

FOREIGN AFFAIRS AND TRADE

Closure of Australian diplomatic missions in Copenhagen and Nauru

Function: Foreign Economic Aid

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
-1.5	-1.9	-2.0	-2.0

Explanation

Australia operates a network of 101 diplomatic and consular posts in 71 countries. The Government has further reviewed this network and has decided to close Australia's Embassy in Copenhagen and High Commission in Nauru during 1997-98.

As neighbouring posts will undertake the non-discretionary work of these two posts, the overall impact on Australians travelling overseas will be manageable.

FOREIGN AFFAIRS AND TRADE

Reduction in Grants and Contributions Programme

Function: Foreign Economic Aid

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
-0.9	-1.0	-1.0	-1.0

Explanation

The Department of Foreign Affairs and Trade's Grants and Contributions Programme has been further reviewed with some grants being discontinued and others having their level of funding reduced.

The reduced programme will continue to contribute towards achieving Australia's foreign and trade policy objectives.

FOREIGN AFFAIRS AND TRADE

Reduction in overseas aid

Function: Foreign Economic Aid

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
-7.5	-7.7	-7.9	-8.1

Explanation

The Budget makes provision of \$1.4 billion in 1997-98 to essentially maintain the overall level of Australia's overseas aid. These programme savings, coupled with the need to accommodate increased commitments for the multilateral development banks and international environment treaties, have required reductions to be made in some country and global programmes.

The estimated Official Development Assistance to Gross National Product (ODA/GNP) ratio in 1997-98 is expected to decline from 0.29 (in 1996-97) to 0.27, largely as a consequence of an increase in nominal GNP and from savings flowing through from previous years.

The ODA/GNP ratio is expected to remain above the weighted average for OECD countries for 1997-98.

FOREIGN AFFAIRS AND TRADE

Transfer from the overseas aid programme to fund part of the cost of maintaining Radio Australia services

Function: Foreign Economic Aid

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
-4.0	-4.1	-4.2	-4.3

Explanation

The transfer of these funds from the aid programme will help offset the cost of maintaining a Radio Australia service which includes English language services to the Asia-Pacific region via satellite, short-wave transmission to the South Pacific and Papua New Guinea, and a Tok Pisin language short-wave service to Papua New Guinea.

\$1.5 million per year will be used to provide additional funding for the ABC (see measure titled 'Additional funding for the ABC for the broadcast of English and Tok Pisin language radio services by Radio Australia') and the balance will offset transmission costs.

Reductions have been made in some country and global aid programmes to accommodate this transfer.

As referred to in the measure 'Reduction in Overseas Aid', the estimated ODA/GNP ratio in 1997-98 is expected to remain above the weighted average for OECD countries.

FOREIGN AFFAIRS AND TRADE

Increased cost recovery by Austrade

Function: Mining and Mineral Resources, other than Fuels; Manufacturing; and Construction

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
-2.0	-3.0	-4.1	-5.3

Explanation

Austrade provides a range of services to Australian businesses to increase their international success in trade. The measure results in an increase in the level of cost recovery on a range of services provided by Austrade, including seminars, trade displays and telephone assistance, and provides for a greater use of sponsorships. Such fee receipts are shown as offsets to outlays under Assistance to Exporters sub-function.

Given the benefits some exporters may derive from services provided by Austrade, it is appropriate, and consistent with the Government's overall policy of user charging, that they should contribute to the cost of such services.

As a result of this measure, cost sharing and service fee income, which is about 9 per cent of Austrade's gross operating expenses, is expected to rise to 11 per cent in 1997-98 and by one percentage point a year thereafter to 2000-01.

FOREIGN AFFAIRS AND TRADE

Accelerated recovery of International Trade Enhancement Scheme loan funds

Function: Mining and Mineral Resources, other than Fuels; Manufacturing; and Construction

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
-5.0	-3.0	-1.0	0.0

Explanation

The International Trade Enhancement Scheme (ITES), which provided loans to exporters, was abolished in the 1996-97 Budget. Austrade's revision of its ITES loan commitments has provided scope to accelerate the recovery of these funds.