements, international legal frameworks, foreign, trade and aid policies and property and corporate management policies. These principles were also applied in our public diplomacy.

Outcome 1 – The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities.

The department pressed for the commencement of negotiations for an international instrument, under the UN Convention on the Law of the Sea, to strengthen the conservation and sustainable use of biodiversity beyond national jurisdiction and contributed towards new global sustainable development goals—to replace the current Millennium Development Goals after 2015. We contributed to efforts to support sustainable development at the Third International Conference on Small Island Developing States. We worked with other countries to further international cooperation on climate change, including through negotiations on a new global agreement under the UN Framework Convention on Climate Change, to be concluded by the end of 2015 and to come into effect from 2020.

With the Australian Antarctic Division of the Department of the Environment, the department continued to build international support for the establishment of a network

of marine protected areas in East Antarctica. We supported Australia's successful election to the International Maritime Organization, and to the Committee for Environmental Protection under the Antarctic Treaty system, and advocated for measures to enhance the protection of the Antarctic environment.

The department's overseas development program was delivered in accordance with the principles of ecological sustainability underpinned by Commonwealth environmental legislation and regulations, including the EPDC Act; Australia's development policy and performance framework—*Australian aid: promoting prosperity, increasing stability, reducing poverty*; environmental laws and regulations of partner governments; and relevant multilateral environment agreements.

Departmental policies require potential environmental impacts of all aid activities to be considered during design and implementation in order to protect the environment from harmful effects. Tools and guidance to support staff in complying with the EPDC Act include:

- the environment management guide for Australia's aid program 2012;
- an aid management system requiring staff to respond to prescribed environment and climate change questions before commencing new activities; and
- quality and performance monitoring and reporting systems that assess progress of aid activities against objectives and compliance with relevant environment safeguards.

The department began a review of its environment policies to further strengthen legislative compliance of aid activities. This will be important as the aid program shifts focus to (i) investing more in economic growth sectors that may have higher environmental risks, including infrastructure, tourism, agriculture, fisheries and extractive industries; and (ii) directing more investments through bilateral rather than multilateral partnerships.

Environmental management services to all properties in the domestic leased estate were provided under contract by the department's Property Management Services provider, UGL Services Pty Ltd (DTZ). These included: monitoring and reporting on the impact of DFAT business on the environment; identifying, costing and, where cost effective, implementing environmental initiatives; preparing business cases to obtain funding for the implementation of major environmental initiatives; preparing information for DFAT mandatory reporting, including Energy Efficiency in Government Operations, National Waste Policy, National Packaging Convention, and WaterMAPS; and providing strategic advice on environmental management policy and Government direction.

DTZ is also required to be compliant with and remain up-to-date with any changes in relevant legislation, regulation and policy.

The department fulfilled required whole-of-government reporting on the ICT Sustainability Plan and the Australian Packaging Covenant and collated energy usage according to the metrics outlined in the Energy Efficiency in Government Operations Policy and utilised this information to target initiatives and energy efficiency works. The department maintained involvement in the Government Agency Environment Network and continued to support 'green' events, such as Earth Hour.

Certification by external audit against the international standard ISO14001 for the Environmental Management System was revalidated for the department's leased headquarters in the RG Casey Building in Canberra in 2014. Refurbishment and upgrading of the RG Casey building after renewal of the lease in 2014 is expected to contribute to improved environmental performance. The department's leased premises at 255 London Circuit Canberra received an accredited 4.5 star National Australian Built Environment Rating System energy rating for offices based on its environmentally sustainable cooling system and grey water recycling. Over 10 per cent of the department's domestic energy usage was sourced from Green Power.

All work areas in the department included clearly marked bins for paper recycling. Garbage bins in kitchens and other common

areas provided for the separation of general waste from recyclable material.

To assist in reducing carbon emissions, the department supported staff riding to work, to assist in reducing carbon emissions, providing secure bike storage, change rooms and lockers in Canberra buildings. The introduction of a shuttle bus service between Barton and Civic departmental sites reduced reliance on taxis for inter-location travel.

Outcome 2 – The protection and welfare of Australians abroad and access to secure international travel documentation through timely and responsive travel advice and consular and passport services in Australia and overseas.

All Australian passports issued during the reporting period were printed on Australian Paper's 100 per cent carbon neutral, environmentally friendly paper range.

Outcome 3 – A secure Australian Government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas owned estate.

The department contributed to ecologically sustainable development in its management of the overseas estate. Environmentally sustainable and energy efficient design principles are applied by the department's Overseas Property Office (OPO) in all new construction overseas and, within the limits imposed by the existing base building features, in fit-out and refurbishment works.

In current major new construction projects, OPO targeted a self-assessed 4-star or above environmental outcome against the Green Building Council of Australia's Office rating scheme. Initiatives employed included intelligent building management systems to minimise energy use; water conservation and management to reduce demand on local supply; low-energy lighting and air conditioning; careful selection of materials to reduce environmental impact; high levels of indoor environmental quality to improve occupant wellbeing; solar hot water heating; and native landscaping. During construction stage, waste to landfill was kept to a minimum and an independent commissioning agent employed to ensure systems were commissioned to their optimum efficiency.

Appendix 10

Purchaser–provider arrangements

The department provides management and administration services to other Australian Government agencies at our overseas missions. This ensures consistency and efficient use of resources and avoids duplication of effort (in accordance with the *Prime Minister's Directive: Guidelines for the Management of the Australian Government Presence Overseas*). We manage these arrangements through a **Service Level Agreement (SLA)**.

In 2013–14, the department provided services under the SLA to:

Attorney-General's Department
 AusAID (Australian Agency for International Development)
 Australian Centre for International Agricultural Research
 Australian Customs and Border Protection Service
 Australian Federal Police (also includes the Australian Federal Police Protective Service)
 Australian Maritime Safety Authority
 Australian National University
 Australian Nuclear Science and Technology Organisation
 Australian Taxation Office
 Australian Trade Commission (Austrade)
 Commonwealth Scientific and Industrial Research Organisation
 Department of Agriculture
 Department of the Environment
 Department of Defence
 Department of Education
 Department of Employment
 Department of Health
 Department of Immigration and Border Protection
 Department of Infrastructure and Regional Development
 Department of Industry
 Department of Veterans' Affairs
 National Library of Australia

New Zealand Ministry of Foreign Affairs and Trade

Office of National Assessments

Reserve Bank of Australia

The Treasury

The main purchasers of services under the SLA are the Department of Immigration and Border Protection, Department of Defence, Australian Trade Commission and Australian Federal Police. The former agency AusAID was a significant purchaser of services until 31 October 2013.

The department also has purchaser–provider arrangements to provide **information and communications technology (ICT) services** to Australian Government agencies with staff at our overseas missions and at a number of agency locations within Australia. In 2013–14 we provided ICT services to the following agencies in Australia and overseas:

Attorney-General's Department
 AusAID (Australian Agency for International Development)
 Australian Centre for International Agricultural Research
 Australian Crime Commission
 Australian Customs and Border Protection Service
 Australian Electoral Commission
 Australian Federal Police
 Australian National University
 Australian Fisheries Management Authority
 Australian Maritime Safety Authority
 Australian Nuclear Science and Technology Organisation
 Australian Public Service Commission
 Australian Radiation Protection and Nuclear Safety Agency
 Australian Security Intelligence Organisation
 Australian Taxation Office
 Australian Trade Commission (Austrade)
 Australian Transaction Reports and Analysis Centre (Austrac)

Bureau of Meteorology
 Commonwealth Scientific and Industrial
 Research Organisation
 Civil Aviation Safety Authority
 Department of Agriculture
 Department of Communications
 Department of Defence
 Department of Education
 Department of Employment
 Department of Environment
 Department of Social Services
 Department of Finance and Deregulation
 Department of Health
 Department of Human Services
 Department of Immigration and Border
 Protection
 Department of Infrastructure and Regional
 Development
 Department of Industry
 Department of the Prime Minister and Cabinet
 Department of Veterans' Affairs
 Export Finance and Insurance Corporation
 Food Standards ANZ
 Geoscience Australia
 International and Community Relations Office
 National Library of Australia
 New Zealand Foreign Affairs and Trade
 Office of National Assessments
 Office of the Official Secretary to the
 Governor-General
 Reserve Bank of Australia
 The Treasury
 Wine Australia

The department has purchaser–provider
 arrangements with other Australian
 Government and state government agencies
 under which we **provide payroll services** to
 employees of other agencies overseas.
 In 2013–14 we provided payroll services to the
 following agencies:

Attorney-General's Department
 Australian Customs and Border Protection
 Service
 Australian Taxation Office
 Department of Agriculture
 Department of Climate Change and Energy
 Efficiency
 Department of Education
 Department of the Environment
 Department of Infrastructure and Transport
 Department of Industry
 Department of the Prime Minister and Cabinet
 Department of Resources, Energy and Tourism
 Department of Veterans' Affairs
 Office of National Assessments

Appendix 11

Advertising and market research

During 2013–14, the Department of Foreign Affairs and Trade conducted the *Smartraveller* advertising campaign. Further information on that campaign is available at www.dfat.gov.au and in the reports on Australian Government advertising that are prepared by the Department of Finance. Those reports are available at www.finance.gov.au/advertising/index.html.

As required under Section 311A of the *Commonwealth Electoral Act 1918*, following is a list of agencies and organisations contracted by the department (including at overseas posts) to provide advertising and market research services. The list includes payments above \$12 000 (GST inclusive).

Table 36: Advertising and market research

Agencies/Organisations	Service provided	Program	Amount (\$)
Advertising agencies			
J Walter Thompson Australia Pty Ltd	Smartraveller Phase III campaign	2.1	245,320
Christian Outreach Centre	Smartraveller Phase III campaign	2.1	12,000
SOFT VISION	Australia by Boat without visa campaign	1.1	60,478
Market research organisations			
GFK Blue Moon Quantitative Research	Smartraveller Phase III campaign	2.1	51,250
Taylor Nelson Sofres Australia Pty Ltd	Smartraveller Phase III campaign	2.1	18,750
Orima Research Pty Ltd	Monitoring and evaluation	1.1	61,928
Media Monitoring Aust Pty Ltd	Media monitoring	1.1	84,457
Polling and direct mail organisations			
National Mailing & Marketing Pty Ltd	Processing and mailing	1.1	84,979
Media advertising organisations			
Universal McCann	Smartraveller Phase III campaign	2.1	2,275,386
Sensis Pty Ltd	White Pages Directory Listings	1.1	211,754
Total			3,106,302

Note: 2012–13 excluded payments below \$12,100 (GST inclusive).

Appendix 12

Grants and contributions

Table 37 provides details of the grants awarded by the department in 2013–14. In accordance with FMA Regulation 3A, the amount of \$13.684 million in grants awarded by the department in 2013–14 does not include ODA payments. Information on grants awarded by the department since 1 July 2007 is available at www.dfat.gov.au/dept/grants/index.html.

Table 38 provides the payments made by the department in 2013–14, totalling \$285 million – consisting of \$114.2 million to 34 international organisations and international treaty secretariats, including the United Nations, and \$170.8 million to 16 UN peacekeeping operations.

Table 37: Grants programs

Program	Brief description of the program	2013–14 Actual (\$'000)
International Relations Grants	Grants to advance Australia's objectives in the areas of international security, trade and economic performance, global cooperation and public diplomacy.	4,969
Other departmental	Grants to advance Australia's objectives in the areas of international security, trade and economic performance, global cooperation and public diplomacy.	3,922
Other administered	Grants to advance Australia's objectives in the areas of international security, trade and economic performance, global cooperation and public diplomacy.	4,793
Total		13,684

Table 38: Contributions to international organisations and peacekeeping operations

International organisations	Total (\$'000)
ABAC Secretariat	39,253
Antarctic Treaty Secretariat	66,218
APEC Secretariat	429,106
Asia–Europe Foundation	47,475
Association of the Voluntary	9,568
Commission for the Conservation of Antarctic Marine Living Resources	919,896
Commonwealth Secretariat	3,342,104
Comprehensive Nuclear Test Ban Treaty	3,003,258
Energy Charter Secretariat	254,672
International Atomic Energy Agency	11,587,561
International Bureau of the Permanent Court of Arbitration	32,909
International Centre for the Study of the Preservation and Restoration of Cultural Property	117,107
International Criminal Court Trust Fund	200,001
International Criminal Court Trust Fund for Victims	200,001
International Humanitarian Fact-Finding Commission	8,132
International Residual Mechanism for Criminal Tribunals	1,333,154
International Seabed Authority	192,611

International organisations	Total (\$'000)
International Tribunal for the Law of the Sea	437,632
International Tribunal for War Crimes	3,071,885
Justice Rapid Response Association	75,000
Organisation for Economic Co-operation and Development	12,854,016
Organisation for the Prohibition of Chemical Weapons	2,120,592
Organisation for the Prohibition of Chemical Weapons Trust Fund	25,000
Organisation for Security and Co-operation in Europe	290,131
Pacific Economic Cooperation	26,926
Special Tribunal for Lebanon	150,000
United Nations – Assessed Contribution	60,112,482
UN Office at Geneva	70,073
UN Geneva General Fund	833,313
UN Non-Proliferation Treaty	18,053
UN Educational, Scientific and Cultural Organization	8,399,811
Wassenaar Agreement	73,135
World Tourism Organization	660,549
World Trade Organization	3,193,415
Subtotal international organisations	114,195,040
International peacekeeping operations	Total (\$'000)
African Union–UN Hybrid Operation in Dafur	31,613,275
UN Interim Security Force in Abyei	7,572,314
UN Multidimensional Integrated Stabilisation Mission in Mali	15,546,738
UN Supervision Mission in Syria	374,371
UN Support Office for African Union Military Observer Mission in Somalia	10,065,256
UN Disengagement Observer Force	1,522,556
UN Integrated Mission in Timor-Leste	121,970
UN Interim Administration in Kosovo	1,007,014
UN Interim Force in Lebanon	11,217,908
UN Mission for the Referendum in Western Sahara	1,304,548
UN Mission in Liberia	10,625,439
UN Mission in South Sudan	21,842,122
UN Operation in Côte d'Ivoire	13,872,916
UN Organization Mission in the Democratic Republic of the Congo	31,596,957
UN Peacekeeping Force in Cyprus	710,267
UN Stabilization Mission in Haiti	11,815,437
Subtotal international peacekeeping operations	170,809,087
Total	285,004,127

* Contributions to international organisations and UN peacekeeping operations are administered under Outcome 1. These figures are provided on an accrual basis consistent with the Financial Statements Note 17. Reporting of payments under the Outcome structure provides consistency with the reporting of these items in the *Portfolio Budget Statements 2013–14* and the *Portfolio Additional Estimates Statements 2013–14*.

Appendix 13

List of sponsors

The following is a list of sponsors who supported projects or programs undertaken by the department during the year. The list includes sponsorship equivalent to \$1500 and above (GST inclusive).

Table 39: List of sponsors

Sponsor (formatted)	Project (formatted)	Program (adjusted)	Amount (\$)
Habtoor Leighton Group (United Arab Emirates)	Australia Day 2014 (Abu Dhabi)	1.1	4,677
ANZ Banking Group	Australia Day 2014 (Abu Dhabi)	1.1	4,677
GHD Global	Australia Day 2014 (Abu Dhabi)	1.1	4,669
Murdoch University	Australia Day 2014 (Abu Dhabi)	1.1	4,620
National Bank of Abu Dhabi	Australia Day 2014 (Abu Dhabi)	1.1	4,629
Pierlite (Abu Dhabi)	Australia Day 2014 (Abu Dhabi)	1.1	4,575
Servcorp	Australia Day 2014 (Abu Dhabi)	1.1	4,294
University of Wollongong	Australia Day 2014 (Abu Dhabi)	1.1	4,677
African Mining Services	Melbourne Cup 2013 (Accra)	1.1	2,738
Antrak Bollore	Melbourne Cup 2013 (Accra)	1.1	1,917
Arcelik	Gallipoli Symphony Concert (Ankara)	1.1	10,298
Bati Anadolu Madencilik	Gallipoli Symphony Concert (Ankara)	1.1	2,987
BTO Bilimtur	Gallipoli Symphony Concert (Ankara)	1.1	2,056
Kocaeli Sanayi Odasi	Gallipoli Symphony Concert (Ankara)	1.1	2,054
New Zealand Government	Gallipoli Symphony Concert (Ankara)	1.1	3,748
Nitromax	Gallipoli Symphony Concert (Ankara)	1.1	3,819
Servcorp	Gallipoli Symphony Concert (Ankara)	1.1	5,041
Tectura	Gallipoli Symphony Concert (Ankara)	1.1	1,998
Copywrite Agency Cultural Fund	Australia Writer's Week (Beijing)	1.1	20,000
Time Publishing	Australia Writer's Week (Beijing)	1.1	34,824
Akara Resources	Australia Day 2014 (Bangkok)	1.1	1,732
ANZ Banking Group	Australia Day 2014 (Bangkok)	1.1	1,721
Blackmores Limited	Australia Day 2014 (Bangkok)	1.1	1,732
Central Group of Companies	Australia Day 2014 (Bangkok)	1.1	1,732
IDP Education Services	Australia Day 2014 (Bangkok)	1.1	1,732
Loxley Public Company Limited	Australia Day 2014 (Bangkok)	1.1	1,745
BlueScope Steel (Thailand)	Australia Day 2014 (Bangkok)	1.1	1,732
PTT Exploration and Production	Australia Day 2014 (Bangkok)	1.1	1,763
New Zealand Government	Anzac Day 2014 (Brunei)	1.1	2,076

Sponsor (formatted)	Project (formatted)	Program (adjusted)	Amount (\$)
Karo	Australian Film Festival (Brasilia)	1.1	7,050
Ceylon Tea Services	High Commissioner Residence Opening Gala Dinner (Colombo)	1.1	5,015
Cinnamon Lakeside Hotel	High Commissioner Residence Opening Gala Dinner (Colombo)	1.1	7,549
Emirates	High Commissioner Residence Opening Gala Dinner (Colombo)	1.1	8,030
Prestige Foods Lanka	High Commissioner Residence Opening Gala Dinner (Colombo)	1.1	10,432
Treasury Wines Estate Limited	High Commissioner Residence Opening Gala Dinner (Colombo)	1.1	6,500
Australian Graduate School of Management	Australia Day 2014 (Hong Kong)	1.1	5,733
ANZ Banking Group	Australia Day 2014 (Hong Kong)	1.1	5,788
Aristocrat	Australia Day 2014 (Hong Kong)	1.1	5,721
Australian Trade Commission	Australia Day 2014 (Hong Kong)	1.1	2,930
Cheung Kong	Australia Day 2014 (Hong Kong)	1.1	5,690
CLP Power	Australia Day 2014 (Hong Kong)	1.1	5,690
Commonwealth Bank of Australia	Australia Day 2014 (Hong Kong)	1.1	5,526
CPA	Australia Day 2014 (Hong Kong)	1.1	5,656
Department of Immigration & Border Protection	Australia Day 2014 (Hong Kong)	1.1	2,896
Leighton Contractors (Hong Kong)	Australia Day 2014 (Hong Kong)	1.1	5,500
Ovolo	Australia Day 2014 (Hong Kong)	1.1	5,716
QBE Group (Hong Kong)	Australia Day 2014 (Hong Kong)	1.1	5,819
Tourism Australia	Australia Day 2014 (Hong Kong)	1.1	7,244
Treasury Wines Estate Limited	Australia Day 2014 (Hong Kong)	1.1	5,861
Fringe Club	My Australian Christmas Card Exhibition (Hong Kong)	1.1	8,203
Australian Centre for International Agricultural Research	Australia Day in Spring 2014 (Islamabad)	1.1	3,322
AEO Pakistan	Australia Day in Spring 2014 (Islamabad)	1.1	1,652
Australian Federal Police	Australia Day in Spring 2014 (Islamabad)	1.1	3,322
Australian Trade Commission	Australia Day in Spring 2014 (Islamabad)	1.1	5,536
Bank Al Habib Limited	Australia Day in Spring 2014 (Islamabad)	1.1	1,652
BHP Billiton	Australia Day in Spring 2014 (Islamabad)	1.1	10,003
Coca Cola (Pakistan)	Australia Day in Spring 2014 (Islamabad)	1.1	1,652
Department of Defence	Australia Day in Spring 2014 (Islamabad)	1.1	3,322
FedEX & Gerry's International	Australia Day in Spring 2014 (Islamabad)	1.1	1,652
Netsol (Pakistan)	Australia Day in Spring 2014 (Islamabad)	1.1	1,652

Sponsor (formatted)	Project (formatted)	Program (adjusted)	Amount (\$)
Pierlite (Pakistan)	Australia Day in Spring 2014 (Islamabad)	1.1	1,652
RMT Enterprises	Australia Day in Spring 2014 (Islamabad)	1.1	1,652
Slimtel Services	Australia Day in Spring 2014 (Islamabad)	1.1	1,652
SMEC International	Australia Day in Spring 2014 (Islamabad)	1.1	1,652
Ambank (Malaysia)	Australia Day 2014 (Kuala Lumpur)	1.1	5,132
Blackmore (Malaysia)	Australia Day 2014 (Kuala Lumpur)	1.1	5,079
Curtin University	Australia Day 2014 (Kuala Lumpur)	1.1	5,171
Leighton Contractors (Malaysia)	Australia Day 2014 (Kuala Lumpur)	1.1	5,079
Lend Lease Projects (Malaysia)	Australia Day 2014 (Kuala Lumpur)	1.1	5,190
Lynas Malaysia Berhad	Australia Day 2014 (Kuala Lumpur)	1.1	5,190
Monash University	Australia Day 2014 (Kuala Lumpur)	1.1	5,171
Swinburn Sarawak	Australia Day 2014 (Kuala Lumpur)	1.1	5,112
Toll Integrated Logistics (Malaysia)	Australia Day 2014 (Kuala Lumpur)	1.1	5,112
Victoria Government	Australia Day 2014 (Kuala Lumpur)	1.1	2,500
ANZ Banking Group	Arthur Boyd Lecture (London)	1.1	8,299
National Gallery of Australia	Australia Exhibition (London)	1.1	8,527
Qantas Airways	Australia Exhibition (London)	1.1	8,527
ANZ Banking Group	Celebrate Australia 2014 (Manila)	1.1	2,054
Aspen (Philippines)	Celebrate Australia 2014 (Manila)	1.1	2,058
Austal (Philippines)	Celebrate Australia 2014 (Manila)	1.1	2,054
Cardno Emerging Markets (Philippines)	Celebrate Australia 2014 (Manila)	1.1	2,054
Greenbelt-Ayala Malls Management	Celebrate Australia 2014 (Manila)	1.1	12,805
Indo-Phil Resources	Celebrate Australia 2014 (Manila)	1.1	2,078
Meat and Livestock Australia	Celebrate Australia 2014 (Manila)	1.1	2,054
Nido Petroleum (Philippines)	Celebrate Australia 2014 (Manila)	1.1	2,054
Oceana Gold (Philippines)	Celebrate Australia 2014 (Manila)	1.1	2,055
QBE Group (Philippines)	Celebrate Australia 2014 (Manila)	1.1	2,054
Sinclair Knight Merz (Philippines)	Celebrate Australia 2014 (Manila)	1.1	2,027
Telstra (Philippines)	Celebrate Australia 2014 (Manila)	1.1	2,037
Ayala Foundation	Message Stick: Indigenous Identity in Urban Australia (Philippines)	1.1	49,314
ANZ Banking Group	Melbourne Cup 2013 (Noumea)	1.1	3,924
Australia – New Caledonia Business Council	Murundak, Songs of Freedom (Noumea)	1.1	3,855
ANZ Banking Group	Murundak, Songs of Freedom (Noumea)	1.1	3,840
ABB	NAIDOC Week 2013 (Noumea)	1.1	3,000
Challenger Energy Limited	Australia Day 2014 (Pretoria)	1.1	2,489

Sponsor (formatted)	Project (formatted)	Program (adjusted)	Amount (\$)
Australian Business Group of Saudi Arabia	Australia Day 2014 (Riyadh)	1.1	1,540
Leighton Holdings (Middle East)	Australia Day 2014 (Riyadh)	1.1	4,757
Meat and Livestock Australia	Australia Day 2014 (Riyadh)	1.1	2,068
Monash University	Australia Day 2014 (Riyadh)	1.1	3,577
Servcorp (Saudi Arabia)	Australia Day 2014 (Riyadh)	1.1	4,350
Victoria Government	Australia Day 2014 (Riyadh)	1.1	5,800
Western Australian Government	Australia Day 2014 (Riyadh)	1.1	3,281
Cleanseas	Gambero Rosso Event (Rome)	1.1	1,800
Etihad Airways	Gambero Rosso Event (Rome)	1.1	17,070
Australian Trade Commission	Australia Day 2014 (Santiago)	1.1	3,154
BHP Billiton (Chile)	Australia Day 2014 (Santiago)	1.1	6,342
Orica (Chile)	Australia Day 2014 (Santiago)	1.1	6,616
Origin Energy (Chile)	Australia Day 2014 (Santiago)	1.1	6,342
Pacific Hydro (Chile)	Australia Day 2014 (Santiago)	1.1	4,228
Worley Parsons (Chile)	Australia Day 2014 (Santiago)	1.1	2,092
Australian International School (Singapore)	Australia Day 2014 (Singapore)	1.1	4,395
Harvey Norman	Australia Day 2014 (Singapore)	1.1	2,633
Telstra Global (Singapore)	Australia Day 2014 (Singapore)	1.1	4,395
Toll Logistics (Asia) (Singapore)	Australia Day 2014 (Singapore)	1.1	4,414
VISY (Singapore)	Australia Day 2014 (Singapore)	1.1	12,894
Commonwealth Bank of Australia	NAIDOC Week 2013 (Singapore)	1.1	8,790
ANZ Banking Group	Australia Day in Spring 2014 (Tokyo)	1.1	10,840
Commonwealth Bank of Australia	Australia Day in Spring 2014 (Tokyo)	1.1	10,600
Victorian Government	Australia Day in Spring 2014 (Tokyo)	1.1	3,264
Western Australian Government	Australia Day in Spring 2014 (Tokyo)	1.1	3,234
Inpex Corporation	Australia Day in Spring 2014 (Tokyo)	1.1	11,190
Itouchu Corporation	Australia Day in Spring 2014 (Tokyo)	1.1	3,264
Jetstar Group	Australia Day in Spring 2014 (Tokyo)	1.1	5,255
K.K. Aristocrat Technologies	Australia Day in Spring 2014 (Tokyo)	1.1	3,222
Macquarie Capital Securities (Japan)	Australia Day in Spring 2014 (Tokyo)	1.1	10,860
Mars (Japan)	Australia Day in Spring 2014 (Tokyo)	1.1	3,279
Marubeni Corporation	Australia Day in Spring 2014 (Tokyo)	1.1	3,252
Mitsubishi Corporation	Australia Day in Spring 2014 (Tokyo)	1.1	3,357
Mitsu and Co Limited	Australia Day in Spring 2014 (Tokyo)	1.1	3,252

Sponsor (formatted)	Project (formatted)	Program (adjusted)	Amount (\$)
National Australia Bank	Australia Day in Spring 2014 (Tokyo)	1.1	10,740
North West Shelf Liaison Company	Australia Day in Spring 2014 (Tokyo)	1.1	10,783
PricewaterhouseCoopers (Australia)	Australia Day in Spring 2014 (Tokyo)	1.1	3,327
Pro Global	Australia Day in Spring 2014 (Tokyo)	1.1	2,104
Qantas Airways	Australia Day in Spring 2014 (Tokyo)	1.1	4,453
Queensland Government	Australia Day in Spring 2014 (Tokyo)	1.1	3,207
Rio Tinto (Japan)	Australia Day in Spring 2014 (Tokyo)	1.1	3,258
Servcorp (Japan)	Australia Day in Spring 2014 (Tokyo)	1.1	3,279
Sojitz Corporation	Australia Day in Spring 2014 (Tokyo)	1.1	3,243
Sumitomo Corporation	Australia Day in Spring 2014 (Tokyo)	1.1	3,279
Telstra International (Hong Kong)	Australia Day in Spring 2014 (Tokyo)	1.1	10,770
Toll Express (Japan)	Australia Day in Spring 2014 (Tokyo)	1.1	10,840
Tourism Australia	Australia Day in Spring 2014 (Tokyo)	1.1	10,510
ANZ Banking Group	Australia Day 2014 (Taipei)	1.1	3,646
Clinico	Australia Day 2014 (Taipei)	1.1	3,690
Council of Indigenous People	Australia Day 2014 (Taipei)	1.1	2,894
Fomosa Plastic	Australia Day 2014 (Taipei)	1.1	1,834
I-Mei Food	Australia Day 2014 (Taipei)	1.1	3,595
Teco Australia	Australia Day 2014 (Taipei)	1.1	3,646
Australia-America Association	Anzac Day 2014 (Washington)	1.1	6,156
BAE Systems	Anzac Day 2014 (Washington)	1.1	6,259
Bectech	Anzac Day 2014 (Washington)	1.1	6,259
Boeing	Anzac Day 2014 (Washington)	1.1	6,103
Macquarie Group	Anzac Day 2014 (Washington)	1.1	6,136
Westpac Banking Corporation	Anzac Day 2014 (Washington)	1.1	6,259
Wilkerson Collection	Icons of the Desert Exhibition (Washington)	1.1	10,490
BHP Billiton	Sequester (Washington)	1.1	19,432
Conoco Phillips	Sequester (Washington)	1.1	20,485
Lockheed Martin	Sequester (Washington)	1.1	20,485
Rio Tinto	Sequester (Washington)	1.1	19,399
Qantas Airways	Melbourne Cup 2013 (Wellington)	1.1	10,000
Countdown	Trans-Tasman Function (Wellington)	1.1	7,048
CPA Australia	Trans-Tasman Function (Wellington)	1.1	7,048
Trans-Tasman Business Circle	Trans-Tasman Function (Wellington)	1.1	11,143
Westpac Banking Corporation (New Zealand)	Trans-Tasman Function (Wellington)	1.1	18,795

Appendix 14

Summary of the overseas network

Following is a summary of the overseas network as at 30 June 2014.

More information about our overseas network is available at the department's website at www.dfat.gov.au/missions and at www.smartraveller.gov.au.

Table 40: Embassies, high commissions, consulates and multilateral missions managed by the Department of Foreign Affairs and Trade (95 posts)

Country of location	City	Post type
Afghanistan	Kabul	Embassy
Argentina	Buenos Aires	Embassy
Austria	Vienna	Embassy and Permanent Mission to the United Nations
Bangladesh	Dhaka	High Commission
Belgium	Brussels	Embassy and Mission to the European Union
Brazil	Brasilia	Embassy
Brunei Darussalam	Bandar Seri Begawan	High Commission
Burma	Rangoon	Embassy
Cambodia	Phnom Penh	Embassy
Canada	Ottawa	High Commission
Chile	Santiago	Embassy
China	Beijing	Embassy
	Chengdu	Consulate-General
	Guangzhou	Consulate-General
	Hong Kong	Consulate-General
	Shanghai	Consulate-General
Croatia	Zagreb	Embassy
Cyprus	Nicosia	High Commission
Denmark	Copenhagen	Embassy
Egypt	Cairo	Embassy
Ethiopia	Addis Ababa	Embassy
Federated States of Micronesia	Pohnpei	Embassy
Fiji	Suva	High Commission
France	Paris	Embassy*
	Paris	Delegation to the OECD
Germany	Berlin	Embassy
Ghana	Accra	High Commission
Greece	Athens	Embassy

Country of location	City	Post type
India	New Delhi	High Commission
	Chennai	Consulate-General
	Mumbai	Consulate-General
Indonesia	Jakarta	Embassy
	Bali (Denpasar)	Consulate-General
Iran	Tehran	Embassy
Iraq	Baghdad	Embassy
Ireland	Dublin	Embassy
Israel	Tel Aviv	Embassy
Italy	Rome	Embassy and Permanent Mission to the FAO
Japan	Tokyo	Embassy
Jordan	Amman	Embassy
Kenya	Nairobi	High Commission
Kiribati	Tarawa	High Commission
Korea, Republic of	Seoul	Embassy
Kuwait	Kuwait	Embassy
Laos	Vientiane	Embassy
Lebanon	Beirut	Embassy
Malaysia	Kuala Lumpur	High Commission
Malta	Malta	High Commission
Mauritius	Port Louis	High Commission
Mexico	Mexico City	Embassy
Nauru	Nauru	High Commission
Nepal	Kathmandu	Embassy
Netherlands	The Hague	Embassy
New Caledonia (France)	Noumea	Consulate-General
New Zealand	Wellington	High Commission
Nigeria	Abuja	High Commission
Pakistan	Islamabad	High Commission
Papua New Guinea	Port Moresby	High Commission
Peru	Lima	Embassy
Philippines	Manila	Embassy
Poland	Warsaw	Embassy
Portugal	Lisbon	Embassy
Russia	Moscow	Embassy
Samoa	Apia	High Commission
Saudi Arabia	Riyadh	Embassy
Serbia	Belgrade	Embassy
Singapore	Singapore	High Commission
Solomon Islands	Honiara	High Commission
South Africa	Pretoria	High Commission

Country of location	City	Post type
Spain	Madrid	Embassy
Sri Lanka	Colombo	High Commission
Sweden	Stockholm	Embassy
Switzerland	Geneva	Permanent Mission to the United Nations
	Geneva	Permanent Mission to the WTO and Consulate-General
Thailand	Bangkok	Embassy and Permanent Mission to ESCAP
Timor-Leste	Dili	Embassy
Tonga	Nuku'alofa	High Commission
Trinidad and Tobago	Port of Spain	High Commission
Turkey	Ankara	Embassy
	Çanakkale	Consulate
United Arab Emirates	Abu Dhabi	Embassy
United Kingdom	London	High Commission
United States of America	Washington DC	Embassy
	Chicago	Consulate-General
	Honolulu	Consulate-General
	Los Angeles	Consulate-General
	New York	Consulate-General
	New York	Permanent Mission to the United Nations
Vanuatu	Port Vila	High Commission
Vatican City	Vatican City	Embassy to the Holy See
Vietnam	Hanoi	Embassy
	Ho Chi Minh City	Consulate-General
Zimbabwe	Harare	Embassy

* The Australian Permanent Delegation to UNESCO is located within the embassy in Paris.

Notes:

In Ramallah, the Australian Government maintains the Australian Representative Office.

In Taipei, the Australian Office represents Australian interests in Taiwan in the absence of formal relations. The office includes staff seconded from the Department of Foreign Affairs and Trade, and Austrade.

Table 41: Consulates managed by Austrade (16 posts)

Country of location	City	Post type
Brazil	São Paulo	Consulate-General
Canada	Toronto	Consulate-General
Germany	Frankfurt	Consulate-General
Italy	Milan	Consulate-General
Japan	Fukuoka	Consulate-General
	Osaka	Consulate-General
	Sapporo	Consulate
Mongolia	Ulaanbaatar	Consulate-General
New Zealand	Auckland	Consulate-General
Turkey	Istanbul	Consulate-General
United Arab Emirates	Dubai	Consulate-General
United States of America	San Francisco	Consulate-General
Colombia	Bogotá	Consulate-General
Czech Republic	Prague*	Consulate
Canada	Vancouver*	Consulate
Russia	Vladivostok*	Consulate

* These consulates are managed by an honorary consul.

Table 42: Consulates headed by honorary consuls (76 consulates)

Region	Country of location	City	Responsible post
Africa	Angola	Luanda	Pretoria
	Botswana	Gaborone	Pretoria
	Cameroon	Yaoundé ***	Abuja
	Djibouti	Djibouti	Addis Ababa
	Malawi	Lilongwe	Harare
	Mozambique	Maputo	Pretoria
	Namibia	Windhoek	Pretoria
	Nigeria	Lagos	Abuja
	South Africa	Cape Town **	Pretoria
	Tanzania	Dar es Salaam	Nairobi
	Uganda	Kampala	Nairobi
	Zambia	Lusaka	Harare

Region	Country of location	City	Responsible post
Asia	Indonesia	Medan **	Jakarta
		Balikapan **	Jakarta
		Kupang **	Jakarta
	Kazakhstan	Almaty **	Moscow
	Korea, Republic of	Busan	Seoul
	Malaysia	Kota Kinabalu	Kuala Lumpur
		Kuching	Kuala Lumpur
		Penang	Kuala Lumpur
	Pakistan	Karachi	Islamabad
		Lahore	Islamabad
	Russia	Vladivostok *	Moscow
	Thailand	Chiang Mai	Bangkok
		Koh Samui	Bangkok
		Phuket ***	Bangkok
Pacific	French Polynesia (France)	Papeete	Noumea
	Papua New Guinea	Lae	Port Moresby
Europe	Bosnia and Herzegovina	Sarajevo	Vienna
	Bulgaria	Sofia	Athens
	Czech Republic	Prague *	Warsaw
	Estonia	Tallinn	Stockholm
	Finland	Helsinki	Stockholm
	Former Yugoslav Republic of Macedonia	Skopje	Belgrade
	Germany	Munich	Berlin
	Greece	Thessaloniki	Athens
	Italy	Venice	Rome
	Latvia	Riga	Stockholm
	Lithuania	Vilnius	Warsaw
	Norway	Oslo	Copenhagen
	Romania	Bucharest	Budapest
	Russia	St Petersburg	Moscow
	Slovenia	Ljubljana	Vienna
	Spain	Barcelona	Madrid
		Seville **	Madrid
	Switzerland	Zurich	Berlin
	Ukraine	Kiev	Warsaw
	United Kingdom	Edinburgh	London

Region	Country of location	City	Responsible post
North America	Canada	Calgary ***	Ottawa
		Vancouver *	Ottawa
	United States of America	Boston **	New York CG
		Denver	Los Angeles
		Houston	Washington DC
		Miami	Washington DC
		Seattle ***	San Francisco
Central and South America	Bolivia	La Paz	Lima
	Brazil	Rio de Janeiro	Brasília
	Costa Rica	San Jose	Mexico City
	Dominican Republic	Santo Domingo	Mexico City
	Ecuador	Guayaquil	Santiago
	El Salvador	San Salvador	Mexico City
	Guatemala	Guatemala City	Mexico City
	Guyana	Georgetown	Port of Spain
	Honduras	Tegucigalpa	Mexico City
	Mexico	Cancún***	Mexico City
	Nicaragua	Managua	Mexico City
	Panama	Panama City	Mexico City
	Paraguay	Asunción	Buenos Aires
	Uruguay	Montevideo	Buenos Aires
Caribbean	Antigua and Barbuda	St John's	Port of Spain
	Bahamas	Nassau	Port of Spain
	Barbados	St James	Port of Spain
	Grenada	St George's	Port of Spain
	Jamaica	Kingston	Port of Spain
Middle East	Oman	Muscat	Riyadh
	Saudi Arabia	Jeddah ***	Riyadh

* Austrade-managed consulate

** Temporarily closed as at 30 June 2014

*** Pending appointment of honorary consul

Table 43: Places where Canada provides consular services to Australian citizens

Country/Consular area	Canadian post responsible	Australian supervising post
Algeria	Algiers	Paris Embassy
Burkina Faso	Ouagadougou	Accra
Cameroon	Yaoundé	Abuja
Congo, Democratic Republic of the	Kinshasa	Harare
Côte d'Ivoire	Abidjan	Accra
Cuba	Havana	Mexico City
Ecuador	Quito	Santiago de Chile
Gabon	Yaoundé	Abuja
Gambia, The	Dakar	Abuja

Country/Consular area	Canadian post responsible	Australian supervising post
Guinea	Dakar	Accra
Hungary	Budapest	Vienna
Kazakhstan	Astana	Moscow
Mali	Bamako	Accra
Morocco	Rabat	Paris Embassy
Senegal	Dakar	Accra
Syria*	Damascus	Cairo
Tunisia	Tunis	Malta
Venezuela	Caracas	Santiago

* Currently closed due to civil unrest. The Romanian Government has agreed to provide assistance to Australian citizens on a temporary basis through the Romanian Embassy in Damascus.

Table 44: Places where Australia provides consular services to Canadian citizens

Country/Consular area	Australian post responsible	Canadian supervising post
American Samoa	Apia	Wellington
Bali (Indonesia)	Bali (Denpasar)	Jakarta
Burma	Rangoon	Bangkok
Cambodia	Phnom Penh	Bangkok
Commonwealth of the Northern Mariana Islands	Pohnpei	Canberra
Federated States of Micronesia	Pohnpei	Canberra
French Polynesia (France)	Noumea	Wellington
Guam	Pohnpei	Canberra
Hawaii	Honolulu	San Francisco
Kiribati	Tarawa	Wellington
Laos	Vientiane	Bangkok
Marshall Islands	Pohnpei	Canberra
Nauru	Nauru	Canberra
New Caledonia (France)	Noumea	Canberra
Nusa Tenggara Barat (Indonesia)	Bali (Denpasar)	Jakarta
Palau	Pohnpei	Canberra
Papua New Guinea	Port Moresby	Canberra
Samoa	Apia	Wellington
Solomon Islands	Honiara	Canberra
Timor-Leste	Dili	Jakarta
Tonga	Nuku'alofa	Wellington
Vanuatu	Port Vila	Canberra

Appendix 15

List of publications

Indonesia country strategy, July 2013

Focus magazine. vol. 28, no. 2, June–Sept 2013, July 2013

Trade in services Australia 2012, July 2013

Documents on Australian Foreign Policy: Australia and the Nuclear Non-Proliferation Treaty 1945–1974, July 2013

China country strategy, July 2013

India country strategy, July 2013

South Korea country strategy, July 2013

Japan country strategy, July 2013

Australia's trade with Europe (including the European Union) 2012, August 2013

Australia's trade with East Asia 2012, August 2013

Australia's trade with the Americas 2012, August 2013

The APEC region, trade and investment 2013, September 2013

Department of Foreign Affairs and Trade Annual Report 2012–13, October 2013

Australian Agency for International Development Annual Report 2012–13, October 2013

Australian Safeguards and Non-Proliferation Office Annual Report 2012–2013, October 2013

Trade at a glance 2013, November 2013

Diplomatic list and list of representatives of international organisations, December 2013

Trade in primary and manufactured products Australia 2012–13 – FINAL ISSUE, December 2013

Composition of trade 2012–13, December 2013

Australia's trade and investment with the G20, 2013, December 2013

Improving economic outcomes for women, December 2013

2013 quality review of aid program performance reports, January 2014

Lessons from Australian Aid report, January 2014

Australia Africa Community Engagement Scheme (AACES) annual report 2012–13, February 2014

Australia's trade by state and territory 2012–13, February 2014

Portfolio Additional Estimates Statements 2013–14 Foreign Affairs and Trade Portfolio, February 2014

Trade in services Australia 2012–13, March 2014

Statistical summary and time series data 2012–13, March 2014

Protecting designated non-financial businesses and professions from terrorist financing, prepared by DFAT for the APEC Secretariat, May 2014

Portfolio Budget Statements 2014–15 Foreign Affairs and Trade Portfolio, May 2014

Portfolio Supplementary Additional Estimates Statements 2013–14 Foreign Affairs and Trade Portfolio, May 2014

Travel smart: Hints for Australian travellers, May 2014

A shared responsibility for protecting children: A resource manual for in-country managers to support host organisations to develop a child protection policy, June 2014

A shared responsibility for protecting children: A workbook for host organisations, June 2014

**A shared responsibility for protecting children:
Volunteer orientation workbook, June 2014**

**A shared responsibility for protecting children:
Volunteer training program – trainer’s manual,
June 2014**

**Australian aid: Promoting prosperity, reducing
poverty, ensuring stability, June 2014**

***Making performance count: Enhancing the
accountability and effectiveness of Australian
aid, June 2014***

**The Chemical Weapons Convention: A guide for
Australian industry producing, using or trading
chemicals, June 2014**

**The Chemical Weapons Convention: Information
for importers and exporters of chemicals,
June 2014**

**The Chemical Weapons Convention: Inspection
information for producers and users of
chemicals, June 2014**



High Commissioner of Malaysia, HE Zainal Abidin Ahmad, presenting credentials to the Administrator, HE Professor Marie Bashir AC CVO, Canberra, 18 October 2013. [Andrew Taylor]



Second Secretary in Nairobi, Emily Rainey (right), with Somaliland Correctional Corps Deputy Commissioner and Mines Advisory Group (MAG) Manager, inspecting an armoury, Hargeisa, Somalia, 9 June 2014. Australia has supported MAG's construction of 11 armouries in Somalia to help police keep weapons secure. [DFAT]

دىپلوماسى Le commerce Diplomatie 发展援助
 Perdagangan διπλωματία ពាណិជ្ជកម្ម Diplomatie
 εμπόριο Diplomasi Comercio سفارت
 Ticaret Commercio سوداگرى ការវិជ្ជា Diplomatia
 Diplomazia 통상 ทางการทูต Ngoại giao
 Asistencia ពាណិជ្ជកម្ម Diplomatiija Trade ក
 Commerce การค้า การค้า ကုန်သွယ်ရေး تجارة

SECTION 5

FINANCIAL STATEMENTS

သံတမန်ရေးရာ *Handel* **Diplomazia** 통상 ทางการทูต *Ngoại giao* **Comércio** *Дипломатия*
macy بازرگانی *Treid* المساعدة التنموية *Diplomatija* *Treid* कूटनीति *پيلوماسی* **Diplomatiko**
kereskedelem **Diplomati** 외교 *Commerce* 发展援助 **Diplomacy** ကုန်သွယ်ရေး *رت*
omacia व्यापार *تجارة* **Development** *Thương mại* **Komersiu** المساعدة التنموية *le commerce*
ao **Comércio** *Дипломатия* *торговля* *یاستس* *Perdagangan* *ديپلوماسیة* *διπλωματία* *Kal*
टनीति *پيلوماسی* **Diplomatiko** 外交 *Développement* *εμπόριο* *Diplomasi* *Comercio* *سفارت*
La diplomatie *Diplomasia* *Ticaret* *Asistencia* *سوداگری* *ကုန်သွယ်* **Trade** *व्यापार* *تجارة* *т*

Financial statements

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Secretary Peter Varghese AO (right) and Chief Financial Officer Paul Wood (centre), with Deputy Secretary Ewen McDonald, signing the department's financial statements for the year ended 30 June 2014, Canberra, 19 September 2014. [DFAT]



INDEPENDENT AUDITOR'S REPORT

To the Minister for Foreign Affairs

To the Minister for Trade and Investment

I have audited the accompanying financial statements of the Department of Foreign Affairs and Trade for the year ended 30 June 2014, which comprise: a Statement by the Secretary and Chief Financial Officer; Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow Statement; Schedule of Administered Commitments; Schedule of Administered Contingencies; and Notes to and Forming Part of the Financial Statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Department of Foreign Affairs and Trade is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department of Foreign Affairs and Trade's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department

of Foreign Affairs and Trade's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive of the Department of Foreign Affairs and Trade, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

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*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders, including the Department of Foreign Affairs and Trade's financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



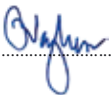
Ian Goodwin
Group Executive Director

Delegate of the Auditor-General

Canberra
22 September 2014

Department of Foreign Affairs and Trade
STATEMENT BY THE SECRETARY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2014 are based on properly maintained financial records 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*, as amended.

Signed.....

Peter Varghese AO
Secretary

19 September 2014

Signed.....

Paul Wood
Chief Financial Officer

19 September 2014

Department of Foreign Affairs and Trade
STATEMENT OF COMPREHENSIVE INCOME¹
for the year ended 30 June 2014

		2014	2013	AusAID ²
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	3A	749,806	454,595	195,960
Suppliers	3B	603,115	465,592	113,531
Grants	3C	8,250	3,632	-
Depreciation and amortisation	3D	156,149	112,448	15,088
Finance costs	3E	580	1,786	108
Write-down and impairment of assets	3F	1,273	1,720	1,323
Foreign exchange losses	3G	1,247	5,072	47
Losses from asset sales	3H	7,167	8,259	22
Other expenses	3I	-	78	-
Total expenses		1,527,587	1,053,182	326,079
Own-source income				
Own-source revenue				
Sale of goods and rendering of services	4A	98,657	108,283	231
Other revenue	4B	8,488	10,764	130
Total own-source revenue		107,145	119,047	361
Gains				
Reversal of asset write downs and impairments	4C	330	-	-
Other gains	4D	-	-	338
Total gains		330	-	338
Total own-source income		107,475	119,047	699
Net cost of services		(1,420,112)	(934,135)	(325,380)
Revenue from Government	4E	1,327,693	885,748	316,759
(Deficit) attributable to the Australian Government		(92,419)	(48,387)	(8,621)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		111,487	264,235	1,096
Total other comprehensive income		111,487	264,235	1,096
Total comprehensive income / (loss) attributable to the Australian Government		19,068	215,848	(7,525)

¹ Incorporates AusAID for the period 1 July 2013 to 31 October 2013.

² The comparative figures of AusAID are included due to the function being transferred to DFAT on 18 September 2013, effective from 1 November 2013.

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 2014

		2014	2013	AusAID ¹
	Notes	\$'000	\$'000	2013
				\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	6A	73,716	59,346	1,016
Trade and other receivables	6B	1,000,856	988,311	87,389
Total financial assets		1,074,572	1,047,657	88,405
Non-financial assets				
Land and buildings	7A, 7C	2,221,210	2,081,653	35,518
Property, plant and equipment	7B, 7C	191,496	147,783	26,718
Intangibles	7D, 7E	83,556	69,018	6,793
Inventories	7F	28,326	31,125	-
Other non-financial assets	7G	100,757	64,723	10,959
Total non-financial assets		2,625,345	2,394,302	79,988
Total assets		3,699,917	3,441,959	168,393
LIABILITIES				
Payables				
Suppliers	8A	117,309	79,870	19,749
Other payables	8B	45,545	43,417	13,713
Total payables		162,854	123,287	33,462
Provisions				
Employee provisions	9A	220,363	143,406	54,781
Other provisions	9B	22,981	19,595	2,902
Total provisions		243,344	163,001	57,683
Total liabilities		406,198	286,288	91,145
Net assets		3,293,719	3,155,671	77,248
EQUITY				
Contributed equity		2,086,006	1,957,833	86,441
Reserves		767,785	654,576	1,722
Retained surplus/(accumulated deficit)		439,928	543,262	(10,915)
Total equity		3,293,719	3,155,671	77,248

¹ The comparative figures of AusAID are included due to the function being transferred to DFAT on 18 September 2013, effective from 1 November 2013.

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
STATEMENT OF CHANGES IN EQUITY¹
for the year ended 30 June 2014

	Retained earnings 2014 \$'000	Asset revaluation surplus 2014 \$'000	Contributed equity/capital 2014 \$'000	Total equity 2014 \$'000
Opening balance				
Balance carried forward from previous period	543,262	654,576	1,957,833	3,155,671
AusAID opening balance	(10,915)	1,722	86,441	77,248
Adjusted opening balance	532,347	656,298	2,044,274	3,232,919
Comprehensive income				
Revaluation adjustment	-	111,487	-	111,487
(Deficit) for the period	(92,419)	-	-	(92,419)
Total comprehensive income	(92,419)	111,487	-	19,068
Transactions with owners				
Distribution to owners				
Returns of capital				
Returns of contributed equity	-	-	(79,944)	(79,944)
Other	-	-	(4,232)	(4,232)
Contributions by owners				
Equity injections - appropriations	-	-	76,633	76,633
Departmental capital budget	-	-	50,423	50,423
Restructuring	-	-	(1,148)	(1,148)
Total transactions with owners	-	-	41,732	41,732
Closing balance as at 30 June 2014	439,928	767,785	2,086,006	3,293,719

¹ Incorporates AusAID for the period 1 July 2013 to 31 October 2013.

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
STATEMENT OF CHANGES IN EQUITY¹
for the year ended 30 June 2013

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	DFAT 2013 \$'000	AusAID ¹ 2013 \$'000	DFAT 2013 \$'000	AusAID ¹ 2013 \$'000	DFAT 2013 \$'000	AusAID ¹ 2013 \$'000	DFAT 2013 \$'000	AusAID ¹ 2013 \$'000
Opening balance								
Balance carried forward from previous period	591,649	(2,294)	390,341	626	1,841,633	63,928	2,823,623	62,260
Adjusted opening balance	591,649	(2,294)	390,341	626	1,841,633	63,928	2,823,623	62,260
Comprehensive income								
Revaluation adjustment	-	-	264,235	1,096	-	-	264,235	1,096
(Deficit) for the period	(48,387)	(8,621)	-	-	-	-	(48,387)	(8,621)
Total comprehensive income	(48,387)	(8,621)	264,235	1,096	-	-	215,848	(7,525)
Transactions with owners								
Distribution to owners								
Returns of capital	-	-	-	-	(1,423)	-	(1,423)	-
Other	-	-	-	-	(7,734)	-	(7,734)	-
Contributions by owners								
Equity injections - Appropriations	-	-	-	-	62,101	15,123	62,101	15,123
Departmental capital budget	-	-	-	-	63,256	7,390	63,256	7,390
Total transactions with owners					116,200	22,513	116,200	22,513
Closing balance as at 30 June 2013	543,262	(10,915)	654,576	1,722	1,957,833	86,441	3,155,671	77,248

¹ The comparative figures of AusAID are included due to the function being transferred to DFAT on 18 September 2013, effective from 1 November 2013.

The above statement should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
CASH FLOW STATEMENT¹
for the year ended 30 June 2014

		2014	2013	AusAID ²
	Notes	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		1,586,948	970,421	308,380
Sale of goods and rendering of services		77,405	117,347	6,724
Net GST received		32,922	32,693	4,580
Total cash received		1,697,275	1,120,461	319,684
Cash used				
Employees		747,356	445,099	186,802
Suppliers		653,581	518,131	113,125
Section 31 receipts transferred to official public account		114,192	110,787	19,252
Other		8,262	2,699	-
Total cash used		1,523,391	1,076,716	319,179
Net cash from operating activities	11	173,884	43,745	505
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of property, plant and equipment		2,473	2,254	57
Total cash received		2,473	2,254	57
Cash used				
Purchase of land and buildings		90,569	-	11,748
Purchase of property, plant and equipment		73,430	123,133	8,467
Purchase of intangibles		20,009	7,942	2,180
Total cash used		184,008	131,075	22,395
Net cash used by investing activities		(181,535)	(128,821)	(22,338)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		102,196	96,124	22,513
Total cash received		102,196	96,124	22,513
Cash used				
Returns of contributed equity		79,944	1,417	-
Total cash used		79,944	1,417	-
Net cash from financing activities		22,252	94,707	22,513
Net increase in cash held		14,601	9,631	680
Cash and cash equivalents at the beginning of the reporting period		60,362	54,787	336
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period		(1,247)	(5,072)	-
Cash and cash equivalents at the end of the reporting period	6A	73,716	59,346	1,016

¹ Incorporates AusAID for the period 1 July 2013 to 31 October 2013.

² The comparative figures of AusAID are included due to the function being transferred to DFAT on 18 September 2013, effective from 1 November 2013.

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 2014

	2014	2013	AusAID ¹
	\$'000	\$'000	2013
			\$'000
BY TYPE			
Commitments receivable			
Sublease rental income	(131,320)	(178,172)	-
Net GST recoverable on commitments ²	(55,228)	(58,459)	(10,033)
Total commitments receivable	(186,548)	(236,631)	(10,033)
Commitments payable			
Capital commitments			
Property, plant and equipment	322,892	233,201	-
Total capital commitments	322,892	233,201	-
Other commitments			
Operating leases ³	760,647	771,424	100,304
Other ⁴	158,308	581,597	43,470
Total other commitments	918,955	1,353,021	143,774
Total commitments payable	1,241,847	1,586,222	143,774
Net commitments by type	1,055,299	1,349,591	133,741
BY MATURITY			
Commitments receivable			
Operating lease income			
Within 1 year	(43,354)	(47,065)	-
Between 1 to 5 years	(79,970)	(116,790)	-
More than 5 years	(7,996)	(14,317)	-
Total operating lease income	(131,320)	(178,172)	-
GST commitments receivable			
Within 1 year	(10,454)	(13,594)	(4,433)
Between 1 to 5 years	(13,651)	(14,031)	(2,899)
More than 5 years	(31,123)	(30,834)	(2,701)
Total GST commitments receivable	(55,228)	(58,459)	(10,033)
Total commitments receivable	(186,548)	(236,631)	(10,033)
Commitments payable			
Capital commitments			
Within 1 year	246,034	101,558	-
Between 1 to 5 years	76,805	131,483	-
More than 5 years	53	160	-
Total capital commitments	322,892	233,201	-
Operating lease commitments			
Within 1 year	131,459	111,482	24,765
Between 1 to 5 years	238,083	264,083	45,380
More than 5 years	391,105	395,859	30,159
Total operating lease commitments	760,647	771,424	100,304

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 2014

	2014	2013	AusAID ¹
	\$'000	\$'000	2013
			\$'000
Other Commitments			
Within 1 year	84,353	191,843	39,264
Between 1 to 5 years	73,873	223,091	4,206
More than 5 years	82	166,663	-
Total other commitments	158,308	581,597	43,470
Total commitments payable	1,241,847	1,586,222	143,774
Net commitments by maturity	1,055,299	1,349,591	133,741

¹ The comparative figures of AusAID are included due to the function being transferred to DFAT on 18 September 2013, effective from 1 November 2013.

² Commitments are GST inclusive where relevant.

³ Operating leases included are effectively non-cancellable and comprise:

- 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 the department from private landlords. The terms and conditions of these leases overseas are negotiated at post and vary based on local market conditions
- Agreements for the provision of motor vehicles to senior executive officers
- Leases for computer equipment - the lessor typically provides all computer equipment and software as necessary in the supply contract for 3 years, with instalments paid quarterly
- Leases for office equipment.

No contingent rentals exist. There are no renewal or purchase options available to the department.

⁴ Includes passport, property maintenance, IT services and security service contracts.

Department of Foreign Affairs and Trade
SCHEDULE OF CONTINGENCIES
as at 30 June 2014

	2014	2013	AusAID ¹
	\$'000	\$'000	2013
			\$'000
Contingent liabilities			
Guarantees	15	129	-
Claims for damages or costs	314	726	-
Total contingent liabilities ²	329	855	-
Net contingent (liabilities) ^{3,4}	(329)	(855)	-

¹ The comparative figures of AusAID are included due to the function being transferred to DFAT on 18 September 2013, effective from 1 November 2013.

² There are a number of matters involving locally engaged staff disputes over local labour laws that may result in a potential liability. However, these amounts are expected to be recovered through Comcover.

³ There were no contingent assets for the current and previous reporting periods.

⁴ Details of each class of contingent liabilities and contingent assets listed above are disclosed in Note 12: Contingent Liabilities and Assets, along with information on significant remote contingencies and contingencies that cannot be quantified.

The above schedules should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME¹
for the year ended 30 June 2014

		2014	2013	AusAID ² 2013
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	17A	4,715	5,218	-
International development assistance	17B	3,084,967	-	3,260,830
Suppliers	17C	27,039	23,120	-
Grants and contributions	17D	1,039,557	232,421	535,048
Depreciation and amortisation	17E	2,479	-	2,391
Finance costs	17F	50,630	-	35,561
Write-down and impairment of assets	17G	1,652	135	64
Net foreign exchange losses	17H	-	3,380	5,659
Payments to CAC Act bodies	17I	106,426	13,212	8,945
Other expenses	17J	403,022	831	410,578
Total expenses		4,720,487	278,317	4,259,076
Income				
Revenue				
Non-taxation revenue				
Sale of goods and rendering of services	18A	376,986	363,991	-
Interest	18B	12,233	3,959	7,445
Dividends	18C	11,250	226,839	-
Return of prior year administered expenses	18D	42,264	10,210	37,746
Other revenue	18E	29,844	26,694	-
Total non-taxation revenue		472,577	631,693	45,191
Total revenue		472,577	631,693	45,191
Gains				
Net foreign exchange gains	18F	168	-	-
Reversals of previous asset write-downs and impairments	18G	42,541	-	216,769
Other gains	18H	58,301	-	5,514
Total gains		101,010	-	222,283
Total income		573,587	631,693	267,474
Net (cost of)/contribution by services		(4,146,900)	353,376	(3,991,602)
OTHER COMPREHENSIVE INCOME				
Re-measurements of defined benefit plans		(9,479)	(5,133)	-
Changes in asset revaluation surplus		-	-	75
Movement in the carrying amount of investments		26,009	(201,823)	-
Total other comprehensive income/(loss)		16,530	(206,956)	75
Total comprehensive (loss)/income		(4,130,370)	146,420	(3,991,527)

¹ Incorporates AusAID for the period 1 July 2013 to 31 October 2013.

² The comparative figures of AusAID are included due to the function being transferred to DFAT on 18 September 2013, effective from 1 November 2013.

The above schedule should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2014

		2014	2013	AusAID ¹
	Notes	\$'000	\$'000	2013 \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	20A	16,414	134	24,571
Trade and other receivables	20B	135,417	3,174	117,410
Investments	20C	1,787,084	216,240	1,493,609
Total financial assets		1,938,915	219,548	1,635,590
Non-financial assets				
Leasehold improvements	21A, C	2,127	-	2,625
Property, plant and equipment	21B, C	18	-	951
Intangibles	21D, E	5,154	-	6,110
Prepayments	21F	652	-	2,381
Total non-financial assets		7,951	-	12,067
Total assets administered on behalf of Government		1,946,866	219,548	1,647,657
LIABILITIES				
Payables				
Suppliers	22A	1,203,958	300	1,143,571
Grants	22B	590,525	-	492,252
Other payables	22C	76,030	59,982	-
Total payables		1,870,513	60,282	1,635,823
Provisions				
Employee provisions	23A	10,187	-	11,342
Other provisions	23B	13	-	58
Total provisions		10,200	-	11,400
Total liabilities administered on behalf of Government		1,880,713	60,282	1,647,223
Net assets		66,153	159,266	434

¹ The comparative figures of AusAID are included due to the function being transferred to DFAT on 18 September 2013, effective from 1 November 2013.

The above schedule should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
ADMINISTERED RECONCILIATION SCHEDULE¹
for the year ended 30 June 2014

	2014	2013	AusAID ²
	\$'000	\$'000	2013
			\$'000
Opening assets less liabilities as at 1 July	159,700	392,599	(40,489)
Net (cost of)/contribution by services			
Income	573,587	631,693	267,474
Expenses			
Payments to CAC Act bodies	(106,426)	(13,212)	(8,945)
Payments to Non-CAC Act bodies	(4,614,061)	(265,105)	(4,250,131)
Other comprehensive income			
Movement in the carrying amount of investments	26,009	(201,823)	-
Administered asset revaluations taken to reserves	-	-	75
Remeasurement of defined benefit plans	(9,479)	(5,133)	-
Transfers (to)/from the Australian Government			
Appropriation transfers from Official Public Account			
Administered assets and liabilities appropriations	346,267	7,989	171,509
Annual appropriations			
Payments to CAC Act bodies	94,380	-	-
Payments to Non-CAC Act bodies	4,083,101	250,026	3,940,770
Special accounts			
Payments to Non-CAC Act bodies	62,726	-	59,746
Special Appropriations (unlimited)			
Payments to Non-CAC Act bodies	1,036	888	-
Appropriation transfers to Official Public Account			
Transfers to Official Public Account	(550,687)	(638,656)	(139,575)
Closing assets less liabilities as at 30 June	66,153	159,266	434

¹ Incorporates AusAID for the period 1 July 2013 to 31 October 2013.

² The comparative figures of AusAID are included due to the function being transferred to DFAT on 18 September 2013, effective from 1 November 2013.

The above schedule should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
ADMINISTERED CASH FLOW STATEMENT¹
for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000	AusAID ² 2013 \$'000
OPERATING ACTIVITIES				
Cash received				
Sales of goods and rendering of services		371,584	362,190	-
Interest		12,243	92	7,429
Dividends		11,250	257,033	-
National Interest Account subsidies, premiums and recoveries		34,742	20,125	-
North American Pension Scheme receipts and other		3,547	688	-
Net GST received		88,891	2,760	88,892
Return of prior year administered expenses		42,264	-	37,746
Other		1,154	-	23
Total cash received		565,675	642,888	134,090
Cash used				
International development assistance		3,083,716	-	3,390,826
Grants and contributions		941,279	222,565	515,714
Employees		-	215	-
Personal benefits		5,349	1,939	-
Suppliers		20,862	24,647	-
Payments to CAC Act bodies		102,150	12,786	8,945
Other		2,164	1,040	-
Total cash used		4,155,520	263,192	3,915,485
Net cash (used by)/from operating activities		(3,589,845)	379,696	(3,781,395)
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and equipment		-	-	12
Purchase of leasehold improvements		-	-	54
Purchase of intangibles		1,017	-	1,415
Purchase of concessional financial instruments		454,252	-	264,285
Total cash used		455,269	-	265,766
Net cash used by investing activities		(455,269)	-	(265,766)
Net (decrease)/increase in cash held		(4,045,114)	379,696	(4,047,161)
Cash and cash equivalents at the beginning of the reporting period		24,705	191	39,282
Cash from Official Public Account				
Appropriations		4,524,784	258,903	4,112,279
Special accounts		62,726	-	59,746
Total cash from Official Public Account		4,587,510	258,903	4,172,025
Cash to Official Public Account				
Appropriations		(550,687)	(638,656)	(130,906)
Special accounts		-	-	(8,669)
Total cash to Official Public Account		(550,687)	(638,656)	(139,575)
Cash and cash equivalents at the end of the reporting period	20A	16,414	134	24,571

¹ Incorporates AusAID for the period 1 July 2013 to 31 October 2013.

² The comparative figures of AusAID are included due to the function being transferred to DFAT on 18 September 2013, effective from 1 November 2013.

The above schedule should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
SCHEDULE OF ADMINISTERED COMMITMENTS
as at 30 June 2014

	2014 \$'000	2013 \$'000	AusAID ¹ 2013 \$'000
BY TYPE			
Commitments receivable			
Net GST recoverable on commitments ²	(405,141)	(20,319)	(448,082)
Total commitments receivable	(405,141)	(20,319)	(448,082)
Commitments payable			
Other commitments			
Operating leases ³	4,865	-	14,739
Development cooperation program ⁴	4,142,883	-	4,765,250
Other ⁵	44,637	274,986	-
Total other commitments	4,192,385	274,986	4,779,989
Total commitments payable	4,192,385	274,986	4,779,989
Net commitments by type	3,787,244	254,667	4,331,907
BY MATURITY			
Commitments receivable			
Within 1 year	(236,598)	(2,080)	(235,546)
Between 1 to 5 years	(168,423)	(8,741)	(212,484)
More than 5 years	(120)	(9,498)	(52)
Total commitments receivable	(405,141)	(20,319)	(448,082)
Commitments payable			
Operating lease commitments			
Within 1 year	4,496	-	9,670
Between 1 to 5 years	369	-	5,069
More than 5 years	-	-	-
Total operating lease commitments	4,865	-	14,739
Development cooperation program commitments			
Within 1 year	2,444,956	-	2,558,163
Between 1 to 5 years	1,692,883	-	2,205,374
More than 5 years	5,044	-	1,713
Total development cooperation program commitments	4,142,883	-	4,765,250
Other commitments			
Within 1 year	12,170	32,245	-
Between 1 to 5 years	32,467	138,260	-
More than 5 years	-	104,481	-
Total other commitments	44,637	274,986	-
Total commitments payable	4,192,385	274,986	4,779,989
Net commitments by maturity	3,787,244	254,667	4,331,907

¹ The comparative figures of AusAID are included due to the function being transferred to DFAT on 18 September 2013, effective from 1 November 2013.

² Commitments are GST inclusive where relevant.

³ Operating leases included are effectively non-cancellable and comprise property leases for residential, compound and chancery properties at overseas posts. The terms and conditions of these leases overseas are negotiated at post and vary based on local market conditions.

⁴ The development cooperation program includes bilateral aid program, concessional loans, scholarships and awards.

⁵ Other commitments payable includes the EFIC debt for health swap with the Indonesian government.

The above schedule should be read in conjunction with the accompanying notes.

Department of Foreign Affairs and Trade
SCHEDULE OF ADMINISTERED CONTINGENCIES
as at 30 June 2014

The department, including the former AusAID, has no quantifiable or unquantifiable administered contingent assets or liabilities to report in either the 2013-14 or 2012-13 financial years.

The above 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**

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Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department

The Department of Foreign Affairs and Trade (the department) is a not-for-profit Australian Government controlled entity.

The department's role is to advance the interests of Australia and Australians internationally. This involves working to strengthen Australia's security; enhancing Australia's prosperity; delivering an effective and high quality aid program; and helping Australian travellers and Australians overseas.

The department provides foreign, trade and development policy advice to the Government. We work with other government agencies to ensure that Australia's pursuit of its global, regional and bilateral interests is coordinated effectively.

The department is structured to meet three outcomes:

Outcome 1: The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities

Outcome 2: The protection and welfare of Australians abroad and access to secure international travel documentation through timely and responsive travel advice and consular and passport services in Australia and overseas

Outcome 3: A secure Australian Government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas property estate.

The department's activities that contribute towards these outcomes are classified as either departmental or administered.

Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by 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.

The department conducts the following administered activities:

- Official development assistance
- Consular and passport services
- Public information services and public diplomacy
- International climate change engagement
- The New Colombo Plan
- Program to promote Australia's international tourism interests
- Payments to international organisations.

The continued existence of the department in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for the department's administration and programs.

On 1 November 2013 the *Financial Management and Accountability Act Determination 2013/12 – Section 32* formally transferred the functions, assets and liabilities from the former Australian Aid Agency for International Development (AusAID) to the department. AusAID was abolished on 31 October 2013.

Immediately prior to the transfer AusAID was responsible for two outcomes:

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

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

From 1 November 2013 the international development function was integrated into the department initially as Outcome 4. It is now included as part of Outcome 1 to reflect the full integration of AusAID into the department.

Consistent with the Finance Minister's Orders (FMOs) exemption of 23 June 2014, the financial statements of AusAID for the period 1 July 2013 up until its abolition are incorporated into the financial statements of the department as though they were the one entity. The comparative information contained in the department's primary statements and notes include a separate column for AusAID's 2012-13 results. Additional separate disclosures relating to AusAID's results are included in the financial statements as specified in the FMOs exemption.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.2 Monitoring of Constitutional and Other Legal Requirements

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth* [2014] HCA 23, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

Legal advice received by the Department of Finance indicated there could be breaches of section 83 of the Constitution under certain circumstances in relation to compliance with statutory conditions on payments from Special Appropriations, including special accounts, payments for long service leave, goods and services tax and payments under determinations of the Remuneration Tribunal. The department has reviewed its processes and controls over payments for these items to minimise the possibility for future breaches as a result of these payments. Following an updated risk assessment in 2013-14 the department has determined that there is a low risk of the certain circumstances mentioned in the legal advice applying to the department. The department is not aware of actual or potential breaches of section 83 in respect of these items.

1.3 Basis of Preparation of the Financial Report

The financial statements and notes are general purpose financial statements and are required by section 49 of the *Financial Management and Accountability Act 1997* (FMA Act).

The financial statements and notes have been prepared in accordance with:

- a) FMOs for reporting periods ending on or after 1 July 2011
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities at fair value or amortised cost. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the department or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts equally proportionately unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies (other than unquantifiable or remote contingencies, which are reported at Note 12).

Unless an alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.4 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the department has made the following judgements that have had a significant impact on the amounts recorded in the financial statements:

- The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer. In some instances, the department's buildings are purpose built and may in fact realise more or less in the market.
- The fair value of property, plant and equipment has been taken to be the market value of similar assets or depreciated replacement value as determined by an independent valuer.
- The employee provisions have been determined by reference to advice from the Australian Government Actuary.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.5 New Australian Accounting Standard Requirements

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date stated in the standard.

The following new accounting standards were issued prior to the signing of these statements by the Secretary and Chief Financial Officer and are applicable to the current reporting period:

AASB 13	Fair Value Measurement - December 2012 (Compilation)
AASB 119	Employee Benefits - December 2012 (Compilation)

All other new, revised or amending standards that were issued and applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on the department.

Future Australian Accounting Standard Requirements

The following new standards issued by the AASB are expected to have a material impact on the department's financial statements for future reporting periods:

Standard/ Interpretation	Application date for the department	Nature of impending changes in accounting policy and likely impact on initial application
AASB 1055 <i>Budgetary Reporting</i>	1 July 2014	This new Standard requires reporting of budgetary information and explanation of significant variance between actual and budgeted amounts by not-for-profit entities within the General Government Sector. Likely impact: New requirement to report budgetary information and to explain significant variances between budget and actuals are at the department level.
AASB 9 <i>Financial Instruments</i>	1 July 2017	This revised Standard represents the first phase of a three phase project to replace AASB 139 <i>Financial Instruments: Recognition and Measurement</i> . The amendments reduce the four categories of financial assets to two – amortised cost and fair value. Under AASB 9, assets are to be measured at fair value unless they are held to collect cash flows and solely comprise the payment of interest and principal on specified dates. Gains and losses on assets carried at fair value are taken to profit and loss, unless they are equity instruments not held for trading and the entity initially elects to recognise gains/losses in other comprehensive income. Likely impact: May have an impact on the recognition and measurement of financial instruments. Final outcome will be considered once the project is completed.

Other new accounting standards, revised standards or amending standards that were issued and are applicable to future reporting periods are not expected to have a future financial impact on the department.

1.6 Revenue

Revenue from Government

Amounts appropriated for departmental outputs for the year (adjusted for formal additions and reductions) are recognised as revenue when the department gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Parental Leave Payments Scheme

The department offsets amounts received under the Parental Leave Payments Scheme (for payment to employees) by amounts paid to employees under that scheme, as these transactions are incidental to the main revenue-generating activities of the department. Amounts received by the department not yet paid to employees would be presented gross as cash and a liability (payable).

Sale of Goods and Rendering of Services

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer
- the department retains no managerial involvement or effective control over the goods
- the revenue and transaction costs incurred can be reliably measured
- it is probable that the economic benefits associated with the transaction will flow to the department.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured
- b) the probable economic benefits of the transaction will flow to the department.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Other Revenue

Resources received free of charge are recognised as revenue, when and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

1.7 Gains

Other Resources Received Free of Charge

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 10).

1.8 Transactions with the Government as Owner

Equity Injections

Amounts appropriated that are designated as 'equity injections' for a year (less any formal reductions) and departmental capital budgets are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Returns of contributed equity

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. In 2013-14, by agreement with the Department of Finance, the department returned from the Overseas Property Office net sale proceeds of \$496,985 (2012-13: \$1,423,478), as well as \$79,447,000 initially allocated for the purchase of land.

1.9 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 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefit liabilities are measured at the present value of the obligation at the end of the reporting period.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave for Australian-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 at the estimated salary rates that will be applied at the time the leave is taken. This includes 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.

The liability for long service leave has been determined with reference to an actuarial assessment conducted during 2013-14. The estimate of the present value of the liability takes into account attrition rates, pay increases, inflation and changes in the government bond rate.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The department recognises a provision for separation and redundancy when it has developed a detailed formal plan and has informed those employees affected that it will carry out those terminations of employment.

In some countries, locally engaged staff at overseas posts are entitled to separation benefits. The provision for these benefits has been classified as an employee benefit.

Superannuation

The majority of Australian-based staff of the department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the Public Sector Superannuation accumulation plan (PSSap). The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes. The department makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of the department's employees. The department accounts for the contributions as if they were contributions to defined contributions plans.

Where required, the department makes superannuation contributions to comply with overseas local labour laws. Australian-based staff who are engaged on a temporary basis and locally engaged staff overseas who are considered to be Australian residents for taxation purposes have compulsory employer superannuation contributions made on their behalf by the department to Australian Super or another complying fund as nominated by them.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final pay fortnight of the financial year.

1.10 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 rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is 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 are recognised as other payables and amortised over the period of the lease on a straight line basis. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

1.11 Borrowing Costs

All borrowing costs are expensed as incurred.

1.12 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value
- c) cash held by outsiders
- d) cash in special accounts.

1.13 Financial Assets

The department classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss
- b) held-to-maturity investments
- c) available-for-sale financial assets
- d) loans and receivables.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon 'trade date'.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- a) have been acquired principally for the purpose of selling in the near future
- b) are derivatives that are not designated and effective as a hedging instrument
- c) are a part of an identified portfolio of financial instruments that the department manages together and has a recent actual pattern of short-term profit-taking.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the department has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in the reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in profit for the period.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held-to-maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Available-for-sale financial assets

If there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Statement of Comprehensive Income.

Financial assets held at cost

If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.14 Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

1.15 Suppliers and Other Payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.16 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are reported when settlement is probable but not virtually certain and contingent liabilities are disclosed when the probability of settlement is greater than remote.

1.17 Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

1.18 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. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring (see Note 1.1). On 1 November 2013 the *Financial Management and Accountability Act Determination 2013/12 – Section 32* formally transferred the functions, assets and liabilities from the former Australian Agency for International Development (AusAID). The international climate change and tourism industry functions were also assumed by the department during 2013–14 from the Department of Industry and the Department of Resources, Energy and Tourism respectively under the Administrative Arrangements Order issued on 18 September 2013.

1.19 Property, Plant and Equipment

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 that are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the department where there exists an obligation to restore the property to its original condition on termination of the lease. These costs are included in the value of the department's leasehold improvements with a corresponding provision for the 'make good' recognised.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Revaluations

Fair values for each class of asset are determined as shown below.

Asset Class	Fair value measured at :
Land	Market selling price, adjusted sale price of comparable land
Buildings exc. leasehold improvements	Market selling price, adjusted sale price of comparable buildings
Leasehold improvements	Depreciated replacement cost
Property, plant and equipment	Market selling price, depreciated replacement cost

Following initial recognition at cost, property, plant and equipment are carried at latest valuation less subsequent depreciation and impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the re-valued amount.

Assets held overseas are valued in local currencies and translated in to Australian dollars at the exchange rates current at the end of the reporting period.

Depreciation

Depreciable property, plant and equipment assets are written-down 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), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2014	2013
Buildings	2-60 years	3-60 years
Leasehold improvements	Lesser of lease term or up to 15 years	Lesser of lease term or up to 15 years
Property, plant and equipment	3 to 25 years	3 to 25 years

Impairment

All assets were assessed for indicators of impairment at 30 June 2014. Where indications of impairment existed, the asset's recoverable amount was estimated and an impairment adjustment made if the asset's recoverable amount was less than its carrying amount.

The recoverable amount of any asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Department of Foreign Affairs and Trade

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1.20 Intangibles

The department's intangibles comprise internally developed and commercially purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses except for purchases costing less than \$2,000, which are expensed in the year of acquisition.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the department's software is 5 to 10 years (2013: 5 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2014.

1.21 Inventories

Inventories held for sale are valued at the lower of cost and net realisable value. Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition, are assigned as follows:

- a) raw materials and stores – purchase cost on a first-in-first-out basis
- b) finished goods and work-in-progress – cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

1.22 Taxation

The department is exempt from all forms of Australian taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Overseas, the department may be subject to Value Added Tax (VAT) on the purchase of goods and services.

Revenues, expenses, assets and liabilities are recognised net of GST except:

- a) where the amount of GST incurred is not recoverable from the Australian Taxation Office
- b) for receivables and payables.

1.23 Foreign Currency Transactions

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current at end of the reporting period. Exchange gains and losses are reported in the Statement of Comprehensive Income. The department does not enter into hedging arrangements for its foreign currency transactions and all foreign exchange gains or losses are considered non-speculative in nature.

1.24 Fair Value Measurement

The department deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

1.25 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes. Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the department has made the following judgement that has had a significant impact on the amounts recorded in the financial statements. The fair value of the administered financial instruments in 2013-14 has been determined on a basis consistent with previous years, using professional valuation advice. The fair value of the financial instruments reported in future periods will be affected by variables such as discount rates, exchange rates and possible impairment. The effect of changes to the assumptions used to value the financial instruments is disclosed at Note 26 Administered - Financial Instruments.

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. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the Government. These transfers to and from the OPA are adjustments to the administered cash held by the department on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Business Undertaken on the National Interest Account

Part 5 of the *Export Finance and Insurance Corporation Act 1991* (EFIC Act) provides for the Minister for Trade and Investment to give an approval or direction to EFIC to undertake any transaction that the Minister considers is in the national interest. Such transactions may relate to a class of business which EFIC is not authorised to undertake, or involve terms and conditions EFIC would not accept in the normal course of business on its Commercial Account. EFIC manages these transactions on the National Interest Account (NIA).

Where the Minister gives EFIC an approval or direction to undertake a transaction under Part 5 of the EFIC Act, the credit risk is borne by the Government and the funding risk is borne by EFIC on the Commercial Account. Accordingly, premium or other incomes arising from these transactions are paid by EFIC to the Government in line with Part 8 of the EFIC Act. EFIC recovers from the Government the costs of administering business undertaken under Part 5 and also recovers from the Government any losses incurred in respect of such business. These transactions are disclosed separately as income and expenses administered on behalf of Government in Notes 17 and 18.

The department's accounts reflect the Commonwealth's exposure to the NIA. This exposure is disclosed as an asset in Note 20B and reflects the overall business undertaken on the NIA. The detailed transactions undertaken in the NIA are disclosed in EFIC's financial statements in accordance with EFIC's reporting requirements and applicable accounting standards.

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the department on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Interest is accrued on the amortised cost of loan receivables using the effective interest method in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. Administered fee revenue is recognised when goods or services have been provided.

Loans and Receivables

Consistent with the department's outcomes, long-term loans are provided to other entities at concessional rates. On settlement of the loan funds, differences between the nominal value of the loan subscription and the fair value of the associated assets are recorded in the Schedule of Administered Items as an expense administered on behalf of Government.

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment de-recognition and amortisation are recognised through profit or loss.

Administered Investments

Administered investments in subsidiaries are not consolidated because their consolidation is relevant only at the whole of government level. Administered investments are classified as available-for-sale and are measured at their fair value as at 30 June 2014. Fair value has been taken to be the Australian Government's interest in the net assets of the department as at balance date.

Overseas Superannuation Schemes

The department administers defined benefit pension schemes for some locally engaged staff in North America, the United Kingdom and India on behalf of the Australian Government (refer to Note 28). The department recognises an administered liability for the present values of the Government's expected future payments arising from the unfunded components of the North American Pension Scheme (NAPS), London Pension Scheme and the New Delhi Gratuity Scheme.

Increases in the accrued benefits liability, pursuant to regular estimates of the liability taking account of actuarial reviews, are recognised as an expense and classified as employee superannuation expense. Remeasurement of the net defined benefit obligation is recognised in other comprehensive income as outlined in AASB 119. The department engages actuaries to estimate the unfunded provisions and expected future cash flows as at the end of the reporting period each year. Additional superannuation information can be found at Note 28 Administered - Defined Benefit Pension Schemes.

Guarantees

The amounts guaranteed by the Commonwealth have been disclosed in the administered schedules and Note 25 Administered – Contingent Assets and Liabilities. At the time of completion of the financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Grants

The department administers a number of grants on behalf of the Australian Government to international, United Nations and Commonwealth organisations.

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.

Multi-year grants of a non-reciprocal nature are recorded as liabilities in the year the agreement is signed at fair value, using relevant Australian Government bond rates to discount the future cash flows to their present value. The value of the discount applied is recognised against grant expenses.

Financial Assets

The department administers financial assets in international development organisations on behalf of the Australian Government. The Australian Government is the *holder* of these financial instruments, with the *issuers* being partner foreign governments and multilateral aid organisations including the Asian Development Fund (ADF) and the International Development Association (IDA). Financial instruments are recognised on a trade date basis. The financial instruments are held consistent with aid program objectives.

Financial Liabilities

Financial liabilities are classified either at fair value through profit or loss, or as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at fair value through profit or loss include multilateral grants payable and multilateral subscriptions payable. Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss.

Other financial liabilities include trade creditors and accruals. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocated interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

1.26 Comparatives

Where practicable, comparatives are restated to show the information that would have been disclosed in the prior reporting period had any adjustments been applied or any changes in current FMOs that have been applied. The comparative information contained in the department's primary statements and notes include a separate column for AusAID's 2012-13 results.

Note 2: Events After the Reporting Period

Departmental

On 1 July 2014, the commencement of the *Public Governance Performance and Accountability Act* (PGPA Act) resulted in *Appropriation Acts* prior to 1 July 2012 being no longer available to agencies. The impact of this on DFAT has been to remove access to unspent annual departmental appropriations for 2010-11 and 2011-12. The total amount of appropriations repealed is \$113,103,237 (see Note 29C).

Administered

There have been no events after 30 June 2014 which will materially affect the financial position of the department at the reporting date.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3: Expenses			
	2014	2013	AusAID 2013
	\$'000	\$'000	\$'000
Note 3A: Employee Benefits			
Wages and salaries	526,663	336,630	152,168
Superannuation			
Defined contribution plans	30,044	21,782	9,982
Defined benefit plans	51,608	36,686	13,258
Leave and other entitlements	56,028	33,897	15,144
Separation and redundancies	43,302	7,175	-
Fringe benefits cost	40,229	17,296	4,898
Other employees expenses	1,932	1,129	510
Total employee benefits	749,806	454,595	195,960
Note 3B: Suppliers			
Goods and services supplied or rendered			
Passport expenses	92,136	83,326	-
Property related expenses (excluding rent)	85,201	67,924	4,935
Information and communication technology	62,876	52,702	16,294
Staff related expenses	52,875	36,209	15,186
Security expenses	80,064	66,471	10,751
Travel expenses	35,659	26,931	14,826
Consultants	7,596	4,367	7,384
Contractors	20,649	6,136	12,613
Office expenses	20,745	16,207	3,331
Legal and other professional services	10,175	8,596	58
Other expenses	11,758	6,061	3,300
Total goods and services supplied or rendered	479,734	374,930	88,678
Goods supplied in connection with			
External parties	57,961	52,299	-
Total goods supplied	57,961	52,299	-
Services rendered in connection with			
Related parties	31,676	26,588	8,237
External parties	390,097	296,043	80,441
Total services rendered	421,773	322,631	88,678
Total goods and services supplied or rendered	479,734	374,930	88,678
Other suppliers			
Operating lease rentals in connection with			
External parties			
Minimum lease payments	116,349	87,828	23,208
Workers compensation expenses	7,032	2,834	1,645
Total other suppliers	123,381	90,662	24,853
Total suppliers	603,115	465,592	113,531

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2014	2013	AusAID
	\$'000	\$'000	2013
			\$'000
Note 3C: Grants			
Private sector			
Non-profit organisations	5,252	2,857	-
Other	2,998	775	-
Total grants	8,250	3,632	-

The international development and aid function was assumed by the department from AusAID on 1 November 2013. There were no departmental grants for AusAID for the period 1 July 2013 to 31 October 2013 or the comparative year.

Note 3D: Depreciation and Amortisation**Depreciation**

Property, plant and equipment	48,980	39,640	8,755
Buildings and leasehold improvements	95,975	64,778	4,749
Total depreciation	144,955	104,418	13,504

Amortisation

Intangibles	11,194	8,030	1,584
Total amortisation	11,194	8,030	1,584
Total depreciation and amortisation	156,149	112,448	15,088

Note 3E: Finance Costs

Unwinding of discount	580	1,786	108
Total finance costs	580	1,786	108

Note 3F: Write-Down and Impairment of Assets

Write-down of leasehold improvements	689	-	1,017
Write-down of intangibles	160	-	2
Write-down of inventories	260	-	-
Write-down of work in progress	-	1,544	-
Impairment of property, plant and equipment	97	-	304
Impairment of financial assets	67	18	-
Revaluation decrements			
Buildings and property, plant and equipment	-	158	-
Total write-down and impairment of assets	1,273	1,720	1,323

Note 3G: Foreign Exchange Losses

Non-speculative	1,247	5,072	47
Total foreign exchange losses	1,247	5,072	47

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2014	2013	AusAID
	\$'000	\$'000	2013
			\$'000
<u>Note 3H: Losses from Asset Sales</u>			
Land and buildings			
Proceeds from sale	(514)	(1,485)	-
Carrying value of assets sold	493	1,599	-
Selling expense	19	62	-
Property, plant and equipment			
Proceeds from sale	(1,947)	(769)	(57)
Carrying value of assets sold	7,359	6,672	79
Leasehold improvements			
Proceeds from sale	(12)	-	-
Carrying value of assets sold	859	547	-
Intangibles			
Proceeds from sale	-	-	-
Carrying value of assets sold	910	1,633	-
Total losses from asset sales	7,167	8,259	22
<u>Note 3I: Other Expenses</u>			
Other expense	-	78	-
Total other expenses	-	78	-

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 4: Income			
	2014	2013	AusAID
	\$'000	\$'000	2013
			\$'000
Note 4A: Sale of Goods and Rendering of Services			
Sale of goods in connection with			
External parties	29	29	-
Total sale of goods	29	29	-
Rendering of services in connection with			
Related parties	90,551	100,357	221
External parties	8,077	7,897	10
Total rendering of services	98,628	108,254	231
Total sale of goods and rendering of services	98,657	108,283	231
Note 4B: Other Revenue			
Resources received free of charge	832	460	130
Other revenue	7,656	10,304	-
Total other revenue	8,488	10,764	130
Note 4C: Reversals of Previous Asset Write-Downs and Impairments			
Assets previously expensed	330	-	-
Total reversals of previous asset write-downs and impairments	330	-	-
Note 4D: Other Gains			
Gain on restoration obligation	-	-	338
Total other gains	-	-	338
Note 4E: Revenue from Government			
<i>DFAT</i>			
Appropriations			
Departmental appropriation	1,209,776	885,748	-
Total revenue from Government (DFAT)	1,209,776	885,748	-
<i>AusAID¹</i>			
Appropriations			
Departmental appropriation	117,917	-	316,759
Total revenue from Government (AusAID)	117,917	-	316,759
Total revenue from Government	1,327,693	885,748	316,759

¹ AusAID figures for 2013-14 are for the period, 1 July 2013 to 31 October 2013.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the department can access at measurement date.

Level 2: Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 5A: Fair Value Measurements

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014

	Fair value \$'000	Fair value measurements at the end of the reporting period using		
		Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
Non-financial assets				
Land	1,213,361	-	1,077,742	135,619
Buildings	815,960	-	687,928	128,032
Leasehold improvements	191,889	-	25,493	166,396
Property, plant and equipment	191,496	-	101,661	89,835
Total non-financial assets	2,412,706	-	1,892,824	519,882
Total fair value measurements of assets in the statement of financial position	2,412,706	-	1,892,824	519,882

The department measured all non-financial assets at fair value as at 30 June 2014.

The department had no non-recurring fair value measurements as at 30 June 2014.

Fair value measurements - highest and best use differs from current use for non-financial assets (NFAs)

The department's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all controlled assets is considered their highest and best use.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5B: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements

	Category (Level 2 or Level 3)	Fair value \$'000	Valuation technique(s) ¹	Inputs used ²	Range (weighted average) ³
Non-financial assets					
Land					
Commercial	2	249,922	Market and income approach	Sale price of land and income comparables	N/A
Commercial	3	19,708	Market approach	Adjusted sale price of comparable land	+/- \$2.027m (\$1.311m)
Residential	2	360,039	Market and income approach	Sale price of land and income comparables	N/A
Residential	3	38,053	Market approach	Adjusted sale price of comparable land	+/- \$2.712m (\$1.332m)
Mixed Use	2	467,781	Market and income approach	Sale price of land and income comparables	N/A
Mixed Use	3	77,858	Market approach	Adjusted sale price of comparable land	+/- \$2.718m (\$1.200m)
Buildings					
Commercial	2	178,517	Market and income approach	Sale price of comparable buildings	N/A
Commercial (work in progress)	2	961	Cost approach	Contracted prices	N/A
Commercial	3	48,849	Market and depreciated replacement cost	Adjusted sale price of comparable buildings, replacement cost, consumed economic benefit and obsolescence	+/- \$2.356m (\$1.314m)
Residential	2	125,241	Market and income approach	Sale price of comparable buildings	N/A
Residential (work in progress)	2	377	Cost approach	Contracted prices	N/A
Residential	3	40,996	Market and depreciated replacement cost	Adjusted sale price of comparable buildings, replacement cost, consumed economic benefit and obsolescence	+/- \$4.577m (\$2.719m)
Mixed Use	2	284,755	Market and income approach	Sale price of comparable buildings	N/A
Mixed Use (work in progress)	2	98,077	Cost approach	Contracted prices	N/A
Mixed Use	3	38,187	Market and depreciated replacement cost	Adjusted sale price of comparable buildings, replacement cost, consumed economic benefit and obsolescence	+/- \$1.034m (\$0.706m)

Department of Foreign Affairs and Trade

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Note 5B: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements (continued)

	Category (Level 2 or Level 3)	Fair value \$'000	Valuation technique(s) ¹	Inputs used ²	Range (weighted average) ³
Leasehold improvements					
Domestic	3	30,750	Depreciated replacement cost	Replacement cost new Consumed economic benefit and obsolescence	N/A \$1.922m - \$10.250m (\$3.059m)
International	3	135,646	Net present value Depreciated replacement cost	Current obligation costs (price per square metre) Indexation rates Discount rates Replacement cost new Consumed economic benefit and obsolescence	\$96 - \$1,000 (\$138) 1.50% - 4.20% p.a. 2.83% - 3.42% \$2,000 - \$126,000 (\$21,200) \$8,962m - \$67,963m (\$14.673m)
Work in progress	2	25,493	Net present value Cost approach	Current obligation costs (price per square metre) Indexation rates Discount rates Replacement cost new	\$41 - \$1,561 (\$394) 0.10% - 13.50% p.a. 2.83% - 3.42% N/A
Property, plant and equipment					
Market value property, plant & equipment	2	56,248	Market and cost approach	Adjusted market transactions	N/A
Work in progress	2	45,413	Cost approach	Replacement cost new	N/A
Vehicles	3	12,716	Market approach	Adjusted market transactions	(\$0.045m) - \$0.049m (\$0.026m)
Plant & equipment	3	32,387	Depreciated replacement cost	Replacement cost new Consumed economic benefit and obsolescence	N/A \$1.294m - \$10.786m (\$2.756m)
Furniture and fittings	3	708	Depreciated replacement cost	Replacement cost new Consumed economic benefit and obsolescence	N/A \$0.051m - \$0.160m (\$0.078m)

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5B: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements (continued)

	Category (Level 2 or Level 3)	Fair value \$ '000	Valuation technique(s) ¹	Inputs used ²	Range (weighted average) ³
Office equipment	3	736	Depreciated replacement cost	Replacement cost new Consumed economic benefit and obsolescence	N/A \$0.067m - \$0.147m (\$0.144m)
ICT equipment	3	43,288	Depreciated replacement cost	Replacement cost new Consumed economic benefit and obsolescence	N/A \$3.092m - 15.741m (\$7.300m)

¹ There has been no changes to valuation techniques used. The following valuation techniques were used:

Cost Approach: The amount required currently to replace the service capacity of the asset.

Depreciated Replacement Cost: The amount a market participant would be prepared to pay to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence.

Income Approach: Converts future amounts (cash flows or income and expenses) to a single current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Market Approach: Market approach seeks to estimate the current value of an asset with reference to recent market evidence including transactions of comparable assets within local second-hand markets.

² The following valuation inputs were used to calculate fair value:

Replacement Cost of New Assets/Contracted Prices: The amount a market participant would pay to acquire or construct a new or substitute asset of comparable utility.

Consumed Economic Benefits or Obsolescence of Assets: Physical deterioration, functional or technical obsolescence and conditions of the economic environment specific to the asset.

Adjusted Market Transactions/Sale Price and Income Comparables: Market transactions of comparable assets, adjusted to reflect differences in price sensitive characteristics.

³ Significant unobservable inputs only. Not applicable for assets or liabilities in the level 2 category. The range relates to the lowest and highest increase or decrease to the current fair value. The weighted average relates to the weighted average movement of the fair value. The range and weighted average were provided by independent valuers, using appropriate methodologies for each asset category. The weighted average was not provided for level 3 inputs if the sensitivity was not representative for the entire asset category.

There were no significant inter-relationships between unobservable inputs that materially affect fair value.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5B: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements (continued)

Recurring and non-recurring Level 3 fair value measurements - valuation processes

The department revalued all land and building assets as part of the annual property portfolio valuation program as at 30 June 2014. Leasehold improvements and property, plant and equipment non-financial assets were revalued as at 30 June 2013 as part of the department's rolling revaluation program. All leasehold improvements and property, plant and equipment assets were subject to an independent review as at 30 June 2014 to ensure all asset classes were held at fair value. There is no change in the valuation technique since the prior year.

Recurring Level 3 fair value measurements - sensitivity of inputs

Adjusted market transactions

The significant unobservable inputs used in the fair value measurement of the department's land and buildings and property, plant and equipment asset class relate to adjustments to market transactions. A significant increase/(decrease) in this input would result in a significantly higher/(lower) fair value measurement.

Consumed economic benefit/obsolescence of asset

The significant unobservable inputs used in the fair value measurement of the department's buildings, leasehold improvements and property, plant and equipment asset classes relate to consumed economic benefit/asset obsolescence. A significant increase/(decrease) in this input would result in a significantly lower/(higher) fair value measurement.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5C: Reconciliation for Recurring Level 3 Fair Value Measurements

Reconciliation for assets					
	Non-financial assets				
	Land	Buildings	Leasehold improvements	Property, plant and equipment	Total
	2014	2014	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	-	-	-	-	-
Assets first assessed as level 3					
30 June 2014	135,619	128,032	166,396	89,835	519,882
Transfers into level 3	-	-	-	-	-
Transfers out of level 3	-	-	-	-	-
Closing balance	135,619	128,032	166,396	89,835	519,882
Changes in unrealised gains/(losses) recognised	-	-	-	-	-

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6: Financial Assets

			<i>AusAID</i>
	2014	2013	2013
	\$'000	\$'000	\$'000
<u>Note 6A: Cash and Cash Equivalents</u>			
Special accounts	8,238	3,713	-
Cash held by outsiders	252	162	104
Cash on hand or on deposit	65,226	55,471	912
Total cash and cash equivalents	73,716	59,346	1,016
<u>Note 6B: Trade and Other Receivables</u>			
Goods and services receivables in connection with			
Related parties	32,525	28,737	167
External parties	2,480	2,320	33
Total goods and services receivables	35,005	31,057	200
Appropriation receivable			
Existing programs			
Overseas Property Office	273,089	427,533	-
Other departmental	645,684	506,593	85,696
Total appropriation receivable	918,773	934,126	85,696
Other receivables			
Statutory receivables	5,414	2,571	826
Advances	11,581	10,259	179
Other	30,431	10,609	501
Total other receivables	47,426	23,439	1,506
Total trade and other receivables (gross)	1,001,204	988,622	87,402
Less impairment allowance			
Goods and services	(348)	(311)	(13)
Total impairment allowance	(348)	(311)	(13)
Total trade and other receivables (net)	1,000,856	988,311	87,389
Trade and other receivables (net) expected to be recovered			
No more than 12 months	992,493	980,779	87,389
More than 12 months	8,363	7,532	-
Total trade and other receivables (net)	1,000,856	988,311	87,389
Trade and other receivables (gross) aged as follows			
Not overdue	988,986	969,685	87,190
Overdue by			
0 to 30 days	2,789	8,179	172
31 to 60 days	218	1,207	2
61 to 90 days	133	20	1
More than 90 days	9,078	9,531	37
Total trade and other receivables (gross)	1,001,204	988,622	87,402

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2014	2013	AusAID
	\$'000	\$'000	2013
			\$'000
Note 6B: Trade and Other Receivables (continued)			
Impairment allowance aged as follows			
Not overdue	-	-	-
Overdue by			
0 to 30 days	-	-	-
31 to 60 days	-	-	-
61 to 90 days	-	-	-
More than 90 days	348	311	13
Total impairment allowance	348	311	13

Credit terms were within 30 days (2013: 30 days).

Reconciliation of the Impairment Allowance Account**Movements in relation to 2014**

	Goods and services	Other receivables	Total
	\$'000	\$'000	\$'000
Opening balance	13	311	324
Amounts written off	(4)	(7)	(11)
Amounts recovered and reversed	-	(2)	(2)
Increase recognised in net cost of services	2	35	37
Closing balance	11	337	348

Movements in relation to 2013 DFAT

Opening balance	122	331	453
Amounts recovered and reversed	(122)	(29)	(151)
Increase recognised in net cost of services	-	9	9
Closing balance	-	311	311

Movements in relation to 2013 AusAID

Opening balance	21	-	21
Amounts written off	(8)	-	(8)
Closing balance	13	-	13

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7: Non-Financial Assets

	2014	2013	AusAID 2013
	\$'000	\$'000	\$'000
Note 7A: Land and Buildings			
Land			
Fair value	1,213,361	1,097,187	-
Total land	1,213,361	1,097,187	-
Buildings on freehold land			
Fair value	735,602	739,363	-
Accumulated depreciation	(19,058)	(1,077)	-
Work in progress	99,416	50,781	-
Total buildings	815,960	789,067	-
Leasehold improvements			
Fair value	242,742	200,436	24,336
Accumulated depreciation	(76,067)	(21,288)	(639)
Work in progress	25,214	16,251	11,821
Total leasehold improvements	191,889	195,399	35,518
Total land and buildings	2,221,210	2,081,653	35,518

Note 7B: Property, Plant and Equipment

Property, plant and equipment			
Fair value	279,742	207,968	27,410
Accumulated depreciation	(133,659)	(88,770)	(388)
Accumulated impairment losses	-	-	(304)
Work in progress	45,413	28,585	-
Total property, plant and equipment	191,496	147,783	26,718

No plant and equipment was held by the department under finance leases.

No isolated indicators of impairment were found for property, plant and equipment (2013: \$24,422).

Revaluation of non-financial assets

All revaluations are conducted in accordance with the revaluation policy stated at Note 1. Land and buildings have been independently valued by Savills as at 30 June 2014. Leasehold improvements and property, plant and equipment have been independently valued by Australian Valuation Solutions as at 30 June 2013.

Revaluation increments of \$116,667,000 for land (2013: \$180,380,000), revaluation decrement of \$5,181,000 for buildings (2013: increments of \$57,164,666), no revaluation increments of leasehold improvements (2013: revaluation increments of \$17,888,807) and reversal of a previous impairment of \$1,000 for property, plant and equipment (2013: impairment of \$20,743) were recorded to the asset revaluation reserve.

Restrictions on title

Due to the diplomatic nature of the overseas property portfolio, some properties have restrictions on title. Restrictions on title vary depending on local government rules and regulations, such as long term title that prohibits the Commonwealth of Australia from profiting from sale of the land. Whilst the effect of restrictions on some titles can be quantified there are others that cannot, such as those titles held in limited or unsophisticated markets.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7C: Reconciliation of the Opening and Closing Balances of Land, Buildings and Leasehold Improvements, Property, Plant and Equipment

	Land \$'000	Buildings & Leasehold Improvements \$'000	Total Land and Buildings \$'000	Property, Plant & Equipment \$'000	Total \$'000
As at 1 July 2013					
Gross book value	1,097,187	964,135	2,061,322	235,378	2,296,700
Accumulated depreciation and impairment	-	(23,004)	(23,004)	(89,462)	(112,466)
Work in progress	-	78,853	78,853	28,585	107,438
Total as at 1 July 2013	1,097,187	1,019,984	2,117,171	174,501	2,291,672
Additions					
Purchased or internally developed	-	32,772	32,772	17,565	50,337
Revaluations and impairments recognised in other comprehensive income	116,667	(5,181)	111,486	1	111,487
Impairments recognised in net cost of services	-	(689)	(689)	(97)	(786)
Depreciation	-	(95,975)	(95,975)	(48,980)	(144,955)
Other movements					
Asset transfers	-	12,020	12,020	39,037	51,057
Movement in work in progress					
Net movement in work in progress	-	45,777	45,777	16,828	62,605
Disposals					
Other disposals	(493)	(859)	(1,352)	(7,359)	(8,711)
Total as at 30 June 2014	1,213,361	1,007,849	2,221,210	191,496	2,412,706
Total as at 30 June 2014 represented by					
Gross book value	1,213,361	978,344	2,191,705	279,742	2,471,447
Accumulated depreciation and impairment	-	(95,125)	(95,125)	(133,659)	(228,784)
Work in progress	-	124,630	124,630	45,413	170,043
Total	1,213,361	1,007,849	2,221,210	191,496	2,412,706

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7C: Reconciliation of the Opening and Closing Balances of Land, Buildings and Leasehold Improvements, Property, Plant and Equipment (continued)

DFAT

	Land \$'000	Buildings & Leasehold Improvements \$'000	Total Land and Buildings \$'000	Property, Plant & Equipment \$'000	Total \$'000
As at 1 July 2012					
Gross book value	921,466	986,481	1,907,947	181,737	2,089,684
Accumulated depreciation and impairment	-	(122,397)	(122,397)	(59,680)	(182,077)
Work in progress	-	31,331	31,331	29,502	60,833
Total as at 1 July 2012	921,466	895,415	1,816,881	151,559	1,968,440
Additions					
Purchased	-	31,570	31,570	16,866	48,436
Revaluations and impairments recognised in other comprehensive income	180,380	75,053	255,433	(21)	255,412
Revaluations recognised in net cost of services	-	-	-	(154)	(154)
Impairments recognised in net cost of services	-	-	-	(4)	(4)
Depreciation	-	(64,778)	(64,778)	(39,619)	(104,397)
Other movements					
Asset transfers	(3,165)	12,156	8,991	26,765	35,756
Movement in work in progress					
Net movement in work in progress	-	35,701	35,701	(917)	34,784
Disposals					
Other disposals	(1,494)	(651)	(2,145)	(6,692)	(8,837)
Total as at 30 June 2013	1,097,187	984,466	2,081,653	147,783	2,229,436
Total as at 30 June 2013 represented by					
Gross book value	1,097,187	939,799	2,036,986	207,968	2,244,954
Accumulated depreciation and impairment	-	(22,365)	(22,365)	(88,770)	(111,135)
Work in progress	-	67,032	67,032	28,585	95,617
Total	1,097,187	984,466	2,081,653	147,783	2,229,436

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7C: Reconciliation of the Opening and Closing Balances of Land, Buildings and Leasehold Improvements, Property, Plant and Equipment (continued)

AusAID

	Land \$'000	Buildings & Leasehold Improvements \$'000	Total Land and Buildings \$'000	Property, Plant & Equipment \$'000	Total \$'000
As at 1 July 2012					
Gross book value	-	35,971	35,971	40,167	76,138
Accumulated depreciation and impairment	-	(7,572)	(7,572)	(12,610)	(20,182)
Total as at 1 July 2012	-	28,399	28,399	27,557	55,956
Additions					
Purchased	-	11,748	11,748	8,467	20,215
Revaluations recognised in net cost of services	-	531	531	438	969
Depreciation	-	(4,749)	(4,749)	(8,755)	(13,504)
Disposals					
By sale	-	-	-	(79)	(79)
Write-off	-	(411)	(411)	(606)	(1,017)
Impairments	-	-	-	(304)	(304)
Total as at 30 June 2013	-	35,518	35,518	26,718	62,236
Total as at 30 June 2013 represented by					
Gross book value	-	24,336	24,336	27,410	51,746
Accumulated depreciation and impairment	-	(639)	(639)	(692)	(1,331)
Work in progress	-	11,821	11,821	-	11,821
Total	-	35,518	35,518	26,718	62,236

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2014	2013	AusAID
	\$'000	\$'000	2013
			\$'000
Note 7D: Intangibles			
Computer software			
Internally developed - in progress	20,654	6,453	121
Internally developed - in use	42,779	35,502	8,843
Purchased - in progress	26,786	-	-
Purchased - in use	60,857	75,565	8,302
Accumulated amortisation	(67,520)	(48,502)	(10,473)
Total computer software	83,556	69,018	6,793
Total intangibles	83,556	69,018	6,793

No indicators of impairment were identified for intangible assets (2013: nil). The impairment assessment was undertaken on internally developed – in progress assets.

Note 7E: Reconciliation of the Opening and Closing Balances of Intangibles

	Computer Software Internally Developed \$'000	Computer Software Purchased \$'000	Total \$'000
As at 1 July 2013			
Gross book value	44,466	40,471	84,937
Accumulated amortisation and impairment	(34,452)	(24,523)	(58,975)
Work in progress	6,453	43,396	49,849
Total as at 1 July 2013	16,467	59,344	75,811
Additions			
Purchased or internally developed	1,188	9,668	10,856
Revaluations and impairments recognised in net cost of services	-	(160)	(160)
Amortisation	(1,503)	(9,691)	(11,194)
Other movements			
Asset transfers	684	10,878	11,562
Movement in work in progress			
Net movement in work in progress	14,201	(16,610)	(2,409)
Disposals			
Other disposals	(910)	-	(910)
Total as at 30 June 2014	30,127	53,429	83,556
As at 30 June 2014 represented by			
Gross book value	42,779	60,857	103,636
Accumulated amortisation and impairment	(33,306)	(34,214)	(67,520)
Work in progress	20,654	26,786	47,440
Total as at 30 June 2014	30,127	53,429	83,556

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7E: Reconciliation of the Opening and Closing Balances of Intangibles (continued)

	Computer Software Internally Developed \$'000	Computer Software Purchased \$'000	Total \$'000
<i>DFAT</i>			
As at 1 July 2012			
Gross book value	32,518	28,851	61,369
Accumulated amortisation and impairment	(25,082)	(15,397)	(40,479)
Work in progress	5,259	31,545	36,804
Total as at 1 July 2012	12,695	44,999	57,694
Additions			
Purchased or internally developed	331	1,064	1,395
Amortisation	(3,695)	(4,335)	(8,030)
Other movements			
Asset transfers	4,088	2,460	6,548
Movements in work in progress			
Net movement in work in progress	1,194	11,851	13,045
Disposals			
Other disposals	(1,436)	(198)	(1,634)
Total as at 30 June 2013	13,177	55,841	69,018
As at 30 June 2013 represented by			
Gross book value	35,502	32,169	67,671
Accumulated amortisation and impairment	(28,778)	(19,724)	(48,502)
Work in progress	6,453	43,396	49,849
Total as at 30 June 2013	13,177	55,841	69,018
<i>AusAID</i>			
As at 1 July 2012			
Gross book value	7,688	8,582	16,270
Accumulated amortisation and impairment	(5,185)	(4,886)	(10,071)
Total as at 1 July 2012	2,503	3,696	6,199
Additions			
Purchased or internally developed	1,276	904	2,180
Amortisation	(489)	(1,095)	(1,584)
Disposals			
Other disposals	-	(2)	(2)
Total as at 30 June 2013	3,290	3,503	6,793
As at 30 June 2013 represented by			
Gross book value	8,964	8,302	17,266
Accumulated amortisation and impairment	(5,674)	(4,799)	(10,473)
Total as at 30 June 2013	3,290	3,503	6,793

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2014	2013	AusAID
	\$'000	\$'000	2013
			\$'000
Note 7F: Inventories			
Inventories held for sale			
Finished goods	28,261	30,998	-
Total inventories held for sale	28,261	30,998	-
Inventories held for distribution	65	127	-
Total inventories	28,326	31,125	-

No items of inventory were recognised at fair value less cost to sell (2013: nil).

All inventories are expected to be sold or distributed in the next 12 months.

Note 7G: Other Non-Financial Assets

Property leases	19,742	19,694	-
Prepayments	81,015	45,029	10,959
Total other non-financial assets	100,757	64,723	10,959
Other non-financial assets expected to be recovered			
No more than 12 months	96,606	56,644	10,056
More than 12 months	4,151	8,079	903
Total other non-financial assets	100,757	64,723	10,959

No indicators of impairment were identified for other non-financial assets (2013: nil).

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8: Payables			
	2014	2013	<i>AusAID</i>
	\$'000	\$'000	2013
			\$'000
Note 8A: Suppliers			
Trade creditors and accruals	117,309	79,870	19,749
Total suppliers	117,309	79,870	19,749
Suppliers expected to be settled			
No more than 12 months	117,309	79,870	19,449
More than 12 months	-	-	300
Total suppliers	117,309	79,870	19,749
Suppliers in connection with			
Related parties	27,416	17,156	1,128
External parties	89,893	62,714	18,621
Total suppliers	117,309	79,870	19,749
Note 8B: Other Payables			
Wages and salaries	16,191	10,838	5,385
Superannuation	1,885	1,259	374
Separations and redundancies	4,256	-	-
Prepayments received/unearned income	16,777	19,518	5,968
Other	6,436	11,802	1,986
Total other payables	45,545	43,417	13,713
Other payables expected to be settled			
No more than 12 months	39,317	38,763	13,713
More than 12 months	6,228	4,654	-
Total other payables	45,545	43,417	13,713

Settlement terms for suppliers were within 30 days (2013: 30 days).

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 9: Provisions			
			AusAID
	2014	2013	2013
	\$'000	\$'000	\$'000
Note 9A: Employee Provisions			
Leave	168,165	119,447	46,341
Separations and redundancies	34,279	11,967	6,222
Other employee provisions	17,919	11,992	2,218
Total employee provisions	220,363	143,406	54,781
Employee provisions expected to be settled			
No more than 12 months	76,642	50,922	32,533
More than 12 months	143,721	92,484	22,248
Total employee provisions	220,363	143,406	54,781
Note 9B: Other Provisions			
Provision for restoration obligations	22,981	19,595	2,902
Total other provisions	22,981	19,595	2,902
Other provisions expected to be settled			
No more than 12 months	4,642	952	744
More than 12 months	18,339	18,643	2,158
Total other provisions	22,981	19,595	2,902
Provision for restoration			
As at 1 July 2013	22,497		
Additional provisions made	183		
Amounts reversed	(148)		
Revaluation of provision	16		
Movements due to foreign exchange	(147)		
Unwinding of discount or change in discount rate	580		
As at 30 June 2014	22,981		

The department currently has 176 agreements (2013: 182) for the leasing of premises where the department has raised a provision to restore the premises to their original condition at the conclusion of the lease. The provision reflects the present value of this obligation.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 10: Restructuring

Note 10A: Departmental Restructuring

	International development and aid ¹			
	DFAT Assumed ² 1 Jul 2013 \$'000	AusAID Relinquished ² 1 Jul 2013 \$'000	DFAT Assumed 31 Oct 2013 \$'000	AusAID Relinquished 31 Oct 2013 \$'000
Assets recognised/relinquished				
Financial assets				
Cash and cash equivalents	1,016	1,016	206	206
Trade and other receivables	87,389	87,389	111,241	111,241
Total financial assets	88,405	88,405	111,447	111,447
Non-financial assets				
Leasehold improvements	35,518	35,518	34,475	34,475
Property, plant and equipment	26,718	26,718	23,887	23,887
Intangibles	6,793	6,793	7,219	7,219
Other non-financial assets	10,959	10,959	13,487	13,487
Total non-financial assets	79,988	79,988	79,068	79,068
Total assets recognised/relinquished	168,393	168,393	190,515	190,515
Liabilities recognised				
Payables				
Suppliers	19,749	19,749	12,224	12,224
Other payables	13,713	13,713	8,991	8,991
Total payables	33,462	33,462	21,215	21,215
Provisions				
Employee provisions	54,781	54,781	53,858	53,858
Other provisions	2,902	2,902	6,047	6,047
Total provisions	57,683	57,683	59,905	59,905
Total liabilities recognised/ relinquished	91,145	91,145	81,120	81,120
Net assets recognised/ relinquished²	77,248	77,248	109,395	109,395
Income assumed				
Recognised by the receiving entity	357,096		237,260	
Recognised by the losing entity	-		119,836	
Total income	357,096		357,096	
Expenses assumed				
Recognised by the receiving entity	337,349		222,895	
Recognised by the losing entity	-		114,454	
Total expenses	337,349		337,349	

¹ The international development and aid function was assumed from AusAID due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with the department. AusAID ceased to be an entity on 1 November 2013.

² For the purposes of these financial statements the activities of this function are fully consolidated with DFAT from 1 July 2013. The figures as at 1 July 2013 assumed by DFAT and relinquished by AusAID represent the assets and liabilities of AusAID as at 30 June 2013. All income and expenses attributable to this function are reported as part of DFAT in 2013–14. The net assets of AusAID as at 30 June 2013 were \$77,247,944. The net book value of assets and liabilities were transferred and consolidated with DFAT for no consideration.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 10A: Departmental Restructuring (continued)

	International Climate Change and Tourism Industry functions assumed from Department of Industry ^{3,5} 2014 \$'000	Tourism Industry (International Policy) functions assumed from Department of Resources, Energy and Tourism ^{4,5} 2014 \$'000
FUNCTION ASSUMED		
Assets recognised		
Financial assets		
Trade and other receivables	57	87
Total financial assets	57	87
Non-financial assets		
Property, plant and equipment	51	-
Total non-financial assets	51	-
Total assets recognised	108	87
Liabilities recognised		
Provisions		
Employee provisions	1,256	87
Total provisions	1,256	87
Total liabilities recognised	1,256	87
Net (liabilities) assumed	(1,148)	-
Income assumed		
Recognised by the receiving entity	18,505	134
Recognised by the losing entity	2,669	253
Total income	21,174	387
Expenses assumed		
Recognised by the receiving entity	1,206	138
Recognised by the losing entity	2,669	253
Total expenses	3,875	391

³ The international climate change and tourism industry functions were assumed from the Department of Industry during 2013-14 due to the Administrative Arrangements Order issued on 18 September 2013, which transferred responsibility for the functions to DFAT. Appropriations related to this function were transferred at 2013-14 Additional Estimates, including \$14,232,000 of departmental funding for tourism grants. The department subsequently received administered funding for the tourism grants, however the departmental appropriation remains legal and the funding has been recorded as revenue as per the FMOs.

⁴ The tourism industry (international policy) function was assumed from the Australian Trade Commission during 2013-14 due to amendments to the Administrative Arrangements Order issued on 3 October 2013, which transferred responsibility for the function to DFAT. The former Department of Resources, Energy and Tourism (DRET) was originally responsible for this function. The function was transferred to the Australian Trade Commission due to the Administrative Arrangements Order issued 18 September 2013 before being transferred to DFAT. The transfer of functions however was treated as coming directly from DRET for accounting purposes.

⁵ The net liabilities assumed from both entities was \$1,148,177. In respect of functions assumed, the net book values of assets and liabilities were transferred to the department for no consideration.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 10B: Administered Restructuring

	International development and aid ¹			
	DFAT Assumed ² 1 Jul 2013 \$'000	AusAID Relinquished ² 1 Jul 2013 \$'000	DFAT Assumed 31 Oct 2013 \$'000	AusAID Relinquished 31 Oct 2013 \$'000
Assets recognised/relinquished				
Financial assets				
Cash and cash equivalents	24,571	24,571	582	582
Loans and receivables	117,410	117,410	115,210	115,210
Investments	1,493,609	1,493,609	1,493,609	1,493,609
Total financial assets	1,635,590	1,635,590	1,609,401	1,609,401
Non-financial assets				
Leasehold improvements	2,625	2,625	2,434	2,434
Property, plant and equipment	951	951	26	26
Intangibles	6,110	6,110	5,760	5,760
Other non-financial assets	2,381	2,381	1,418	1,418
Total non-financial assets	12,067	12,067	9,638	9,638
Total assets recognised/relinquished	1,647,657	1,647,657	1,619,039	1,619,039
Liabilities recognised				
Payables				
Suppliers	1,143,571	1,143,571	992,219	992,219
Grants	492,252	492,252	434,654	434,654
Total payables	1,635,823	1,635,823	1,426,873	1,426,873
Provisions				
Employee provisions	11,342	11,342	10,660	10,660
Other provisions	58	58	13	13
Total provisions	11,400	11,400	10,673	10,673
Total liabilities recognised/relinquished	1,647,223	1,647,223	1,437,546	1,437,546
Net assets recognised/relinquished²	434	434	181,493	181,493
Income assumed				
Recognised by the receiving entity	111,486		100,091	
Recognised by the losing entity	-		11,395	
Total income	111,486		111,486	
Expenses assumed				
Recognised by the receiving entity	4,287,042		3,168,679	
Recognised by the losing entity	-		1,118,363	
Total expenses	4,287,042		4,287,042	

¹ The international development and aid function was assumed from AusAID due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with DFAT. AusAID ceased to be an entity on 1 November 2013.

² For the purposes of these financial statements the activities of this function are fully consolidated with DFAT from 1 July 2013. The figures as at 1 July 2013 assumed by DFAT and relinquished by AusAID represent the assets and liabilities of AusAID as at 30 June 2013. All income and expenses attributable to this function are reported as part of DFAT in 2013–14. The net assets of AusAID at 30 June 2013 were \$434,000. The net book values of assets and liabilities were transferred and consolidated with DFAT for no consideration.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 10B: Administered Restructuring (continued)

	International Climate Change and Tourism Industry Functions assumed from Department of Industry ^{3,5}	Functions assumed from Department of Resources, Energy and Tourism ^{4,5}
	2014	2014
	\$'000	\$'000
FUNCTION ASSUMED		
Assets recognised		
Financial assets		
Investments	22,447	-
Total financial assets	22,447	-
Total assets recognised	22,447	-
Net assets assumed⁵	22,447	-
Expenses		
Recognised by the receiving entity	11,560	-
Recognised by the losing entity	14,622	-
Total expenses	26,182	-

³ The international climate change and tourism industry functions were assumed from the Department of Industry during 2013-14 due to the Administrative Arrangements Order issued on 18 September 2013, which transferred responsibility for the functions to DFAT. Appropriations related to this function were transferred at 2013-14 Additional Estimates, including \$14,232,000 of departmental funding for tourism grants. The department subsequently received administered funding for the tourism grants, however the departmental appropriation remains legal and the funding has been recorded as revenue as per the FMOs.

⁴ The tourism industry (international policy) function was assumed from the Australian Trade Commission during 2013-14 due to amendments to the Administrative Arrangements Order issued on 3 October 2013, which transferred responsibility for the function to DFAT. The former Department of Resources, Energy and Tourism was originally responsible for this function. The function was transferred to the Australian Trade Commission due to the Administrative Arrangements Order issued on 18 September 2013 before being transferred to DFAT. No administered functions were transferred in relation to the tourism function.

⁵ The net assets assumed from both entities was \$22,447,000. In respect of functions assumed, the net book values of assets and liabilities were transferred to the department for no consideration.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 11: Cash Flow Reconciliation

	2014	2013	AusAID
	\$'000	\$'000	2013
			\$'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement			
Cash and cash equivalents as per			
Cash flow statement	73,716	59,346	1,016
Statement of financial position	73,716	59,346	1,016
Difference	-	-	-
Reconciliation of net cost of services to net cash from/ (used by) operating activities			
Net (cost of) services	(1,420,112)	(934,136)	(325,380)
Revenue from Government	1,327,693	885,748	316,759
Adjustments for non-cash items			
Depreciation/amortisation	156,149	112,448	15,088
Net write down of non-financial assets	1,109	1,720	1,323
Loss on disposal of assets	7,167	8,259	149
Investing OPA	-	9,938	-
Effect of foreign exchange movement on cash	1,247	5,072	-
Movements in assets and liabilities			
Assets			
Decrease/(Increase) in net receivables	90,046	(44,311)	(26,952)
Decrease in inventories	2,539	10,853	-
(Increase) in prepayments	(31,768)	(38,306)	(2,103)
Liabilities			
Increase in employee provisions	22,176	9,283	8,178
Increase in supplier payables	22,046	3,774	7,051
Increase/(Decrease) in other provisions	484	7,027	(3,246)
(Decrease) in other assets	-	(144)	-
(Decrease)/Increase in unearned income	-	1,597	-
(Decrease)/Increase in other liabilities	(4,892)	4,923	9,638
Net cash from operating activities	173,884	43,745	505

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 12: Contingent Assets and Liabilities

	Guarantees		Claims for damages or costs				Total	
	2014 \$'000	2013 \$'000	AusAID 2013 \$'000	2014 \$'000	2013 \$'000	AusAID 2013 \$'000	2014 \$'000	2013 \$'000
Contingent liabilities								
Balance from previous period	129	114	-	726	397	-	855	511
New contingent liabilities recognised	-	-	-	-	303	-	-	303
Re-measurement	1	15	-	(109)	26	-	(108)	41
Liabilities realised	-	-	-	-	-	-	-	-
Obligations expired	(115)	-	-	(303)	-	-	(418)	-
Total contingent liabilities	15	129	-	314	726	-	329	855
Net contingent (liabilities)	(15)	(129)	-	(314)	(726)	-	(329)	(855)

Notes:

1. *Contingent Assets*

There were no Contingent Assets to report for 2014 and 2013.

2. *Quantifiable Contingencies*

The Schedule of Contingencies reports contingent liabilities in respect of bank and residential lease guarantees made by the department of \$15,204 (2013: \$129,472).

The Schedule of Contingencies also reports contingent liabilities in respect of claims for damages/costs of \$314,543 (2013: \$725,969). 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.

3. *Unquantifiable Contingencies*

At 30 June 2014, 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.

4. *Significant Remote Contingencies*

The department is currently defending a number of other legal claims. At 30 June 2014, advice from the department's external legal service providers is that the department has a strong case in each of these matters. These were not included in the Schedule of Contingencies.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13: Senior Executive Remuneration

Note 13A: Senior Executive Remuneration Expenses for the Reporting Period

	2014	2013	AusAID 2013
	\$	\$	\$
Short-term employee benefits			
Salary and allowances	60,625,788	48,240,243	12,562,754
Other benefits	2,594,264	2,646,587	812,414
Performance bonuses	142,981	-	81,607
Total short-term employee benefits	63,363,033	50,886,830	13,456,775
Post-employment benefits			
Superannuation	10,359,913	7,787,842	2,861,767
Total post-employment benefits	10,359,913	7,787,842	2,861,767
Other long-term benefits			
Annual leave accrued	4,302,025	3,114,194	1,033,793
Long-service leave accrued	1,451,366	869,796	401,275
Total other long-term benefits	5,753,391	3,983,990	1,435,068
Termination benefits	2,087,951	487,242	-
Total senior executive remuneration expense	81,564,288	63,145,904	17,753,610

Notes:

- Note 13A is prepared on an accrual basis (therefore the performance bonus expenses disclosed above may differ from the cash 'Bonus paid' in Note 13B).
- Note 13A excludes acting arrangements and part-year service where total remuneration expensed for a senior executive was less than \$195,000.
- Salary and allowances includes the following allowances paid to staff working for the department at overseas posts:
 - hardship allowance in recognition of the difficulties faced at certain posts including the security environment, medical facilities, climate, pollution and access to essential services
 - cost of living adjustment and cost of posting allowance to compensate officers for the differences such as the cost of purchasing goods and services at an overseas post and separation from family and wider support networks
 - language proficiency allowance, to assist employees with the costs associated with maintaining their proficiency level in foreign languages.
- In prior periods, the department included non-senior executive employees undertaking head of post roles overseas in Tables A and B. The former AusAID financial statements previously only included substantive senior executive employees in these Tables. Following the integration of AusAID into the department, this note has been revised to only include substantive senior executive employees. The comparative figures have been adjusted to align with the 2013-14 presentation. Non-senior executive employees previously included in Tables A and B are now reported as part of Table C.
- Adjustments to 2012-13 comparatives were made to reflect the change in executive remuneration threshold (from \$180,000 to \$195,000), the changes to the inclusion criteria above, as well as include all taxable benefits and FBT expenses.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period

Average annual reportable remuneration paid to substantive senior executives in 2014		Substantive senior executive		Reportable salary ²		Contributed superannuation ³		Reportable allowances ⁴		Bonus paid ⁵		Total reportable remuneration	
Average annual reportable remuneration ¹		No.		\$		\$		\$		\$		\$	
Total remuneration (including part-time arrangements)													
Less than \$195,000		40		81,937		13,152		-		200		95,289	
\$195,000 to \$224,999		32		183,554		33,481		11		660		217,706	
\$225,000 to \$254,999		57		203,774		36,308		159		727		240,968	
\$255,000 to \$284,999		28		230,234		41,528		58		1,237		273,057	
\$285,000 to \$314,999		36		252,999		44,371		5		418		297,793	
\$315,000 to \$344,999		26		288,632		39,875		-		271		328,778	
\$345,000 to \$374,999		28		320,031		41,772		-		-		361,803	
\$375,000 to \$404,999		14		333,836		49,881		-		435		384,152	
\$405,000 to \$434,999		12		373,809		47,059		-		508		421,376	
\$435,000 to \$464,999		4		403,946		48,952		-		879		453,777	
\$495,000 to \$524,999		5		457,435		50,287		-		-		507,722	
\$585,000 to \$614,999		1		557,234		33,205		-		-		590,439	
\$735,000 to \$764,999		1		655,816		99,806		-		-		755,622	
\$765,000 to \$794,999		1		668,024		103,109		-		-		771,133	
Total number of substantive senior executives		285											

¹The above table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band. In 2013-14 there were changes to the inclusion criteria for senior executives as described in Table A.

²'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column)
- b) termination payments, including the payment of accrued annual and long service leave entitlements
- c) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes)
- d) reportable employer superannuation contributions
- e) exempt foreign employment income
- f) overseas allowances paid to staff working for the entities at post including hardship allowances, in recognition of the difficulties faced at certain posts including the security environment, medical facilities, climate, pollution and access to essential services, cost of living adjustments and cost of posting allowances to compensate officers for differences such as the cost of purchasing goods and services at an overseas post and separation from family and wider support networks, and language proficiency allowances.

³The 'contributed superannuation' amount is the average cost to the entities for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.

⁴'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on an individual's payment summary.

⁵'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period (continued)

Average annual reportable remuneration paid to substantive senior executives in 2013

DFAT	Substantive senior executive	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
Average annual reportable remuneration ¹	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements)						
Less than \$195,000	24	56,012	9,620	-	-	65,632
\$195,000 to \$224,999	33	179,795	33,227	-	-	213,022
\$225,000 to \$254,999	31	206,995	34,259	-	-	241,254
\$255,000 to \$284,999	39	232,201	39,456	-	-	271,657
\$285,000 to \$314,999	16	260,086	38,995	-	-	299,081
\$315,000 to \$344,999	25	293,395	37,627	-	-	331,022
\$345,000 to \$374,999	22	315,182	42,161	-	-	357,343
\$375,000 to \$404,999	9	347,824	44,237	-	-	392,061
\$405,000 to \$434,999	5	369,775	50,408	-	-	420,183
\$435,000 to \$464,999	3	395,002	52,664	-	-	447,666
\$465,000 to \$494,999	4	432,017	48,749	-	-	480,766
\$495,000 to \$524,999	1	479,922	35,450	-	-	515,372
\$525,000 to \$554,999	3	427,302	110,732	-	-	538,034
\$645,000 to \$674,999	1	578,567	78,029	-	-	656,596
Total number of substantive senior executives	216					

The above table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.

Adjustments to 2012-13 comparatives were made to reflect the change in executive remuneration threshold (from \$180,000 to \$195,000), remove salary sacrifice amounts from 'Reportable salary', and changes to the inclusion criteria for senior executives as described in Table A.

² 'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column)
- b) termination payments, including the payment of accrued annual and long service leave entitlements
- c) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes)
- d) reportable employer superannuation contributions
- e) exempt foreign employment income
- f) overseas allowances paid to staff working for the department at post including hardship allowances, in recognition of the difficulties faced at certain posts including the security environment, medical facilities, climate, pollution and access to essential services, cost of living adjustments and cost of posting allowances to compensate officers for differences such as the cost of purchasing goods and services at an overseas post and separation from family and wider support networks, and language proficiency allowances.³ The 'contributed superannuation' amount is the average cost to the department for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.

⁴ 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on an individual's payment summary.

⁵ 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the department during the financial year.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period (continued)

Average annual reportable remuneration paid to substantive senior executives in 2013

<i>AusAID</i>	Substantive senior executive	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
	No.	\$	\$	\$	\$	\$
Average annual reportable remuneration ¹						
Total remuneration (including part-time arrangements)						
Less than \$195,000	14	107,447	16,471	308	-	124,226
\$195,000 to \$224,999	28	181,071	27,917	978	854	210,820
\$225,000 to \$254,999	9	198,513	37,135	2,157	1,747	239,552
\$255,000 to \$284,999	8	229,806	34,450	2,728	1,516	268,500
\$285,000 to \$314,999	2	259,986	28,087	55	3,430	291,558
\$315,000 to \$344,999	5	302,447	32,627	2,027	3,232	340,333
\$345,000 to \$374,999	5	318,532	32,543	1,078	1,366	353,519
\$375,000 to \$404,999	1	220,364	171,625	-	-	391,989
\$435,000 to \$464,999	1	400,257	32,311	2,566	-	435,134
\$705,000 to \$734,999	1	400,982	309,844	6,711	-	717,537
\$765,000 to \$794,999	1	283,092	490,107	-	-	773,199

Total number of substantive senior executives 75

The above table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band. Adjustments to 2012-13 comparatives were made to reflect the change in executive remuneration threshold (from \$180,000 to \$195,000), remove salary sacrifice amounts from 'Reportable salary', and changes to the inclusion criteria for senior executives as described in Table A.

² 'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column)
- b) termination payments, including the payment of accrued annual and long service leave entitlements
- c) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes)
- d) reportable employer superannuation contributions
- e) exempt foreign employment income
- f) overseas allowances paid to staff working for the agency at post including hardship allowances, in recognition of the difficulties faced at certain posts including the security environment, medical facilities, climate, pollution and access to essential services, cost of living adjustments and cost of posting allowances to compensate officers for differences such as the cost of purchasing goods and services at an overseas post and separation from family and wider support networks, and language proficiency allowances.

³ The 'contributed superannuation' amount is the average cost to the agency for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.

⁴ 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on an individual's payment summary.

⁵ 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the agency during the financial year.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13C: Average Annual Reportable Remuneration Paid to Other Highly Paid Staff during the Reporting Period

Average annual reportable remuneration paid to other highly paid staff in 2014

Average annual reportable remuneration ¹	Other highly paid staff	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
	No.	\$	\$	\$	\$	\$
Total remuneration (including part time arrangements)						
\$195,000 to \$224,999	169	180,916	22,938	964	2,649	207,467
\$225,000 to \$254,999	120	208,591	25,292	614	2,918	237,415
\$255,000 to \$284,999	38	239,426	25,191	380	2,596	267,593
\$285,000 to \$314,999	24	264,311	30,035	1,192	2,699	298,237
\$315,000 to \$344,999	18	295,699	27,439	191	2,453	325,782
\$345,000 to \$374,999	13	318,688	33,507	264	3,608	356,067
\$375,000 to \$404,999	3	353,751	25,801	-	2,634	382,186
\$405,000 to \$434,999	2	381,719	33,556	1,719	1,317	418,311
Total	387					

¹ This table reports staff:

- a) who were employed by the entity during the reporting period
- b) whose reportable remuneration was \$195,000 or more for the financial period, and
- c) who were not required to be disclosed in Table B.

Each row is an averaged figure based on headcount for individuals in the band. In 2013-14 there were changes to the inclusion criteria for senior executives as described in Table A.

² 'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column)
- b) termination payments, including the payment of accrued annual and long service leave entitlements
- c) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes)
- d) reportable employer superannuation contributions
- e) exempt foreign employment income
- f) overseas allowances paid to staff working for the entities at post including hardship allowances, in recognition of the difficulties faced at certain posts including the security environment, medical facilities, climate, pollution and access to essential services, cost of living adjustments and cost of posting allowances to compensate officers for differences such as the cost of purchasing goods and services at an overseas post and separation from family and wider support networks, and language proficiency allowances.

³ The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to staff in that reportable remuneration band during the reporting period.

⁴ 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on an individual's payment summary.

⁵ 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13C: Average Annual Reportable Remuneration Paid to Other Highly Paid Staff during the Reporting Period (continued)

Average annual reportable remuneration paid to other highly paid staff in 2013

<i>DFAT</i>	Other highly paid staff	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
Average annual reportable remuneration ¹	No.	\$	\$	\$	\$	\$
Total remuneration (including part time arrangements)						
\$195,000 to \$224,999	137	187,890	20,643	-	1,658	210,191
\$225,000 to \$254,999	66	217,824	19,154	-	1,652	238,630
\$255,000 to \$284,999	38	245,822	22,146	-	1,994	269,962
\$285,000 to \$314,999	18	261,026	35,681	-	1,631	298,338
\$315,000 to \$344,999	20	294,526	31,135	-	2,704	328,365
\$345,000 to \$374,999	7	326,348	26,666	-	1,637	354,651
\$375,000 to \$404,999	1	245,780	138,320	-	2,758	386,858
Total	287					

<i>AusAID</i>	Other highly paid staff	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
Average annual reportable remuneration ¹	No.	\$	\$	\$	\$	\$
Total remuneration (including part time arrangements)						
\$195,000 to \$224,999	45	187,921	17,987	2,840	1,525	210,273
\$225,000 to \$254,999	37	212,281	18,922	2,976	2,015	236,194
\$255,000 to \$284,999	14	242,266	20,551	3,440	2,383	268,640
\$285,000 to \$314,999	9	266,174	22,883	2,168	2,029	293,254
\$345,000 to \$374,999	2	296,420	18,189	-	2,096	316,705
Total	107					

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13C: Average Annual Reportable Remuneration Paid to Other Highly Paid Staff during the Reporting Period (continued)

- ¹ These tables report staff:
- a) who were employed by the entities during the reporting period
 - b) whose reportable remuneration was \$195,000 or more for the financial period, and
 - c) who were not required to be disclosed in Table B.
- Each row is an averaged figure based on headcount for individuals in the band. Adjustments to 2012-13 comparatives were made to reflect the change in threshold (from \$180,000 to \$195,000), remove salary sacrifice amounts from 'Reportable salary', and changes to the inclusion criteria for senior executives as described in Table A.
- ² 'Reportable salary' includes the following:
- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column)
 - b) termination payments, including the payment of accrued annual and long service leave entitlements
 - c) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes)
 - d) reportable employer superannuation contributions
 - e) exempt foreign employment income
 - f) overseas allowances paid to staff working for the entities at post including hardship allowances, in recognition of the difficulties faced at certain posts including the security environment, medical facilities, climate, pollution and access to essential services, cost of living adjustments and cost of posting allowances to compensate officers for differences such as the cost of purchasing goods and services at an overseas post and separation from family and wider support networks, and language proficiency allowances.
- ³ The 'contributed superannuation' amount is the average cost to each entity for the provision of superannuation benefits to staff in that reportable remuneration band during the reporting period.
- ⁴ 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on an individual's payment summary.
- ⁵ 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years various factors such as individuals commencing with or leaving each entity during the financial year.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 14: Remuneration of Auditors

	<i>AusAID</i>		
	2014	2013	2013
	\$'000	\$'000	\$'000
Fair value of the services received			
Financial statement audit services	832	460	130
Total	832	460	130

Financial statement audit services were provided free of charge to the department by the Australian National Audit Office (ANAO). No other services were provided by the ANAO.

Note 15: Financial Instruments

Note 15A: Categories of Financial Instruments

	<i>AusAID</i>		
	2014	2013	2013
	\$'000	\$'000	\$'000
Financial Assets			
Loans and receivables			
Cash and cash equivalents	73,716	59,346	1,016
Goods and services receivable	34,657	30,746	187
Other receivables	42,012	20,868	680
Total loans and receivables	150,385	110,960	1,883
Total financial assets	150,385	110,960	1,883
Financial Liabilities			
Financial liabilities measured at amortised cost			
Trade creditors and accruals	117,309	79,870	19,749
Other payables	45,545	43,417	13,713
Total financial liabilities measured at amortised cost	162,854	123,287	33,462
Total financial liabilities	162,854	123,287	33,462

Note 15B: Net Gains or Losses on Financial Assets

Loans and receivables			
Exchange (loss)	(1,247)	(5,072)	-
Impairment (loss)	(67)	(18)	-
Net (losses) on loans and receivables	(1,314)	(5,090)	-
Net (losses) on financial assets	(1,314)	(5,090)	-

Note 15C: Net Gains or Losses on Financial Liabilities

Financial liabilities measured at amortised cost			
Exchange (losses)	-	-	(47)
Net (losses) on financial liabilities measured at amortised cost	-	-	(47)
Net (losses) on financial liabilities	-	-	(47)

Note 15D: Fair Value of Financial Instruments

As the department only holds basic financial instruments (cash, receivables and payables), the carrying amounts are a reasonable approximation of fair value.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15E: Credit Risk

Credit risk is the possibility that a debtor will not repay some or all of a loan or receivable in a timely manner, causing loss to the department. The department is exposed to minimal credit risk as cash and cash equivalents, goods and services receivable and other receivables comprise all loans and receivables. The maximum exposure the department has to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets indicated in the Statement of Financial Position.

The department has assessed the risk of default on payment and has allocated \$348,000 (2013: \$311,000, AusAID 2013: \$13,000) to an impairment allowance for doubtful debts account. The department has no collateral to mitigate against credit risk.

Credit quality of financial assets not past due or individually determined as impaired

	AusAID		AusAID	
	Not past due nor impaired 2014 \$'000	Not past due nor impaired 2013 \$'000	Past due or impaired 2014 \$'000	Past due or impaired 2013 \$'000
Cash and cash equivalents	73,716	59,346	-	-
Goods and services receivable	31,136	19,746	3,869	11,311
Other receivables	41,862	13,242	150	7,626
Total	146,714	92,334	4,019	18,937
				104

Ageing of financial assets that were past due but not impaired for 2014

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Goods and services receivables	2,598	140	124	659	3,521
Other receivables	67	36	10	37	150
Total	2,665	176	134	696	3,671

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15E: Credit Risk (continued)

Ageing of financial assets that were past due but not impaired for 2013

DFAT

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total
Goods and services receivables	8,109	1,192	10	1,690	11,001
Other receivables	70	15	10	7,530	7,625
Total	8,179	1,207	20	9,220	18,626

Ageing of financial assets that were past due but not impaired for 2013

AusAID

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total
Goods and services receivables	172	2	1	12	187
Other receivables	-	-	-	-	-
Total	172	2	1	12	187

Note 15F: Liquidity Risk

The department's financial liabilities are trade creditors and other payables. It is highly unlikely that the department will encounter difficulty in meeting its obligations associated with these liabilities given that it is a Commonwealth entity and has funding mechanisms available to ensure default does not occur. In addition, the department has internal policies and procedures in place to ensure there are sufficient resources to make payments and it has no history of default. The following table illustrates the maturities for financial liabilities.

Maturities for non-derivative financial liabilities 2014

	On demand \$'000	Within 1 year \$'000	between 1 to 2 years \$'000	between 2 to 5 years \$'000	more than 5 years \$'000	Total \$'000
Trade creditors and accruals	-	117,309	-	-	-	117,309
Other payables	-	39,317	6,228	-	-	45,545
Total	-	156,626	6,228	-	-	162,854

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15F: Liquidity Risk (continued)

Maturities for non-derivative financial liabilities 2013

	On demand \$'000	Within 1 year \$'000	between 1 to 2 years \$'000	between 2 to 5 years \$'000	more than 5 years \$'000	Total \$'000
Trade creditors and accruals	-	79,870	-	-	-	79,870
Other payables	-	38,763	4,654	-	-	43,417
Total	-	118,633	4,654	-	-	123,287
Maturities for non-derivative financial liabilities 2013 (AusAID)						
	On demand \$'000	Within 1 year \$'000	between 1 to 2 years \$'000	between 2 to 5 years \$'000	more than 5 years \$'000	Total \$'000
Trade creditors and accruals	-	19,449	300	-	-	19,749
Other payables	-	13,713	-	-	-	13,713
Total	-	33,162	300	-	-	33,462

The department had no derivative financial liabilities in either 2013 or 2014.

Note 15G: Market Risk

Currency Risk

Currency risk refers to the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in foreign currency exchange rates. The department is exposed to foreign currency exchange risk primarily through undertaking certain transactions denominated in a wide range of foreign currency through its overseas operations. The following table illustrates the effect on the department's operating result (profit or loss) and equity as at 30 June 2014 from an 11.5% (2013: 15.7%) increase or decrease against the AUD in the currencies in which financial instruments were held by the department, with all other variables held constant.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15G: Market Risk (continued)

Sensitivity analysis of the risk that the department is exposed to for 2014

	Risk variable	Change in risk variable %	+ Favourable effect on		- Unfavourable effect on	
			Net cost of services \$'000	Equity \$'000	Net cost of services \$'000	Equity \$'000
Cash and cash equivalents	38,976	11.5 %	(4,017)	(4,017)	5,060	5,060
Receivables for goods and services	1,869	11.5 %	(193)	(193)	243	243
Other receivables	1,408	11.5 %	(145)	(145)	183	183
Trade creditors	(5,729)	11.5 %	590	590	(744)	(744)

Sensitivity analysis of the risk that the department is exposed to for 2013

	Risk variable	Change in risk variable %	Effect on		Effect on	
			Net cost of services \$'000	Equity \$'000	Net cost of services \$'000	Equity \$'000
Cash and cash equivalents	43,884	15.7%	(5,955)	(5,955)	8,173	8,173
Receivables for goods and services	(378)	15.7%	51	51	(70)	(70)
Other receivables	2,120	15.7%	(288)	(288)	395	395
Trade creditors	(345)	15.7%	47	47	(64)	(64)

Sensitivity analysis of the currency risk that the department is exposed to for 2013 (AusAID)

The only currency related items on AusAID's Statement of Financial Position are the 'cash on hand' and 'supplier payables'. With minimal amounts held in foreign currencies, currency risk is limited to the extent of the currency fluctuation at the translation date.

Interest Rate Risk and Other Price Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The department holds basic financial instruments that do not expose it to interest rate risk or other price risk.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16: Financial Assets Reconciliation

		2014	2013	AusAID
	Notes	\$'000	\$'000	2013
				\$'000
Total financial assets as per statement of financial position		1,074,572	1,047,657	88,405
Less: non-financial instrument components				
Appropriation receivables	6B	918,773	934,126	85,696
Other receivables (GST receivable from the ATO)	6B	5,414	2,571	826
Total non-financial instrument components		924,187	936,697	86,522
Total financial assets as per financial instruments note	15A	150,385	110,960	1,883

Department of Foreign Affairs and Trade
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Note 17: Administered - Expenses			
			<i>AusAID</i>
	2014	2013	2013
	\$'000	\$'000	\$'000
<u>Note 17A: Employee Benefits</u>			
Wages and salaries	-	142	-
Superannuation			
Defined benefit plans	-	23	-
Leave and other entitlements	-	37	-
Defined benefits pension schemes - transfers and payments	3,872	3,747	-
Other	843	1,269	-
Total employee benefits	4,715	5,218	-
<u>Note 17B: International Development Assistance</u>			
Development cooperation program	3,084,967	-	3,260,830
Total International development assistance	3,084,967	-	3,260,830
<u>Note 17C: Suppliers</u>			
Goods and services supplied or rendered			
Professional services	5,055	647	-
Australia Network	20,841	21,984	-
Other suppliers	1,143	489	-
Total goods and services supplied or rendered	27,039	23,120	-
Services rendered in connection with			
Related parties	20,841	21,984	-
External parties	6,198	1,136	-
Total services rendered	27,039	23,120	-
Total goods and services supplied or rendered	27,039	23,120	-
<u>Note 17D: Grants and Contributions</u>			
<i>DFAT</i>			
Private sector			
Non-profit organisations	16,132	4,575	-
Overseas - International organisations	111,867	91,615	-
Overseas - UN peacekeeping	175,885	136,227	-
Development cooperation program	502,261	-	-
Other	4	4	-
Total grants	806,149	232,421	-
<i>AusAID¹</i>			
Private sector			
Development cooperation program	233,408	-	535,048
Total grants	233,408	-	535,048
Total grants	1,039,557	232,421	535,048

¹ AusAID was merged with DFAT on 1 November 2013. Amounts disclosed for AusAID are for the period 1 July 2013 to 31 October 2013.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2014	2013	AusAID
	\$'000	\$'000	2013
			\$'000
<u>Note 17E: Depreciation and Amortisation</u>			
Depreciation			
Leasehold improvements	462	-	455
Property, plant and equipment	44	-	176
Amortisation			
Intangibles	1,973	-	1,760
Total depreciation and amortisation	2,479	-	2,391
<u>Note 17F: Finance Costs</u>			
Unwinding of discount - restoration obligation	-	-	5
Unwinding of discount - multilateral grants and contributions	50,630	-	35,556
Total finance costs	50,630	-	35,561
<u>Note 17G: Write-Down and Impairment of Assets</u>			
Impairment of financial assets	-	135	-
Impairment of financial instruments - amortised cost	727	-	64
Write-down property, plant and equipment	889	-	-
Write-down leasehold improvements	36	-	-
Total write-down and impairment of assets	1,652	135	64
<u>Note 17H: Net Foreign Exchange Losses</u>			
Non-speculative - other	-	3,380	5,659
Total foreign exchange losses	-	3,380	5,659
<u>Note 17I: Payments to CAC Act Bodies</u>			
Commonwealth Superannuation Corporation	8,458	-	8,945
EFIC	13,150	13,212	-
Tourism Australia	84,818	-	-
Total payments to CAC Act bodies	106,426	13,212	8,945
<u>Note 17J: Other Expenses</u>			
Passport and consular fee refunds	999	831	-
Loss from measuring financial liabilities - at fair value through profit & loss	372,802	-	380,827
Concessional cost for loans	29,221	-	29,751
Total other expenses	403,022	831	410,578

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Note 18: Administered - Income			
	2014	2013	AusAID 2013
	\$'000	\$'000	\$'000
<u>Note 18A: Sale of Goods and Rendering of Services</u>			
Rendering of services in connection with			
Related parties			
Passport fees	217	170	-
External parties			
Passport fees	367,842	355,404	-
Consular services	8,143	7,746	-
Nuclear safeguard charges	784	671	-
Total sale of goods and rendering of services	376,986	363,991	-
<u>Note 18B: Interest</u>			
Loans	-	-	16
Loan and receivable discount unwinding	9,035	-	7,429
NIA	3,099	3,869	-
Other	99	90	-
Total interest	12,233	3,959	7,445
<u>Note 18C: Dividends</u>			
EFIC	11,250	226,839	-
Total dividends	11,250	226,839	-
<u>Note 18D: Return of Prior Year Administered Expenses</u>			
Return of prior year administered expenses	42,264	10,210	37,746
Total return of prior year administered expenses	42,264	10,210	37,746
<u>Note 18E: Other Revenue</u>			
NIA - repayments of interest subsidy and recoveries	16,337	15,894	-
NIA - premiums	9,649	7,686	-
Defined benefit pension schemes - contributions	3,811	2,922	-
Other	47	192	-
Total other revenue	29,844	26,694	-
<u>Note 18F: Net Foreign Exchange Gains</u>			
Non-speculative	168	-	-
Total foreign exchange gains	168	-	-
<u>Note 18G: Reversals of Previous Asset Write-Downs and Impairments</u>			
Reversals of impairment on financial instrument - 'available for sale' financial asset	42,541	-	216,769
Total reversals of previous asset write-downs and impairments	42,541	-	216,769

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2014	2013	AusAID
	\$'000	\$'000	2013
			\$'000
<u>Note 18H: Other Gains</u>			
Gains from remeasuring financial liabilities - at fair value through profit & loss	58,150	-	4,424
Gain on restoration obligation	45	-	1
Assets acquired for no consideration - property, plant and equipment	-	-	1,082
Other	106	-	7
Total other gains	58,301	-	5,514

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 19: Administered - Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.
The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the department can access at measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 19A: Fair Value Measurements

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014

	Fair value measurements at the end of the reporting period using			
	Fair value \$'000	Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
Financial assets				
Other investments	1,787,084	-	-	1,787,084
Total financial assets	1,787,084	-	-	1,787,084
Non-financial assets				
Leasehold improvements	2,127	-	-	2,127
Property, plant and equipment	18	-	18	-
Total non-financial assets	2,145	-	18	2,127
Total fair value measurements of assets in the administered schedule of assets and liabilities	1,789,229	-	18	1,789,211
Financial liabilities				
Multilateral grants	590,525	-	-	590,525
Multilateral contributions payable	1,068,853	-	-	1,068,853
Total financial liabilities	1,659,378	-	-	1,659,378
Total fair value measurements of liabilities in the administered schedule of assets and liabilities	1,659,378	-	-	1,659,378

The department did not measure any non-financial assets at fair value on a non- recurring basis as at 30 June 2014.

Fair value measurements - highest and best use

The department's administered assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all controlled assets is considered their highest and best use.

Note 19B: Level 1 and Level 2 Transfers for Recurring Fair Value

There have been no transfers between levels of the hierarchy during the year. The department's policy for determining when transfers between levels are deemed to have occurred can be found at Note 1.24.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 19C: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements Level 2 and 3 fair value measurements - valuation technique and the inputs used for assets and liabilities in 2014				
Category (Level 2 or Level 3)	Fair value \$'000	Valuation technique(s) ¹	Inputs used ²	Range (weighted average) ³
Financial assets				
Non-monetary 'available for sale' IDA and ADF subscriptions	3	1,544,835 Discounted cash flow method	A discounted rate range is used to discount the expected loan principal repayments of the loan portfolio of IDA and ADF	Discounted rate range applied: 9.5% to 10.5% (IDA loan portfolio) 11.5% to 12.5% (ADF loan portfolio)
Investment in EFIC Commercial Account	3	225,926 Net asset position	Balance sheet of EFIC's commercial account	Information required for this disclosure will be obtained and reported in 2014-15.
Tourism Australia	3	16,323 Net asset position	Balance sheet of Tourism Australia	Information required for this disclosure will be obtained and reported in 2014-15.
Non-financial assets				
Leasehold improvements	3	2,127 Depreciated replacement cost (DRC)	Replacement cost	N/A
		Net present value	Current obligation cost (price per square metre)	\$1,192
			Consumed economic benefits and obsolescence	\$0.292m – \$0.360m (\$0.293m)
Property, plant and equipment	2	18 Market Approach	Adjusted market transactions	N/A
Financial liabilities				
Multilateral grants	3	590,525 Discounted cash flow method	A discounted rate range and a 10 year government bond rate is used to discount the expected payment schedules of each grant agreement	Discounted rate range applied: 9.5% to 10.5% (IDA loan portfolio) 11.5% to 12.5% (ADF loan portfolio) 10 year government bond rate: 3.56%
Multilateral contributions payable	3	1,068,853 Discounted cash flow method	A discounted rate range and a 10 year government bond rate is used to discount the expected payment schedules of each loan agreement	Discounted rate range applied: 9.5% to 10.5% (IDA loan portfolio) 11.5% to 12.5% (ADF loan portfolio) 10 year government bond rate: 3.56%

Note 19C: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements (continued)

¹ There has been no change to valuation techniques used. The following valuation techniques were used:

Cost Approach: The amount required currently to replace the service capacity of the asset.

Depreciation Replacement Cost: The amount a market participant would be prepared to pay to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence.

Income Approach: Converts future amounts (cash flows or income and expenses) to a single current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Discounted Net Cash Flow Approach: The net cash flows over the appropriate timeframe together with a terminal value for the asset at the end of the forecast period, discounted back to the measurement date, resulting in a net present value for the asset.

Market Approach: Market approach seeks to estimate the current value of an asset with reference to recent market evidence including transactions of comparable assets within local second-hand markets.

² The following valuation inputs were used to calculate fair values:

Replacement Cost of New Assets/Contracted Prices: The amount a market participant would pay to acquire or construct a new or substitute asset of comparable utility.

Consumed Economic Benefits or Obsolescence of Assets: Physical deterioration, functional or technical obsolescence and conditions of the economic environment specific to the asset.

Adjusted Market Transactions/Sale Price and Income Comparables: Market transactions of comparable assets, adjusted to reflect differences in price sensitive characteristics.

³ Significant unobservable inputs only. Not applicable for assets or liabilities in the level 2 category. The range relates to the lowest and highest increase or decrease to the current fair value. The weighted average relates to the weighted average movement of the fair value. The range and weighted average were provided by independent valuers, using appropriate methodologies for each asset category. The weighted average was not provided for level 3 inputs if the sensitivity was not representative for the entire asset category.

There were no significant inter-relationships between unobservable inputs that materially affect fair value.

Recurring and non-recurring Level 3 fair value measurements - valuation processes

The department revalued all administered leasehold improvements and property, plant and equipment assets as at 30 June 2013 as part of the department's rolling revaluation program. All leasehold improvements and property, plant and equipment assets were subject to an independent review as at 30 June 2014 to ensure all asset classes were held at fair value. There is no change in the carrying value or valuation technique since the prior year.

Recurring Level 3 fair value measurements - sensitivity of inputs

Adjusted market transactions

The significant unobservable inputs used in the fair value measurement of the department's property, plant and equipment asset class relate to adjustments to market transactions. A significant increase/(decrease) in this input would result in a significantly higher/(lower) fair value measurement.

Consumed economic benefit/obsolescence of asset

The significant unobservable inputs used in the fair value measurement of the department's leasehold improvements asset class relate to consumed economic benefit/asset obsolescence. A significant increase/(decrease) in this input would result in a significantly lower/(higher) fair value measurement.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 19D: Reconciliation for Recurring Level 3 Fair Value Measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Financial assets		Non-financial assets	
	Other investments	Total	Leasehold improvements	Total
	2014	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000
Opening balance	1,730,296	1,730,296	-	-
Total gains recognised in net cost of services ¹	56,788	56,788	-	-
Assets first assessed as level 3 30 June 2014 ²	-	-	2,127	2,127
Closing balance	1,787,084	1,787,084	2,127	2,127
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period ³	-	-	-	-

¹ These gains are represented in the Administered Schedule of Comprehensive Income under other gains.

² Assets were first assessed as level 3 by an independent valuer as at 30 June 2014.

³ There are no unrealised gains/(losses) for level 3 assets in the Statement of Comprehensive Income as at 30 June 2014.

The department's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.24.

Recurring Level 3 fair value measurements - reconciliation for liabilities

	Financial liabilities		
	Multilateral grants	Multilateral contributions payable	Total
	2014	2014	2014
	\$'000	\$'000	\$'000
Opening balance	492,252	898,042	1,390,294
Total gains recognised in net cost of services ¹	(62,378)	(73,279)	(135,657)
Purchases	265,089	483,741	748,830
Settlements	(104,438)	(239,651)	(344,089)
Closing balance	590,525	1,068,853	1,659,378
Changes in unrealised gains/(losses) recognised in net cost of services for liabilities held at the end of the reporting period ²	-	-	-

¹ These losses are represented in the administered schedule of comprehensive income under other expenses.

² There are no unrealised gains/(losses) for level 3 assets in the statement of comprehensive income as at 30 June 2014.

The department's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.24.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 20: Administered - Financial Assets

	2014	2013	AusAID 2013
	\$'000	\$'000	\$'000
Note 20A: Cash and Cash Equivalents			
Cash on hand or on deposit	16,414	134	24,571
Total cash and cash equivalents	16,414	134	24,571
Note 20B: Trade and Other Receivables			
Goods and services receivables in connection with			
External parties	113	46	-
Total receivables for goods and services	113	46	-
Advances and loans			
Concessional loan receivable – AIPRD	120,394	-	101,043
Other - travellers emergency loans	1,317	1,288	-
Total advances and loans	121,711	1,288	101,043
Other receivables			
Related entities ¹	748	476	-
Statutory receivables	10,419	20	14,379
Net position of EFIC – NIA ²	485	-	-
Passport fees, passport act fines and consular fees	1,437	1,778	-
Other	1,380	-	2,187
Total other receivables	14,469	2,274	16,566
Total trade and other receivables (gross)	136,293	3,608	117,609
Less impairment allowance			
Advances and loans - travellers emergency loans	(405)	(403)	-
Receivables - passport act fines	(31)	(31)	-
Receivables - other	(440)	-	(199)
Total impairment allowance account	(876)	(434)	(199)
Total trade and other receivables (net)	135,417	3,174	117,410
Trade and other receivables (net) are expected to be recovered			
No more than 12 months	14,630	2,759	16,367
More than 12 months	120,787	415	101,043
Total trade and other receivables (net)	135,417	3,174	117,410
Trade and other receivables (gross) aged as follows			
Not overdue	134,559	2,676	115,605
Overdue by			
0 to 30 days	377	11	592
31 to 60 days	44	2	169
61 to 90 days	339	5	13
More than 90 days	974	914	1,230
Total trade and other receivables (gross)	136,293	3,608	117,609

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Note 20B: Trade and Other Receivables (continued)

	2014	2013	AusAID
	\$'000	\$'000	\$'000
The impairment allowance aged as follows			
Not overdue	-	-	-
Overdue by			
0 to 90 days	-	-	-
More than 90 days	(876)	(434)	(199)
Total impairment allowance	(876)	(434)	(199)

¹ Goods and services receivable are with entities external to the Australian Government. Credit terms were with 30 days (2013: 30 days).

² Loans on the National Interest Account (NIA) are funded from the Commercial Account at fair value. The amount disclosed above reflects the Commonwealth's exposure on business undertaken on the NIA. It reflects the net amount of:

- 1) assets in the form of loans and rescheduled credit insurance debts to overseas governments, commitment fees on loans received by EFIC but not yet paid to the Commonwealth, bond premiums receivable from exporters.
- 2) liabilities relating to the reimbursement to EFIC for debt forgiveness on loans, provision for unearned income on loan premiums, accrued expenses including EFIC administration fees and other creditors.

Reconciliation of the Impairment Allowance Account**Movements in relation to 2014**

	Advances and loans	Other receivables	Total
	\$'000	\$'000	\$'000
Opening balance	403	230	633
Amounts impaired	-	332	332
Amounts recovered and reversed	2	(91)	(89)
Closing balance	405	471	876

Movements in relation to 2013 DFAT

Opening balance	546	-	546
Amounts impaired	17	31	48
Amounts recovered and reversed	(160)	-	(160)
Closing balance	403	31	434

Movements in relation to 2013 AusAID

Opening balance	-	192	192
Amounts impaired	-	7	7
Closing balance	-	199	199

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	2014	2013	AusAID
	\$'000	\$'000	2013
			\$'000
Note 20C: Other Investments			
Non-monetary 'available for sale' IDA and ADF Subscriptions ¹	1,544,835	-	1,493,609
EFIC - commercial account ²	225,926	216,240	-
Tourism Australia ³	16,323	-	-
Total other investments	1,787,084	216,240	1,493,609

¹ The Australian Government holds these investments long term for policy reasons. The AASB 139 technical definition 'available for sale' does not indicate an intention to trade these investments. The investment represents subscription-based membership rights (not control) held by the Australian Government in accordance with the articles of association for the IDA and the ADF. There is no observable market value for these investments and fair value has been determined through professional valuation advice.

² EFIC's principal activity is the provision of competitive finance and insurance services to Australian exporters and Australian companies investing in new projects overseas. The Australian Government guarantees to EFIC's creditors for the payment of monies payable by EFIC on the commercial account. The Minister for Trade and Investment has the powers to determine and instruct EFIC to pay a dividend in accordance with section 55(1) of the EFIC Act. The department's investment in this entity is measured at fair value as at 30 June. Fair value has been taken to be the net assets of EFIC as at balance date.

³ DFAT administers Tourism Australia on behalf of the Government for oversight and management purposes and to improve linkages internationally. The department's investment in this entity is measured at fair value as at 30 June. Fair value has been taken to be the net assets of Tourism Australia as at balance date.

Investments are expected to be recovered in

No more than 12 months	-	-	-
More than 12 months	1,787,084	216,240	1,493,609
Total other investments	1,787,084	216,240	1,493,609

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Note 21: Administered - Non-Financial Assets

	2014	2013	AusAID
	\$'000	\$'000	\$'000
Note 21A: Leasehold Improvements			
Fair value	2,592	-	2,637
Accumulated depreciation	(465)	-	(12)
Total leasehold improvements	2,127	-	2,625
Note 21B: Property, Plant and Equipment			
Fair value	32	-	1,113
Accumulated depreciation	(14)	-	(162)
Total property, plant and equipment	18	-	951

No plant and equipment was held by the department under finance leases (2013: nil).

Revaluation increments of nil for leasehold improvements (2013: \$65,160) and nil for plant and equipment (2013: \$10,685) were credited to the asset revaluation surplus and included in the administered reconciliation schedule.

Note 21C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment

	Leasehold improvements \$'000	Property, plant and equipment \$'000	Total \$'000
As at 1 July 2013			
Gross book value	2,637	1,113	3,750
Accumulated depreciation and impairment	(12)	(162)	(174)
Total as at 1 July 2013	2,625	951	3,576
Depreciation expense	(462)	(44)	(506)
Disposals	-	-	-
Other Disposals	(36)	(889)	(925)
Total as at 30 June 2014	2,127	18	2,145
Total as at 30 June 2014 represented by			
Gross book value	2,592	32	2,624
Accumulated depreciation and impairment	(465)	(14)	(479)
Total as at 30 June 2014	2,127	18	2,145

Note 21C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (continued)

<i>AusAID</i>	Leasehold improvements \$'000	Property, plant and equipment \$'000	Total \$'000
As at 1 July 2012			
Gross book value	3,919	40	3,959
Accumulated depreciation and impairment	(958)	(17)	(975)
Total as at 1 July 2012	2,961	23	2,984
Additions			
By purchase	54	12	66
Assets acquired for no consideration	-	1,082	1,082
Revaluations	65	10	75
Depreciation expense	(455)	(176)	(631)
Total as at 30 June 2013	2,625	951	3,576
Total as at 30 June 2013 represented by			
Gross book value	2,637	1,113	3,750
Accumulated depreciation and impairment	(12)	(162)	(174)
Total as at 30 June 2013	2,625	951	3,576

DFAT had no property, plant and equipment or leasehold improvements to include in 2012-13.

Note 21D: Intangibles**Computer software**

Internally developed – in progress	375	-	614
Internally developed – in use	11,319	-	10,063
Total computer software (gross)	11,694	-	10,677
Accumulated amortisation	(6,540)	-	(4,567)
Total computer software (net)	5,154	-	6,110
Total intangibles	5,154	-	6,110

No indicators of impairment have been identified for intangibles assets (2013: nil). The impairment assessment was undertaken on internally developed – in progress assets.

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Note 21E: Reconciliation of the Opening and Closing Balances of Intangibles

<i>DFAT</i>	Computer software internally developed \$'000	Total \$'000
As at 1 July 2013		
Gross book value	10,677	10,677
Accumulated depreciation/amortisation and impairment	(4,567)	(4,567)
Total as at 1 July 2013	6,110	6,110
Additions		
By purchase or internally developed	1,017	1,017
Amortisation	(1,973)	(1,973)
Disposals		
Other Disposals	-	-
Total as at 30 June 2014	5,154	5,154
Total as at 30 June 2014 represented by		
Gross book value	11,694	11,694
Accumulated depreciation/amortisation and impairment	(6,540)	(6,540)
Total as at 30 June 2014	5,154	5,154
<i>AusAID</i>		
As at 1 July 2012		
Gross book value	9,262	9,262
Accumulated amortisation and impairment	(2,807)	(2,807)
Total as at 1 July 2012	6,455	6,455
Additions		
By purchase or internally developed	1,415	1,415
Amortisation	(1,760)	(1,760)
Total as at 30 June 2013	6,110	6,110
Total as at 30 June 2013 represented by		
Gross book value	10,677	10,677
Accumulated amortisation and impairment	(4,567)	(4,567)
Total as at 30 June 2013	6,110	6,110

	2014	2013	<i>AusAID</i> 2013
	\$'000	\$'000	\$'000
Note 21F: Other Non-Financial Assets			
Prepayments	652	-	2,381
Total other non-financial assets	652	-	2,381
Total other non-financial assets are expected to be recovered in			
No more than 12 months	652	-	2,381
More than 12 months	-	-	-
Total other non-financial assets	652	-	2,381

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Note 22: Administered - Payables			
			<i>AusAID</i>
	2014	2013	2013
	\$'000	\$'000	\$'000
Note 22A: Suppliers			
Trade creditors and accruals	134,940	293	245,529
Multilateral contributions - fair value through profit and loss	1,068,853	-	898,042
Other creditors	165	7	-
Total supplier payables	1,203,958	300	1,143,571
Suppliers expected to be settled			
No more than 12 months	311,165	300	421,973
More than 12 months	892,793	-	721,598
Total suppliers	1,203,958	300	1,143,571
Suppliers in connection with			
Related parties	1,639	-	-
External parties	1,202,319	300	-
Total suppliers	1,203,958	300	-
Note 22B: Grants			
Multilateral grants payable - fair value through profit and loss	590,525	-	492,252
Total grants	590,525	-	492,252
Grants are expected to be settled in			
No more than 12 months	107,252	-	100,653
More than 12 months	483,273	-	391,599
Total grants	590,525	-	492,252
Note 22C: Other Payables			
Net position of EFIC – NIA ¹	-	3,791	-
Unearned income - passports revenue	18,033	7,039	-
Defined benefit pension schemes - NAPS	44,592	36,430	-
Defined benefits pension schemes - Other	13,405	12,722	-
Total other payables	76,030	59,982	-
Total other payables are expected to be settled in			
No more than 12 months	18,033	897	-
More than 12 months	57,997	59,085	-
Total other payables	76,030	59,982	-

¹ Loans on the NIA are funded from the commercial account at fair value. The amount disclosed above reflects the Commonwealth's exposure on business undertaken on the NIA. It reflects the net amount of:

- 1) assets in the form of loans and rescheduled credit insurance debts to overseas governments, commitment fees on loans received by EFIC but not yet paid to the Commonwealth and bond premiums receivable from exporters
- 2) liabilities relating to the reimbursement to EFIC for debt forgiveness on loans, provision for unearned income on loan premiums, accrued expenses including EFIC administration fees and other creditors.

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Note 23: Administered - Provisions

	2014	2013	AusAID
	\$'000	\$'000	2013
			\$'000
Note 23A: Employee Provisions			
Leave	9,310	-	10,433
Other	877	-	909
Total employee provisions	10,187	-	11,342
Employee provisions are expected to be settled in:			
No more than 12 months	7,002	-	7,159
More than 12 months	3,185	-	4,183
Total employee provisions	10,187	-	11,342
Note 23B: Other Provisions			
Provisions for restoration obligations	13	-	58
Total other provisions	13	-	58
Other provisions are expected to be settled in			
No more than 12 months	-	-	-
More than 12 months	13	-	58
Total other provisions	13	-	58
Reconciliation of other provisions			
Movement in relation 2014	Restoration obligations		Total
	\$'000		\$'000
Carrying amount 1 July 2013	58		58
Amounts reversed	(45)		(45)
Closing balance 30 June 2014	13		13

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Note 24: Administered - Cash Flow Reconciliation			
	2014	2013	<i>AusAID</i> 2013
	\$'000	\$'000	\$'000
Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement			
Cash and cash equivalents as per			
Administered Schedule of Cash Flows	16,414	134	24,571
Administered Schedule of Assets and Liabilities	16,414	134	24,571
Difference	-	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities			
Net (cost of)/contribution by services	(4,146,900)	353,376	(3,991,602)
Adjustments for non-cash items			
Administered revaluations taken to/(from) reserves	26,009	(201,823)	-
Actuarial (losses) taken from reserves	(9,479)	(5,133)	-
Depreciation and amortisation	2,479	-	2,391
Net write-down of non-financial assets	925	-	-
Gains on valuation of 'available for sale' financial assets	(51,225)	-	(216,769)
Gains on assets acquired for no consideration	-	-	(1,082)
Non-cash finance expense	434,900	-	424,104
Movements in assets and liabilities			
Assets			
Decrease in net receivables	242	30,473	(2,049)
Increase in investments	(26,009)	201,823	-
Decrease in other non-financial assets	1,729	1,650	(1,685)
Liabilities			
Increase in supplier payables	60,076	(942)	(12,539)
Increase in grants payable	98,273	-	14,437
Increase in other payables (NIA)	4,276	(6,898)	-
Decrease in employee provisions	(1,144)	-	-
Increase in other payables pensions	8,845	8,880	-
Increase in other payables	7,203	(1,710)	-
Decrease in other provisions	(45)	-	3,399
Net cash from/(used by) operating activities	(3,589,845)	379,696	(3,781,395)

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Note 25: Administered - Contingent Assets and Liabilities

There are no contingent assets or liabilities 2013-14 (2012-13: nil)

Quantifiable Administered Contingencies

There are no quantifiable administered contingencies disclosed in the Administered Schedule of Assets and Liabilities.

Unquantifiable Administered Contingencies

At 30 June 2014, the department was involved in a number of matters relating to the recovery of funds.

It is not possible to estimate the amounts of any eventual recoveries that may be received in relation to these matters. There are no unquantifiable administered liabilities.

Significant Remote Administered Contingencies

Under section 61 of the EFIC Act, the Australian Government guarantees the due payment by the EFIC of money that is, or may at any time become, payable by the EFIC to any person other than the Australian Government. Details of remote contingencies are shown in the following table.

	2014	2013	AusAID 2013
	\$'000	\$'000	\$'000
Contracts of insurance and guarantees	976,400	880,000	-
Statement of financial position liabilities	1,685,900	1,686,000	-
NIA contracts of insurance, guarantees and statement of position liabilities	658,600	718,500	-
Total significant remote administered contingencies	3,320,900	3,284,500	-

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26: Administered - Financial Instruments			
			<i>AusAID</i>
	2014	2013	2013
<u>Note 26A: Categories of Financial Instruments</u>	\$'000	\$'000	\$'000
Financial assets			
Cash and cash equivalents	16,414	134	24,571
Loans and receivables			
Goods and services receivables	861	522	-
Concessional loan receivable	120,394	-	101,043
Net position of EFIC - NIA	485	-	-
Traveller emergency loans	912	885	-
Passport fee, Passport Act fines and consular fees	1,406	1,747	-
Other receivables	940	-	1,988
Total loans and receivables	124,998	3,154	103,031
Available-for-sale financial assets			
Non-monetary available for sale debt instrument - fair value	1,544,835	-	1,493,609
EFIC - commercial account	225,926	216,240	-
Tourism Australia	16,323	-	-
Total available for sale	1,787,084	216,240	1,493,609
Total financial assets	1,928,496	219,528	1,621,211
Financial liabilities			
Financial liabilities measured at amortised cost			
Trade creditors and accruals	134,940	293	245,529
NIA	-	3,791	-
Other suppliers	165	7	-
Total financial liabilities measured at amortised cost	135,105	4,091	245,529
Financial liabilities at fair value through profit or loss			
Multilateral grants payable			
IDA	272,412	-	211,861
ADF	144,077	-	162,668
Multilateral Fund for implementation of the Montreal Protocol	-	-	3,064
The Global Environment Facility	53,240	-	69,734
Heavily Indebted Poor Countries	36,580	-	12,073
International Fund for Agricultural Development	918	-	2,309
Multilateral Debt Relief Initiative	83,298	-	30,543
Total multilateral grants payable	590,525	-	492,252
Multilateral contributions payable			
IDA	630,225	-	410,872
ADF	438,628	-	487,170
Total multilateral contributions payable	1,068,853	-	898,042
Total financial liabilities at fair value through profit or loss	1,659,378	-	1,390,294
Total financial liabilities	1,794,483	4,091	1,635,823

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2014	2013	AusAID 2013
	\$'000	\$'000	\$'000
Note 26B: Net Gains or Losses on Financial Assets			
Loans and receivables			
Interest revenue	12,233	90	7,445
Concessional costs for loans	(29,221)	-	(29,751)
Impairment (decrease)	(243)	112	-
Write-off	-	(135)	-
Net (loss)/gain on loans and receivable	(17,231)	67	(22,306)
Available-for-sale financial assets			
Dividend revenue	11,250	226,839	-
Gains recognised in profit or loss for reversal of impairment	42,541	-	216,769
Revaluation gain/(loss) recognised in equity	26,009	(201,823)	-
Net gain from available for sale	79,800	25,016	216,769
Net gain from financial assets	62,569	25,083	194,463
Note 26C: Net Gains or Losses on Financial Liabilities			
Financial liabilities measured at amortised cost			
NIA interest revenue	3,099	3,869	-
Other revenue	25,986	23,580	-
Exchange gain/(loss)	168	(237)	(5,659)
Interest expense	(1,972)	(2,752)	-
Administered costs	(1,566)	(2,234)	-
Net gain/(loss) on financial liabilities measured at amortised cost	25,715	22,226	(5,659)
Financial liabilities at fair value through profit or loss			
Held for trading			
Unwinding of discount	(50,630)	-	(35,556)
(Loss) on remeasuring at fair value through profit or loss	(372,802)	-	(380,827)
Gains recognised in income	58,150	-	4,425
Net (loss) on financial liabilities at fair value through profit or loss	(365,282)	-	(411,958)
Net gain/(loss) on financial liabilities	(339,567)	22,226	(417,617)

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Note 26D: Fair Value of Financial Instruments

	<i>DFAT</i>			<i>AusAID</i>		
	Carrying amount 2014 \$'000	Fair value 2014 \$'000	Carrying amount 2013 \$'000	Fair value 2013 \$'000	Carrying amount 2013 \$'000	Fair value 2013 \$'000
Financial assets						
Cash and cash equivalents	16,414	16,414	134	134	24,571	24,571
Receivables for goods and services	861	861	522	522	-	-
Concessional loans receivable	120,394	120,394	-	-	101,043	101,043
Net position of EFIC - NIA	485	485	-	-	-	-
Traveller emergency loans	912	912	885	885	-	-
Accrued revenue - passport fees, Passport Act fines and consular fees	1,406	1,406	1,747	1,747	-	-
Other receivables	940	940	-	-	1,988	1,988
Investments - available for sale	1,544,835	1,544,835	-	-	1,493,609	1,493,609
Investments - EFIC	225,926	225,926	216,240	216,240	-	-
Investments - Tourism Australia	16,323	16,323	-	-	-	-
Total financial assets	1,928,496	1,928,496	219,528	219,528	1,621,211	1,621,211
Financial liabilities						
Trade creditors	135,105	135,105	300	300	245,529	245,529
NIA	-	-	3,791	3,791	-	-
Grants payable - at fair value through profit or loss	590,525	590,525	-	-	492,252	492,252
Multilateral contributions payable IDA/ADF at fair value through profit or loss	1,068,853	1,068,853	-	-	898,042	898,042
Total financial liabilities	1,794,483	1,794,483	4,091	4,091	1,635,823	1,635,823

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Note 26D: Fair Value of Financial Instruments (continued)

Fair value measurements categorised by fair value hierarchy

The table at Note 26E provides an analysis of financial instruments that are measured at fair value, by valuation method.

The different levels are defined below:

Level 1: Fair value obtained from unadjusted quoted prices in active markets for identical instruments.

Level 2: Fair value derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly or indirectly.

Level 3: Fair value derived from inputs that are not based on observable market data.

This revaluation gain/loss is presented in the schedule of administered items and is related to the movements in the carrying amount of investments.

Note 26E: Credit Risk

Recognised in the DFAT administered accounts

The department's senior executive has endorsed policies and procedures for debt management (including the provision of credit terms) to reduce the incidence of credit risk. Collateral is not required on any loan.

Credit risk is the possibility that a debtor will not repay all or a portion of a loan or will not repay in a timely manner and will therefore cause a loss to the department. The department has exposure to concentrations of credit risk with regard to the 'loan receivable' and the 'non-monetary available for sale debt instrument at fair value'. The maximum exposure the department has to credit risk at reporting date in relation to each class of recognised financial assets is presented in the following table excluding any collateral or credit enhancements.

Maximum exposure to credit risk (excluding any collateral or credit enhancements)

	2014	2013	AusAID
	\$'000	\$'000	\$'000
Financial assets carried at amount not best representing maximum exposure to credit risk			
Loan receivable	124,998	3,154	103,031
Available for sale	1,787,084	216,240	1,493,609
Total financial assets carried at amount not best representing maximum exposure to credit risk	1,912,082	219,394	1,596,640
Financial liabilities carried at amount not best representing maximum exposure to credit risk			
At amortised cost	135,105	4,091	245,529
Through profit or loss	1,659,378	-	1,390,294
Total financial liabilities carried at amount not best representing maximum exposure to credit risk	1,794,483	4,091	1,635,823

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Note 26E: Credit Risk (continued)

Credit quality of financial assets not past due or individually determined as impaired

	Not past due or impaired 2014 \$'000	Not past due or impaired 2013 \$'000	AusAID Not past due or impaired 2013 \$'000	Past due or impaired 2014 \$'000	Past due or impaired 2013 \$'000	AusAID Past due or impaired 2013 \$'000
Loan receivable	302,134	194,307	101,226	180,607	193,017	2,203
Available for sale	1,787,084	216,240	1,493,609	-	-	-
Total	2,089,218	410,547	1,594,835	180,607	193,017	2,203

Ageing of financial assets that were past due but not impaired for 2014

	Not past due nor impaired \$'000	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90 + days \$'000	Total \$'000
Not impaired						
Loan receivable	302,134	377	44	339	974	303,868
Available for sale	1,787,084	-	-	-	-	1,787,084
Total	2,089,218	377	44	339	974	2,090,952
Impaired						
Loan receivable	(178,434)	-	-	-	-	(178,434)
Available for sale	-	-	-	-	-	-
Total	(178,434)	-	-	-	-	(178,434)

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26E: Credit Risk (continued)

Ageing of financial assets that were past due but not impaired for 2013 DFAT

	Not past due nor impaired \$'000	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90 + days \$'000	Total \$'000
Not impaired						
Loan receivable	194,307	11	2	5	914	195,239
Available for sale	216,240	-	-	-	1	216,241
Total	410,547	11	2	5	915	411,480
Impaired						
Loan receivable	(191,651)	-	-	-	(434)	(192,085)
Available for sale	-	-	-	-	-	-
Total	(191,651)	-	-	-	(434)	(192,085)

DFAT impaired some traveller emergency loans immediately on issuance as the loan recipient, while requiring consular assistance and legally able to enter into a loan contract, was assessed as not likely to be in a position to repay the loan based on observable evidence and factors.

Ageing of financial assets that were past due but not impaired for 2013 AusAID

Not impaired						
Loan receivable	100,452	592	169	13	-	101,226
Available for sale	1,493,609	-	-	-	-	1,493,609
Total	1,594,061	592	169	13	-	1,594,835
Impaired						
Loan receivable	-	-	-	-	(199)	(199)
Available for sale	-	-	-	-	-	-
Total	-	-	-	-	(199)	(199)

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26F: Liquidity Risk

The continued existence of the department in its present form and with its present programs is dependent on government policy and on continuing appropriations by Parliament for the department's administration and programs. The probability of the Government encountering difficulties meeting its administered financial obligations is less than remote.

Maturities for non-derivative financial liabilities 2014

	On demand \$'000	within 1 year \$'000	between 1 to 2 years \$'000	between 2 to 5 years \$'000	more than 5 years \$'000	Total \$'000
Financial liabilities measured at amortised cost	-	135,097	-	-	-	135,097
Financial liabilities at fair value through profit or loss	-	283,320	285,117	696,719	394,222	1,659,378
Total	-	418,417	285,117	696,719	394,222	1,794,475

Maturities for non-derivative financial liabilities 2013 DFAT

	On demand \$'000	within 1 year \$'000	between 1 to 2 years \$'000	between 2 to 5 years \$'000	more than 5 years \$'000	Total \$'000
Financial liabilities measured at amortised cost	-	(5,843)	3,396	5,035	1,503	4,091
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Total	-	(5,843)	3,396	5,035	1,503	4,091

Maturities for non-derivative financial liabilities 2013 AusAID

	On demand \$'000	within 1 year \$'000	between 1 to 2 years \$'000	between 2 to 5 years \$'000	more than 5 years \$'000	Total \$'000
Financial liabilities measured at amortised cost	-	245,529	-	-	-	245,529
Financial liabilities at fair value through profit or loss	-	277,098	246,380	830,236	36,580	1,390,294
Total	-	522,627	246,380	830,236	36,580	1,635,823

The department had no derivative financial liabilities in both the current and prior financial year.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26G: Market Risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the following types of risk, either alone or in combination: interest rate risk, sovereign risk and liquidity risk (for the purposes of discounting the future value of the non-monetary 'available for sale' debt instrument); currency risk (for the purposes of converting to Australian dollars the discounted United States dollar value of the non-monetary 'available for sale' debt instrument); and the 10-year government bond rate for the purposes of discounting future liabilities relating to multilateral loan and grant commitments. The following sensitivity analysis discloses the effect that a reasonable possible change in each risk variable, either alone, or in total, would have on the department's administered income and expenses.

The following table illustrates the effect on the department's administered net income less expenses and equity as at 30 June 2014 from 11.5% (2013: 15.7%) increase or decrease against the AUD in the currencies in which the financial instruments were administered by the department with all other variables held constant.

Sensitivity analysis of the risk that the department is exposed to for 2014

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$'000	Equity \$'000
Currency risk	\$/USD	+ 11.5%	-	-
Currency risk	\$/USD	- 11.5%	-	-
Currency risk	\$/EUR	+ 11.5%	(19)	(19)
Currency risk	\$/EUR	- 11.5%	24	24
Interest rate risk	*	+ 0.6%	100,971	100,971
Interest rate risk	*	- 0.6%	(104,015)	(104,015)

Sensitivity analysis of the risk that the department is exposed to for 2013

DFAT

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$'000	Equity \$'000
Currency risk	\$/USD	15.70%	(1,253)	(1,253)
Currency risk	\$/USD	-15.70%	1,719	1,719

Sensitivity analysis of the risk that the department is exposed to for 2013

AusAID

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$'000	Equity \$'000
Currency risk	\$/USD	15.70%	(194,819)	(194,819)
Currency risk	\$/USD	-15.70%	263,578	263,578
Interest rate risk	*	1.20%	63,881	63,881

All other items are denominated in AUD and are not subject to market risk due to exchange rate fluctuations.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27: Administered - Financial Assets Reconciliation				
		2014	2013	AusAID 2013
	Notes	\$'000	\$'000	\$'000
Total financial assets per Schedule of Administered Assets and Liabilities		1,938,915	219,548	1,635,590
Less: non-financial instrument components				
Other receivables (GST receivable from the ATO)	20B	<u>10,419</u>	<u>20</u>	<u>14,379</u>
Total non-financial instrument components		<u>10,419</u>	<u>20</u>	<u>14,379</u>
Total financial assets as per financial instruments note	26A	<u>1,928,496</u>	<u>219,528</u>	<u>1,621,211</u>

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 28: Administered - Defined Benefit Pension Schemes

	2014	2013
	\$'000	\$'000
<i>The amounts recognised in the Administered Schedule of Assets and Liabilities are as follows:</i>		
Present value of funded obligations	44,074	40,029
Fair value of plan assets	(30,669)	(27,307)
	13,405	12,722
Present value of unfunded obligations	44,592	36,430
Net liability in balance sheet	57,997	49,152
<i>Movements in the net liability recognised in the Administered Schedule of Assets and Liabilities are as follows:</i>		
Net liability at the start of the year	49,152	40,898
Exchange differences on foreign plans	453	3,380
Net expense recognised in the Administered Schedule of Comprehensive Income	2,524	2,451
Net actuarial losses	9,479	5,133
Contributions by employers	(3,611)	(2,710)
Net liability at the end of the year	57,997	49,152
<i>Reconciliation of opening and closing balance of the defined benefit obligation:</i>		
Opening liability	76,459	64,347
Adjustment for New Delhi scheme liabilities	-	196
Exchange differences on foreign plans	3,110	4,990
Service cost	1,365	1,180
Interest cost	3,013	2,861
Contributions by plan participants (funded schemes)	72	68
Actuarial losses due to experience	2,651	1,262
Actuarial losses due to changes in financial assumptions	3,731	216
Actuarial losses due to changes in demographic assumptions	1,809	4,701
Benefits paid	(3,544)	(3,362)
Closing liability	88,666	76,459
<i>Reconciliation of opening and closing balance of the fair value of plan assets:</i>		
Opening assets	27,307	24,075
Adjustment for New Delhi scheme assets	-	(429)
Exchange differences on foreign plans	2,657	1,610
Expected return on plan assets	(557)	1,590
Contributions by plan participants (funded schemes)	72	68
Contributions by employer	1,349	468
Actuarial losses	1,123	1,046
Benefits paid	(1,282)	(1,121)
Closing liability	30,669	27,307

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2014	2013
	\$'000	\$'000
Note 28: Administered - Defined Benefit Pension Schemes (continued)		
<i>Amounts recognised in the administered schedule of comprehensive income are as follows:</i>		
Current service cost	1,365	1,180
Interest on obligation	3,013	2,861
Expected return on plan assets	(854)	(1,590)
Past service cost	-	-
Losses/(gains) on curtailments and settlements	-	-
Total included 'employee benefit expense account'	3,524	2,451
<i>Amounts recognised directly in administered equity</i>		
Financial year ended	2014	2013
	\$'000	\$'000
Actuarial (losses)	(9,479)	(5,133)
<i>Cumulative amounts of gains and losses recognised in administered equity</i>		
Financial year ended	2014	2013
	\$'000	\$'000
Actuarial (losses)	(31,329)	(21,850)
<i>Pension scheme assets</i>		
<i>The fair value of scheme assets is represented by:</i>		
Financial year ended	2014	2013
	\$'000	\$'000
UK equities	0.0%	0.0%
Overseas equities	0.0%	0.0%
Long dated UK corporate bonds	11.2%	13.7%
Long dated UK gifts	11.1%	10.9%
Cash	0.2%	0.3%
Insured Pensioner	1.7%	1.9%
Investment in LIC India	3.1%	0.4%
Diversified Growth Fund	72.8%	72.8%
<i>Fair Value of pension scheme assets</i>		
The fair value of scheme assets does not include amounts relating to:		
<ul style="list-style-type: none"> • any of the department's (and the Australian Government's) own financial instruments • any property occupied by, or other assets used by the department (or the Australian Government). 		
<i>Expected return on pension scheme assets</i>		
The expected return on assets is based on the weighted average of the London and New Delhi scheme asset balances applied to the discount rate for both schemes.		
<i>Actual return on scheme assets</i>		
Financial year ended	2014	2013
	\$'000	\$'000
Actual return on scheme assets	517	2,636
Actual return on scheme assets as a percentage	2%	11%

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 28: Administered - Defined Benefit Pension Schemes (continued)

Principal actuarial assumptions at the reporting date (expressed as weighted averages)

Financial year ended	2014	2013
	\$'000	\$'000
Discount rate at 30 June	4.04%	3.85%
Expected return on assets at 30 June	3.09%	3.82%
Salary growth	3.31%	3.28%
Price inflation	3.14%	3.08%
Pension growth	1.02%	2.92%

Historical information

Financial year ended	2014	2013	2012	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligations	(88,666)	(76,459)	(64,347)	(55,656)	(64,981)
Fair value of scheme assets	30,669	27,307	24,075	22,914	24,648
(Deficit) in the scheme	(57,997)	(49,152)	(40,272)	(32,742)	(40,333)
Actuarial gains/(losses) - net liabilities	(7,069)	(5,133)	(6,155)	28	(3,414)
Effect of exchange rate gains/(losses)	(453)	(3,380)	(1,538)	7,134	2,604

Expected employer contributions

Financial year ended	2015	2014
	\$'000	\$'000
Expected employer contributions ¹	-	2,831

¹This represents the employer contributions which are paid in the schemes fund.

Scheme information

The department administers on behalf of the Australian Government, defined benefit pension schemes for locally engaged staff at posts in London and New Delhi and also the North American Pension Scheme. All schemes, with the exception of the New Delhi Gratuity Scheme, have been closed to new employees and provide pensions that are linked to final salaries. Figures disclosed are based on formal actuarial reviews that are generally conducted triennially and reviewed and updated by the actuary on an annual basis. The New Delhi and London schemes are partially funded and the North American Pension Scheme is fully unfunded. Contributions for the North American Scheme are made to the Consolidated Revenue Fund which will provide funding for the benefits payable under the scheme.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29: Appropriations

Note 29A: Annual Appropriations ('Recoverable GST exclusive')

DFAT

	2014 Appropriations						Appropriation applied in 2014 (current and prior years) \$'000	Variance ⁴ \$'000
	Appropriation Act		FMA Act					
	Annual Appropriation ¹ \$'000	Appropriations reduced ² \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 ³ \$'000	Total appropriation \$'000		
Departmental								
Ordinary annual services ¹	993,488	-	-	108,082	331,784	1,433,354	(1,324,335)	109,019
Other services								
Equity	62,110	-	-	-	14,523	76,633	(51,318)	25,315
Total departmental	1,055,598	-	-	108,082	346,307	1,509,987	(1,375,653)	134,334
Administered								
Ordinary annual services								
Administered items ⁵	620,125	(1,019,899)	86,892	-	3,493,566	3,180,684	(2,886,789)	293,895
Payments to CAC Act bodies	82,121	-	-	-	-	82,121	(82,121)	-
Other services								
Administered assets and liabilities	2,196,366	-	-	-	594,223	2,790,589	(260,198)	2,530,391
Payments to CAC Act bodies	2,697	-	-	-	-	2,697	(2,697)	-
Total administered	2,901,309	(1,019,899)	86,892	-	4,087,789	6,056,091	(3,231,805)	2,824,286

In 2013-14, there were adjustments that met the recognition criteria of a formal addition and reduction to revenue (in accordance with FMO Div 101) but at law the appropriations had not been amended before the end of the reporting period. The adjustments were:

- a reduction to revenue of \$2,788,954 relating to the Passport Services Purchasing Agreement
- a reduction to revenue of \$842,416 relating to no-win/no-loss funding for security projects
- an addition to revenue of \$38,335,383 relating to no-win/no-loss funding for foreign exchange
- a reduction to revenue of \$13,444,225 relating to no-win/no-loss funding for FBT payable on living away from home allowance.

Appropriations reduced under Appropriation Acts (Nos. 1, 3, 5) 2013-14: sections 10, 11, 12 and 15 and under Appropriation Acts (Nos. 2, 4, 6) 2013-14: sections 12, 13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Acts (Nos. 1, 3, 5) 2013-14 and section 12 of Appropriation Acts (Nos. 2, 4, 6) 2013-14, the appropriation is taken to be reduced to the required amount specified in Note 29E of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament. The amount reduced for administered items includes \$998,642,000 in savings related to the stabilisation of the Official Development Assistance (ODA) Budget as announced by the Government on 18 January 2014.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29A: Annual Appropriations ('Recoverable GST exclusive') (continued)

³The international development and aid function was assumed from AusAID due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with DFAT. AusAID ceased to be an entity on 1 November 2013. Remaining 2013-14 appropriations were transferred to DFAT under a determination under s. 32 of the FMA Act on 31 October 2013.

⁴Variances in appropriation may result from using prior year non-lapsed appropriations to fund operating and capital expenditure incurred in the current financial year. Variances may also result where obligations exist in the current financial year and those obligations are not settled by financial year end.

The variance for administered assets and liabilities relates to multilateral grants and subscriptions payable. These are initially recognised at fair value in DFAT's Administered Schedule of Assets and Liabilities and appropriated at this time, however appropriation is not drawn down and applied until settlement of the payable is due.

⁵Consuuper spends money from the Consolidated Revenue Fund on behalf of DFAT in accordance with the *Papua New Guinea (Staffing Assistance) Act 1973*. In 2013-14, from 1 November 2013 onwards, Consuuper drew down \$5,477,823 from DFAT's administered appropriation. This is included in the appropriation applied amount above.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29A: Annual Appropriations ('Recoverable GST exclusive') (continued)

AusAID

	2014 Appropriations (1 July 2013 to 31 October 2013)					Appropriation applied in 2014 (1 July 2013 to 31 October 2013) (current and prior years) \$'000	Variance ³ \$'000
	Appropriation Act	Appropriations reduced ¹ \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 ² \$'000	Total appropriation \$'000	
Departmental							
Ordinary annual services	365,993	-	-	6,110	(331,784)	40,319	(84,480)
Other services							
Equity	14,523	-	-	-	(14,523)	-	-
Total departmental	380,516	-	-	6,110	(346,307)	40,319	(84,480)
Administered							
Ordinary annual services							
Administered items ⁴	4,595,104	(1)	15,725	-	(3,490,978)	1,119,850	(115,910)
Other services							
Administered assets and liabilities	604,144	-	-	-	(594,223)	9,921	(76,147)
Total administered	5,199,248	(1)	15,725	-	(4,085,201)	1,129,771	(192,057)

¹ Appropriations reduced under Appropriation Acts (Nos. 1, 3, 5) 2012-13: sections 10, 11, 12 and 15 and under Appropriation Acts (Nos. 2, 4, 6) 2012-13: sections 12, 13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Acts (Nos. 1, 3, 5) 2013-14 and section 12 of Appropriation Acts (Nos. 2, 4, 6) 2013-14, the appropriation is taken to be reduced to the required amount specified in Note 29E of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament.

² The international development and aid function was assumed from AusAID due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with DFAT. AusAID ceased to be an entity on 1 November 2013. Remaining 2013-14 appropriations were transferred to DFAT under a determination under s. 32 of the FMA Act on 31 October 2013.

³ Variances in appropriation may result from using prior year non-lapsed appropriations to fund operating and capital expenditure incurred in the current financial year. Variances may also result where obligations exist in the current financial year and those obligations are not settled by financial year end.

⁴ Consuoper spends money from the Consolidated Revenue Fund on behalf of AusAID in accordance with the *Papua New Guinea (Staffing Assistance) Act 1973*. In 2013-14, from 1 July 2013 to 31 October 2013, Consuoper drew down \$2,979,827 from AusAID's administered appropriation. This is included in the appropriation applied amount above.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29A: Annual Appropriations ('Recoverable GST exclusive') (continued)

DFAT

	2013 Appropriations					Appropriation applied in 2013 (current and prior years) \$'000	Variance ³ \$'000
	Appropriation Act		FMA Act				
	Annual Appropriation ¹ \$'000	Appropriations reduced ² \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000		
Departmental							
Ordinary annual services ¹	953,336	-	-	78,521	-	1,031,857	37,168
Other services							
Equity	62,101	-	-	-	-	62,101	21,587
Total departmental	1,015,437	-	-	78,521	-	1,093,958	58,755
Administered							
Ordinary annual services							
Administered items	275,129	(25,577)	158	-	-	249,710	(474)
Other services							
Administered assets and liabilities	-	-	-	-	-	-	(7,989)
Total administered	275,129	(25,577)	158	-	-	249,710	(8,463)

¹ In 2012-13, there were adjustments that met the recognition criteria of a formal addition and reduction to revenue (in accordance with FMOs Div 101) but at law the appropriations had not been amended before the end of the reporting period. The adjustments were:

- a reduction to revenue of \$3,008,918 relating to the Passport Services Purchasing Agreement
- a reduction to revenue of \$2,771,027 relating to no-win/no-loss funding for Security Projects
- an addition to revenue of \$7,939,145 relating to no-win/no-loss funding for foreign exchange
- an addition to revenue of \$182,822 relating to no-win/no-loss funding for FBT payable on living away from home allowance.

² Appropriations reduced under Appropriation Acts (Nos. 1, 3, 5) 2012-13: sections 10, 11, 12 and 15 and under Appropriation Acts (Nos. 2, 4, 6) 2012-13: sections 12, 13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Acts (Nos. 1, 3, 5) 2012-13 and section 12 of Appropriation Acts (Nos. 2, 4, 6) 2012-13, the appropriation is taken to be reduced to the required amount specified in Note 29E of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament.

³ Variances in appropriation may result from using prior year non-lapsed appropriations to fund operating and capital expenditure incurred in the current financial year. Variances may also result where obligations exist in the current financial year and those obligations are not settled by financial year end.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29A: Annual Appropriations ('Recoverable GST exclusive') (continued)

AusAID

	2013 Appropriations					Appropriation applied in 2013 (current and prior years) \$'000	Variance ² \$'000
	Appropriation Act		FMA Act				
	Annual Appropriation \$'000	Appropriations reduced ¹ \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000		
Departmental							
Ordinary annual services	324,191	(42)	-	19,252	-	343,401	23,584
Other services							
Equity	15,123	-	-	-	-	15,123	-
Total departmental	339,314	(42)	-	19,252	-	358,524	23,584
Administered							
Ordinary annual services							
Administered items ³	4,207,198	(366,891)	16,844	-	-	3,857,151	(27,259)
Other services							
Administered assets and liabilities	507,384	-	-	-	-	507,384	335,875
Total administered	4,714,582	(366,891)	16,844	-	-	4,364,535	308,616

¹ Appropriations reduced under Appropriation Acts (Nos. 1, 3, 5) 2012-13: sections 10, 11, 12 and 15 and under Appropriation Acts (Nos. 2, 4, 6) 2012-13: sections 12, 13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. On 5 August 2013, the Finance Minister issued a determination to reduce appropriations following a request by the Minister. The amount of the reduction under Appropriation Act (No. 1) 2012-13 was \$42,000.

As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Acts (Nos. 1, 3, 5) 2012-13 and section 12 of Appropriation Acts (Nos. 2, 4, 6) 2012-13, the appropriation is taken to be reduced to the required amount specified in Note 29E of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament.

² Variances in appropriation may result from using prior year non-lapsed appropriations to fund operating and capital expenditure incurred in the current financial year. Variances may also result where obligations exist in the current financial year and those obligations are not settled by financial year end.

³ Comsuper spends money from the Consolidated Revenue Fund on behalf of AusAID in accordance with the *Papua New Guinea (Staffing Assistance) Act 1973*. In 2012-13 Comsuper drew down \$8,945,058 from AusAID's administered appropriation. This is included in the appropriation applied amount above.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive')

DFAT

	2014 Capital Budget Appropriations			Capital Budget Appropriations applied in 2014 (current and prior years)			
	<i>Appropriation Act</i>	<i>FMA Act</i>	Total Capital Budget Appropriations	Payments for		Total payments \$'000	Variance \$'000
	Annual Capital Budget ¹ \$'000	Appropriations reduced ² \$'000		non-financial assets ⁴ \$'000	other purposes \$'000		
Departmental							
Ordinary annual services - Capital Budget ¹	38,181	-	10,133	48,314	(48,769)	-	(455)
Administered							
Ordinary annual services - Capital Budget ¹	-	-	2,280	2,280	(773)	-	1,507

AusAID

	2014 Capital Budget Appropriations (1 July 2013 to 31 October 2013)			Capital Budget Appropriations applied in 2014 (1 July 2013 to 31 October 2013) (current and prior years)			
	<i>Appropriation Act</i>	<i>FMA Act</i>	Total Capital Budget Appropriations	Payments for		Total payments \$'000	Variance \$'000
	Annual Capital Budget ¹ \$'000	Appropriations reduced ² \$'000		non-financial assets ⁴ \$'000	other purposes \$'000		
Departmental							
Ordinary annual services - Capital Budget ¹	12,242	-	(10,133)	2,109	(2,109)	-	-
Administered							
Ordinary annual services - Capital Budget ¹	2,505	-	(2,280)	225	(225)	-	-

¹ Departmental and administered Capital Budgets are appropriated through Appropriation Acts (No.1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Note 29A: Annual Appropriations.

² Appropriations reduced under Appropriation Acts (No.1, 3, 5) 2013-14: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

³ The international development and aid function was assumed from AusAID due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with DFAT. AusAID ceased to be an entity on 1 November 2013. Remaining 2013-14 appropriations were transferred to DFAT under a determination under s. 32 of the FMA Act on 31 October 2013.

⁴ Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases. The amount above for AusAID is for the period 1 July 2013 to 31 October 2013

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive') (continued)

DFAT

	2013 Capital Budget Appropriations			Capital Budget Appropriations applied in 2013 (current and prior years)			
	<i>Appropriation Act</i>		<i>FMA Act</i>				
	Annual Capital Budget ¹ \$'000	Appropriations reduced ² \$'000	Section 32 \$'000	Total Capital Budget Appropriations \$'000	Payments for non-financial assets ³ \$'000	Payments for other purposes \$'000	Total payments ³ \$'000 Variance \$'000
Departmental							
Ordinary annual services - Capital Budget ¹	63,256	-	-	63,256	(63,349)	-	(63,349) (93)

AusAID

	2013 Capital Budget Appropriations			Capital Budget Appropriations applied in 2013 (current and prior years)			
	<i>Appropriation Act</i>		<i>FMA Act</i>				
	Annual Capital Budget ¹ \$'000	Appropriations reduced ² \$'000	Section 32 \$'000	Total Capital Budget Appropriations \$'000	Payments for non-financial assets ³ \$'000	Payments for other purposes \$'000	Total payments ³ \$'000 Variance \$'000
Departmental							
Ordinary annual services - Capital Budget ¹	7,390	-	-	7,390	(7,390)	-	(7,390) -
Administered							
Ordinary annual services - Capital Budget ¹	2,461	-	-	2,461	(1,458)	-	(1,458) 1,003

¹ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Note 29A: Annual Appropriations.

² Appropriations reduced under Appropriation Acts (No.1, 3, 5) 2012-13: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

³ Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29C: Unspent Annual Appropriations ('Recoverable GST exclusive')

	DFAT	DFAT	AusAID ¹	AusAID
	2014	2013	31 Oct 2013	2013
	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL				
Appropriation Act (No. 2) 2005-06	-	1	-	-
Appropriation Act (No. 2) 2008-09	-	306	-	-
Appropriation Act (No. 2) 2009-10	-	292	-	-
Appropriation Act (No. 1) 2010-11 ²	10,557	-	-	-
Appropriation Act (No. 2) 2010-11 ²	31,189	59,255	-	-
Appropriation Act (No. 4) 2010-11 ²	473	473	-	-
Appropriation Act (No. 1) 2011-12 ²	-	23,493	-	-
Appropriation Act (No. 2) 2011-12 ²	70,884	70,884	-	-
Appropriation Act (No. 1) 2012-13	9,066	295,803	-	-
Appropriation Act (No. 2) 2012-13	30,892	54,145	-	81,222
Appropriation Act (No. 3) 2012-13	-	10,293	-	-
Appropriation Act (No. 4) 2012-13	2,350	2,350	-	4,516
Appropriation Act (No. 1) 2012-13 – Cash at bank and on hand	-	55,633	-	1,016
Appropriation Act (No. 1) 2013-14	391,834	-	-	-
Appropriation Act (No. 2) 2013-14	75,695	-	-	-
Appropriation Act (No. 3) 2013-14	21,573	-	-	-
Appropriation Act (No. 4) 2013-14	938	-	-	-
Appropriation Act (No. 1) 2013-14 – Cash at bank and on hand	65,478	-	-	-
Total departmental³	710,929	572,928	-	86,754

¹ The international development and aid function was assumed from the Australian Agency for International Development (AusAID) due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with DFAT. AusAID ceased to be an entity on 1 November 2013.

² On 1 July 2014, the commencement of the PGPA Act resulted in Appropriation Acts prior to 1 July 2012 being no longer available to agencies. The impact of this on DFAT has been to remove access to unspent annual departmental appropriations for 2010-11 and 2011-12. The total amount of appropriations repealed is \$113,103,237. It is anticipated the majority of this amount will be re-appropriated in future financial years.

³ DFAT has in place a number of no-win/no-loss funding agreements due to the complex and variable environment the department operates in overseas. The difference between the balance of departmental appropriation receivable disclosed in Note 6B and the above balance of unspent annual appropriations is due to these agreements and cash at bank and on hand. Adjustments relating to the no-win/no-loss agreements are recognised as formal additions or reductions in DFAT's accounts in accordance with FMOs Division 101. However, the original appropriations are reported in Table C until they are amended at law by a determination from the Finance Minister or supplementation funding is appropriated by the Government.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29C: Unspent Annual Appropriations ('Recoverable GST exclusive') continued

Authority	DFAT	DFAT	AusAID ¹	AusAID
	2014	2013	31 Oct 2013	2013
	\$'000	\$'000	\$'000	\$'000
ADMINISTERED				
Appropriation Act (No. 1) 2004-05 ²	-	-	-	53,748
Appropriation Act (No. 1) 2006-07 ²	-	-	-	7,475
Appropriation Act (No. 1) 2007-08 ²	-	-	-	37,662
Appropriation Act (No. 2) 2007-08 ²	-	-	-	1,376
Appropriation Act (No. 4) 2007-08 ²	-	-	-	149,331
Appropriation Act (No. 1) 2008-09 ²	-	-	-	53,133
Appropriation Act (No. 2) 2008-09 ²	-	-	-	166,657
Appropriation Act (No. 1) 2009-10 ²	-	-	-	337
Appropriation Act (No. 2) 2009-10 ²	-	51,473	-	-
Appropriation Act (No. 1) 2010-11 ³	-	-	38,311	65,592
Appropriation Act (No. 3) 2010-11 ³	-	-	148,493	156,834
Appropriation Act (No. 2) 2010-11 ³	-	-	142,699	188,764
Appropriation Act (No. 4) 2010-11 ³	-	-	221,415	234,815
Appropriation Act (No. 1) 2011-12 ³	-	86	3,179	3,179
Appropriation Act (No. 2) 2011-12 ³	-	-	3	3
Appropriation Act (No. 1) 2012-13 ³	-	25,837	206,773	645,619
Appropriation Act (No. 2) 2012-13 ³	-	-	486,732	503,414
Appropriation Act (No. 2) 2012-13 – Cash at bank and on hand	-	134	-	24,571
Appropriation Act (No. 1) 2013-14	1,016,806	-	1	-
Appropriation Act (No. 2) 2013-14	590,169	-	-	-
Appropriation Act (No. 3) 2013-14	289,243	-	-	-
Appropriation Act (No. 4) 2013-14	1,940,222	-	-	-
Appropriation Act (No. 5) 2013-14	7,963	-	-	-
Appropriation Act (No. 2) 2013-14 – Cash at bank and on hand	16,414	-	-	-
Total administered	3,860,817	77,530	1,247,606	2,292,510

¹ The international development and aid function was assumed from the Australian Agency for International Development (AusAID) due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with DFAT. AusAID ceased to be an entity on 1 November 2013.

² On 1 July 2013, the *Statute Stocktake (Appropriations) Act 2013* repealed a number of old annual Appropriation Acts to remove them from the statute books. These appropriations were provided to make payments for multi-year grants and contributions and were appropriated for the total value of each agreement in the year the agreement was entered into. The unspent amount of these appropriations represents the value of the remaining payments scheduled under each agreement after 30 June 2013. These amounts were subsequently appropriated to the Department through 2013-14 Additional Estimates following integration on 1 November 2013.

³ The unspent annual administered appropriations for 2010-11, 2011-12 and 2012-13 were not transferred to the Department through a section 32 determination. These amounts were subsequently appropriated to the Department through 2013-14 Additional Estimates following integration on 1 November 2013.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2014	2013
			\$	\$
EFIC Act 1991 s.54(10), Administered	Unlimited amount	For the payment by the Commonwealth to EFIC of amounts equal to the amount of capital determined by the EFIC Board as necessary to overcome the inadequacies, in the moneys or other assets of EFIC to meet the expected liabilities, losses or claims against EFIC	-	-
FMA Act s.28(1), Administered ¹	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment	1,036,205	888,482
Total special appropriation applied²			1,036,205	888,482

¹ DFAT uses s. 28(1) of the FMA Act to make refunds of passport fees in certain circumstances, where there is no other specific appropriate available to make the repayment.

² The international development and aid function was assumed from AusAID due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with DFAT. AusAID ceased to be an entity on 1 November 2013. There were no amounts for AusAID special appropriations for the period 1 July 2013 to 31 October 2013.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29E: Reduction in Administered Items ('Recoverable GST exclusive') (continued)

DFAT

Reduction in administered items for 2014^{1,2}

	Amount required ³ - by Appropriation Act	Act (No.3)	Act (No.5)	Total amount required ³	Total amount appropriated ⁴	Total reduction ⁵
Ordinary annual services						
Outcome 1	283,193,047.38	310,527,004.28	11,560,368.67	605,280,420.33	621,963,000.00	16,682,579.67
Outcome 2	128,153.47	-	-	128,153.47	750,000.00	621,846.53
Outcome 4	2,488,383,858.46	-	-	2,488,383,858.46	3,490,978,000.00	1,002,594,141.54

AusAID⁶

Reduction in administered items for 2014 (1 July 2013 to 31 October 2013)^{1,2}

	Amount required ³ - by Appropriation Act	Act (No.3)	Act (No.5)	Total amount required ³	Total amount appropriated ⁴	Total reduction ⁵
Ordinary annual services						
Outcome 1	1,104,125,279.54	-	-	1,104,125,279.54	1,104,126,000.00	720.46

¹ Numbers in this section of the table must be disclosed to the cent.

² Administered items for 2013-14 were reduced to these amounts when these financial statements were tabled in Parliament as part of DFAT's 2013-14 annual report. This reduction was effective in 2014-15 but the amounts were reflected in Table A in the 2013-14 financial statements in the column 'Appropriations reduced' as they were adjustments to 2013-14 appropriations.

³ Amount required as per Appropriation Act (Act 1 s. 11; Act 2 s. 12).

⁴ Total amount appropriated in 2013-14.

⁵ Total reduction effective in 2014-15.

⁶ The international development and aid function was assumed from AusAID due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with DFAT. AusAID ceased to be an entity on 1 November 2013. The amount required above for AusAID is for the period 1 July 2013 to 31 October 2013. Remaining 2013-14 appropriations were transferred to DFAT under a determination under s. 32 of the FMA Act on 31 October 2013. The reduction above represents a residual amount as appropriation transfers are undertaken in thousands of dollars.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29F: Reduction in Administered Items ('Recoverable GST exclusive') (continued)

DFAT

Reduction in administered items for 2013^{1,2}

Ordinary annual services	Act (No.1)	Amount required ³ - by Appropriation Act	Act (No.3)	Act (No.5)	Total amount appropriated ⁴	Total reduction ⁵
Outcome 1	249,438,890.83		-	-	274,379,000.00	24,940,109.17
Outcome 2	113,467.04		-	-	750,000.00	636,532.96

AusAID

Reduction in administered items for 2013^{1,2}

Ordinary annual services	Act (No.1)	Amount required ³ - by Appropriation Act	Act (No.3)	Act (No.5)	Total amount appropriated ⁴	Total reduction ⁵
Outcome 1	3,840,306,606.17		-	-	4,207,198,000.00	336,891,393.83

¹ Numbers in this section of the table must be disclosed to the cent.

² Administered items for 2012-13 were reduced to these amounts when these financial statements were tabled in Parliament as part of AusAID's 2012-13 annual report. This reduction was effective in 2013-14 but the amounts were reflected in Table A in the 2012-13 financial statements in the column 'Appropriations reduced' as they were adjustments to 2012-13 appropriations.

³ Amount required as per Appropriation Act (Act 1 s. 11; Act 2 s. 12).

⁴ Total amount appropriated in 2012-13.

⁵ Total reduction effective in 2013-14.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 30: Special Accounts

Note 30(A): Special Accounts ('Recoverable GST exclusive')

	Expositions Special Account (Administered) ¹		Consular Services Special Account (Administered) ²		Administered Payments and Receipts Account for Other Entities Special Account (Administered) ³		Services for Other Entities and Trust Moneys - DFAT Special Account (Administered) ⁴	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from prior period	994	748	45	45	5,000	5,000	629	673
Increases								
Appropriation credited to special account	-	1,500	-	-	-	-	-	-
Costs recovered	-	72	180	63	260,143	254,422	1,938	2,012
Other receipts	-	-	-	-	-	-	-	-
Total increases	-	1,572	180	63	260,143	254,422	1,938	2,012
Available for payments	994	2,320	225	108	265,143	259,422	2,567	2,685
Decreases								
Departmental								
Payments	-	-	-	-	-	-	-	-
Return of capital and dividends	-	-	-	-	-	-	-	-
Total departmental	-	-	-	-	-	-	-	-
Administered								
Payments made to employees	-	(211)	-	-	-	-	-	-
Payments made to suppliers	-	(1,115)	-	-	(260,143)	(254,422)	(2,124)	(2,056)
Payments made to other	-	-	(191)	(63)	-	-	-	-
Transfers to Consolidated Revenue Fund	-	-	-	-	-	-	-	-
Total administered	-	(1,326)	(191)	(63)	(260 143)	(254,422)	(2 124)	(2,056)
Special public money								
Payments made	-	-	-	-	-	-	-	-
Payments made to others	-	-	-	-	-	-	-	-
Total special public money	-	-	-	-	-	-	-	-
Total decreases	-	(1,326)	(191)	(63)	(260,143)	(254,422)	(2,124)	(2,056)
Total balance carried to the next period	994	994	34	45	5,000	5,000	443	629

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 30A: Special Accounts ('Recoverable GST exclusive') (continued)

	Services for Other Entities and Trust Moneys-AusAID Special Account (Administered) ⁵		Australian-Indonesia Partnership for Reconstruction and Development (Loans) Special Account (Administered) ⁶		Australian-Indonesia Partnership for Reconstruction and Development (Grants) Special Account (Administered) ⁷		Overseas Property Special Account (Departmental) ⁸	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Balance brought forward from prior period	8,050	12,422	77,595	120,513	-	3,787	431,246	440,590
Increases								
Appropriation credited to special account	-	-	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-	526	9,379
Realised investments	-	-	-	-	-	-	82,881	104,905
Other receipts	11,430	8,669	-	-	-	-	-	-
Total increases	11,430	8,669	-	-	-	-	83,407	114,284
Available for payments	19,480	21,091	77,595	120,513	-	3,787	514,653	554,874
Decreases								
Departmental								
Payments made to employees	-	-	-	-	-	-	(2,771)	(2,928)
Payments made to suppliers	-	-	-	-	-	-	(150,611)	(119,283)
Return of capital and dividends	-	-	-	-	-	-	(79,944)	(1,417)
Total departmental decreases	-	-	-	-	-	-	(233,326)	(123,628)
Administered								
Payments made to employees	-	-	-	-	-	-	-	-
Payments made to suppliers	(12,946)	(13,041)	(39,538)	(42,918)	-	-	-	-
Payments made to other	-	-	-	-	-	-	-	-
Transfers to Consolidated Revenue Fund	-	-	-	-	-	(3,787)	-	-
Total administered decreases	(12,946)	(13,041)	(39,538)	(42,918)	-	(3,787)	-	-
Special public money								
Payments made	-	-	-	-	-	-	-	-
Payments made to others	-	-	-	-	-	-	-	-
Total special public money decreases	-	-	-	-	-	-	-	-
Total decreases	(12,946)	(13,041)	(39,538)	(42,918)	-	(3,787)	(233,326)	(123,628)
Total balance carried to the next period	6,534	8,050	38,057	77,595	-	-	281,327	431,246

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 30A: Special Accounts ('Recoverable GST exclusive') (continued)

¹ Appropriation: FMA Act section 20

Establishing Instrument: *Financial Management and Accountability (Special Accounts) Determination 2007/14*

Purpose:

- (a) to acquire, lease, hire, construct, manage, operate, repair, maintain, identify and advise on, and undertake any other activities in relation to Australia's participation at international expositions
- (b) activities that are incidental to a purpose mentioned in paragraph (a)
- (c) to reduce the balance of the special account (and, therefore, the available appropriation for the special account) without making a real or notional payment
- (d) to repay amounts where an Act or other law requires or permits the repayment of an amount received.

² Appropriation: FMA Act section 20

Establishing Instrument: *Financial Management and Accountability (Special Accounts) Determination 2005/38*

Purpose:

- (a) providing assistance to Australian citizens and permanent residents overseas:
 - (i) in circumstances of urgency
 - (ii) when commercial money transfer services are unavailable or inappropriate
- (b) to repay to an original payer amounts credited to the special account and residual after any necessary payments have been made under paragraph (a)
- (c) activities that are incidental to a purpose mentioned in paragraphs (a) or (b)
- (d) to reduce the balance of the special account (and, therefore, the available appropriation for that Account) without making a real or notional payment
- (e) to repay amounts where an Act or other law requires or permits the repayment of an amount received.

³ Appropriation: FMA Act section 20

Establishing Instruments: *Financial Management and Accountability (Special Accounts) Determination 2005/26*

Purpose:

- (a) to make payments overseas on behalf of entities
- (b) to make payments to entities for amounts received overseas on their behalf
- (c) to make payments overseas on projects jointly funded with entities
- (d) activities that are incidental to a purpose mentioned in paragraphs (a), (b) and (c)
- (e) to reduce the balance of the special account (and, therefore, the available appropriation for that special account) without making a real or notional payment
- (f) to repay amounts where an Act or other law requires or permits the repayment of an amount received.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 30A: Special Accounts ('Recoverable GST exclusive') (continued)

⁴ Appropriation: FMA Act section 20

Establishing Instrument: *Financial Management and Accountability (Special Accounts) Determination 2009/25*

Purpose:

- (a) disburse amounts held in trust or otherwise for the benefit of a person other than the Commonwealth
- (b) disburse amounts in connection with services performed on behalf of other governments and bodies that are not FMA agencies
- (c) repay amounts where an Act or other law requires or permits the repayment of an amount received
- (d) reduce the balance of the special account (and, therefore, the available appropriation for the Account) without making a real or notional payment.

⁵ Appropriation: FMA Act section 20

Establishing Instrument: *Financial Management and Accountability (Special Accounts) Determination 2011/05*

Purpose:

- (a) disburse amounts held in trust or otherwise for the benefit of a person other than the Commonwealth
- (b) disburse amounts in connection with services performed on behalf of other governments and bodies that are not FMA agencies
- (c) repay amounts where an Act or other law requires or permits the repayment of an amount received
- (d) reduce the balance of the special account (and, therefore, the available appropriation for the Account) without making a real or notional payment.

⁶ Appropriation: FMA Act section 20

Establishing Instrument: *Financial Management and Accountability (Special Accounts) Determination 2005/03*

Purpose:

- (a) loans for relief, rehabilitation and reconstruction assistance to areas in the Republic of Indonesia directly affected by the Tsunami and economic and social development assistance to all areas of the Republic of Indonesia
- (b) activities that are incidental to and directly related to a purpose mentioned in paragraph (a)
- (c) to reduce the balance of the special account (and, therefore, the available appropriation for that Account) without making a real or notional payment
- (d) to repay amounts where an Act or other law required or permits the repayment of an amount received.

⁷ Appropriation: FMA Act section 20

Establishing Instrument: *Financial Management and Accountability (Special Accounts) Determination 2005/02*

Purpose:

- (a) grants for relief, rehabilitation and reconstruction assistance to areas in the Republic of Indonesia directly affected by the Tsunami and economic and social development assistance to all areas of the Republic of Indonesia
- (b) activities that are incidental to and directly related to a purpose mentioned in paragraph (a) or paragraph 5.1 (a) of *Financial Management and Accountability Determination 2005/03* - Australia-Indonesia Partnership for Reconstruction and Development (Loans) Special Account Establishment 2005
- (c) to reduce the balance of the special account (and, therefore, the available appropriation for that Account) without making a real or notional payment
- (d) to repay amounts where an Act or other law required or permits the repayment of an amount received.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 30A: Special Accounts ('Recoverable GST exclusive') (continued)

⁸ Appropriation: FMA Act section 20

Establishing Instrument: *Financial Management and Accountability (Special Accounts) Determination 2002/01*

Purpose:

- (a) acquire, lease, construct, manage, operate, repair, maintain, divest, finance, identify or advise on, and undertake any other activities in relation to, the real property of the Commonwealth outside Australia
- (b) return dividends or net proceeds from the sale of an asset to the Budget as agreed between the Finance Minister and the responsible minister
- (c) carry out activities that are incidental to a purpose mentioned in paragraph (a)
- (d) reduce the balance of the special account (and, therefore, the available appropriation for the Account) without making a real or notional payments
- (e) repay amounts where an Act or other law requires or permits the repayment of an amount received.

⁹ Prior to 1 November 2013 the following accounts were the responsibility of AusAID:

Australian-Indonesia Partnership for Reconstruction and Development (Grants) Special Account
Australian-Indonesia Partnership for Reconstruction and Development (Loans) Special Account
Services for other entities and trust moneys – AusAID Special Account.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 31: Compensation and Debt Relief

Departmental

Three payments were provided in special circumstances relating to Australian public service employment pursuant to section 73 of the *Public Service Act 1999* (PS Act) during the reporting period (2013: nil).

	Consolidated 2014	DFAT 2014	2013	AusAID 2014	2013
	\$	\$	\$	\$	\$
	11,696	11,696	-	-	-

There were nil 'Act of Grace' payments made under subsection 33(1) of the FMA Act (2013: nil), nil waivers of amounts owing to the Australian Government made pursuant to subsection 34(1) of the FMA Act (2013: nil), nil payments made under the Compensation and Detriment caused by Defective Administration Scheme (2013: nil) and nil ex-gratia payments provided for the reporting period (2013: nil).

Administered

During the year, Consuper made three 'Act of Grace' pension payments (2013: three) to former AusAID employees covered by the Papua New Guinea Superannuation Scheme.

	Consolidated 2014	DFAT 2014	2013	AusAID 2014	2013
	\$	\$	\$	\$	\$
	101,286	-	-	101,286	98,971

One waiver of amounts owing to the Australian Government was made pursuant to subsection 34(1)(a) of the FMA Act (2013: nil waivers).

	Consolidated 2014	DFAT 2014	2013	AusAID 2014	2013
	\$	\$	\$	\$	\$
	115,034	-	-	115,034	-

Eight payments were provided under the Compensation for Detriment caused by Defective Administration Scheme during the reporting period (2013: fifteen payments).

	Consolidated 2014	DFAT 2014	2013	AusAID 2014	2013
	\$	\$	\$	\$	\$
	17,987	17,987	27,092	-	-

There were nil ex-gratia payments provided for the reporting period (2013: nil) and no payments were provided in special circumstances relating to APS employment pursuant to section 73 of the PS Act during the reporting period (2013: nil).

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 32: Reporting of Outcomes

The department uses an Activity Based Costing System to determine the attribution of its shared items for departmental outcomes and actual cost allocations for administered outcomes.

The basis of attribution in the table below is consistent with the basis used for the 2013-14 Budget.

Note 32A: Net Cost of Outcome Delivery

Consolidated

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Bodies		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Departmental	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	924,717	842,540	338,026	295,183	264,844	241,538	-	-	-	-	1,527,587	1,379,261
Other own-source income	77,128	84,509	-	-	30,347	35,237	-	-	-	-	107,475	119,746
Departmental cost of outcome delivery	847,589	758,031	338,026	295,183	234,497	206,301	-	-	-	-	1,420,112	1,259,515
Administered												
Expenses	335,653	264,142	988	963	-	-	4,277,420	4,250,131	106,426	22,157	4,720,487	4,537,393
Income from non-government sector												
Sales of goods and rendering of services	784	672	376,202	363,319	-	-	-	-	-	-	376,986	363,991
Other own-source income	56,946	267,583	-	119	-	-	139,655	267,474	-	-	196,601	535,176
Administered cost/(contribution) of outcome delivery	277,923	(4,113)	(375,214)	(362,475)	-	-	4,137,765	3,982,657	106,426	22,157	4,146,900	3,638,226
Net cost/(contribution) of outcome delivery	1,125,512	753,918	(37,188)	(67,292)	234,497	206,301	4,137,765	3,982,657	106,426	22,157	5,567,012	4,897,741

AusAID departmental amounts are incorporated into Outcome 1 in the consolidated figures above and administered amounts into Outcome 4.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 32A: Net Cost of Outcome Delivery (continued)

DFAT

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Payments to CAC Act Bodies		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental												
Expenses	810,263	516,461	338,026	295,183	264,844	241,538	-	-	-	-	1,413,133	1,053,182
Other own-source income	75,209	83,810	-	-	30,347	35,237	-	-	-	-	105,556	119,047
Departmental cost/(contribution) of outcome delivery	735,054	432,651	338,026	295,183	234,497	206,301	-	-	-	-	1,307,577	934,135
Administered												
Expenses	335,653	264,142	988	963	-	-	3,159,057	-	106,426	13,212	3,602,124	278,317
Income from non-government sector												
Sale of goods and rendering of services	784	672	376,202	363,319	-	-	-	-	-	-	376,986	363,991
Other own-source income	56,946	267,583	-	119	-	-	128,260	-	-	-	185,206	267,702
Administered cost/(contribution) of outcome delivery	277,923	(4,113)	(375,214)	(362,475)	-	-	3,030,797	-	106,426	13,212	3,039,932	(353,376)
Net cost/(contribution) of outcome delivery	1,012,977	428,538	(37,188)	(67,292)	234,497	206,301	3,030,797	-	106,426	13,212	4,347,509	580,759

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 32A: Net Cost of Outcome Delivery (continued)

AusAID

	Outcome 1		Outcome 2		Payments to CAC Act Bodies		Total	
	2014 ¹	2013	2014 ¹	2013	2014 ¹	2013	2014 ¹	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental								
Expenses	114,454	326,079	-	-	-	-	114,454	326,079
Other own-source income	1,919	699	-	-	-	-	1,919	699
Departmental cost of outcome delivery	112,535	325,380	-	-	-	-	112,535	325,380
Administered								
Expenses	1,118,363	4,220,380	-	29,751	-	8,945	1,118,363	4,259,076
Income from non-government sector								
Sale of goods and rendering of services	-	-	-	-	-	-	-	-
Other own-source income	11,395	260,045	-	7,429	-	-	11,395	267,474
Administered cost/(contribution) of outcome delivery	1,106,968	3,960,335	-	22,322	-	8,945	1,106,968	3,991,602
Net cost of outcome delivery	1,219,503	4,285,715	-	22,322	-	8,945	1,219,503	4,316,982

¹ Amounts disclosed above for AusAID for 2013-14 relate to the period 1 July 2013 to 31 October 2013.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 32B: Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcome

Consolidated

	Outcome 1 ¹		Outcome 2		Outcome 3		Outcome 4		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Departmental expenses										
Employee benefits	496,641	432,697	158,233	135,307	94,932	82,551	-	-	749,806	650,555
Supplier	335,484	337,044	142,734	127,748	124,897	114,331	-	-	603,115	579,123
Depreciation and amortisation	81,752	61,366	32,137	26,450	42,260	39,720	-	-	156,149	127,536
Other expenses	10,840	11,433	4,922	5,678	2,755	4,936	-	-	18,517	22,047
Total expenses	924,717	842,540	338,026	295,183	264,844	241,538	-	-	1,527,587	1,379,261
Departmental income										
Revenue from Government	873,806	780,764	286,859	265,202	167,028	156,541	-	-	1,327,693	1,202,507
Sale of goods and rendering of services	68,310	73,277	-	-	30,347	35,237	-	-	98,657	108,514
Other revenue and gains	8,818	11,232	-	-	-	-	-	-	8,818	11,232
Total income	950,934	865,273	286,859	265,202	197,375	191,778	-	-	1,435,168	1,322,253
Departmental assets										
Cash and cash equivalents	36,073	30,160	18,584	16,657	19,059	13,545	-	-	73,716	60,362
Trade and other receivables	446,590	379,009	169,998	166,674	384,268	530,017	-	-	1,000,856	1,075,700
Land and buildings	129,463	177,559	43,869	81,184	2,047,878	1,858,428	-	-	2,221,210	2,117,171
Property, plant and equipment	131,051	101,435	39,325	47,519	21,120	25,547	-	-	191,496	174,501
Intangibles	82,417	42,452	3,168	21,329	(2,029)	12,030	-	-	83,556	75,811
Inventories	35	66	28,280	31,037	11	22	-	-	28,326	31,125
Other non-financial assets	24,087	27,123	11,293	9,240	65,377	39,319	-	-	100,757	75,682
Total assets	849,716	757,804	314,517	373,640	2,535,684	2,478,908	-	-	3,699,917	3,610,352
Departmental liabilities										
Suppliers	58,721	56,179	26,859	20,821	31,729	22,619	-	-	117,309	99,619
Other payables	23,024	18,435	7,237	2,699	15,284	35,996	-	-	45,545	57,130
Employee provisions	141,122	129,095	49,148	42,474	30,093	26,618	-	-	220,363	198,187
Other provisions	13,644	13,167	5,901	5,867	3,436	3,463	-	-	22,981	22,497
Total liabilities	236,511	216,876	89,145	71,861	80,542	88,696	-	-	406,198	377,433

¹ AusAID departmental figures are incorporated into Outcome 1 in the consolidated figures above.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 32B: Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcome (continued)

DFAT

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2014 ¹	2013	2014 ¹	2013	2014 ¹	2013	2014 ¹	2013	2014 ¹	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental expenses										
Employee benefits	424,872	236,737	158,233	135,307	94,932	82,551	-	-	678,037	454,595
Supplier	299,347	223,513	142,734	127,748	124,897	114,331	-	-	566,978	465,592
Depreciation and amortisation	76,017	46,278	32,137	26,450	42,260	39,720	-	-	150,414	112,448
Other expenses	10,027	9,933	4,922	5,678	2,755	4,936	-	-	17,704	20,547
Total expenses	810,263	516,461	338,026	295,183	264,844	241,538	-	-	1,413,133	1,053,182
Departmental income										
Revenue from Government	755,889	464,005	286,859	265,202	167,028	156,541	-	-	1,209,776	885,748
Sale of goods and rendering of services	66,812	73,046	-	-	30,347	35,237	-	-	97,159	108,283
Other revenue and gains	8,397	10,764	-	-	-	-	-	-	8,397	10,764
Total income	831,098	547,815	286,859	265,202	197,375	191,778	-	-	1,315,332	1,004,795
Departmental assets										
Cash and cash equivalents	36,073	29,144	18,584	16,657	19,059	13,545	-	-	73,716	59,346
Trade and other receivables	446,590	291,620	169,998	166,674	384,268	530,017	-	-	1,000,856	988,311
Land and buildings	129,463	142,041	43,869	81,184	2,047,878	1,858,428	-	-	2,221,210	2,081,653
Property, plant and equipment	131,051	74,717	39,325	47,519	21,120	25,547	-	-	191,496	147,783
Intangibles	82,417	35,659	3,168	21,329	(2,029)	12,030	-	-	83,556	69,018
Inventories	35	66	28,280	31,037	11	22	-	-	28,326	31,125
Other non-financial assets	24,087	16,164	11,293	9,240	65,377	39,319	-	-	100,757	64,723
Total assets	849,716	589,411	314,517	373,640	2,535,684	2,478,908	-	-	3,699,917	3,441,959
Departmental liabilities										
Suppliers	58,721	36,430	26,859	20,821	31,729	22,619	-	-	117,309	79,870
Other payables	23,024	4,722	7,237	2,699	15,284	35,996	-	-	45,545	43,417
Employee provisions	141,122	74,314	49,148	42,474	30,093	26,618	-	-	220,363	143,406
Other provisions	13,644	10,265	5,901	5,867	3,436	3,463	-	-	22,981	19,595
Total liabilities	236,511	125,731	89,145	71,861	80,542	88,696	-	-	406,198	286,288

¹ Incorporates AusAID for the period, 1 July 2013 to 31 October 2013.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 32B: Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcome (continued)

AusAID

	Outcome 1		Outcome 2		Total	
	2014 ¹	2013	2014 ¹	2013	2014 ¹	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental expenses						
Employee benefits	71,769	195,960	-	-	71,769	195,960
Supplier	36,137	113,531	-	-	36,137	113,531
Depreciation and amortisation	5,735	15,088	-	-	5,735	15,088
Other expenses	813	1,500	-	-	813	1,500
Total expenses	114,454	326,079	-	-	114,454	326,079
Departmental income						
Revenue from Government	117,917	316,759	-	-	117,917	316,759
Sale of goods and rendering of services	1,498	231	-	-	1,498	231
Other revenue and gains	421	468	-	-	421	468
Total income	119,836	317,458	-	-	119,836	317,458
Departmental assets						
Cash and cash equivalents	206	1,016	-	-	206	1,016
Trade and other receivables	111,241	87,389	-	-	111,241	87,389
Land and buildings	34,475	35,518	-	-	34,475	35,518
Property, plant and equipment	23,887	26,718	-	-	23,887	26,718
Intangibles	7,219	6,793	-	-	7,219	6,793
Inventories	-	-	-	-	-	-
Other non-financial assets	13,487	10,959	-	-	13,487	10,959
Total assets	190,515	168,393	-	-	13,487	10,959
Departmental liabilities						
Suppliers	12,224	19,749	-	-	12,224	19,749
Other payables	8,991	13,713	-	-	8,991	13,713
Employee provisions	53,858	54,781	-	-	53,858	54,781
Other provisions	6,047	2,902	-	-	6,047	2,902
Total liabilities	81,120	91,145	-	-	81,120	91,145

¹The income and expense amounts for 2013–14 relate to the period: 1 July 2013 to 31 October 2013.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 32C: Major Classes of Administered Expense, Income, Assets and Liabilities by Outcome

Consolidated

	Outcome 1		Outcome 2		Outcome 3		Outcome 4 ¹		Payments to CAC Act		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses	4,715	5,218	-	-	-	-	-	-	-	-	4,715	5,218
Employee benefits	-	-	-	-	-	-	-	-	-	-	-	-
International development assistance	-	-	-	-	-	-	3,084,967	3,260,830	-	-	3,084,967	3,260,830
Suppliers	26,055	23,120	984	-	-	-	-	-	-	-	27,039	23,120
Grants and contributions	303,884	232,417	4	4	-	-	735,669	535,048	-	-	1,039,557	767,469
Depreciation and amortisation	-	-	-	-	-	-	2,479	2,391	-	-	2,479	2,391
Finance costs	-	-	-	-	-	-	50,630	35,561	-	-	50,630	35,561
Write-down and impairment of assets	-	-	-	135	-	-	1,652	64	-	-	1,652	199
Net foreign exchange losses	-	3,380	-	-	-	-	-	5,659	-	-	-	9,039
Other expenses	999	7	-	824	-	-	402,023	410,578	-	-	403,022	411,409
Payments to CAC Act bodies	-	-	-	-	-	-	-	-	106,426	22,157	106,426	22,157
Total expenses	335,653	264,142	988	963	-	-	4,277,420	4,250,131	106,426	22,157	4,720,487	4,537,393
Administered income												
Sale of goods and rendering of services	784	672	376,202	363,319	-	-	-	-	-	-	376,986	363,991
Interest	3,188	3,959	-	-	-	-	9,045	7,445	-	-	12,233	11,404
Dividends	11,250	226,839	-	-	-	-	-	-	-	-	11,250	226,839
Return of prior year administered expenses	13,045	10,210	-	-	-	-	29,219	37,746	-	-	42,264	47,956
Other revenue	29,844	26,575	-	119	-	-	-	-	-	-	29,844	26,694
Net foreign exchange gains	168	-	-	-	-	-	-	-	-	-	168	-
Reversals of previous asset write-downs	-	-	-	-	-	-	42,541	216,769	-	-	42,541	216,769
Other gains	-	-	-	-	-	-	58,301	5,514	-	-	58,301	5,514
Total income	58,279	268,255	376,202	363,438	-	-	139,106	267,474	-	-	573,587	899,167

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 32C: Major Classes of Administered Expense, Income, Assets and Liabilities by Outcome (continued)

	Outcome 1		Outcome 2		Outcome 3		Outcome 4 ¹		Payments to CAC Act		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Administered assets												
Cash and cash equivalents	177	134	-	-	-	-	16,237	24,571	-	-	16,414	24,705
Trade and other receivables	844	69	3,105	-	-	-	132,206	117,410	-	-	135,417	120,584
Investments	225,926	216,240	2,367	-	-	-	1,561,158	1,493,609	-	-	1,787,084	1,709,849
Leasehold improvements	-	-	-	-	-	-	2,127	2,625	-	-	2,127	2,625
Property, plant and equipment	-	-	-	-	-	-	18	951	-	-	18	951
Intangibles	-	-	-	-	-	-	5,154	6,110	-	-	5,154	6,110
Other non-financial assets	-	-	-	-	-	-	652	2,381	-	-	652	2,381
Total assets	226,947	216,443	2,367	3,105	-	-	1,717,552	1,647,657	-	-	1,946,866	1,867,205
Administered liabilities												
Suppliers payable	5,250	287	1,087	13	-	-	1,197,621	1,143,571	-	-	1,203,958	1,143,871
Grants payable	-	-	-	-	-	-	590,525	492,252	-	-	590,525	492,252
Other payables	57,997	52,943	18,033	7,039	-	-	-	-	-	-	76,030	59,982
Employee provisions	-	-	-	-	-	-	10,187	11,342	-	-	10,187	11,342
Other provisions	-	-	-	-	-	-	13	58	-	-	13	58
Total liabilities	63,247	53,230	19,120	7,052	-	-	1,798,346	1,647,223	-	-	1,880,713	1,707,505

¹ AusAID administered figures are incorporated into Outcome 4 in the consolidated figures above.

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 32C: Major Classes of Administered Expense, Income, Assets and Liabilities by Outcome (continued)

DFAT

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Payments to CAC Act		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Administered expenses	4,715	5,218	-	-	-	-	-	-	-	-	4,715	5,218
Employee benefits	-	-	-	-	-	-	-	-	-	-	-	-
International development assistance	-	-	-	-	-	-	1,968,958	-	-	-	1,968,958	-
Suppliers	26,055	23,120	984	-	-	-	-	-	-	-	27,039	23,120
Grants and contributions	303,884	232,417	4	4	-	-	735,669	-	-	-	1,039,557	232,421
Depreciation and amortisation	-	-	-	-	-	-	1,657	-	-	-	1,657	-
Finance costs	-	-	-	-	-	-	50,630	-	-	-	50,630	-
Write-down and impairment of assets	-	-	-	135	-	-	725	-	-	-	725	135
Foreign exchange losses	-	3,380	-	-	-	-	(605)	-	-	-	(605)	3,380
Other expenses	999	7	-	824	-	-	402,023	-	-	-	403,022	831
Payments to CAC Act bodies	-	-	-	-	-	-	-	-	106,426	13,212	106,426	13,212
Total expenses	335,653	264,142	988	963	-	-	3,159,057	-	106,426	13,212	3,602,124	278,317
Administered income												
Sale of goods and rendering of services	784	672	376,202	363,319	-	-	-	-	-	-	376,986	363,991
Interest	3,188	3,959	-	-	-	-	6,198	-	-	-	9,386	3,959
Dividends	11,250	226,839	-	-	-	-	-	-	-	-	11,250	226,839
Return of prior year administered expenses	13,045	10,210	-	-	-	-	20,942	-	-	-	33,987	10,210
Other revenue	29,844	26,575	-	119	-	-	-	-	-	-	29,844	26,694
Foreign exchange gains	(381)	-	-	-	-	-	549	-	-	-	168	-
Reversals of previous asset write-downs	-	-	-	-	-	-	42,541	-	-	-	42,541	-
Other gains	-	-	-	-	-	-	58,030	-	-	-	58,030	-
Total income	57,730	268,255	376,202	363,438	-	-	128,260	-	-	-	562,192	631,693

Department of Foreign Affairs and Trade

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 32C: Major Classes of Administered Expense, Income, Assets and Liabilities by Outcome (continued)

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Payments to CAC Act		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Administered assets												
Cash and cash equivalents	177	134	-	-	-	-	16,237	-	-	-	16,414	134
Trade and other receivables	844	69	2,367	3,105	-	-	132,206	-	-	-	135,417	3,174
Investments	225,926	216,240	-	-	-	-	1,561,158	-	-	-	1,787,084	216,240
Leasehold improvements	-	-	-	-	-	-	2,127	-	-	-	2,127	-
Property, plant and equipment	-	-	-	-	-	-	18	-	-	-	18	-
Intangibles	-	-	-	-	-	-	5,154	-	-	-	5,154	-
Other non-financial assets	-	-	-	-	-	-	652	-	-	-	652	-
Total assets	226,947	216,443	2,367	3,105	-	-	1,717,552	-	-	-	1,946,866	219,548
Administered liabilities												
Suppliers payable	5,250	287	1,087	13	-	-	1,197,621	-	-	-	1,203,958	300
Grants payable	-	-	-	-	-	-	590,525	-	-	-	590,525	-
Other payables	57,997	52,943	18,033	7,039	-	-	-	-	-	-	76,030	59,982
Employee provisions	-	-	-	-	-	-	10,187	-	-	-	10,187	-
Other provisions	-	-	-	-	-	-	13	-	-	-	13	-
Total liabilities	63,247	53,230	19,120	7,052	-	-	1,798,346	-	-	-	1,880,713	60,282

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 32C: Major Classes of Administered Expense, Income, Assets and Liabilities by Outcome (continued)

<i>AusAID</i>	Outcome 1 2014 ¹ \$'000	2013 \$'000	Outcome 2 2014 ¹ \$'000	2013 \$'000	Payments to CAC Act 2014 ¹	2013	2014 ¹ \$'000	T total 2014 ¹ \$'000	2013 \$'000
Administered expenses									
Employee benefits	-	-	-	-	-	-	-	-	-
International development assistance	1,116,009	3,260,830	-	-	-	-	1,116,009	3,260,830	-
Suppliers	-	-	-	-	-	-	-	-	-
Grants and contributions	-	535,048	-	-	-	-	-	535,048	-
Depreciation and amortisation	822	2,391	-	-	-	-	822	2,391	-
Finance costs	-	35,561	-	-	-	-	-	35,561	-
Write-down and impairment of assets	927	64	-	-	-	-	927	64	-
Foreign exchange losses	605	5,659	-	-	-	-	605	5,659	-
Other expenses	-	380,827	-	29,751	-	-	-	410,578	-
Payments to CAC Act bodies	-	-	-	-	-	8,945	-	8,945	-
Total expenses	1,118,363	4,220,380	-	29,751	-	8,945	1,118,363	4,259,076	-
Administered income									
Sale of goods and rendering of services	-	-	-	-	-	-	-	-	-
Interest	2,847	16	-	7,429	-	-	2,847	7,445	-
Dividends	-	-	-	-	-	-	-	-	-
Return of prior year administered expenses	8,277	37,746	-	-	-	-	8,277	37,746	-
Other revenue	-	-	-	-	-	-	-	-	-
Foreign exchange gains	-	-	-	-	-	-	-	-	-
Reversals of previous asset write-downs	-	216,769	-	-	-	-	-	216,769	-
Other gains	271	5,514	-	-	-	-	271	5,514	-
Total income	11,395	260,045	-	7,429	-	-	11,395	267,474	-

¹The income and expense amounts for 2013-14 relate to the period, 1 July 2013 to 31 October 2013.

Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 32C: Major Classes of Administered Expense, Income, Assets and Liabilities by Outcome (continued)

AusAID

	Outcome 1		Outcome 2		Payments to CAC Act		Total	
	31 Oct 2013 \$'000	2013 \$'000	31 Oct 2013 \$'000	2013 \$'000	31 Oct 2013 \$'000	2013 \$'000	31 Oct 2013 \$'000	2013 \$'000
Administered assets								
Cash and cash equivalents	582	24,571	-	-	-	-	582	24,571
Trade and other receivables	115,210	16,367	-	101,043	-	-	115,210	117,410
Investments	1,493,609	1,493,609	-	-	-	-	1,493,609	1,493,609
Leasehold improvements	2,434	2,625	-	-	-	-	2,434	2,625
Property, plant and equipment	26	951	-	-	-	-	26	951
Intangibles	5,760	6,110	-	-	-	-	5,760	6,110
Other non-financial assets	1,418	2,381	-	-	-	-	1,418	2,381
Total assets	1,619,039	1,546,614	-	101,043	-	-	1,619,039	1,647,657
Administered liabilities								
Suppliers payable	992,219	1,143,571	-	-	-	-	992,219	1,143,571
Grants payable	434,654	492,252	-	-	-	-	434,654	492,252
Other payables	-	-	-	-	-	-	-	-
Employee provisions	10,672	11,342	-	-	-	-	10,672	11,342
Other provisions	-	58	-	-	-	-	-	58
Total liabilities	1,437,545	1,647,223	-	-	-	-	1,437,545	1,647,223

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 33: Net Cash Appropriation Arrangements

	2014	2013	AusAID 2013
	\$'000	\$'000	\$'000
Total comprehensive income less depreciation/amortisation previously funded through revenue appropriations¹	151,670	304,190	7,563
Plus: depreciation/amortisation previously funded through revenue appropriation ²	(132,602)	(88,342)	(15,088)
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	19,068	215,848	(7,525)

¹ From 2010-11, the government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

² Total depreciation/amortisation as per the Statement of Comprehensive Income is \$156,149,331 (2013: \$112,448,495, AusAID 2013: \$15,088,219). Depreciation/amortisation related to the overseas property special account of \$23,547,445 (2013: \$24,106,739) has been excluded from this note in accordance with Finance Brief 39.



Ambassador to Mexico, Tim George, with children from communities along the Dominican-Haitian border, recipients of the embassy's DAP project, coordinated with the NGO Save the Children Dominican Republic, to support the production of plants, reforestation and community rehabilitation, 28 June 2014. [DFAT]



Australian Civilian Corp engineering specialist Keith Swann assesses damage to infrastructure from devastating floods in Solomon Islands, April 2014. [Keith Swann]

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SECTION 6

REFERENCE MATERIAL

သံတမန်ရေးရာ *Handel* **Diplomazia** 통상 ทางการทูต *Ngoại giao* **Comércio** *Дипломатия*
macy بازرگانی *Treid* المساعدة التنموية *Diplomatija* *Treid* कूटनीति *डिप्लोमासी* **Diplomatiko**
kereskedelem **Diplomati** 외교 *Commerce* 发展援助 **Diplomacy** ကုန်သွယ်ရေး *رت*
omacia व्यापार *تجارة* **Development** *Thương mại* **Komersiu** المساعدة التنموية *le commerce*
ao **Comércio** *Дипломатия* *торговля* *ياستس* *Perdagangan* *ديپلوماسية* *διπλωματία* *Kal*
टनीति *डिप्लोमासी* **Diplomatiko** 外交 *Développement* *εμπόριο* *Diplomasi* *Comercio* *سفارت*
La diplomatie *Diplomasia* *Ticaret* *Asistencia* *سوداگری* *ကုန်သွယ်* **Trade** *व्यापार* *تجارة* *tr*

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Glossary of terms

accrual accounting	System of accounting in which items are brought to account and included in financial statements as they are earned or incurred, rather than as they are received or paid.
additional estimates	Where amounts appropriated at budget time are insufficient, Parliament may approve additional funds to agencies through additional appropriation legislation.
administered items	Revenues, expenses, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.
agency	Agencies are departments of state, departments of the Parliament and 'prescribed agencies' for the purposes of the <i>Financial Management and Accountability 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 74, of the <i>Public Service Act 1999</i> .
average staffing level	The average number of employees receiving salary over the financial year, with adjustments for part-time and casual employees to show the full-time equivalent.
core funding	Contributions to the regular budgets of organisations to support agreed activities in their strategic plans.
corporate governance	The process by which agencies are directed and controlled. It encompasses authority, accountability, stewardship, leadership, direction and control.
departmental items	Revenue, expenses, assets and liabilities that are controlled by the agency in providing its programs.
grant	Commonwealth financial assistance as defined under Regulations 3A(1) and 3A(2) of the <i>Financial Management and Accountability Regulations 1997</i> .
integration	Process involved in integrating the Australian aid program and the former AusAID into the department.
key performance indicators (KPIs)	Annual program performance targets that are outlined in the Foreign Affairs and Trade Portfolio Budget Statements.
memorandum of understanding	A document outlining the terms and details of a non-binding arrangement between parties including each party's requirements and responsibilities. (MOU)
non-core funding	Funding for organisations for specific programs with a clearly identified sectoral, thematic or geographic focus.
non-ongoing APS employee	A person engaged as an APS employee under subsection 22(2)(b) or 22(2)(c) of the <i>Public Service Act 1999</i> .
ongoing APS employee	A person engaged as an ongoing APS employee under subsection 22(2)(a) of the <i>Public Service Act 1999</i> .
performance pay	A one-off payment in recognition of performance.
Portfolio Budget Statement	Informs the public and Parliament of the proposed allocation of resources by program to achieve the agency's outcomes.
program	An activity/group of activities that deliver benefits, services or transfer payments and are the primary vehicles for government agencies to achieve the intended results of their outcome statements.
purchaser-provider arrangements	Arrangements under which the services of one agency are purchased by another agency to contribute to outcomes.
service charter	A public statement about the service that a department will provide and what customers can expect from the department. It is government policy that departments which provide services directly to the public have service charters in place.

Acronyms and abbreviations

ACC	Australian Civilian Corps
ADB	Asian Development Bank
ACFID	Australian Council for International Development
ACIAR	Australian Centre for International Agricultural Research (portfolio agency)
AG	Australia Group – an informal forum of countries which, through the harmonisation of export controls, seeks to ensure that exports do not contribute to the development of chemical or biological weapons.
AICC	Australia International Cultural Council
AIDS	acquired immunodeficiency syndrome
AIPRD	Australia–Indonesia Partnership for Reconstruction and Development
ANAO	Australian National Audit Office
ANCP	Australian NGO Cooperation Program
ANSTO	Australian Nuclear Science and Technology Organisation
APEC	Asia–Pacific Economic Cooperation (forum)
APS	Australian Public Service
APSC	Australian Public Service Commission
APTC	Australia–Pacific Technical College
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ASNO	Australian Safeguards and Non-Proliferation Office (portfolio agency)
ATT	Arms Trade Treaty
AUKMIN	Australia – United Kingdom Ministerial Dialogue
AUSFTA	Australia – United States Free Trade Agreement
AUSMAT	Australian Medical Assistance Team
AUSMIN	Australia – United States Ministerial Consultations
Austrade	Australian Trade Commission (portfolio agency)
AVID	Australian Volunteers for International Development
CHOGM	Commonwealth Heads of Government Meeting
COALAR	Council on Australia Latin America Relations
DAC	Development Assistance Committee
DAP	Direct Aid Program
DIICCSRTE	Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education
DRET	Department of Resources, Energy and Tourism
EAS	East Asia Summit
EFIC	Export Finance and Insurance Corporation (portfolio agency)
ERT	emergency response team

EU	European Union
FOI	freedom of information
FTA	free trade agreement
GDP	gross domestic product
GCC	Gulf Cooperation Council
GCTF	Global Counterterrorism Forum
GST	goods and services tax
G20	Group of Twenty (19 member countries and the European Union) – forum for international economic cooperation
HIV	human immunodeficiency virus
HRC	Human Rights Council
IAEA	International Atomic Energy Agency
ICC	International Criminal Court
ICN	international communications network
ICRC	International Committee of the Red Cross
ICT	information and communications technology
IMF	International Monetary Fund
IORA	Indian Ocean Rim Association
ITA	Information Technology Agreement
JAEP	Japan Australia Economic Partnership Agreement
JSCOT	(Parliamentary) Joint Standing Committee on Treaties
KAFTA	Korea–Australia Free Trade Agreement
LES	locally engaged staff
MC9	WTO 9th Ministerial Conference
MIKTA	Mexico, Indonesia, Republic of Korea, Turkey and Australia
MOU	memorandum of understanding
NATO	North Atlantic Treaty Organization
NCD	non-communicable disease
NCP	New Colombo Plan
NGO	non-government organisation
NPDI	Non-Proliferation and Disarmament Initiative
NPT	Treaty on the Non-Proliferation of Nuclear Weapons
ODA	official development assistance
ODE	Office of Development Effectiveness
OECD	Organisation for Economic Co-operation and Development
OER	office evaluation review
OPCW	Organisation for the Prohibition of Chemical Weapons
OPO	Overseas Property Office
P5+1	China, France, Russia, United Kingdom and United States + Germany

PACER	Pacific Agreement on Closer Economic Relations
PGPA	Public Governance, Performance and Accountability (Act)
PIF	Pacific Islands Forum
PNG	Papua New Guinea
PPP	purchasing power parity
PRP	Passport Redevelopment Program
R2P Focal Point	Government-appointed senior level official responsible for the promotion of R2P at the national level and supporting international cooperation by participating in a global network
RAMSI	Regional Assistance Mission to Solomon Islands
RCEP	Regional Comprehensive Economic Partnership
ROK	Republic of Korea
SALW	small arms and light weapons
SATIN	Secure Australian Telecommunications and Information Network
SES	senior executive service
SLA	Service Level Agreement
STOs	state and territory offices
SWP	seasonal worker program
TIPAC	Trade and Investment Policy Advisory Council
TiSA	Trade in Services Agreement
TPP	Trans-Pacific Partnership (agreement)
TSD	trilateral strategic dialogue
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UNSC	United Nations Security Council
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
USAID	United States Agency for International Development
WIPO	World Intellectual Property Organization
WMD	weapons of mass destruction
WTO	World Trade Organization
2+2	Meeting of foreign and defence ministers from two countries

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List of requirements

This list 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 May 2014.

Description	Page	Requirement
Letter of transmittal	3	mandatory
Table of contents	4–5	mandatory
Index	441–64	mandatory
Glossary	429	mandatory
Contact officer(s)	2	mandatory
Internet home page address and internet address for report	2	mandatory
Review by the Secretary		
Secretary's review	13–18	mandatory
Summary of significant issues and developments	13–17	suggested
Overview of department's performance and financial results	13–18	suggested
Outlook for the following year	17–18	suggested
Significant issues and developments for the portfolio	13, 16–17, 19	suggested
Departmental overview		
Role and functions	inside cover	mandatory
Organisational structure	20–1	mandatory
Outcome and program structure	22	mandatory
Where outcome and program structures differ from PB Statements/ PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	n.a.	mandatory
Portfolio structure	23	mandatory
Report on performance		
Review of performance during the year in relation to programs and contribution to outcomes	26–223	mandatory
Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	26–223	mandatory
Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	134, 141, 151, 160, 161, 175, 181, 183, 187, 191	mandatory
Discussion and analysis of performance	26–223	mandatory
Trend information	13–14, 26–223	mandatory
Significant changes in nature of principal functions/ services	6–7, 13, 19–23, 127–94	suggested
Performance of purchaser–provider arrangements	216, 241, 275–6	suggested
Factors, events or trends influencing departmental performance	13–14, 26–223	suggested
Contribution of risk management in achieving objectives	232	suggested

Description	Page	Requirement
Performance against service charter customer service standards, complaints data, and the department's response to complaints	201, 207–8	mandatory
Discussion and analysis of the department's financial performance	222–3, 243–4	mandatory
Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations.	222–3, 243–4	mandatory
Agency resource statement and summary resource tables by outcomes	257–62	mandatory
Management and accountability		
Corporate governance		
Agency heads are required to certify that their agency complies with the 'Commonwealth Fraud Control Guidelines'.	3	mandatory
Statement of the main corporate governance practices in place	227–32	mandatory
Names of the senior executive and their responsibilities	20–1	suggested
Senior management committees and their roles	227–32	suggested
Corporate and operational plans and associated performance reporting and review	227–32	suggested
Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	227–32	suggested
Policy and practices on the establishment and maintenance of appropriate ethical standards	231	suggested
How nature and amount of remuneration for SES officers is determined	242	suggested
External scrutiny		
Significant developments in external scrutiny	232–3	mandatory
Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	233, 270	mandatory
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Management of human resources		
Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	234–42	mandatory
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Training and development undertaken and its impact	238–40	suggested
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