

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

Section 1: Overview	15
1.1 Summary of agency contributions to outcomes.....	20
Section 2: Resources for 2007-08.....	22
2.1 Appropriations and other resources.....	22
2.2 2007-08 Budget measures.....	24
2.3 Other resources available to be used	26
2.4 Movement of administered funds.....	27
2.5 Special appropriations	28
2.6 Movements in Special Accounts	29
Section 3: Outcomes	31
3.1 Summary of outcomes and contribution to outcomes	31
3.2 Outcome resources and performance information	34
Section 4: Other reporting requirements.....	53
4.1 Purchaser-provider arrangements	53
4.2 Cost recovery arrangements.....	55
4.3 Australian Government Indigenous Expenditure (AGIE).....	56
Section 5: Budgeted financial statements.....	57
5.1 Analysis of budgeted financial statements.....	57
5.2 Budgeted financial statements tables	59
5.3 Notes to the financial statements.....	75

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

Section 1: Overview

To advance the interests of Australia and Australians internationally the Department of Foreign Affairs and Trade works towards achieving four outcomes:

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

The department maintains a professional workforce with high standards of ethical and personal conduct and with the capacity to respond effectively and flexibly to emerging foreign and trade policy and consular priorities. Sound financial management and effective allocation of resources in support of the Government's objectives will continue to be a management priority. Consistent with the Department of Finance and Administration guidelines, corporate services costs are distributed across the department's outputs and are not given a separate profile in Portfolio Budget Statements.

In 2007-08, the department will work on the Government's objectives against the four outcomes through a targeted range of activities and programmes.

Outcome 1

The department will continue to develop and implement measures aimed at strengthening national and international security. Combating international terrorism requires a broad range of measures to complement those targeted towards traditional security threats. The department will retain leadership of whole of government efforts to combat international terrorism, coordinated through the Ambassador for Counter-Terrorism. The department will promote further close cooperation within the Asia-Pacific region, including through measures to enhance transport and border security, strengthen intelligence and law enforcement cooperation, and build regional capacity. A key priority will remain the management of programmes to promote interfaith

dialogue and encourage recognition of the shared values which serve to rebut the extremist ideology underlying terrorism.

Preventing the proliferation of weapons of mass destruction and their means of delivery will remain a priority for the department, including through intensifying regional cooperation on export controls, nuclear safety, security and safeguards standards; working to uphold global non-proliferation regimes; and contributing to international efforts to address the major proliferation challenges posed by the nuclear programmes of Iran and the Democratic People's Republic of Korea. The department will continue to work with like-minded countries to strengthen the non-proliferation goals of the Proliferation Security Initiative.

The department will maintain Australia's leading role in promoting greater controls to prevent and counteract transfers of illicit trade in certain small arms and light weapons to non-state actors. Promoting regional cooperation and more effective global regimes to reduce the human and economic costs of landmines and certain types of cluster munitions will remain a priority.

In dealing with an increasingly complex and uncertain international security environment, the department will continue to implement programmes and initiatives aimed at improving the security of Australia's network of overseas diplomatic missions and the safety of people who visit and work in them.

The portfolio will continue to work to open markets to Australian goods, services and investment. It will give a high priority to concluding the World Trade Organisation (WTO) Doha Round negotiations in a manner that delivers commercially-valuable outcomes on agriculture, industrial products and services. Australia's leadership of the Cairns Group of agricultural countries helps to maximise our influence in working for ambitious agricultural trade reform in the Doha Round negotiations. The department will use the WTO dispute settlement system to pursue and defend Australia's trade and economic interests.

In parallel with a strong commitment to the Doha round, the department will continue to negotiate a carefully selected range of free trade agreements (FTAs). Achieving a high quality FTA with China is one of the Government's principal trade policy priorities. The 2007-08 Budget measure, *Australia-China Free Trade Agreement - continuation of negotiations*, will provide additional resourcing over two years for nine Australian agencies to continue negotiating the agreement. The department will commence negotiations with Japan. The successful conclusion of FTA negotiations with Japan, the world's second largest economy and Australia's largest export market, would deliver significant economic gains to Australia. The department will continue to pursue FTAs with Malaysia, the Gulf Cooperation Council (replacing earlier negotiations with the UAE), Chile, and with ASEAN (together with New Zealand). Launching FTA negotiations with the Republic of Korea is a priority and to this end the department is supporting a private sector study on the implications of such an FTA. The department is also exploring options for enhancing economic cooperation

with Mexico. The department will lead advocacy and capacity-building efforts to strengthen constituencies in Australia and in negotiating countries in favour of comprehensive, liberalising and WTO-consistent FTAs.

The department will continue to accord priority to the effective implementation of Australia's existing free trade agreements with the United States, Thailand, Singapore and New Zealand. With Austrade, the department will encourage and assist Australian exporters to take advantage of trade and investment opportunities created by these agreements.

In cooperation with Austrade, the department will continue to support Australian exporters secure energy supply contracts, including Australian industry efforts to supply LNG to Japan, China, the Republic of Korea, Mexico and the United States, and to significant emerging markets, such as India.

In Australia's year as host of the Asia-Pacific Economic Cooperation (APEC) forum 2007, the department will lead a whole of government effort to develop and implement a set of ambitious policy objectives and organisational reform aimed at enhancing APEC's role as the key regional forum. The department will work with member economies to support the Doha Round and identify new ways to achieve trade and investment liberalisation goals, facilitate trade and improve the business environment. We will also work closely with Australian APEC Business Advisory Council (ABAC) members to produce meaningful outcomes for Australian business in 2007. While trade objectives remain at APEC's core, the department will work with member economies to advance initiatives in important areas such as clean development and climate change, economic reform, counter-terrorism, anti-corruption, good governance and avian flu preparedness.

Sustaining the impetus of the Asia-Pacific Partnership on Clean Development and Climate will remain a key priority for the department in taking forward the government's commitment to tackling environmental challenges. Significant progress has been made through the eight sectoral public-private task forces to accelerate low emission technology development and promote best practice. The Global Initiative on Forests and Climate will play a critical role in combating the contribution of deforestation to climate change. The department will play a lead role in several new environmental negotiations, including to protect marine biodiversity on the high seas and covering trade in genetic resources. Continuing to press for reform of the United Nations and support for efforts to strengthen the effectiveness of other international bodies, such as the Commonwealth, will remain a priority. The department will promote international observance of human rights principles and use our bilateral human rights dialogues with China, Vietnam and Laos to encourage implementation of international standards. The department will continue to lead and provide support to whole of government initiatives to combat people smuggling and trafficking through the People Smuggling Task Force and regional activities under the Bali process. The department will continue to actively support whole of government efforts to prevent illegal, unreported and unregulated fishing.

The department will work to strengthen Australia's key bilateral relationships. Active engagement with Asia – bilaterally and in regional groupings – will be an ongoing priority. The department will continue to play an active role in the East Asia Summit process and will seek to influence the development of East Asian regional architecture. The relationship with Japan, Australia's most important trade and strategic partner in the region, will continue to be developed in all its aspects, including through the Joint Declaration on Security Cooperation. The department will also build on recent high-level visits to broaden the base of the productive bilateral relationship with China. Supporting Australia's wide-ranging and mutually beneficial partnership with Indonesia remains an abiding objective.

The department will work actively to deepen further Australia's key alliance with the United States across the breadth of our political, economic and security interests. The department will continue to work closely with the United Kingdom, including to strengthen our cooperation in meeting security challenges. The department will work with the European Union, NATO and Canada in support of Australia's strategic interests, including in Afghanistan. The department will continue its efforts to deepen Australia's relationship with India.

The department will continue to coordinate the Australian Government's engagement with Iraq in support of stability, rehabilitation and democratic institutions. Safety of Australian troops and diplomatic staff will remain a key priority. The Australian diplomatic mission in Kabul will provide support for the expanded ADF deployment in Afghanistan, which is working to advance Australia's wider interests in promoting stability in Afghanistan and preventing it from again becoming a terrorist haven. In the Middle East, Australia will continue to support a two-state solution to the Israel-Palestinian conflict. In South-East Asia, the department will support Australian efforts to restore peace and stability in East Timor.

In the South Pacific, the department will continue to coordinate the Regional Assistance Mission to Solomon Islands and the Enhanced Cooperation Program with Papua New Guinea. The department will contribute to good governance and economic reform initiatives in other parts of the Pacific and work for the pooling of regional resources where appropriate. Continued cooperation with New Zealand and other South Pacific countries will remain important to achieving whole of government aims in the South Pacific.

In Africa, the department will advance Australia's trade, investment and humanitarian interests. It will maintain pressure on Zimbabwe to respect democracy, human rights and the rule of law and support international efforts to overcome the conflict as well as the humanitarian situation in Sudan.

The department will develop new sanctions measures if and when required and will continue to implement and enforce Australia's existing sanctions obligations – both multilateral and bilateral. We will continue to provide legal and policy support to the ADF's deployments both regionally and globally.

The department will continue to implement measures to ensure Australia meets its obligations under the Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations, which codify international practice regarding the rights and responsibilities of diplomatic and consular officials. It will accord a high priority to protecting the security and dignity of foreign diplomatic and consular representatives in Australia and facilitating their work, as well as managing their privileges and immunities.

The department will continue to provide ministers, departmental staff, and Australian Government agencies with reliable information technology and communications services, in particular through the whole of government secure international communications network.

Outcome 2

The department will continue to use its network of overseas posts, its dedicated consular resources in Canberra including the 24-hour Consular Emergency Centre, the new consular crisis centre, the *smartraveller* public information campaign and cooperative consular arrangements with other countries to provide highly efficient and responsive consular support to Australians overseas. The 2007-08 Budget measure, *Consular Emergency Services – reallocation of funding*, will provide emergency last-resort assistance to Australians, including minors and those medically incapacitated, who do not have the capacity to enter into legal arrangements and who consequently cannot participate in the current Travellers Emergency Loans scheme. The measure will also provide a paupers burial for deceased Australians overseas with no identifiable next-of-kin able to contribute to their burial. The department will continue to devote considerable resources to managing the growing demands of consular casework and to enhance its crisis response capabilities. Additional consular positions overseas are improving the quality, coverage and depth of the Government's consular network.

Drawing on recent experience in managing a number of significant consular crises, the department will continue to engage in ongoing contingency planning, training and testing of procedures to ensure the most effective and timely response to consular crises affecting Australians overseas. In particular, the department will progressively develop and review contingency arrangements for the 2008 Olympics in Beijing and further refine planning for pandemic influenza and for events involving large numbers of Australians overseas, including ANZAC Day 2008.

The department will continue to institute measures aimed at improving Australia's world class passports regime to provide Australians with even more secure travel documentation, to combat identity fraud and enhance border protection. This will involve strengthening the governance and integrity of the passport system to better mitigate the risk of identity fraud and the use of Australian passports for criminal activity. The department will also work to enhance the Australian passport's biometric facial recognition system in developing the next generation passport.

Outcome 3

The department will continue to use its cultural diplomacy to promote a positive, accurate and contemporary image of Australia internationally – particularly in the Asia-Pacific region. The 2007-08 budget measure, *Australia on the World Stage - enhancement*, will provide additional financial support to the Australia International Cultural Council, the Government's peak advisory body for international cultural promotion chaired by the Minister for Foreign Affairs. In addition, the 2007-08 budget measure, *Shanghai World Expo 2010 - planning and design*, will enable the department to commence preparations for Australia's participation in the Expo, which will showcase Australia's strengths as a leading exporter of resources and services and highlight Australia's high-quality urban design, environmental management and renewable energy capacities.

Outcome 4

The department will continue to manage the Government's \$1.4 billion owned overseas estate in an efficient and effective manner. The maintenance of a five year forward programme that identifies future requirements for capital works and other major expenditure in the overseas estate will ensure that financial objectives including the annual return of an agreed dividend to government is achieved. In managing the overseas estate, the department maintains a capability to respond when new or unforeseen security-related challenges arise. The 2007-08 Budget measure, *Kenya - acquisition of land and construction of new chancery in Nairobi*, will enable the department to provide new and more secure premises for Australia's representation in Nairobi. The 2007-08 Budget measure, *France - refurbishment of chancery in Paris*, will make significant improvement to the chancery and achieve more efficient utilisation of space by Australian tenant agencies. In addition, the 2007-08 Budget measure, *Japan - refurbishment of apartments in Tokyo*, will enable a mid-life upgrade and refurbishment of residential apartments in the Australian Government owned chancery complex in Tokyo that will improve spatial effectiveness and contribute to the maintenance of the asset.

1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the agency (outputs and administered policies, products and services) which contribute to achievement of outcomes for the department are summarised in Table 1.1.

Table 1.1: Contribution to outcomes

Outcome	Description	Output groups
Outcome 1 Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation	To enhance Australia's security, to contribute to growth in Australia's economy, employment and standard of living, and to strengthen global cooperation in ways that advance Australia's interests	Output 1.1 - Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity Output 1.2 - Secure government communications and security of overseas missions Output 1.3 - Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations) Output 1.4 Services to diplomatic and consular representatives in Australia
Outcome 2 Australians informed about and provided access to consular and passport services in Australia and overseas	To assist Australian travellers and Australians overseas	Output 2.1 - Consular and passport services
Outcome 3 Public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally	To foster public understanding of Australia's foreign and trade policy and to project a positive image of Australia internationally	Output 3.1 - Public information services and public diplomacy
Outcome 4 Efficient management of the Commonwealth overseas owned estate	To manage efficiently the Commonwealth's overseas owned estate	Output 4.1 - Property management Output 4.2 - Contract management

Section 2: Resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total appropriation for the department in the 2007-08 Budget is \$1,067.9 million, made up of \$822.1 million in departmental appropriations and \$245.8 million in administered appropriations.

New Budget measures and other adjustments affecting the department's 2007-08 appropriations follow:

Departmental

- **\$2.6m** for a new measure, *Australia on the World Stage - enhancement*, to promote a positive image of Australia overseas through cultural diplomacy and cultural export programmes;
- **\$4.1m** for a new measure to continue negotiations on the Australia-China Free Trade Agreement;
- **\$0.3m** for a new measure to support global sustainability of forests and climate;
- **\$1.4m** for a new measure to implement recommendations of the Cole Inquiry;
- **\$0.9m** adjustment for rent supplementation due to a security-related relocation;
- **\$1.4m** adjustment to re-phase Smartraveller II campaign funding;
- **\$4.8m** adjustment for overseas inflation;
- **(\$0.8m)** adjustment for domestic inflation;
- **(\$8.6m)** adjustment for changes in budget exchange rates between 2006-07 and 2007-08 (foreign exchange rebasing); and
- **(\$3.5m)** adjustment to re-phase security funding.

Administered

- **\$1.5m** for a new measure *Shanghai World Expo 2010 – planning and design*;
- **\$32.72m** for contributions to international organisations;
- **\$1.0m** for the International Relations Grant Programme for the transfer of Australia-Japan Foundation administered funding;
- **(\$0.2m)** adjustment for EFIC National Interest Account related expenses; and
- **(\$0.8m)** adjustment for the North American Pension Scheme.

Table 2.1: Appropriations and other resources 2007-08 ('000)

Agency/Outcome/ Non-operating	Departmental				Administered				Special Receipts (a) \$'000	Total \$'000
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	SPPs \$'000	Other (b) \$'000	Appropriation \$'000		
Outcome 1 Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation	542,854	-	-	45,800	220,029	-	-	-	-	808,683
Outcome 2 Australians informed about and provided access to consular and passport services in Australia and Overseas	211,521	-	-	-	500	-	-	500	-	212,521
Outcome 3 Public understanding in Australia and overseas of Australia's foreign and trade policy and positive image of Australia internationally	53,993	-	-	697	24,778	-	-	-	-	79,468
Outcome 4 Efficient management of Commonwealth Overseas Owned Estate	-	-	-	52,725	-	-	-	-	-	52,725
Total Agency	-	11,632	-	-	-	-	-	-	-	11,632
Loans	-	-	-	-	-	-	-	-	-	-
Previous years' outputs	-	2,057	-	-	-	-	-	-	-	2,057
Administered assets and liabilities	-	-	-	-	-	-	-	-	-	-
Special capital	-	-	-	-	-	-	-	-	-	-
Appropriation	-	-	-	-	-	-	-	-	-	-
TOTAL	808,368	13,689	-	99,222	245,307	-	-	500	-	1,167,086

(a) Departmental and administered receipts from other sources (i.e. other than appropriation amounts) that are available to be used.

(b) Includes new administered expenses and administered assets and liabilities.

Notes:

- Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new administered expenses within new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans. "New administered expenses within new outcomes" does not include revisions to existing outcomes, for example following restructuring of outcomes; or revisions to outcomes following an AAO change where new administered items are not involved.
- Refer to Budgeted Income Statement for application of agency revenue.

2.2 2007-08 BUDGET MEASURES

Budget measures relating to the department as explained in Budget Paper No. 2 are summarised in Table 2.2. The table also identifies the relevant outcomes, administered items and outputs associated with each measure.

Table 2.2 Department of Foreign Affairs and Trade measures

Measure	Outcome	Output groups affected	2007-08 \$'000		2008-09 \$'000		2009-10 \$'000		2010-11 \$'000					
			Admin expenses	Dept outputs	Admin expenses	Dept outputs	Admin expenses	Dept outputs	Admin expenses	Dept outputs				
Expense Measures			Total	Total	Total	Total	Total	Total	Total	Total				
Australia on the World Stage - enhancement	3	3.1	-	2,584	2,584	-	4,008	4,008	-	6,828	6,828	-	6,932	6,932
Australia-China Free Trade Agreement - continuation of negotiations*	1	1.1, 1.3	-	4,130	4,130	-	4,082	4,082	-	-	-	-	-	-
Cole Inquiry - implementation of recommendations*	1	1.1, 1.3	-	1,429	1,429	-	1,024	1,024	-	1,034	1,034	-	1,045	1,045
Climate change - Global Initiative on Forests and Climate*	1	1.1, 1.3	-	348	348	-	364	364	-	343	343	-	350	350
Australia-Japan Free Trade Agreement - commencement of negotiations*	1	1.1, 1.3	-	-	-	-	-	-	-	-	-	-	-	-
Shanghai World Expo 2010 - planning and design	3		1,500	-	1,500	-	-	-	-	-	-	-	-	-
Consular emergency services - reallocation of funding	2		-	-	-	-	-	-	-	-	-	-	-	-
International Relations Grants Programme - continuation of funding	3		-	-	-	-	-	-	-	-	-	-	-	-
Total Expense Measures			1,500	8,491	9,991	-	9,478	9,478	-	8,205	8,205	-	8,327	8,327

Table 2.2 Department of Foreign Affairs and Trade measures (continued)

<u>Capital Measures</u>										
Cole Inquiry - implementation of recommendations*	1	1.1, 1.3	-	443	443	-	-	-	-	-
Kenya - acquisition of land and construction of new chancery in Nairobi	4	4.1	-	4,200	4,200	-	5,500	5,500	-	-
France - refurbishment of chancery in Paris	4	4.1	-	500	500	-	5,500	5,500	12,000	12,000
Japan - refurbishment of apartments in Tokyo	4	4.1	-	1,300	1,300	-	14,600	14,600	6,100	6,100
Total Capital Measures			-	6,443	6,443	-	25,600	25,600	18,100	18,100
<u>Revenue Measures</u>										
Passport Fees - CPI Indexation	2		(8,500)	-	(8,500)	(14,900)	-	(14,900)	(20,400)	(26,600)
Total Revenue Measure			(8,500)	-	(8,500)	(14,900)	-	(14,900)	(20,400)	(26,600)
Total of all Measures			(7,000)	14,850	7,850	(14,900)	34,994	20,094	26,221	5,821
									(26,600)	18,543
										(8,057)

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by the department for provision of goods or services. These resources are approved for use by the department and are included in Table 2.1.

Table 2.3: Other resources available to be used

	Estimated resources 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental resources		
Sales of goods and services (FMA Act s.31)	91,462	97,732
Resources received free of charge	390	390
Other	1,100	1,100
Total departmental other resources available to be used	92,952	99,222
Administered other resources		
Sponsorship (FMA Act s.31)	-	-
Total administered other resources available to be used	-	-

Notes:

1. This table represents own source receipts available for spending on departmental purposes.
2. *Financial Management and Accountability Act 1997* (FMA Act) section 31 items are to be included as separate rows. Significant section 31 items are to be identified separately from other section 31 resources where appropriate.

2.4 MOVEMENT OF ADMINISTERED FUNDS

The department did not move administered funds from 2006-07 to 2007-08.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations

	Outcome	Note	Estimated expenses 2006-07 \$'000	Budget estimate 2007-08 \$'000
Estimated expenses				
Special Appropriation FMA Act, s28 (A)	2	1	500	500
Total estimate expenses			500	500

(1) The department refunds passport and consular fees, under s28 of the *Financial Management and Accountability Act 1997*, "Refund of Revenue". This amount is treated as an expense in the Profit and Loss Statement. The amount of refunds varies from year to year depending on passport demand and the level of consular services provided.

2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997*. These Determinations may be disallowed by the Parliament. Special Accounts can also be established by the passage of separate legislation. Abolition of Special Accounts requires a Determination to be made by the Finance Minister or, for those Accounts established by legislation, by repeal of the legislation in whole or part. Table 2.6 shows the expected additions (credits) and reductions (debits) for each account used by the Department of Foreign Affairs and Trade.

Table 2.6: Estimates of Special Account cash flows and balances

	Note	Outcome	Opening balance ²		Receipts		Payments		Adjustments		Closing balance	
			\$'000		\$'000		\$'000		\$'000		\$'000	
			2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08
Australia-China Council Special Account - s20 FMA Act (A)		3	0	725	725	725	0	0	0	0	0	0
Australia-France Endowment Special Account - s20 FMA Act (A)		1	1	742	743	0	0	0	0	0	0	0
Australia-India Council Special Account - s20 FMA Act (A)		3	29	53	53	82	0	0	0	0	0	0
Australia-Indonesia Institute Special Account - s20 FMA Act (A)		3	328	750	725	1,078	0	0	0	0	0	0
Australia-Korea Foundation Special Account - s20 FMA Act (A)		3	1	836	725	837	0	0	0	0	0	0
Consular Services Special Account - s20 FMA Act (A)		2	8	752	760	760	0	0	0	0	0	0
Australia-Japan Foundation Special Account - s20 FMA Act (A)		3	43	150	193	0	0	0	0	0	0	0
Services for Other Governments & Non-Agency Bodies Account - s20 FMA Act (A)	1	3	0	1,000	1,000	1,312	0	0	0	0	0	0
Other Trust Moneys Account - s20 FMA Act (A)		1,2,3	1,040	2,000	2,000	3,040	0	0	0	0	0	0
Administered Payment and Receipts for Other Entities Special Account - s20 FMA Act (A)		1,2,3	527	800	800	1,327	0	0	0	0	0	0
			5,000	230,000	230,000	230,000	0	5,000	0	5,000	0	5,000
			5,000	230,000	230,000	230,000	0	5,000	0	5,000	0	5,000
Overseas Property Account - Finance Determination 2002-01 (D)		4	131,797	158,967	111,196	111,196	0	179,568	0	179,568	0	179,568
			131,797	163,853	163,237	163,237	0	131,797	0	131,797	0	131,797
Total special accounts			136,797	395,920	348,149	348,149	-	184,568	-	184,568	-	184,568
2007-08 Budget estimate												
Total special accounts			138,158	401,248	402,609	402,609	-	136,797	-	136,797	-	136,797
2006-07 estimate actual												

(A) = Administered
(D) = Departmental
Acts Glossary: FMA Act = Financial Management and Accountability Act, 1997

Section 3: Outcomes

General government sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer items on behalf of the Government (administered items).

This section summarises how the resources identified in Section 2 will be used to contribute to the 4 outcomes for the department. Emphasis is placed on estimating the contribution to outcomes through administered items and outputs delivered by the agency. Key performance measures and performance evaluation activities are specified for each outcome. More detailed information on output and administered item attributes is maintained by agencies for internal management purposes.

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of the department and the outcomes is summarised in Figure 2.

Financial details for **Outcome 1** by output appear in Table 3.1 'Total Resources for Outcome 1', while non-financial information for Outcome 1 appears in Table 3.2 'Performance Information for Outcome 1'.

Financial details for **Outcome 2** by output appear in Table 3.1 'Total Resources for Outcome 2', while non-financial information for Outcome 2 appears in Table 3.2 'Performance Information for Outcome 2'.

Financial details for **Outcome 3** by output appear in Table 3.1 'Total Resources for Outcome 3', while non-financial information for Outcome 3 appears in Table 3.2 'Performance Information for Outcome 3'.

Financial details for **Outcome 4** by output appear in Table 3.1 'Total Resources for Outcome 4', while non-financial information for Outcome 4 appears in Table 3.2 'Performance Information for Outcome 4'.

Output cost attribution

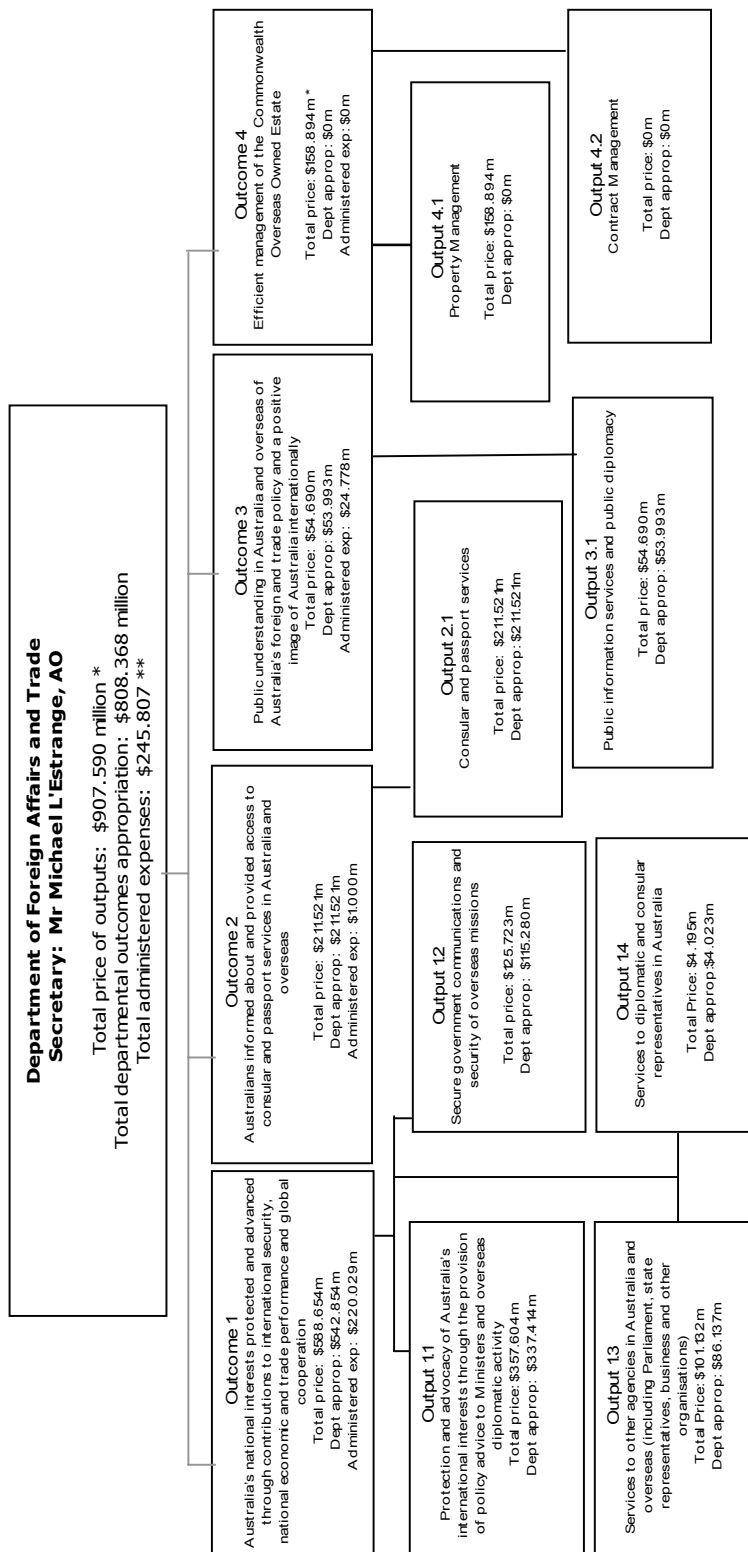
The department allocates resources to outputs based on its activity based costing model. Allocations in 2007-08 have been calculated based on the underlying model coupled with contemporary estimates data. The Overseas Property Office costs are excluded from the department's costing model as all activities are accounted for separately and allocated directly to Outcome 4 (Output 4.1).

DFAT Budget Statement: Outcomes

There have been no changes to the department's outcomes and outputs since the 2006-07 Portfolio Budget Statements were tabled.

The relationship between activities of the department and outcomes is summarised in Figure 2.

Figure 2: Contributions to outcomes



* Total Price of Outputs does not equal the sum of total price for each outcome. Outcome 4: Price of Outputs shown under this outcome includes an amount of \$106.169 million for inter-entity transactions, being rent paid by DFAIT to the Overseas Property Office for services provided to DFAIT's overseas diplomatic network. The contribution of this outcome to DFAIT's total price of outputs is \$52.725 million.

** These include total expenses funded by an annual Special Appropriation.

3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

Outcome 1 resourcing

Table 3.1 below shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 3.1: Total resources for Outcome 1 (\$'000)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Administered appropriations		
Bill No 1	194,059	220,029
Special Appropriation	-	-
Total administered appropriations	194,059	220,029
Departmental appropriations		
Output 1.1	302,386	337,414
Output 1.2	103,312	115,280
Output 1.3	77,195	86,137
Output 1.4	3,606	4,023
Total revenue from government (appropriations)	486,499	542,854
Contributing to price of departmental outputs	92%	92%
Other resources available to be used		
Output 1.1	18,749	20,190
Output 1.2	9,698	10,443
Output 1.3	13,926	14,995
Output 1.4	160	172
Total revenue from other sources	42,533	45,800
Total resources (Total revenue from government and from other sources)	529,032	588,654
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	723,091	808,683
	2006-07	2007-08
Average staffing level (number)	2,327	2,313

Measures affecting Outcome 1

Australia-China Free Trade Agreement – continuation of negotiations

The department will receive \$4.130 million in 2007-08 and \$4.082 million in 2008-09 under *Appropriation Bill No.1* for this measure, which will contribute to Outcome 1. Further description of this measure is contained in Budget Paper No.2.

Australia-Japan Free Trade Agreement – commencement of negotiations

The department will lead negotiations on a free trade agreement with Japan. It will not receive additional funding for this new measure, which will contribute to Outcome 1. Further description of this measure is contained in Budget Paper No.2.

Cole Inquiry - implementation of recommendations

The department will receive \$1.345 million in 2007-08, \$0.940 million in 2008-09, \$0.950 million in 2009-10 and \$0.961 million in 2010-11 under *Appropriation Bill No.1* and \$0.443 million in 2007-08 for this measure, which will contribute to Outcome 1. Further description of this measure is contained in Budget Paper No.2.

Climate change - Global Initiative on Forests and Climate

The department will receive \$0.348 million in 2007-08, \$0.364 million in 2008-09, \$0.343 million in 2009-10 and \$0.350 million in 2010-11 under *Appropriation Bill No.1* for this measure, which will contribute to Outcome 1. Further description of this measure is contained in Budget Paper No.2.

Contributions to achievement of Outcome 1

Output 1.1: Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity

DFAT's network of overseas missions together with Canberra-based staff and staff in state and regional capitals support the Government's efforts to advance the security and prosperity of Australia and Australians through advocacy of Australia's interests with foreign governments and international organisations. In consultation with other Australian government agencies, State and Territory governments, business, non-government organisations and community groups, the department provides policy advice and analysis to portfolio Ministers on how to advance its national interests. DFAT facilitates visits overseas by Government Ministers and senior officials in support of these.

Output 1.2: Secure government communications and security of overseas missions

The department provides secure and reliable international communications services for Ministers and Australian Government agencies. It also implements strategies to ensure the physical security of Australian missions overseas, to protect its staff, those of other agencies and visitors to these missions.

Output 1.3: Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)

The department provides international services to State, Territory and Federal parliamentarians including support for their visits overseas and those of their overseas

counterparts to Australia. Services to attached agencies overseas are provided under a Service Level Agreement (SLA). Business, other community groups and State, Territory and Federal government agencies are supported through the provision of information about Australia's international interests and obligations and through representations to foreign governments.

Output 1.4: Services to diplomatic and consular representatives in Australia

DFAT provides services to, and facilitates the operations of, foreign diplomatic and consular missions in Australia in accordance with Australia's responsibilities under the Vienna Conventions on Diplomatic and Consular Relations, and consistent with Australia's foreign and trade policy objectives.

Performance information for Outcome 1

DFAT's performance in achieving outcomes is measured in terms of effectiveness and efficiency. Effectiveness indicators measure the department's effectiveness in achieving the outcome, based on the combined contribution of agency outputs and administered items towards achieving outcomes. Efficiency indicators measure the quality, quantity and price of agency outputs and administered items.

Performance information for administered items, individual outputs and output groups relating to the department are summarised in Table 3.2.

The Agency Overview contains specific and measurable priorities for 2007-08 against the department's outcomes. The department's performance reporting for 2007-08 (contained in the Annual Report) will measure the implementation of these priorities in conjunction with the effectiveness indicators below, demonstrating the linkage between the Agency Overview and performance reporting.

Table 3.2: Performance information for Outcome 1

Effectiveness - Overall achievement of the outcome	
Enhancement of Australia's security	<p>Contribution to national, regional and international efforts to promote a more stable regional and global security environment.</p> <p>Strengthened and/or well-maintained security links with our allies; strengthened and/or well-maintained security-related dialogue and cooperation with other countries both bilaterally and in regional forums.</p> <p>Contribution to combating international terrorism and preventing the proliferation of weapons of mass destruction and their means of delivery, as well as illicit trade in certain small arms and light weapons.</p>
Contribution to national prosperity	<p>Improved access to overseas markets for Australian exports and investment pursued through bilateral, regional and multilateral means.</p> <p>Contribution to efforts to maintain and strengthen the multilateral trading system and effective use of the WTO to protect and pursue Australia's trade interests.</p> <p>Effective participation in APEC and other regional forums to build support for freer trade, make practical improvements in the business environment and encourage economic reform in the Asia-Pacific region.</p>
Contribution to strengthening global cooperation in ways that advance Australia's interests	<p>Effective participation in multilateral organisations such as the United Nations and the Organisation for Economic Co-operation and Development and in related multilateral and regional cooperation mechanisms.</p> <p>Promotion of outcomes to international deliberations on global environmental and energy-related issues consistent with Australian policy positions.</p> <p>Contribution to the development of a strong international legal framework.</p> <p>Encouragement of wider international application of universal human rights standards, democratic principles and good governance.</p>
Performance information for departmental outputs	
Output 1.1: Protection and advocacy of Australia's international interests through the provision of policy advice to ministers and overseas diplomatic activity	
	<p><i>Quality</i></p> <p>Satisfaction of portfolio ministers with the department's policy advice, analysis, speeches and briefings, including the department's contribution to the development of policies of other Australian Government agencies which have an international dimension.</p> <p>Satisfaction of portfolio ministers with the protection and advancement of Australia's international interests, including the conduct and timeliness of bilateral and multilateral negotiations, effective advocacy and representations, post reporting and the organisation of official programs.</p> <p>Strong capacity to assess, analyse and advise on responses to international developments.</p>

Table 3.2: Performance information for Outcome 1 (continued)

<p><i>Quantity</i> Scope and composition of the DFAT-managed diplomatic network. Number of units of policy advice delivered, including ministerial and cabinet submissions, ministerial correspondence, and speeches and briefings including parliamentary briefings. Number of consultations conducted with other Australian Government agencies, state and territory governments, business and non-government organisations in the context of the department's development of foreign and trade policy advice. Number of representations made to other governments and international organisations in support of Australia's international interests. Number of international meetings or negotiations attended, including on behalf of other Australian Government agencies. Number of official programs prepared for portfolio ministers and senior officials. Number of official programs prepared for the Prime Minister, other Australian Government ministers and senior officials. Number of reporting cables produced by our overseas posts. Number of occasions on which the department has contributed to the development of policies by other Australian Government agencies. Number of Foreign Affairs Council and Trade Policy Advisory Council meetings organised.</p> <p><i>Price</i> \$357.604 million</p> <p>Output 1.2: Secure government communications and security of overseas missions</p> <p><i>Quality</i> Client satisfaction with the secure communications network and secure telecommunications infrastructure. Availability to clients, and reliability, of communications through the secure network (including cable delivery). Client satisfaction with the level of physical security at overseas chanceries and residences, including responsiveness to unexpected events.</p> <p><i>Quantity</i> Number of posts and Australian Government entities with access to the secure communications network and secure telecommunications infrastructure. Number of clients serviced, types of services provided and volume of traffic handled. Number of visits to overseas missions to address protective security issues. Number of security clearances and reviews processed.</p> <p><i>Price</i> \$125.723 million</p>

Table 3.2: Performance information for Outcome 1 (continued)

Output 1.3: Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations)	
	<i>Quality</i> Client satisfaction with briefing, administrative, visit facilitation, communications and other services provided.
	<i>Quantity</i> Scope and composition of administrative services provided to other agencies overseas. Number of official programs organised for members of the Australian Parliament (excluding the Prime Minister or ministers) and parliamentary delegations. Number of services provided to parliamentary committees. Number of overseas visits by representatives of state or territory governments, and by state and territory parliamentarians, supported by the department. Number of Australian companies supported by the department with advice on market conditions, access to government and private sector contacts, and through representations directly connected with their particular interests.
	<i>Price</i> \$101.132 million
Output 1.4: Services to diplomatic and consular representatives in Australia	
	<i>Quality</i> Client satisfaction with the provision of services to diplomatic and consular representatives.
	<i>Quantity</i> Number of diplomatic and consular representatives for whom the department provides services. Number and category of services provided.
	<i>Price</i> \$4.195 million
Performance information for Administered Items	
Contributions to international organisations	
	<i>Quality</i> Efficiency and timeliness of administration of contributions paid in accordance with the requirements of relevant organisations.
	<i>Quantity</i> Number of international organisations to which Australia contributes.
	<i>Price</i> \$208.620 million
Export Finance and Insurance Corporation National Interest Account	
	<i>Quality</i> National interest payments and receipts managed in accordance with the national interest provisions of the <i>Export Finance and Insurance Corporation Act 1991</i> .
	<i>Quantity</i> Value of exports supported on EFIC's National Interest Account; value of claims paid on National Interest Account business.
	<i>Price</i> \$8.200 million
Compensation for detriment caused by defective administration	
	<i>Quality</i> Efficiency and timeliness of case management, where necessary.
	<i>Quantity</i> Where necessary, number of cases successfully managed.
	<i>Price</i> \$0.054 million

Evaluations for Outcome 1

In reporting on DFAT's performance in the annual report, the department will draw from the following internal and external planning and review processes:

- Post Evaluation Reports;
- Divisional Evaluation Reviews;
- Office Evaluation Reports;
- Post Liaison Visits;
- internal audits;
- Australian National Audit Office reports; and
- policy reviews.

These processes ensure the department is best able to direct resources to support the achievement of Outcome 1.

Competitive tendering and contracting

The department's procurement and contracting activities are overseen by its Contracts and Procurement Advisory Unit. The Unit is responsible for the provision of high quality policy advice relating to procurement, tendering and contract management within the department to ensure full compliance with Commonwealth and departmental procurement guidelines. The Unit also assists operational areas in selecting providers and establishing contracts as well as developing and maintaining procurement and contract related documentation and templates in liaison with the department's legal branch.

Major functions which are now performed by external providers include logistical and delivery services, mail processing, archival processing, aspects of recruitment and training, some legal services, travel management services, language training, IT helpdesk and desktop support services, provision of desktop hardware, mainframe computing services, cabling facilities management, receptionist and telephone services, property maintenance at overseas posts and security services in Australia and some overseas missions.

Outcome 2 resourcing

Table 3.1 below shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 2, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 3.1: Total resources for Outcome 2 (\$'000)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Administered appropriations		
Bill No 1	500	500
Special Appropriation	500	500
Total administered appropriations	1,000	1,000
Departmental appropriations		
Output 2.1	296,776	211,521
Total revenue from government (appropriations) Contributing to price of departmental outputs	296,776 100%	211,521 100%
Other resources available to be used		
Output 2.1	-	-
Total revenue from other sources	-	-
Total resources (Total revenue from government and from other sources)	296,776	211,521
Total estimated resourcing for Outcome 2 (Total price of outputs and administered appropriations)	297,776	212,521
	2006-07	2007-08
Average staffing level (number)	817	844

Measures affecting Outcome 2

Consular emergency services – reallocation of funding

The department will provide for this new measure, which will contribute to Outcome 2, within current funding levels. Further description of this measure is contained in Budget Paper No.2.

Passport Fees – CPI indexation

This measure increases the fees charged for passports and other travel documents in line with the movement in the Consumer Price Index. The department will collect on behalf of the Government \$8.500 million in 2007-08, \$14.900 million in 2008-09, \$20.400 million in 2009-10 and \$26.600 million in 2010-11. Further description of this measure is contained in Budget Paper No.2.

Contributions to achievement of Outcome 2

Output 2.1: Consular and passport services

DFAT provides 24-hour consular and passport services to Australians travelling overseas and their families in Australia through a consular network of overseas missions and honorary consulates, travel advisories, the Consular Emergency Centre and consular cooperation arrangements with other countries. DFAT disseminates information to inform Australian travellers about international developments, including areas that pose safety risks to travellers, and about the extent to which the Australian Government can assist them. DFAT also provides a range of information services to assist Australians better prepare for overseas travel. In particular, DFAT manages the *smartraveller* public information campaign which aims to promote the role of travel advisories and encourage Australians to use them as a routine part of overseas travel preparation. Under the authority of the *Passports Act 2005*, the department provides secure travel documents to eligible Australian citizens.

Performance information for Outcome 2

Performance information for administered items, individual outputs and output groups relating to the department are summarised in Table 3.2 below.

Table 3.2: Performance information for Outcome 2

Effectiveness - Overall achievement of the outcome	
Delivery of comprehensive, responsive, high-quality consular and passport services.	
Effectiveness of activities to improve awareness among Australian travellers of potential trouble spots and an understanding of the extent of assistance that the Australian Government can provide.	
Responsiveness to international crises or natural disasters to help Australians affected by them.	
Performance information for departmental outputs	
Output 2.1: Consular and passport services	
Consular services	
	<i>Quality</i> Satisfaction of the public and travel industry with consular services. Extent to which highly developed crisis management procedures are in place and tested. Client satisfaction with the suitability and effectiveness of contingency plans at overseas missions. Response time to consular issues.
	<i>Quantity</i> Number of Australians assisted overseas, including the number of public inquiries handled, notarial acts performed and travel advisories issued. Number of unexpected events or crises handled by the department, number of associated Emergency Task Force meetings held, and the duration of Crisis Centre operations.
Passport services	
	<i>Quality</i> Satisfaction of the public and travel industry with passport services. Turnaround time for passport issue, including urgent issues.
	<i>Quantity</i> Number of passport inquiries handled by the Australian Passport Information Service. Number of travel documents issued, including urgent issues.
	<i>Price</i> \$211.521 million
Performance information for Administered Items	
Travellers emergency loans	
	<i>Quality</i> Travellers emergency loans granted to Australian travellers in accordance with the guidelines laid down in the Consular Handbook.
	<i>Quantity</i> Number of Australian travellers assisted by emergency loans. Success of debt recovery activities.
	<i>Price</i> \$0.300 million
Consular emergency services	
	<i>Quality</i> Consular emergency services provided to Australian travellers in accordance with the guidelines laid down in the Consular Handbook.
	<i>Quantity</i> Number of Australian travellers assisted by emergency services.
	<i>Price</i> \$0.200 million

DFAT Budget Statement: Outcomes

Evaluations for Outcome 2

See description contained in 'Evaluations for Outcome 1'.

Competitive tendering and contracting

See description contained in 'Competitive tendering and contracting' under Outcome 1.

Outcome 3 resourcing

Table 3.1 below shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 3, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 3.1: Total resources for Outcome 3 (\$'000)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Administered appropriations		
Bill No 1	22,720	24,778
Special Appropriation	-	-
Total administered appropriations	22,720	24,778
Departmental appropriations		
Output 3.1	48,425	53,993
Total revenue from government (appropriations)	48,425	53,993
Contributing to price of departmental outputs	99%	99%
Other resources available to be used		
Administered Item 1	2,029	-
Output 3.1	648	697
Total revenue from other sources	2,677	697
Total resources (Total revenue from government and from other sources)	51,102	54,690
Total estimated resourcing for Outcome 3 (Total price of outputs and administered appropriations)	73,822	79,468
	2006-07	2007-08
Average staffing level (number)	220	219

Measures affecting Outcome 3

Shanghai World Expo 2010 – planning and design

The department will receive \$1.5 million in 2007-08 under *Appropriation Bill No.1* for this measure, which will contribute to Outcome 3. Further description of this measure is contained in Budget Paper No.2.

Australia on the world stage - enhancement

The department will receive \$2.584 million in 2007-08, \$4.008 million in 2008-09, \$6.828 million in 2009-10 and \$6.932 million in 2010-11 under *Appropriation Bill No.1* for this measure, which will contribute to Outcome 3. Further description of this measure is contained in Budget Paper No.2.

International Relations Grants Programme - continuation of funding

This measure, which will contribute to Outcome 3, provides for the continuation of funding for this programme. Further description of this measure is contained in Budget Paper No.2.

Contributions to achievement of Outcome 3

Output 3.1: Public information services and public diplomacy

The department provides information services and manages a range of public diplomacy programmes both overseas and in Australia aimed at promoting a positive image of Australia internationally and increasing public understanding of Australia's foreign and trade policies. The department operates a 24-hour media inquiries service and comprehensive websites, conducts regular media briefings and issues media releases.

Performance information for Outcome 3

Performance information for administered items, individual outputs and output groups relating to the department are summarised in Table 3.2.

Table 3.2: Performance information for Outcome 3

<p>Effectiveness - Overall achievement of the outcome</p> <p>Australians provided with comprehensive, relevant, up-to-date information on Australia's foreign and trade policy. Effective promotion of accurate and positive perceptions of Australia overseas.</p>	
<p>Performance information for departmental outputs</p>	
<p>Output 3.1: Public information services and public diplomacy</p>	
	<p><i>Quality</i></p> <p>Satisfaction, particularly of ministers, with the provision and impact of public diplomacy and information activities in Australia and the degree to which a positive image of Australia is projected internationally and Australia's profile raised.</p> <p>Timeliness and relevance of cultural and media activities and publications. Number of departmentally processed Freedom of Information and Archives requests not subject to requests for review and appeal.</p>
	<p><i>Quantity</i></p> <p>Number of Australian performing groups, artists, exhibitors and other cultural visitors supported. Number of public briefings given by departmental staff in Australia and overseas.</p> <p>Number of other public diplomacy/cultural activities organised. Number of media-related inquiries handled by the media liaison section. Number of visits organised under the International Media Visits Program, the Special Visits Program and the International Cultural Visits Program. Number of publications produced and number of copies distributed. Number of statistical services provided to external clients. Number of treaties maintained on, and added to, the international treaties database. Number of Freedom of Information requests processed. Number of records assessed for international relations sensitivities before release under the <i>Archives Act 1983</i> and number of completed requests for archival information.</p>
	<p><i>Price</i></p> <p>\$54.69 million</p>

Table 3.2: Performance information for Outcome 3 (continued)

Performance information for Administered Items	
Grants	
	<i>Quality</i> Grants administered in accordance with Government guidelines on the administration of the Discretionary Grants Program.
	<i>Quantity</i> Number of grants.
	<i>Price</i> \$4.541 million
Australia Network - Australia's Asia-Pacific Television Service	
	<i>Quality</i> Australia Network - Australia's Asia Pacific television service to meet its contractual obligations with the department in regard to the quality, coverage and management of the television service.
	<i>Quantity</i> Performance of the television service measured by tests and assessments prescribed in the contract.
	<i>Price</i> \$18.737 million
Shanghai World Expo 2010 - planning and design	
	<i>Quality</i> Stakeholder satisfaction with design and other plans produced.
	<i>Quantity</i> The number of planning and design options produced.
	<i>Price</i> \$1.500 million

Evaluations for Outcome 3

See description contained in 'Evaluations for Outcome 1'.

Competitive tendering and contracting

See description contained in 'Competitive tendering and contracting' under Outcome 1.

Outcome 4 resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 4, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 3.1: Total resources for Outcome 4 (\$'000)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000
Administered appropriations		
Bill No 1	-	-
Special Appropriation	-	-
Total administered appropriations	-	-
Departmental appropriations		
Output 4.1	-	-
Total revenue from government (appropriations)	-	-
Contributing to price of departmental outputs	0%	0%
Other resources available to be used		
Output 4.1	49,771	52,725
Total revenue from other sources	49,771	52,725
Total resources (Total revenue from government and from other sources)	49,771	52,725
Total estimated resourcing for Outcome 3 (Total price of outputs and administered appropriations)	49,771	52,725
	2006-07	2007-08
Average staffing level (number)	21	24

Measures affecting Outcome 4

Kenya – acquisition of land and construction of new chancery in Nairobi

This measure, which will contribute to Outcome 4, will involve \$4.200 million in 2007-08 and \$5.500 million in 2008-09 from the Overseas Property Special Account. Further description of this measure is contained in Budget Paper No.2.

France - refurbishment of chancery in Paris

This measure, which will contribute to Outcome 4, will involve \$0.500 million in 2007-08, \$5.500 million in 2008-09, \$12.000 million in 2008-09 and \$10.300 million in 2010-11 from the Overseas Property Special Account. Further description of this measure is contained in Budget Paper No.2.

Japan - refurbishment of apartments in Tokyo

This measure, which will contribute to Outcome 4, will involve \$1.300 million in 2007-08, \$14.600 million in 2008-09 and \$6.100 million in 2008-09 from the Overseas

DFAT Budget Statement: Outcomes

Property Special Account. Further description of this measure is contained in Budget Paper No.2.

Contributions to achievement of Outcome 4

Output 4.1: Property Management, and

Output 4.2: Contract Management

The Overseas Property Office (OPO) manages the Government's owned overseas property portfolio on a commercial basis. The owned overseas estate comprises office and staff residential accommodation in 61 locations, with a market value in the order of \$1.4 billion. The OPO manages the overseas estate through a five-year rolling programme for major expenditure and capital works.

Performance information for Outcome 4

Performance information for administered items, individual outputs and output groups relating to the department are summarised in Table 3.2.

Table 3.2: Performance information for Outcome 4

Effectiveness - Overall achievement of the Outcome	
Management of the owned overseas property estate meets the Government's property needs, and achieves the agreed dividend and return on investment in accordance with the Australian Government Property Ownership Framework.	
Australian Government representatives overseas provided with appropriate accommodation, including through effective management of the United Group Services strategic alliance contract.	
Efficient financial and physical management of assets.	
Performance information for departmental outputs	
Output 4.1 — Property management	
	<i>Quality</i>
	Portfolio condition to be maintained to industry standards.
	Tenant satisfaction to be reviewed by annual survey.
	<i>Quantity</i>
	Return on investment to be compared with external industry benchmarks and the agreed annual requirement as determined each year.
	Management expense ratio to be consistent with external industry benchmarks.
	Pay agreed annual dividend to Government.
	<i>Price</i>
	\$158.894 million*
Output 4.2 — Contract management	
	<i>Quality</i>
	Efficient and effective management of construction projects for new capital works.
	Ensuring measurement of contractual outcomes required of United Group Services.
	Tenant satisfaction with United Group Services contract delivery.
	<i>Quantity</i>
	Number of project contracts managed.
	Number of calls answered by United Group Services call centre and agreed response times for successful service delivery achieved.
	<i>Price</i>
	Nil

* Price shown under this outcome includes an amount of \$106.169 million for rent paid by DFAT to the Overseas Property Office for services provided to DFAT's overseas diplomatic network.

Evaluations for Outcome 4

See description contained in 'Evaluations for Outcome 1'.

Competitive tendering and contracting

See description contained in 'Competitive tendering and contracting' under Outcome 1.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

4.1.1 Cross agency overview

The department has a cross agency arrangement, the Service Level Agreement (SLA), under which it provides common administrative services to Australian Government agencies overseas. The current SLA agreement covers the period September 2004 to June 2007. During 2006-07, the department provided services under the SLA to:

AusAID (Australian Agency for International Development)
Australian Centre for International Agricultural Research
Australian Customs Service
Australian Federal Police
Australian Federal Police Protective Service
Australian Government Information Management Office
Australian Nuclear Science and Technology Office
Australian Security Intelligence Organisation
Australian Taxation Office
Australian Trade Commission
Commonwealth Scientific and Industrial Research Organisation
Department of Agriculture, Fisheries and Forestry
Department of Defence
Department of Education, Science and Training
Department of Employment and Workplace Relations
Department of Family, Community Services and Indigenous Affairs
Department of Health and Ageing (Therapeutic Goods Administration)
Department of Immigration and Citizenship
Department of Industry, Tourism and Resources
Department of the Prime Minister and Cabinet
Department of Transport and Regional Services
Department of the Treasury
Department of Veterans' Affairs
Invest Australia
National Library of Australia
Office of National Assessments

The Department of Immigration and Citizenship, the Department of Defence, AusAID, the Australian Federal Police and the Department of Education, Science and Training are the main purchasers of services under the SLA.

DFAT Budget Statement: Other reporting requirements

The department also has purchaser-provider arrangements with Australian Government agencies that require information and communications technology (ICT) services for staff at Australia's overseas missions. The department provides ICT services to the following agencies and divisions of agencies:

Attorney-General's Department
Australian Transaction Reports and Analysis Centre
AusAID
Australian Antarctic Division
Australian Centre for International Agricultural Research
Australian Customs Service
Australian Federal Police
Australian Institute of Criminology
Australian Nuclear Science and Technology Organisation
Australian Radiation Protection and National Safety Authority
Australian Trade Commission
Defence Intelligence Organisation
Department of Agriculture, Fisheries and Forestry
Department of Communications, Information and the Arts
Department of Defence
Department of Education, Science and Training
Department of Employment and Workplace Relations
Department of Environment and Heritage
Department of Finance and Administration
Department of Health and Ageing
Department of Immigration and Multicultural Affairs
Department of Industry, Tourism and Resources
Department of the Prime Minister and Cabinet
Department of Transport and Regional Services
Department of the Treasury
Department of Veteran Affairs
Export Finance and Insurance Corporation
National Library of Australia
Office of National Assessments
Parliamentary Relations Office
Therapeutic Goods Administration

The department also provides ICT services to the New Zealand Ministry of Foreign Affairs and International Trade.

Responsibility

The department is responsible for disclosing departmental cost recovered through the department's purchaser-provider arrangements in its Annual Report, clearly indicating where the recovery relates to inter-government charges.

4.2 COST RECOVERY ARRANGEMENTS

In 2006-07, in accordance with the Government's cost recovery review schedule, the department completed a review of its cost recovery arrangements to ensure compliance with the Australian Government Cost Recovery Guidelines. In undertaking the review it was found that all the department's activities involving revenue collection, including revenue collection for Australian passport applications and for inter-governmental charging, were exempt under the Guidelines.

DFAT Budget Statement: Other reporting requirements

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

See Portfolio Table 1 in the 'Portfolio Overview' section.

Section 5: Budgeted financial statements

5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Budget Departmental Statement of Financial Performance

The department will receive additional appropriation funding of \$2.7 million (excluding capital funding) in 2007-08. This comprises funding of \$8.5 million for new measures (Figure 2.2 in Section 2 refers) less \$5.8 million in other adjustments, primarily relating to foreign exchange and inflation.

In 2007-08, the Overseas Property Office is forecasting to return \$7.3 million to the Official Public Account in the form of a dividend payment.

Budgeted Departmental State of Financial Position

For 2007-08, the Department's non financial asset position is budgeted to be \$1,881.8 million at year-end. The major asset component is \$1,627.2 million for Land and Buildings which includes \$1,436.8 million managed by the Overseas Property Office.

Schedule of Revenues and Expenses Administered on behalf of Government

Total administered revenues have been budgeted at \$277.1 million in 2007-08. Total revenue is estimated to increase by \$15.6 million from the *Portfolio Budget Statements 2006-07*. This is primarily due to an increase in projected passport revenue offset by an expected decrease in interest revenue collected from EFIC due to the early settlement of the Russian Government debt on the National Interest Account.

Total expenses administered on behalf of government are budgeted at \$249.5 million in 2007-08. The major components are contributions to international organisations, payments to the ABC Australia Network television service, expenses associated with the EFIC National Interest Account (NIA) and payments under the International Relations Grants Programme. Total estimated expenses have increased by approximately \$44.1 million from the *Portfolio Budget Statements 2006-07*, primarily due to a forecast increase in payments to international organisations and the Australia Network expense measure included in the *Portfolio Additional Estimates Statements 2006-07*.

Asset and Liabilities Administered on behalf of Government

Asset and liabilities are budgeted at \$355.8 million and \$183.7 million respectively for the year ending 30 June 2008. The assets mainly represent the whole of government

DFAT Budget Statement: Budgeted financial statements

component of the National Interest Account. Liabilities comprise primarily amounts relating to the National Interest Account and Locally Engaged Staff Pension Schemes. Changes to the schedule of budgeted assets and liabilities administered on behalf of the government since the *Portfolio Budget Statements 2006-07* reflect fair value adjustments required under the new Australian Equivalents to International Financial Reporting Standards (AEIFRS) and the subsequent adjustment for the disposal of the investment in the Australian Trade Commission (following its change to an FMA Agency on 1 July 2006) and the early repayment of the Russian Government NIA debt receivable in August 2006.

5.2: BUDGETED FINANCIAL STATEMENTS TABLES**Table 5.1: Budgeted departmental income statement (for the period ended 30 June 2008)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	842,183	810,425	827,788	832,008	824,631
Goods and services	91,462	97,732	97,184	85,725	87,872
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Other	1,100	1,100	1,100	1,521	1,911
Total revenue	934,745	909,257	926,072	919,254	914,414
Gains					
Net foreign exchange gains	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other	390	390	390	390	390
Total gains	390	390	390	390	390
Total income	935,135	909,647	926,462	919,644	914,804
EXPENSE					
Employees	353,869	370,627	379,521	387,994	344,973
Suppliers	388,002	360,579	369,558	383,598	422,355
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Depreciation and amortisation	70,746	75,668	78,844	87,317	89,135
Finance costs	673	649	624	457	400
Write-down of assets and impairment of assets	5,474	28,004	3,360	-	-
Net losses from sale of assets	477	4	910	800	-
Net foreign exchange losses	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	819,241	835,531	832,817	860,166	856,863
Share of operating results of associates and joint ventures accounted for using the equity method	-	-	-	-	-

Table 5.1: Budgeted departmental income statement (for the period ended 30 June 2008) (continued)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000	Forw ard estimate 2010-11 \$'000
Operating result from continuing operations	115,894	74,116	93,645	59,478	57,941
Operating result from discontinued operations	-	-	-	-	-
Gain (loss) on remeasuring discontinued operations	-	-	-	-	-
Operating result	115,894	74,116	93,645	59,478	57,941
Minority interest in net surplus or (deficit)	-	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	115,894	74,116	93,645	59,478	57,941

Table 5.2: Budgeted departmental balance sheet (as at 30 June 2008)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	39,610	41,557	41,583	41,609	41,638
Receivables	309,651	389,000	360,966	404,490	404,521
Investments accounted for under the equity method	-	-	-	-	-
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	-	-	-	-	-
Other investments	-	-	-	-	-
Tax assets	-	-	-	-	-
Accrued revenues	543	543	543	543	543
Other	-	-	-	-	-
Total financial assets	349,804	431,100	403,092	446,642	446,702
Non-financial assets					
Land and buildings	1,576,301	1,627,201	1,659,355	1,663,489	1,781,804
Infrastructure, plant and equipment	118,267	105,374	92,208	155,106	153,549
Investment properties	9,082	9,082	9,082	9,082	9,082
Heritage and cultural assets	-	-	-	-	-
Inventories	22,335	22,335	22,335	22,335	22,335
Intangibles	16,847	26,286	25,392	18,950	17,801
Biological assets	-	-	-	-	-
Assets held for sale	1,145	1,145	1,145	1,145	1,145
Other	120,729	90,361	138,252	184,887	121,231
Total non-financial assets	1,864,706	1,881,784	1,947,769	2,054,994	2,106,947
Total assets	2,214,510	2,312,884	2,350,861	2,501,636	2,553,649
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	2,215	1,460	649	-	-
Deposits	-	-	-	-	-
Overdraft	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	2,215	1,460	649	-	-
Provisions					
Employees	106,516	106,226	106,270	106,411	106,430
Other	-	-	-	-	-
Total provisions	106,516	106,226	106,270	106,411	106,430
Payables					
Suppliers	53,306	61,098	61,089	51,283	51,273
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Finance costs	-	-	-	-	-
Other	17,087	17,779	18,486	19,029	19,029
Total payables	70,393	78,877	79,575	70,312	70,302
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	179,124	186,563	186,494	176,723	176,732

**Table 5.2: Budgeted departmental balance sheet (as at 30 June 2008)
(continued)**

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
EQUITY*					
Parent entity interest					
Contributed equity	1,480,073	1,491,706	1,521,681	1,616,617	1,616,617
Reserves	239,366	251,965	253,385	259,517	253,580
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	315,947	382,650	389,301	448,779	506,720
Total parent entity interest	2,035,386	2,126,321	2,164,367	2,324,913	2,376,917
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	2,035,386	2,126,321	2,164,367	2,324,913	2,376,917
Current assets	373,284	454,580	426,572	470,122	470,182
Non-current assets	1,841,226	1,858,304	1,924,289	2,031,514	2,083,467
Current liabilities	163,068	169,841	169,778	160,883	160,891
Non-current liabilities	16,056	16,722	16,716	15,840	15,841

*Note: 'equity' is the residual interest in assets after deduction of liabilities.

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June 2008)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	90,784	97,040	96,476	85,184	87,872
Appropriations	898,602	763,203	790,596	758,202	821,357
Interest					
Dividends					
GST Receipts	19,008	19,362	19,362	19,362	19,362
Other	1,469	1,479	1,116	1,931	1,931
Total cash received	1,009,863	881,084	907,550	864,679	930,522
Cash used					
Employees	354,987	371,769	380,753	387,936	344,954
Suppliers	389,121	344,312	367,768	367,495	421,975
Grants					
Borrowing costs			20	20	400
GST Payments	19,377	19,637	19,362	19,362	19,362
Other	20	20	20	20	-
Total cash used	763,505	735,738	767,923	774,833	786,691
Net cash from or (used by) operating activities	246,358	145,346	139,627	89,846	143,831
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	11,100	2,434	4,769	4,497	-
Proceeds from sales of financial instruments					
Investments					
Other					
Total cash received	11,100	2,434	4,769	4,497	-
Cash used					
Purchase of property, plant and equipment	208,143	52,736	59,996	118,080	98,059
Purchase of financial instruments					
Investments					
Other	53,070	49,546	86,987	106,678	48,966
Total cash used	261,213	102,282	146,983	224,758	147,025
Net cash from or (used by) investing activities	(250,113)	(99,848)	(142,214)	(220,261)	(147,025)

Table 5.3: Budgeted departmental statement of cash flows (for the period ended 30 June 2008) (continued)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - Capital Injection	49,236	11,633	29,975	94,936	-
Proceeds from issuing financial instruments					
Other	(550)	(47,771)	59,632	35,505	3,223
Total cash received	48,686	(36,138)	89,607	130,441	3,223
Cash used					
Repayments of debt					
Dividends paid	25,837	7,344	84,731	-	-
Other	8,186	69	2,263	-	-
Total cash used	34,023	7,413	86,994	-	-
Net cash from or (used by) financing activities	14,663	(43,551)	2,613	130,441	3,223
Net increase or (decrease) in cash held	10,908	1,947	26	26	29
Cash at the beginning of the reporting period	28,713	39,610	41,557	41,583	41,609
Effect of exchange rate movements on cash at the beginning of reporting period					
Net Cash from /(to) Clearing Accounts	(11)	-	-	-	-
Cash at the end of the reporting period	39,610	41,557	41,583	41,609	41,638

Table 5.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	315,947	239,361	5	1,480,073	2,035,386
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	315,947	239,361	5	1,480,073	2,035,386
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	12,599	-	-	12,599
Sub-total income and expense	-	12,599	-	-	12,599
Net operating result	74,116	-	-	-	74,116
Total income and expenses recognised directly in equity	74,116	12,599	-	-	86,715
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	(7,344)	-	-	-	(7,344)
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	11,633	11,633
Other:					
Restructuring	-	-	-	-	-
<i>Amount(to)/from OPA - Agency</i>					
Cash transfers to the OPA	(69)	-	-	-	(69)
Sub-total transactions with owners	(7,413)	-	-	11,633	4,220
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2008	382,650	251,960	5	1,491,706	2,126,321

Table 5.5: Departmental capital budget statement

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	49,236	11,632	29,976	94,935	-
Appropriation of Previous Year Accrued Revenue	10,482	2,057			
Total capital appropriations	59,718	13,689	29,976	94,935	-
Represented by:					
Purchase of non-financial assets	49,236	11,632	29,976	94,935	-
Other	10,482	2,057			
Total represented by	59,718	13,689	29,976	94,935	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	49,236	11,632	29,976	94,935	-
Funded internally by					
Departmental resources	176,712	129,320	74,437	56,636	210,681
Total	225,948	140,952	104,413	151,571	210,681

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land investment property	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007								
Gross book value	777,924	816,683	-	155,990	-	49,626	-	1,809,305
Accumulated depreciation	-	(18,306)	-	(37,723)	-	(32,779)	-	(88,808)
Opening net book value	777,924	798,377	-	118,267	-	16,847	-	1,720,497
Additions:								
by purchase	13,000	94,969	-	13,591	-	19,393	-	140,953
by finance lease	-	-	-	-	-	-	-	-
internally developed	-	-	-	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-
Revaluations and impairment through equity	12,574	(28,004)	-	25	-	-	-	(15,405)
Reclassifications	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(41,566)	-	(24,148)	-	(9,954)	-	(75,668)
Impairments recognised in operating result	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Disposals:								
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-
other disposals	(73)	-	-	(2,361)	-	-	-	(2,434)
As at 30 June 2008								
Gross book value	803,425	883,648	-	167,245	-	69,019	-	1,932,419
Accumulated depreciation	-	(59,872)	-	(61,871)	-	(42,733)	-	(164,476)
Estimated closing net book value	803,425	823,776	-	105,374	-	26,286	-	1,767,943

Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June 2008)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	-	-	-	-	-
Total taxation	-	-	-	-	-
Non-taxation					
Goods and services	227,300	248,028	277,686	272,962	284,937
Fees and fines	-	-	-	-	-
Interest	16,149	6,500	6,300	6,100	6,100
Dividends	14,400	12,200	15,000	15,000	15,000
Other sources of non-taxation revenues	19,990	10,360	7,420	7,480	7,740
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Total non-taxation	277,839	277,088	306,406	301,542	313,777
Total revenues administered on behalf of Government	277,839	277,088	306,406	301,542	313,777
Gains					
Foreign exchange	-	-	-	-	-
Sale of assets	-	-	-	-	-
Other gains	-	-	-	-	-
Reversal of previous asset writedowns	-	-	-	-	-
Total gains administered on behalf of Government	-	-	-	-	-
Total income administered on behalf of Government	-	-	-	-	-
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	180,607	213,361	213,361	213,361	213,361
Subsidies	-	-	-	-	-
Personal benefits	2,450	2,200	1,950	1,950	1,700
Employees	-	-	-	-	-
Suppliers	1,501	21,767	20,385	20,867	20,956
Depreciation and amortisation	-	-	-	-	-
Write down and impairment of assets	-	-	-	-	-
Finance costs	15,400	8,600	8,200	7,800	7,600
Other	21,821	3,600	3,000	2,500	1,700
Asset sales	-	-	-	-	-
Foreign exchange	-	-	-	-	-
Total expenses administered on behalf of Government	221,779	249,528	246,896	246,478	245,317

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June 2008)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	5,220	5,220	5,220	5,220	5,220
Receivables	27,488	27,788	28,088	28,088	28,088
Taxation receivables	-	-	-	-	-
Investments	321,700	321,700	321,700	321,700	321,700
Accrued Revenues	1,121	1,121	1,121	1,121	1,121
Other financial assets	-	-	-	-	-
Total financial assets	355,529	355,829	356,129	356,129	356,129
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	-	-	-	-	-
Investment properties	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	-	-	-	-	-
Biological assets	-	-	-	-	-
Other	-	-	-	-	-
Total non-financial assets	-	-	-	-	-
Total assets administered on behalf of Government	355,529	355,829	356,129	356,129	356,129
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Australian Government securities	-	-	-	-	-
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Other	114,270	114,270	114,270	114,270	114,270
Total interest bearing liabilities	114,270	114,270	114,270	114,270	114,270
Provisions					
Employees	-	-	-	-	-
Taxation refunds provided	-	-	-	-	-
Australian currency on issue	-	-	-	-	-
Other provisions	41,494	41,494	41,494	41,494	41,494
Total provisions	41,494	41,494	41,494	41,494	41,494

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June 2008) (continued)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forw ard estimate 2008-09 \$'000	Forw ard estimate 2009-10 \$'000	Forw ard estimate 2010-11 \$'000
Payables					
Suppliers	220	220	220	220	220
Subsidies					
Personal benefits payable					
Grants					
Other payables	30,874	27,674	24,974	22,574	20,574
Total payables	31,094	27,894	25,194	22,794	20,794
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities administered on behalf of Government	186,858	183,658	180,958	178,558	176,558

Table 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June 2008)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	-	-	-	-	-
Fees	-	-	-	-	-
Sales of goods and rendering of services	227,300	248,028	277,686	272,962	284,937
Interest	113,580	100	100	100	100
Dividends	14,400	12,200	15,000	15,000	15,000
Net GST received	-	-	-	-	-
Other	19,990	7,160	4,720	5,080	5,740
Total cash received	375,270	267,488	297,506	293,142	305,777
Cash used					
Borrowing costs	11,400	4,600	4,200	3,800	7,600
Employees	-	-	-	-	-
Grant payments	180,607	213,661	213,661	213,361	213,361
Subsidies paid	-	-	-	-	-
Personal benefits	2,450	2,200	1,950	1,950	1,700
Suppliers	1,501	21,767	20,385	20,867	20,956
Net GST paid	-	-	-	-	-
Other	21,821	3,579	2,948	2,432	1,711
Total cash used	217,779	245,807	243,144	242,410	245,328
Net cash from or (used by) operating activities	157,491	21,681	54,362	50,732	60,449
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment and intangibles	-	-	-	-	-
Proceeds from sales of investments	-	-	-	-	-
Repayments of advances	-	-	-	-	-
Transfers from other entities	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-

Table 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June 2008) (continued)

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
Cash used					
Purchase of property, plant and equipment and intangibles	-	-	-	-	-
Advances and loans made	-	-	-	-	-
Transfers to other entities	-	-	-	-	-
Investments	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	-	-	-	-	-
Cash from Official Public Account	217,779	245,807	243,144	242,410	245,328
Other	700	700	700	700	-
Total cash received	218,479	246,507	243,844	243,110	245,328
Cash used					
Net repayment of borrowings	-	-	-	-	-
Dividends paid	-	-	-	-	-
Cash to Official Public Account	375,270	267,488	297,506	293,142	305,777
Other	700	700	700	700	-
Total cash used	375,970	268,188	298,206	293,842	305,777
Net cash from or (used by) financing activities	(157,491)	(21,681)	(54,362)	(50,732)	(60,449)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	5,220	5,220	5,220	5,220	5,220
Cash from Official Public Account for:					
- appropriations	-	-	-	-	-
- special accounts	-	-	-	-	-
Transfers from other entities (Finance - Whole of Government)	-	-	-	-	-
Cash to Official Public Account for:					
- appropriations	-	-	-	-	-
- special accounts	-	-	-	-	-
Transfers to other entities (Finance - Whole of Government)	-	-	-	-	-
Effect of exchange rate movements on cash at beginning of reporting period	-	-	-	-	-
Cash at end of reporting period	5,220	5,220	5,220	5,220	5,220

Table 5.10: Schedule of administered capital budget

Not applicable to the department.

Table 5.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget Year 2007-08)

Not applicable to the department.

5.3 NOTES TO THE FINANCIAL STATEMENTS

Departmental Financial Statements and Schedule of Administered Activity

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

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

Appropriations in the accrual budgeting framework

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

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

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

DFAT Budget Statement: Budgeted financial statements

Administered investments in controlled entities

The department has one administered investment in the Export Finance and Insurance Corporation with an estimated asset value of \$321.7 million as at 30 June 2008.

Asset valuation

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