

FINANCIAL STATEMENTS

SECTION 5

Financial statements for the year ended 30 June 2005



CONTENTS

Independent audit report

Statement by the Secretary and Chief Finance Officer

Statements of financial reformance, financial position and cash flows

Schedules of commitments and contingencies

Schedule of administered items

Notes to and forming part of the financial statements



INDEPENDENT AUDIT REPORT

To the Minister for Trade
To the Minister for Foreign Affairs

Scope

The financial statements and Secretary's responsibility

The financial statements comprise:

- Statement by the Secretary and Chief Finance Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the Department of Foreign Affairs and Trade for the year ended 30 June 2005.

The Department's Secretary is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Department of Foreign Affairs and Trade, and that comply with accounting standards, other mandatory financial reporting requirements in Australia, and the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*. The Department's Secretary is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

GPO Box 707 CANBERRA ACT 2601
Centenary House 19 National Circuit
BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Department's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Secretary.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial statements of the Department of Foreign Affairs and Trade:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (b) give a true and fair view of the Department of Foreign Affairs and Trade's financial position as at 30 June 2005 and of its performance and cash flows for the year then ended, in accordance with:
 - (i) the matters required by the Finance Minister's Orders; and
 - (ii) applicable accounting standards and other mandatory financial reporting requirements in Australia.

Additional Statutory Disclosure

As detailed in Note 28 of the financial statements, the Department of Foreign Affairs and Trade has contravened section 83 of the *Constitution* and section 48 of the *Financial Management and Accountability Act 1997*.

Australian National Audit Office



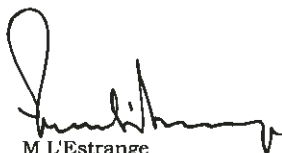
Rebecca Reilly
Executive Director

Delegate of the Auditor-General

Canberra
12 October 2005

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
STATEMENT BY THE SECRETARY AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2005 are based on properly maintained financial records (except for matters noted in Note 28) and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.



M L'Estrange
Secretary

11 October 2005



N Williams
Acting Chief Finance Officer

11 October 2005

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2005

	Notes	2005 \$'000	2004 \$'000
Revenues from ordinary activities			
Revenues from Government	4A	703,624	712,711
Goods and services	4B	91,323	88,749
Revenue from sale of assets	5E	24,932	5,260
Net foreign exchange gains	4C	771	117
Other revenues	4D	1,480	2,001
Revenues from ordinary activities		822,130	808,838
Expenses from ordinary activities (excluding borrowing costs expense)			
Employees	5A	310,597	288,377
Suppliers	5B	300,834	298,837
Depreciation and amortisation	5C	52,836	48,116
Write-down of assets	5D	4,472	5,401
Value of assets sold	5E	29,597	12,353
Other expenses	5F	47	0
Expenses from ordinary activities (excluding borrowing costs expense)		698,383	653,084
Borrowing costs expense	6	30	96
Net surplus / (deficit) from ordinary activities		123,717	155,658
Net credit to asset revaluation reserve	12A	1,277	(118,550)
Increase / (decrease) in accumulated results on initial application of fair value under accounting standard AASB 1041 <i>Revaluation of Non-Current Assets</i>	12A	(444)	(12,550)
Total revenues, expenses and valuation adjustments attributable to Members of the Parent Entity and Recognised Directly in Equity		833	(131,100)
Total changes in equity other than those resulting from transactions with the Australian Government as owner		124,550	24,558

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
STATEMENT OF FINANCIAL POSITION
as at 30 June 2005

	Notes	2005 \$'000	2004 \$'000
ASSETS			
Financial assets			
Cash	7A	36,873	28,068
Receivables	7B	319,028	147,953
Total financial assets		355,901	176,021
Non-financial assets			
Land and buildings	8A,C	1,441,830	1,433,840
Infrastructure, plant and equipment	8B,C	79,523	78,599
Intangibles	8D	12,937	14,111
Inventories	8E	2,076	1,696
Other non-financial assets	8F	20,487	22,004
Total non-financial assets		1,556,853	1,550,250
Total Assets		1,912,754	1,726,271
LIABILITIES			
Interest bearing liabilities			
Leases	9A	25	585
Total interest bearing liabilities		25	585
Provisions			
Employees	10A	99,241	95,349
Other provisions	10B	7,657	5,767
Total provisions		106,898	101,116
Payables			
Suppliers	11A	41,430	33,451
Other payables	11B	24,733	11,358
Total payables		66,163	44,809
Total Liabilities		173,086	146,510
NET ASSETS		1,739,668	1,579,761
EQUITY			
Contributed equity	12A	1,307,807	1,246,721
Reserves	12A	254,577	253,300
Retained surpluses / (accumulated deficit)	12A	177,284	79,740
TOTAL EQUITY	12A	1,739,668	1,579,761
Current assets		371,907	199,721
Non-current assets		1,540,847	1,526,550
Current liabilities		104,414	85,561
Non-current liabilities		68,672	60,949

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
STATEMENT OF CASH FLOWS
for the year ended 30 June 2005

	Notes	2005 \$'000	2004 \$'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		112,659	102,300
Appropriations		662,045	690,865
Net GST received from ATO		13,437	13,230
Other		3,666	0
Total cash received		<u>791,807</u>	<u>806,395</u>
Cash used			
Employees		308,119	297,778
Suppliers		306,233	319,517
Other		0	249
Cash transferred to the OPA		94,238	9,990
Total cash used		<u>708,590</u>	<u>627,534</u>
Net cash from / (used by) operating activities	13	<u>83,217</u>	<u>178,861</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		24,505	7,868
Total cash received		<u>24,505</u>	<u>7,868</u>
Cash used			
Purchase of property, plant and equipment		90,165	66,787
Purchase of intangibles		2,849	4,754
Total cash used		<u>93,014</u>	<u>71,541</u>
Net cash from / (used by) investing activities		<u>(68,509)</u>	<u>(63,673)</u>
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		40,014	10,333
Total cash received		<u>40,014</u>	<u>10,333</u>
Cash used			
Interest paid		591	716
Return of contributed equity		20,676	4,256
Dividends paid		25,729	133,891
Total cash used		<u>46,996</u>	<u>138,863</u>
Net cash from / (used by) financing activities		<u>(6,982)</u>	<u>(128,530)</u>
Net increase / (decrease) in cash held		7,726	(13,342)
Cash at the beginning of the reporting period		28,068	41,754
Effect of exchange rate movements on cash		1,079	(344)
Cash at the end of the reporting period	7A, 13	<u>36,873</u>	<u>28,068</u>

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF COMMITMENTS
as at 30 June 2005

	2005 \$'000	2004 \$'000
BY TYPE		
Capital commitments		
Infrastructure, plant and equipment	26,021	37,449
Total capital commitments	<u>26,021</u>	<u>37,449</u>
Other commitments		
Operating leases ¹	306,322	308,393
Other ²	99,669	133,333
Total other commitments	<u>405,991</u>	<u>441,726</u>
Commitments receivable	<u>(196,913)</u>	<u>(158,758)</u>
Net commitments	<u><u>235,099</u></u>	<u><u>320,417</u></u>
BY MATURITY		
Capital commitments		
One year or less	23,559	31,198
From one to five years	2,324	6,251
Over five years	138	0
Total capital commitments	<u>26,021</u>	<u>37,449</u>
Operating lease commitments		
One year or less	67,807	44,475
From one to five years	160,636	135,828
Over five years	77,879	128,090
Total operating lease commitments	<u>306,322</u>	<u>308,393</u>
Other commitments		
One year or less	39,071	47,165
From one to five years	44,742	65,413
Over five years	15,856	20,755
Total other commitments	<u>99,669</u>	<u>133,333</u>
Commitments receivable		
One year or less	(56,804)	(40,486)
From one to five years	(120,236)	(109,537)
Over five years	(19,873)	(8,735)
Total commitments receivable	<u>(196,913)</u>	<u>(158,758)</u>
Net commitments by maturity	<u><u>235,099</u></u>	<u><u>320,417</u></u>

NB: Commitments are GST inclusive where relevant.

The above schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF COMMITMENTS (continued)
as at 30 June 2005

¹ Operating leases included are effectively non-cancellable and comprise:

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Leases for office equipment	All lease terms and conditions are negotiated at post and vary based on local market conditions.
Agreements for the provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the Department.
Leases for computer equipment	The lessor provides all computer equipment and software as necessary in the supply contract for 3 years, with instalments paid quarterly.
Property leases for residential, compound and chancery properties at overseas posts and office property in Canberra and all State offices in Australia	The leased estate consists of properties leased by agencies from private landlords. The terms and conditions of these leases are negotiated at post and vary based on local market conditions.

² Includes passport costs, property and maintenance contracts, IT service contracts and security services.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF CONTINGENCIES
as at 30 June 2005

	Guarantees		Indemnities		Claims for damages or costs		Warranties		Letters of Comfort		TOTAL	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Contingent Liabilities												
Balance from previous period	0	0	0	0	2,521	2,005	0	0	0	0	2,521	2,005
New	269	0	0	0	406	1,682	0	0	0	0	675	1,682
Re-measurement	0	0	0	0	(16)	(26)	0	0	0	0	(16)	(26)
Liabilities crystallised	0	0	0	0	2,013	1,140	0	0	0	0	2,013	1,140
Obligations expired	0	0	0	0	341	0	0	0	0	0	341	0
Total Contingent Liabilities	269	0	0	0	557	2,521	0	0	0	0	826	2,521
Contingent Assets												
Balance from previous period	0	0	0	0	2,613	2,067	0	0	0	0	2,613	2,067
New	0	0	0	0	43	71	0	0	0	0	43	71
Re-measurement	0	0	0	0	(4)	502	0	0	0	0	(4)	502
Assets crystallised	0	0	0	0	44	27	0	0	0	0	44	27
Obligations expired	0	0	0	0	0	0	0	0	0	0	0	0
Total Contingent Assets	0	0	0	0	2,608	2,613	0	0	0	0	2,608	2,613
Net Contingencies	269	0	0	0	(2,051)	(92)	0	0	0	0	(1,782)	(92)

Details of each class of contingent liabilities and assets, including those that cannot be quantified or are considered remote, are disclosed in Note 14: Contingent Liabilities and Assets.

The above schedule should be read in conjunction with the accompanying notes.

**DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF ADMINISTERED ITEMS**

	Notes	2005 \$'000	2004 \$'000
Revenues Administered on Behalf of Government <i>for the year ended 30 June 2005</i>			
Non-taxation revenue			
Goods and services	19	175,166	149,733
Interest	19	20,157	17,732
Dividends	19	12,600	15,266
Other sources of non-taxation revenue	19	23,395	27,620
Total revenues administered on behalf of Government		231,318	210,351
Expenses Administered on Behalf of Government <i>for the year ended 30 June 2005</i>			
Grants and contributions	20	192,479	142,239
Employee benefits	20	3,845	3,023
Suppliers	20	42,152	1,932
Write-down and impairment of assets	20	208	572,564
Other	20	27,452	39,098
Total expenses administered on behalf of Government		266,136	758,856

This schedule should be read in conjunction with the accompanying notes.

**DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF ADMINISTERED ITEMS (continued)**

	Notes	2005 \$'000	2004 \$'000
Assets Administered on Behalf of Government			
<i>as at 30 June 2005</i>			
Financial assets			
Cash	21	5,115	5,506
Receivables	21	124,443	132,301
Investments	21	330,041	323,400
Total financial assets administered on behalf of Government		<u>459,599</u>	<u>461,207</u>
Non-financial assets			
Prepayments	21	5,080	3,944
Total non-financial assets administered on behalf of Government		<u>5,080</u>	<u>3,944</u>
Total assets administered on behalf of Government		<u>464,679</u>	<u>465,151</u>
Liabilities Administered on Behalf of Government			
<i>as at 30 June 2005</i>			
Payables			
Suppliers	22	4,842	1,754
Other payables	22	121,749	141,504
Total liabilities administered on behalf of Government		<u>126,591</u>	<u>143,258</u>
Net Assets Administered on Behalf of Government	23	<u>338,088</u>	<u>321,893</u>
Current assets		11,974	11,191
Non-current assets		452,705	453,960
Current liabilities		13,399	15,170
Non-current liabilities		113,192	128,088

This schedule should be read in conjunction with the accompanying notes.

**DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF ADMINISTERED ITEMS (continued)**

	Notes	2005 \$'000	2004 \$'000
Administered Cash Flows			
<i>for the year ended 30 June 2005</i>			
Operating activities			
Cash received			
Rendering of services		173,351	152,822
Interest		215	49
Dividends		12,600	15,266
NIA subsidy, premiums and recoveries		11,116	19,099
North American Pension Scheme receipts and other		4,880	3,202
Other - GST received from ATO		3,179	1,842
Total cash received		<u>205,341</u>	<u>192,280</u>
Cash used			
Grant and contribution payments		192,621	140,493
Personal benefits		808	477
Suppliers		41,933	2,512
National interest expense		10,721	9,113
North American Pension Scheme and other		4,021	2,518
Other - GST paid to ATO		0	1,849
Total cash used		<u>250,104</u>	<u>156,962</u>
Net cash from / (used in) operating activities		<u>(44,763)</u>	<u>35,318</u>
Investing activities			
Cash received			
		<u>0</u>	<u>0</u>
Cash used			
		<u>0</u>	<u>0</u>
Net cash from / (used in) investing activities		<u>0</u>	<u>0</u>
Net increase / (decrease) in cash held		(44,763)	35,318
Cash at the beginning of the reporting period		5,506	6,469
Cash from Official Public Account for:			
- Appropriations		243,582	154,519
- Special accounts		0	0
		<u>243,582</u>	<u>154,519</u>
Cash to Official Public Account for:			
- Appropriations		0	0
- Other		(199,210)	(190,800)
		<u>(199,210)</u>	<u>(190,800)</u>
Cash at the end of the reporting period	21	<u>5,115</u>	<u>5,506</u>

This schedule should be read in conjunction with the accompanying notes.

**DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF ADMINISTERED ITEMS (continued)**

	2005 \$'000	2004 \$'000
Administered Commitments <i>as at 30 June 2005</i>		
BY TYPE		
Other commitments		
Other ¹	19,782	52,132
Total other commitments	<u>19,782</u>	<u>52,132</u>
Commitments receivable	0	0
Net commitments by type	<u>19,782</u>	<u>52,132</u>
BY MATURITY		
Other commitments		
One year or less	19,782	32,593
From one to five years	0	19,539
Over five years	0	0
Total other commitments by maturity	<u>19,782</u>	<u>52,132</u>
Commitments receivable		
One year or less	0	0
From one to five years	0	0
Over five years	0	0
Total commitments receivable by maturity	<u>0</u>	<u>0</u>
Net commitments by maturity	<u>19,782</u>	<u>52,132</u>

NB: Commitments are GST inclusive where relevant.

¹ Other commitments include the ABC Asia-Pacific contract and also in 2003-04 the AICHI World Expo.

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
SCHEDULE OF ADMINISTERED ITEMS (continued)
as at 30 June 2005

	Guarantees to controlled entities		Other Guarantees		Indemnities		TOTAL	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Administered Contingent Liabilities								
Balance from previous period	0	0	0	0	0	0	0	0
New	0	0	0	0	0	0	0	0
Re-measurement	0	0	0	0	0	0	0	0
Liabilities crystallised	0	0	0	0	0	0	0	0
Obligations expired	0	0	0	0	0	0	0	0
Total Contingent Liabilities	0	0	0	0	0	0	0	0

Administered Contingent Assets

2005 Nil
2004 Nil

Unquantifiable and remote but material contingencies are disclosed in **Note 24: Administered Contingent Liabilities**.

Statement of Activities Administered on Behalf of Government

The major administered activities of the Department are directed towards achieving the four outcomes described in Note 1 to the Financial Statements. The major financial activities are the collection of passport fees and interest / premiums on the National Interest Account. Details of planned activities for the year can be found in the Department's 2004-05 Portfolio Budget and Portfolio Additional Estimates Statements for 2004-05 which have been tabled in Parliament.

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

- Note 1: Summary of Significant Accounting Policies
- Note 2: Adoption of AASB Equivalents to International Financial Reporting Standards from 2005-06
- Note 3: Events Occurring after Reporting Date
- Note 4: Operating Revenues
- Note 5: Operating Expenses
- Note 6: Borrowing Costs Expense
- Note 7: Financial Assets
- Note 8: Non-Financial Assets
- Note 9: Interest Bearing Liabilities
- Note 10: Provisions
- Note 11: Payables
- Note 12: Equity
- Note 13: Cash Flow Reconciliation
- Note 14: Contingent Liabilities and Assets
- Note 15: Executive Remuneration
- Note 16: Remuneration of Auditors
- Note 17: Average Staffing Levels
- Note 18: Financial Instruments
- Note 19: Revenues Administered on Behalf of Government
- Note 20: Expenses Administered on Behalf of Government
- Note 21: Assets Administered on Behalf of Government
- Note 22: Liabilities Administered on Behalf of Government
- Note 23: Administered Reconciliation Table
- Note 24: Administered Contingent Liabilities and Assets
- Note 25: Administered Investments
- Note 26: Restructuring
- Note 27: Administered Financial Instruments
- Note 28: Appropriations
- Note 29: Specific Payment Disclosures
- Note 30: Reporting of Outcomes

Notes to and forming part of the Financial Statements

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department

The objective of the Department of Foreign Affairs and Trade is to support Australia's interests in international security, contribute to national economic and trade performance, and promote global cooperation in partnership with other members of the international community.

The Department is structured to meet four outcomes:

- Outcome 1: Australia's national interests protected and advanced through contributions to international security, national economic and trade performance and global cooperation.
- Outcome 2: Australians informed about and provided access to consular and passport services in Australia and overseas.
- Outcome 3: Public understanding in Australia and overseas of Australia's foreign and trade policy and a positive image of Australia internationally.
- Outcome 4: Efficient management of the Commonwealth Overseas Owned Estate.

Activities that contribute toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department on behalf of the Government of items controlled or incurred by the Government.

Departmental activities are identified under four outputs for Outcome 1:

- Protection and advocacy of Australia's international interests through the provision of policy advice to Ministers and overseas diplomatic activity;
- Secure government communications and security of overseas missions;
- Services to other agencies in Australia and overseas (including Parliament, state representatives, business and other organisations); and
- Services to diplomatic and consular representatives in Australia.

One output for Outcome 2:

- Consular and passport services.

One output for Outcome 3:

- Public information services and public diplomacy.

Two outputs for Outcome 4:

- Property management; and
- Contract management.

1.2 Basis of Accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods on or after 30 June 2005 Orders)*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

Note 1: Summary of Significant Accounting Policies (continued)

1.2 Basis of Accounting (continued)

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 14).

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets, liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis using the same policies as for Departmental items, except where otherwise stated at Note 1.20.

1.3 Revenue

(a) Revenues from Government

Departmental output appropriations for the year (less any current year savings and reductions) are recognised as revenue, except for certain amounts which relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Savings are amounts offered up in Portfolio Additional Estimates Statements. Reductions are amounts by which appropriations have been legally reduced by the Finance Minister under Appropriation Act No 3 of 2003-04.

Appropriations receivable are recognised at their nominal amounts.

(b) Resources Received Free of Charge

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as revenue at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements (refer to Note 1.4).

(c) Other Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of a service is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Notes to and forming part of the Financial Statements

Note 1: Summary of Significant Accounting Policies (continued)

1.3 Revenue (continued)

(c) Other Revenue (continued)

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

1.4 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any savings offered up in Portfolio Additional Estimates Statements) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Commonwealth agency or authority under a restructuring of administered arrangements are adjusted at their book value directly against contributed equity.

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. In 2004-05, the Department returned from the Overseas Property Office net sale proceeds \$20,675,741 (2003-04: \$981,623).

1.5 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits), annual leave, sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave for Australia based employees, as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave. In the case of locally engaged staff at overseas posts, where the entitlement is vested, a liability has been recognised.

The leave liabilities are calculated on the basis of employees' remuneration, including the Department's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

Note 1: Summary of Significant Accounting Policies (continued)

1.5 Employee Benefits (continued)

Leave (continued)

The liability for long service leave has been determined with reference to an actuarial assessment conducted as at 30 June 2005. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Overseas allowances

Overseas conditions of service entitlements for officers during their posting are expensed as incurred. At reporting date the Department did not recognise any liability for overseas allowances, except as part of year end salary accruals.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. The Department has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

In some countries locally engaged staff at overseas posts are entitled to separation benefits. The provision for these benefits has been classified as employee benefits.

Superannuation

Australia based staff of the Department are members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Commonwealth and is settled by the Commonwealth in due course.

The Department makes employer contributions to the Commonwealth at rates determined by an actuary to be sufficient to meet the cost to the Commonwealth of the superannuation entitlements of the Department's employees. Where required the Department contributes superannuation to comply with local labour laws.

Australian based staff who are engaged on a temporary basis and locally engaged staff engaged overseas who are considered to be Australian residents for taxation purposes have compulsory employer superannuation contributions made on their behalf by the Department to the Australian Government Employees Superannuation Trust (AGEST) or another complying fund as nominated by them.

Defined benefit pension funds are currently maintained for locally engaged staff in North America, the United Kingdom, Ireland and India.

A new scheme was introduced on the 1 July 1998 for the United States of America (USA and Canada) and has been classified as a defined contribution scheme. Actuarial valuations of the pension schemes are performed triennially. As at 1 July 2001 the North American Pension Scheme was transferred from the Department's accounts and is now administered by the Department on behalf of the Commonwealth. Disclosures of the schemes according to accounting standards are stated in Note 10 and Note 22.

Notes to and forming part of the Financial Statements

Note 1: Summary of Significant Accounting Policies (continued)

1.6 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the beginning of the lease and a liability recognised at the same time and for the same amount. The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets.

Lease incentives taking the form of 'free' leasehold improvements, rent holidays and car parking spaces are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

1.7 Borrowing Costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The Department has no qualifying assets.

1.8 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.9 Other Financial Instruments

Trade Creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Receivables for Goods and Services

These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.

Contingent Liabilities and Contingent Assets

Contingent liabilities and assets are not recognised in the Statement of Financial Position but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability or asset is recognised. A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

Notes to and forming part of the Financial Statements

Note 1: Summary of Significant Accounting Policies (continued)

1.10 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.11 Property, Plant and Equipment (PP&E)

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Basis

Land, buildings, plant and equipment are carried at valuation, being revalued with sufficient frequency such that the carrying amount of each asset class is not materially different, at reporting date, from its fair value.

Fair values for each class of asset are determined as shown below.

Asset Class	Fair value measured at:
Land	Market selling price
Buildings	Market selling price
Leasehold Improvements	Depreciated replacement cost
Infrastructure, Plant & Equipment	Market selling price

Frequency

Land and buildings are formally revalued in successive three year cycles with annual reviews of material properties undertaken. All other assets controlled by the department are formally revalued in successive three year cycles, so that no asset has a value greater than three years old. Formal valuations are carried out by an independent qualified valuer.

Leasehold improvements were formally revalued in 2004-05.

Infrastructure, plant and equipment were formally revalued in 2004-05.

Assets in each class acquired after the commencement of a progressive revaluation cycle are not captured by the progressive revaluation then in progress.

Note 1: Summary of Significant Accounting Policies (continued)

1.11 Property, Plant and Equipment (PP&E) (continued)

Depreciation

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2004-05	2003-04
Buildings on freehold land	20 years	20 years
Leasehold improvements	Lesser of lease term or 15 years	Lesser of lease term or 15 years
Plant and equipment	5 to 10 years	5 to 10 years
Intangibles:		
- purchased	5 years	5 years
- internally developed	According to individual useful life (5 to 10 years)	According to individual useful life (5 to 10 years)

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 8.

1.12 Impairment of Non-Current Assets

Non-current assets carried at up to date fair value at the reporting date are not subject to impairment testing.

Non-current assets carried at cost and held to generate net cash inflows have been tested for their recoverable amounts at the reporting date. The test compared the carrying amounts against the net present value of future net cash inflows. No write-down to recoverable amount was required (2003-04: nil).

The non-current assets carried at cost which are not held to generate net cash inflows, have been assessed for indications of impairment. Where indications of impairment exist, the carrying amount of the asset is written down to the higher of its net selling price and, if the department would replace the asset's service potential, its depreciated replacement cost.

1.13 Intangibles

The Department's intangibles comprise internally developed software for internal use. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the Department's software is 5 years (2003-04: 5 years).

All software assets were assessed for impairment as at 30 June 2005. None were found to be impaired.

Note 1: Summary of Significant Accounting Policies (continued)

1.14 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

Inventories not held for resale are valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

1.15 Taxation

The Department is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses, assets and liabilities are recognised net of the amount of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

1.16 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current at balance date. Associated currency gains and losses are recognised in the Statement of Financial Performance.

1.17 Insurance

The Department has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through the Government's Comcare Australia.

1.18 Comparative Figures

Where practicable, comparative figures have been adjusted in value and reclassified to conform to changes in reporting requirements in the current year.

1.19 Rounding

Amounts have been rounded to the nearest \$1,000 except in relation to the following:

- act of grace payments and waivers;
- remuneration of executives;
- remuneration of auditors; and
- appropriation note disclosures.

Note 1: Summary of Significant Accounting Policies (continued)

1.20 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application to the greatest extent possible of Accounting Standards, Accounting Interpretations and UIG Consensus Views.

Administered Cash Transfers to and from Official Public Account

Revenue collected by the Department for use by the Government rather than the Department is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Administration. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the Department on behalf of the Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 23. Thus the Schedule of Administered Items largely reflects the Government's transactions, through the Department, with parties outside the Government.

Business undertaken on the National Interest Account

The Department reports transactions on the National Interest Account (NIA). Part 5 of the *Export Finance and Insurance Corporation Act (EFIC Act)* provides for the Minister for Trade to give an approval or direction to EFIC to undertake any transaction which the Minister considers is in the national interest. Such transactions may relate to a class of business which EFIC is not authorised to undertake, or involve terms and conditions EFIC would not accept in the normal course of business.

Where the Minister gives EFIC an approval or direction to undertake a transaction under Part 5 of the Act, the risk is borne by the Commonwealth. Premium or other income from the transaction is paid by EFIC to the Commonwealth. EFIC recovers from the Commonwealth the costs of administering business undertaken under Part 5 and recovers from the Commonwealth any losses incurred in respect of such business. The National Interest Account profit or loss is therefore attributable to the Commonwealth. The amounts included in the administered notes to these financial statements represent the Commonwealth transactions.

Revenue

All administered revenues described in this Note are revenues relating to the core operating activities performed by the Department on behalf of the Commonwealth.

Fees are charged for the provision of passport and consular services. Administered fee revenue is recognised when goods or services have been provided.

Loans

Loans are recognised at the balance of principal outstanding. Collectability is reviewed at balance date. Provision is made for bad and doubtful loans where collection of the loan, or part thereof, is judged to be less likely rather than more likely.

Note 1: Summary of Significant Accounting Policies (continued)

1.20 Reporting of Administered Activities (continued)

Grants

The Department administers a number of grant programs on behalf of the Government. The grant program is expensed by the Department in the year in which the grant was appropriated.

Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make the grants but services have not been performed or criteria satisfied.

Administered Investments

Administered investments in controlled entities are not consolidated because their consolidation is relevant only to reporting at the Whole of Government level.

Administered investments are measured on the cost basis, adjusted for any subsequent capital injections or withdrawals and for any impairment losses.

Notes to and forming part of the Financial Statements

Note 2: Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005-06. The new standards are the Australian Equivalents to International Financial Reporting Standards (AEIFRS). The International Financial Reporting Standards are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime, including reporting periods ending on 30 June 2005.

The purpose of issuing AEIFRS is to enable Australian reporting entities reporting under the *Corporations Act 2001* to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

For-profit entities complying with AEIFRS will be able to make an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS) as well as a statement that the financial report has been prepared in accordance with Australian Accounting Standards.

AEIFRS contain certain additional provisions that will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with IFRS, and therefore the Department will only be able to assert that the financial report has been prepared in accordance with Australian Accounting Standards.

AAS 29 Financial Reporting by Government Departments will continue to apply under AEIFRS.

Accounting Standard AASB 1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards* requires that the financial statements for 2004-05 disclose:

- an explanation of how the transition to AEIFRS is being managed;
- narrative explanations of the key policy differences arising from the adoption of AEIFRS;
- any known or reliably estimable information about the impacts on the financial report had it been prepared using AEIFRS; and
- if the impacts of the above are not known or reliably estimable, a statement to that effect.

Where an entity is not able to make a reliable estimate, or where quantitative information is not known, the entity should update the narrative disclosures of the key differences in accounting policies that are expected to arise from the adoption of AEIFRS.

The purpose of this Note is to make these disclosures.

Note 2: Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006 (continued)

Management of the transition to AEIFRS

The Department has taken the following steps for the preparation towards the implementation of AEIFRS:

- The Department's Audit Committee (through the Financial Statements Sub-Committee) is tasked with oversight of the transition to and implementation of AEIFRS. The Chief Finance Officer is formally responsible for the project and reports regularly to the Financial Statements Sub Committee of the Departmental Audit Committee on progress against the project plan.
- The plan requires the following key steps to be undertaken and sets deadlines for their achievement:
 - All major accounting policy differences between current AASB standards and AEIFRS were identified by 30 June 2004.
 - A transitional balance sheet as at 1 July 2004 under AEIFRS was completed and presented to the Financial Statements Sub-Committee of the Departmental Audit Committee in April 2005.
 - An AEIFRS compliant balance sheet as at 30 June 2005 was also prepared during the preparation of the 2004-05 statutory financial reports.
 - The 2004-05 Balance Sheet under AEIFRS will be reported to the Department of Finance and Administration in line with their reporting deadlines.
- The plan also addresses the risks to successful achievement of the above objectives and includes strategies to keep implementation on track to meet deadlines.
- Consultants were engaged where necessary to assist with each of the above steps.

Major changes in accounting policy

The Department believes that the first financial report prepared under AEIFRS ie at 30 June 2006, will be prepared on the basis that the Department will be a first time adopter under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. Changes in accounting policies under AEIFRS are applied retrospectively i.e. as if the new policy had always applied except in relation to the exemptions available and prohibitions under AASB 1. This means that an AEIFRS compliant balance sheet has to be prepared as at 1 July 2004. This will enable the 2005-06 financial statements to report comparatives under AEIFRS.

A first time adopter of AEIFRS may elect to use exemptions under paragraphs 13 to 25E. When developing the accounting policies applicable to the preparation of the 1 July opening balance sheet, no exemptions were applied by the Department.

Changes to major accounting policies are discussed in the following paragraphs.

Management's review of the quantitative impacts of AEIFRS represents the best estimates of the impacts of the changes as at reporting date. The actual effects of the impacts of AEIFRS may differ from these estimates due to:

- continuing review of the impacts of AEIFRS on the Department's operations;
- potential amendments to the AEIFRS and AEIFRS Interpretations; and
- emerging interpretation as to the accepted practice in the application of AEIFRS and the AEIFRS Interpretations.

Notes to and forming part of the Financial Statements

Note 2: Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006 (continued)

Property plant and equipment

It is expected that the 2005-06 *Finance Minister's Orders* will continue to require property plant and equipment assets to be valued at fair value in 2005-06.

Restating the opening balance sheet for AEIFRS would result in timing differences in revaluation adjustments for Land and Building comprising the owned overseas estate. Opening AEIFRS values include revaluation adjustments for foreign exchange movements for the entire owned estate. This procedure is not performed under the rolling revaluation program employed under current accounting standards.

The impact of this change would have the effect of increasing the value of Land and Buildings by \$16,884,000, increasing the loss on disposal by \$80,000, increasing depreciation for the year by \$162,000 and increasing the asset revaluation reserve by \$17,126,000.

Intangible Assets

The Australian Equivalent on Intangibles does not permit intangibles to be measured at valuation unless there is an active market for the intangible. The Department's internally-developed software is measured at cost. Therefore no adjustment is required.

Impairment of Intangibles and Property, Plant and Equipment

The Department's policy on impairment of non-current assets is at Note 1.12.

Under AEIFRS these assets will be subject to assessment for impairment and, if there are indications of impairment, an assessment of the degree of impairment. (Impairment measurement must also be done, irrespective of any indications of impairment, for intangible assets not yet available for use). The impairment test is that the carrying amount of an asset must not exceed the greater of (a) its fair value less costs to sell and (b) its value in use. 'Value in use' is the net present value of net cash inflows for cash generating units of the Department and depreciated replacement cost for other assets which would be replaced if the Department were deprived of them.

An impairment assessment of the agency's assets indicated that no adjustments will be required.

Decommissioning, Restoration and Make-good

Amounts representing estimates of make-good costs on leased premises are provided by the Department and expensed on recognition.

The new Australian Equivalent standard will require amounts representing the estimated costs of make-good in relation to a departmental asset to be capitalised.

The impact of this change would have the effect of increasing the value of Leasehold Improvements (Land and Buildings) by \$3,300,000, increasing the opening value of accumulated results by \$2,299,000, reducing makegood expenses by \$701,000, increasing depreciation for the year by \$542,000 and increasing the asset revaluation reserve by \$842,000.

Notes to and forming part of the Financial Statements

Note 2: Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006 (continued)

Inventory

The Department recognises inventory not held for sale at cost, except where no longer required, in which case net realisable value is applied.

The new Australian Equivalent standard will require inventory held for distribution for no consideration or at a nominal amount to be carried at the lower of cost or current replacement cost.

An assessment was made and it was found that in all instances the current replacement cost of inventory was equal or greater than the original cost. Therefore no adjustment is required.

Employee Benefits

The provision for long service leave is measured at the present value of estimated future cash outflows using market yields as at the reporting date on national government bonds.

The 2003-04 Financial Report noted that the AEIFRS standards may require the market yield on corporate bonds to be used. The AASB has decided that a deep market in high quality corporate bonds does not exist and therefore national government bonds will be referenced.

AEIFRS require that annual leave that is not expected to be taken within 12 months of balance date is to be discounted. Following an actuarial review, the Department does not expect that any material amounts of the annual leave balance will not be taken in the next 12 months. Consequently, there are no adjustments for non-current annual leave.

The Department maintains three departmental defined benefit post employment funds for the benefit of locally engaged staff. These funds are located in London, Dublin and New Delhi and are treated as multi-employer sponsored funds with each agency represented at post disclosing their proportion of the fund in the notes to their financial statements. A fourth fund, the North American Pension Fund is treated as administered. Details of the funds are disclosed in Note 10 and Note 22 respectively. Under current accounting standards, the funds do not impact on the Department's financial statements but require note disclosure only.

The new Australian Equivalent standard will require amounts representing the surplus or deficiency in the assets of the funds over the members' benefits to be taken up in the employers' balance sheets

The impact of this change would have the effect of increasing the value of employee liabilities by \$1,613,000, decreasing the opening value of accumulated results by \$963,000, increasing employee expenses for the year by \$732,000 and increasing the department's foreign exchange gain by \$82,000.

The Minister for Finance and Administration has given approval to reclassify these funds as being administered by the Department on behalf of the Commonwealth, rather than departmental. This change will have effect from 1 July 2005 and will centralise the funds in the Department's administered accounts.

Administered Items

Assessment of the administered assets and liabilities of the Department indicate that there are no adjustments due to the transition to AEIFRS. Balances in relation to the National Interest Account and the Department's relationship with the Export Finance and Insurance Corporation (EFIC) may change significantly due to differences in the valuation of financial instruments under AEIFRS. However, as stated below, these changes will not be adopted until the 2005-06 financial year.

As stated above, defined benefit post employment plans maintained by the benefit of locally engaged staff will be treated as administered from 1 July 2005.

Note 2: Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006 (continued)

Financial Instruments

AEIFRS include an option for entities not to restate comparative information in respect of financial instruments in the first AEIFRS report. It is expected that Finance Minister's Orders will require entities to use this option. Therefore, the amounts for financial instruments presented in the Department's 2004-05 primary financial statements are not expected to change as a result of the adoption of AEIFRS.

The Department will be required by AEIFRS to review the carrying amounts of financial instruments at 1 July 2005 to ensure they align with the accounting policies required by AEIFRS. It is expected that the carrying amounts of financial instruments held by the Department in its departmental accounts will not materially change as a result of this process. As stated above, some balances in the Department's administered accounts in relation to the National Interest Account and EFIC are expected to change significantly as a result this process.

Notes to and forming part of the Financial Statements

Note 2: Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006 (continued)

Reconciliation of Impacts – AGAAP to AEIFRS

	30 June 2005*	30 June 2004
	\$'000	\$'000
	\$	\$
Reconciliation of Departmental Equity		
Total Departmental Equity under AGAAP	1,739,668	1,579,761
Adjustments to accumulated results	602	1,080
Adjustments to other reserves	17,968	43,721
Total Equity under AEIFRS	1,758,238	1,624,562
Reconciliation of Departmental Accumulated Results		
Total Departmental Accumulated Results under AGAAP	177,284	79,740
Adjustments:		
Make-good costs	2,999	2,298
Employee provisions – pension funds	(1,695)	(1,045)
Assets – Carrying Value	-	(173)
Depreciation	(704)	-
Foreign exchange gain	82	-
Value of assets sold	(80)	-
Total Accumulated Results under AEIFRS	177,886	80,820
Reconciliation of Departmental Reserves		
Total Departmental Reserves under AGAAP	254,577	253,300
Adjustment:		
Asset Revaluation Reserve	17,968	43,721
Total Departmental Reserves under AEIFRS	272,545	297,021
Reconciliation of Departmental Contributed Equity		
Total Departmental Contributed Equity under AGAAP	1,307,807	1,246,721
Adjustments	-	-
Total Contributed Equity under AEIFRS	1,307,807	1,246,721
Reconciliation of Net surplus / (deficit) from ordinary activities for year ending 30 June 2005		
Net surplus/deficit from ordinary activities under AGAAP	123,717	
Adjustments:		
Makegood expense capitalised	701	
Depreciation	(704)	
Foreign exchange gain	82	
Employee expense – pension funds	(732)	
Value of assets sold	(80)	
Net surplus / deficit from ordinary activities under AEIFRS	122,984	

* 30 June 2005 total represents the accumulated impacts of AEIFRS from the date of transition.



Notes to and forming part of the Financial Statements

Note 3: Events Occurring after Reporting Date

There have been no events after 30 June 2005 which will affect the financial position of the Department at the reporting date.

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000
Note 4: Operating Revenues		
<u>Note 4A: Revenues from Government</u>		
Appropriations for outputs	703,234	712,331
Resources received free of charge	390	380
Total revenues from government	703,624	712,711
<u>Note 4B: Goods and Services</u>		
Goods	93	67
Operating lease rentals	47,020	50,654
Services	44,210	38,028
Total sales of goods and services	91,323	88,749
Provision of goods to:		
External entities	93	67
Total sales of goods	93	67
Rendering of services to:		
Related entities	83,672	80,728
External entities	7,558	7,954
Total rendering of services	91,230	88,682
<u>Note 4C: Net Foreign Exchange Gains</u>		
Non-speculative	771	117
<u>Note 4D: Other Revenues</u>		
Other revenue	1,480	2,001

Notes to and forming part of the Financial Statements

	<u>2005</u>	<u>2004</u>
	<u>\$'000</u>	<u>\$'000</u>
Note 5: Operating Expenses		
<u>Note 5A: Employee Expenses</u>		
Wages and salary	219,849	208,176
Superannuation	46,429	37,435
Leave and other entitlements	21,581	23,327
Separation and redundancies	5,716	6,591
Other employee expenses	15,755	12,038
Total employee benefits expense	<u>309,330</u>	<u>287,567</u>
Workers compensation premiums	1,267	810
Total employee expenses	<u>310,597</u>	<u>288,377</u>
<u>Note 5B: Supplier Expenses</u>		
Goods from related entities	0	0
Goods from external entities	45,356	36,318
Services from related entities	13,863	12,276
Services from external entities	166,718	173,921
Operating lease rentals ¹	74,897	76,322
Total supplier expenses	<u>300,834</u>	<u>298,837</u>

¹ These comprise minimum lease payments only.

<u>Note 5C: Depreciation and Amortisation</u>		
<i>(i) Depreciation</i>		
Other infrastructure, plant and equipment	19,777	16,121
Buildings	28,254	26,983
Total depreciation	<u>48,031</u>	<u>43,104</u>
<i>(ii) Amortisation</i>		
Intangibles - computer software	4,805	5,012
Total amortisation	<u>4,805</u>	<u>5,012</u>
Total depreciation and amortisation	<u>52,836</u>	<u>48,116</u>

Depreciation expenses are \$4,323,456 higher than they would have been as a result of a change in the methods of depreciation (2004: nil).

The aggregate amounts of depreciation and amortisation expensed during the reporting period for each class of depreciable assets are as follows:

Buildings on freehold land	17,634	18,806
Leasehold improvements	10,620	8,177
Infrastructure, plant and equipment	19,777	16,121
Computer software	4,805	5,012
Total depreciation and amortisation	<u>52,836</u>	<u>48,116</u>

No depreciation or amortisation was allocated to the carrying amounts of other assets.

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 5: Operating Expenses (continued)		
<u>Note 5D: Write-Down of Assets</u>		
Financial assets:		
Bad and doubtful debts expense	330	18
Non-financial assets:		
Infrastructure, plant and equipment - revaluation decrement	4,142	5,383
Total write-down of assets	4,472	5,401
<u>Note 5E: Net Losses from Sale of Assets</u>		
Land and buildings:		
Proceeds from disposal	(21,100)	(1,162)
Selling expenses	424	180
Net book value of assets disposed	23,664	1,231
Write-offs	0	0
Net (gain) / loss from disposal of land and buildings	2,988	249
Leasehold improvements:		
Proceeds from disposal	(1)	0
Net book value of assets disposed	382	1,353
Net (gain) / loss from disposal of leasehold improvements	381	1,353
Infrastructure, plant and equipment:		
Proceeds from disposal	(3,831)	(4,098)
Net book value of assets disposed	5,118	9,570
Write-offs	0	0
Net (gain) / loss from disposal of infrastructure, plant and equipment	1,287	5,472
Intangibles:		
Proceeds from disposal	0	0
Net book value of assets disposed	9	19
Net (gain) / loss from disposal of intangibles	9	19
TOTAL proceeds from disposals	(24,932)	(5,260)
TOTAL selling expenses	424	180
TOTAL value of assets disposed	29,173	12,173
TOTAL write-offs	0	0
TOTAL net (gain) / loss from disposal of assets	4,665	7,093
<u>Note 5F: Other Expenses</u>		
Other expenses	47	0

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000
Note 6: Borrowing Costs Expense		
Leases	22	77
Other	8	19
Total borrowing costs expense	30	96

Notes to and forming part of the Financial Statements

	2005	2004
	<u>\$'000</u>	<u>\$'000</u>
Note 7: Financial Assets		
<u>Note 7A: Cash</u>		
Special account	3,163	4,952
Departmental (other than special accounts)	<u>33,710</u>	<u>23,116</u>
Total cash	<u>36,873</u>	<u>28,068</u>

Under banking arrangements in place up to 1 July 2004, moneys in the Department's bank accounts were swept into the Official Public Account nightly and earned interest on the daily balance at rates based on money market call rates. Since 1 July 2004, no interest is earned on the Department's bank balances.

<u>Note 7B: Receivables</u>		
Goods and services	6,848	12,004
Less: Provision for doubtful debts	<u>(302)</u>	<u>0</u>
	6,546	12,004
GST Receivable from the Australian Taxation Office	1,736	1,832
Appropriations receivable		
- for additional outputs	9,275	8,259
- undrawn	293,193	117,209
Advances	5,111	6,209
Other debtors and accrued revenue	<u>3,167</u>	<u>2,440</u>
Total receivables (net)	<u>319,028</u>	<u>147,953</u>
Receivables are represented by:		
Current	315,701	143,878
Non-current	<u>3,327</u>	<u>4,075</u>
Total receivables (net)	<u>319,028</u>	<u>147,953</u>

All receivables are non-interest bearing. Credit terms are net 30 days (2004: 30 days).

Appropriations receivable undrawn are appropriations controlled by the Department but held in the Official Public Account under the Government's just-in-time drawdown arrangements.

Appropriations receivable for additional outputs are accrued revenues for services provided in the current year either under a purchasing agreement with the Government or by Cabinet direction. Funding for these services will be provided by appropriations in the subsequent year.

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000
Note 7: Financial Assets (continued)		
<u>Note 7B: Receivables (continued)</u>		
Receivables (gross) are aged as follows:		
Current	316,610	141,749
Overdue by:		
Less than 30 days	2,312	5,368
30 to 60 days	92	718
61 to 90 days	92	89
More than 90 days	224	29
	2,720	6,204
Total receivables (gross)	319,330	147,953
The provision for doubtful debts is aged as follows:		
Current	0	0
Overdue by:		
Less than 30 days	0	0
30 to 60 days	0	0
61 to 90 days	0	0
More than 90 days	302	0
	302	0
Total provision for doubtful debts	302	0

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000
Note 8: Non-Financial Assets		
Note 8A: Land and Buildings		
Freehold land		
- at deprival value	0	150
- at fair value	671,004	631,231
Total freehold land	<u>671,004</u>	<u>631,381</u>
Buildings on freehold land		
- at cost	0	528
- accumulated depreciation	0	(3)
	0	525
- at deprival value	0	172,259
- accumulated depreciation	0	(10,450)
	0	161,809
- at fair value	658,483	530,692
- accumulated depreciation	(20,403)	(6,844)
	638,080	523,848
- work in progress - at cost ¹	14,021	11,327
Total buildings on freehold land	<u>652,101</u>	<u>697,509</u>
Leasehold improvements		
- at fair value	100,821	95,396
- accumulated depreciation	(8,918)	(2,675)
	91,903	92,721
- work in progress - at cost	26,822	12,229
Total leasehold improvements	<u>118,725</u>	<u>104,950</u>
Total land and buildings (non-current)	<u>1,441,830</u>	<u>1,433,840</u>

¹ This is a qualifying asset and includes foreign exchange gains and losses which have been capitalised.

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000
Note 8: Non-Financial Assets (continued)		
Note 8B: Infrastructure, Plant and Equipment		
Infrastructure, plant and equipment		
- at cost	0	458
- accumulated depreciation	0	(110)
	<u>0</u>	<u>348</u>
- at fair value	88,720	87,549
- accumulated depreciation	(14,927)	(9,833)
	<u>73,793</u>	<u>77,716</u>
- under finance lease - at cost	0	3,153
- accumulated depreciation	0	(2,618)
	<u>0</u>	<u>535</u>
- under finance lease - at fair value	55	0
- accumulated depreciation	(33)	0
	<u>22</u>	<u>0</u>
- work in progress - at cost	5,708	0
	<u>5,708</u>	<u>0</u>
Total infrastructure, plant and equipment (non-current)	<u>79,523</u>	<u>78,599</u>

All formal revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. In 2004-05, the formal revaluations were conducted by independent valuers, the Australian Valuation Office and CB Richard Ellis Pty Ltd.

Revaluation increments of \$48,909,375 for land (2004: decrements of \$77,178,674) and decrements of \$35,098,675 for buildings on freehold land (2004: decrements of \$14,562,430) and \$14,083,559 for leasehold improvements (2004: decrements of \$26,122,599) were made to the asset revaluation reserve; decrements of \$3,035,802 for plant and equipment were expensed (2004: \$5,383,152 expensed).

Notes to and forming part of the Financial Statements

Note 8: Non-Financial Assets (continued)

Note 8C: Analysis of Property, Plant and Equipment

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment

Item	Land \$'000	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Buildings - Total \$'000	Land and Buildings - Total \$'000	Other IP&E \$'000
As at 1 July 2004:						
Gross book value	631,381	703,479	95,396	798,875	1,430,256	91,160
Accumulated depreciation / amortisation	n/a	(17,297)	(2,675)	(19,972)	(19,972)	(12,561)
Net book value (excluding WIP)	631,381	686,182	92,721	778,903	1,410,284	78,599
Assets under construction (WIP)	n/a	11,327	12,229	23,556	23,556	0
Opening Net Book Value (including WIP)	631,381	697,509	104,950	802,459	1,433,840	78,599
Additions:						
By purchase - gross book value	1,874	17,134	18,926	36,060	37,934	22,056
Disposals:						
Other disposals - gross book value	(11,160)	(13,028)	(386)	(13,414)	(24,574)	(6,878)
Other disposals - accumulated depreciation	n/a	524	7	531	531	1,761
Asset transfers - gross book value	0	0	5,339	5,339	5,339	1,090
Asset transfers - accumulated depreciation	n/a	0	0	0	0	0
Revaluation increment / (decrement) - gross book value	48,909	(49,102)	(18,454)	(67,556)	(18,647)	(18,653)
Revaluation increment / (decrement) - accumulated depreciation	n/a	14,004	4,370	18,374	18,374	15,617
Depreciation / amortisation expense	n/a	(17,634)	(10,620)	(28,254)	(28,254)	(19,777)
As at 30 June 2005:						
Gross book value	671,004	658,483	100,821	759,304	1,430,308	88,775
Accumulated depreciation / amortisation	0	(20,403)	(8,918)	(29,321)	(29,321)	(14,960)
Net book value (excluding WIP)	671,004	638,080	91,903	729,983	1,400,987	73,815
Assets under construction (WIP)	0	14,021	26,822	40,843	40,843	5,708
Net book value (including WIP)	671,004	652,101	118,725	770,826	1,441,830	79,523

Notes to and forming part of the Financial Statements

Note 8: Non-Financial Assets (continued)

Note 8C: Analysis of Property, Plant and Equipment (continued)

TABLE B - Assets at valuation

Item	Land \$'000	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Buildings - Total \$'000	Land and Buildings - Total \$'000	Other IP&E \$'000
As at 30 June 2005:						
Gross book value	671,004	658,483	100,821	759,304	1,430,308	88,775
Accumulated depreciation / amortisation	n/a	(20,403)	(8,918)	(29,321)	(29,321)	(14,960)
Net book value	671,004	638,080	91,903	729,983	1,400,987	73,815
As at 30 June 2004:						
Gross book value	631,381	702,951	95,396	798,347	1,429,728	87,549
Accumulated depreciation / amortisation	n/a	(17,294)	(2,675)	(19,969)	(19,969)	(9,833)
Net book value	631,381	685,657	92,721	778,378	1,409,759	77,716

TABLE C - Assets held under finance lease

Item	Land \$'000	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Buildings - Total \$'000	Land and Buildings - Total \$'000	Other IP&E \$'000
As at 30 June 2005:						
Gross book value	0	0	0	0	0	55
Accumulated depreciation / amortisation	n/a	0	0	0	0	(33)
Net book value	0	0	0	0	0	22
As at 30 June 2004:						
Gross book value	0	0	0	0	0	3,153
Accumulated depreciation / amortisation	n/a	0	0	0	0	(2,618)
Net book value	0	0	0	0	0	535

NB All finance leases were revalued in 2004-05. Amounts shown for 2004-05 are revalued amounts and are also included in Table B above.

Notes to and forming part of the Financial Statements

Note 8: Non-Financial Assets (continued)

Note 8C: Analysis of Property, Plant and Equipment (continued)

TABLE D - Assets under construction (WIP)

Item	Land	Buildings on Freehold Land	Buildings - Leasehold Improvements	Buildings - Total	Land and Buildings - Total	Other IP&E
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value at 30 June 2005	n/a	14,021	26,822	40,843	40,843	5,708
Gross value at 30 June 2004	n/a	11,327	12,229	23,556	23,556	0

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 8: Non-Financial Assets (continued)		
<u>Note 8D: Intangibles</u>		
Computer software:		
Purchased software	24,683	23,139
Accumulated amortisation	(15,527)	(12,884)
	9,156	10,255
Internally developed - in use - at cost	3,828	3,828
Accumulated amortisation	(3,828)	(2,962)
	0	866
Internally developed - in progress - at cost	3,781	2,990
Total computer software	12,937	14,111

TABLE A - Reconciliation of the opening and closing balances of intangibles

Item	Computer Software \$'000
As at 1 July 2004:	
Gross book value	26,967
Accumulated depreciation / amortisation	(15,846)
Net book value (before WIP)	11,121
Assets under construction (WIP)	2,990
Net book value (after WIP)	14,111
Additions	
Asset transfers	40
Depreciation / amortisation expense	(4,805)
Disposals - gross book value	(1,306)
Disposals - accumulated depreciation	1,296
Recoverable amount write-downs	0
As at 30 June 2005:	
Gross book value	28,511
Accumulated depreciation / amortisation	(19,355)
Net book value (before WIP)	9,156
Assets under construction (WIP)	3,781
Net book value (after WIP)	12,937

Note 8E: Inventories

Finished goods (cost)	1,896	1,488
Inventories held for sale	1,896	1,488
Inventories not held for sale (cost)	180	208
Total inventories	2,076	1,696

All departmental inventories are current assets.

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000
Note 8: Non-Financial Assets (continued)		
<u>Note 8F: Other Non-Financial Assets</u>		
Prepayments		
Property leases	12,920	12,850
Other	<u>7,567</u>	<u>9,154</u>
Total prepayments	<u>20,487</u>	22,004
Total other non-financial assets	<u><u>20,487</u></u>	<u><u>22,004</u></u>
Total other non-financial assets are represented by:		
Current	17,257	19,929
Non-Current	<u>3,230</u>	<u>2,075</u>
Total other non-financial assets	<u><u>20,487</u></u>	<u><u>22,004</u></u>

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000
Note 9: Interest Bearing Liabilities		
Note 9A: Leases		
Finance lease commitments		
Payable:		
Within one year	25	559
In one to five years	1	51
In more than five years	0	0
Minimum lease payments	<u>28</u>	<u>610</u>
Deduct: future finance charges	<u>(1)</u>	<u>(25)</u>
Net lease liability	<u>25</u>	<u>585</u>
Lease liability is represented by:		
Current	24	545
Non-current	1	40
Net lease liability	<u>25</u>	<u>585</u>

Finance leases exist in relation to certain major office equipment assets. The leases are non-cancellable and for fixed terms averaging three years, with a maximum of five years. The interest rate implicit in the leases averaged 12.52% (2004: 14.01%). At reporting date, the Department had finance leases with terms averaging fifty four months and a maximum term of sixty months. The lease assets secure the lease liabilities. The Department guarantees the residual values of all assets leased. There are no contingent rentals.

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 10: Provisions		
<u>Note 10A: Employee Provisions</u>		
Salaries and wages	5,716	4,681
Annual leave	20,261	21,109
Long service leave	48,029	46,777
Superannuation	5,428	6,730
Separation and redundancies	9,755	12,129
Other employee provisions	10,052	3,923
Aggregate employee benefit liability	99,241	95,349
Workers' compensation	0	0
Aggregate employee benefit liability and related on-costs	99,241	95,349
Employee provisions are represented by:		
Current	37,782	39,699
Non-Current	61,459	55,650
Total employee provisions	99,241	95,349

The Department has pension schemes for locally engaged staff at posts in London, Dublin and New Delhi. These schemes are not recognised in the financial statements. Figures disclosed below as accrued and vested benefits are based on formal actuarial reviews which are generally conducted triennially and reviewed and updated by the actuary on an annual basis. The most recent formal actuarial reviews were conducted as follows: London 1 July 2003; Dublin 1 January 2003; and New Delhi 31 March 2005 (for 2003-04: London 1 July 2003; Dublin 1 January 2003; and New Delhi 31 March 2004). The figures for net market values of plan assets have been obtained from the most recent financial reports of the schemes or, where possible, updated information supplied by the relevant fund actuary. For 2004-05, these dates are: London 30 June 2005; Dublin 30 May 2005; and New Delhi 31 March 2005 (for 2003-04: London 30 June 2004; Dublin 31 December 2003; and New Delhi 31 March 2004).

Accrued benefits	11,453	10,495
Net market value of plan assets	9,840	9,450
Net assets	(1,613)	(1,045)
Vested benefits	10,275	9,523

Note 10B: Other Provisions

Lease makegood	7,657	5,767
Total other provisions	7,657	5,767

Other provisions are represented by:

Current	445	508
Non-current	7,212	5,259
Total other provisions	7,657	5,767

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000
Note 11: Payables		
<u>Note 11A: Supplier Payables</u>		
Trade creditors	<u>41,430</u>	<u>33,451</u>
Total supplier payables	<u>41,430</u>	<u>33,451</u>
Supplier payables are represented by:		
Current	<u>41,430</u>	<u>33,451</u>
Non-current	<u>0</u>	<u>0</u>
Total supplier payables	<u>41,430</u>	<u>33,451</u>
Settlement is usually made net 30 days.		
<u>Note 11B: Other Payables</u>		
Prepayments received	<u>23,515</u>	<u>8,236</u>
GST payable to ATO	<u>0</u>	<u>1</u>
Accrued expenses	<u>0</u>	<u>84</u>
Other creditors	<u>1,218</u>	<u>3,037</u>
Total other payables	<u>24,733</u>	<u>11,358</u>

All other payables are current liabilities.

Notes to and forming part of the Financial Statements

Note 12: Equity

Note 12A: Analysis of Equity

Item	Accumulated Results		Asset Revaluation Reserves		Contributed Equity		TOTAL EQUITY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Opening balance as at 1 July	79,740	68,132	253,300	371,850	1,246,721	1,223,862	1,579,761	1,663,844
Net surplus / (deficit)	123,717	155,658	n/a	n/a	n/a	n/a	123,717	155,658
Net revaluation increment / (decrement)	n/a	n/a	1,277	(118,550)	n/a	n/a	1,277	(118,550)
Decrease in retained surpluses on application of transitional provisions in accounting standard AASB 1041 <i>Revaluation of Non-Current Assets</i>	(444)	(12,550)	n/a	n/a	n/a	n/a	(444)	(12,550)
Transactions with owner:								
Distributions to owner:								
Returns on Capital								
Dividends paid ¹	(25,729)	(131,500)	n/a	n/a	n/a	n/a	(25,729)	(131,500)
Returns of Capital								
Returns of contributed equity ²	n/a	n/a	n/a	n/a	(20,676)	(982)	(20,676)	(982)
Contributions by owner:								
Appropriations (equity injections)	n/a	n/a	n/a	n/a	81,762	23,841	81,762	23,841
Restructuring	0	0	0	0	0	0	0	0
Transfers to / (from) / between reserves	0	0	0	0	0	0	0	0
Closing balance as at 30 June	177,284	79,740	254,577	253,300	1,307,807	1,246,721	1,739,668	1,579,761

¹ The Department returned unspent funding of \$3,743,413 (2004: \$2,395,368) received on a no win - no loss basis as a dividend. The Department also returned to the OPA a dividend distribution of \$21,986,000 (2004: \$99,054,000) from the Overseas Property Office.

² The Department returned from the Overseas Property Office net sale proceeds of \$20,675,741 (2004: \$981,623).

Notes to and forming part of the Financial Statements

2005	2004
\$'000	\$'000

Note 12: Equity (continued)

Note 12B: Restructuring

In accordance with the Government decision resulting from the Flood Inquiry into Australian intelligence agencies, the Department relinquished its responsibilities for the Open Source Collection Branch which was transferred to the Office of National Assessments (ONA).

In respect of functions relinquished, no assets or liabilities were transferred by the Department.

OPEN SOURCE COLLECTION BRANCH

Revenues

Recognised by the Office of National Assessments	1,018	0
Recognised by the Department of Foreign Affairs and Trade	1,399	0
Total revenues	2,417	0

Expenses

Recognised by the Office of National Assessments	644	0
Recognised by the Department of Foreign Affairs and Trade	1,274	0
Total expenses	1,918	0

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000
Note 13: Cash Flow Reconciliation		
Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	36,873	28,068
Statement of Financial Position items comprising above cash: 'Financial Asset - Cash' and 'Financial Asset - Investments'	36,873	28,068
Reconciliation of net surplus to net cash from operating activities:		
Net surplus / (deficit)	123,717	155,658
Depreciation / amortisation	52,836	48,116
Net write-down of non-financial assets	4,142	5,383
Loss on disposal of assets	4,665	7,093
Investing OPA (receivable)	(94,238)	(9,990)
Effect of foreign exchange on cash	(1,079)	(102)
Interest	30	96
(Increase) / decrease in net receivables	(35,304)	(21,214)
(Increase) / decrease in inventories	(380)	1,107
(Increase) / decrease in prepayments	1,517	(1,659)
Increase / (decrease) in employee provisions	3,892	(9,454)
Increase / (decrease) in provisions	1,890	(2,195)
Increase / (decrease) in supplier payables	7,979	5,826
Increase / (decrease) in unearned income	15,279	3,439
Increase / (decrease) in other liabilities	(1,729)	(778)
GST cash refund / (payment) from financing and investing activities	0	(2,465)
Net cash from / (used by) operating activities	83,217	178,861

Notes to and forming part of the Financial Statements

Note 14: Contingent Liabilities and Assets

Quantifiable Contingencies

The Schedule of Contingencies reports contingent liabilities in respect of claims for damages / costs of \$557,204 (2004: \$2,521,391). This amount represents an estimate of the Department's liability based on precedent cases and on advice from the Department's external legal service providers. The Department is defending the claims.

The Schedule of Contingencies reports contingent liabilities in respect of a bank and residential lease guarantees made by the department of \$268,688 (2004: \$0).

The Schedule also reports contingent assets in respect of claims for damages / costs of \$2,608,389 (2004: \$2,613,086). The Department is expecting to succeed in claims and receive costs from claimants, although the cases are continuing. The estimate is based on precedent in such cases and on advice from the Department's legal service providers.

Unquantifiable Contingencies

At 30 June 2005, the Department was involved in a number of litigation matters for losses allegedly suffered by claimants. The Department is defending the claims. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these claims.

Remote Contingencies

The Department is currently defending a number of other legal claims. At 30 June 2005, advice from the Department's external legal service providers is that the Department has a strong case in each of these matters and is not likely to be found liable.

Notes to and forming part of the Financial Statements

2005 2004

Note 15: Executive Remuneration

The number of executives who received or were due to receive total remuneration of \$100,000 or more:

\$100,000 to \$109,999	4	3
\$120,000 to \$129,999	3	4
\$130,000 to \$139,999	5	0
\$140,000 to \$149,999	2	4
\$150,000 to \$159,999	3	0
\$160,000 to \$169,999	3	5
\$170,000 to \$179,999	7	13
\$180,000 to \$189,999	8	16
\$190,000 to \$199,999	9	12
\$200,000 to \$209,999	8	0
\$210,000 to \$219,999	9	8
\$220,000 to \$229,999	2	5
\$230,000 to \$239,999	7	1
\$240,000 to \$249,999	7	5
\$250,000 to \$259,999	1	1
\$260,000 to \$269,999	3	1
\$270,000 to \$279,999	2	1
\$280,000 to \$289,999	2	0
\$290,000 to \$299,999	1	0
\$340,000 to \$349,999	2	0
\$350,000 to \$359,999	1	0
\$450,000 to \$459,999	0	1
	<u>89</u>	<u>80</u>

The aggregate amount of total remuneration of executives shown above. **\$18,080,329** \$16,551,905

The aggregate amount of separation and redundancy / termination benefit payments during the year to executives shown above. **\$226,579** \$262,589

Executives have been included where they have been located in Australia for six months or more and have received remuneration above \$100,000 during the 2004-05 financial year. For this purpose, Executive Remuneration includes: salary, allowances in the nature of salary, hardship allowance, cost of posting allowance, performance bonuses, fringe benefits tax, vehicle costs, parking costs and employer's superannuation contributions.

Notes to and forming part of the Financial Statements

	2005	2004
	<u>\$</u>	<u>\$</u>
Note 16: Remuneration of Auditors		
Financial statement audit services are provided free of charge to the Department.		
The fair value of the services provided was:	<u>390,000</u>	<u>380,000</u>
	<u>390,000</u>	<u>380,000</u>

No other services were provided by the Auditor-General.

Included above for 2005 is an amount of auditor remuneration totalling \$10,000 relating to the 2005-06 financial statement audit, arising from work done on the opening balance sheet to be prepared under Australian equivalents to International Financial Reporting Standards.

Notes to and forming part of the Financial Statements

2005 **2004**

Note 17: Average Staffing Levels

The average staffing levels for the Department during the year were:

3,165 **3,149**

Notes to and forming part of the Financial Statements

Note 18: Financial Instruments

Note 18A: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate		
		Rate		1 Year or Less			Maturing In							2004		
		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
Financial Assets																
Cash at bank	7A	0	0	0	0	0	0	0	0	0	36,873	28,068	36,873	28,068	0.0	0.0
Receivables for goods and services (gross)	7B	0	0	0	0	0	0	0	0	6,848	12,004	6,848	12,004	n/a	n/a	
Appropriation receivable	7B	0	0	0	0	0	0	0	0	302,468	125,468	302,468	125,468	n/a	n/a	
Other receivables	7B									8,279	8,649	8,279	8,649	n/a	n/a	
Total		0	0	0	0	0	0	0	0	354,468	174,189	354,468	174,189			
Total Assets										1,912,754	1,726,271					
Financial Liabilities																
Finance lease liabilities	9A	0	0	24	545	1	40	0	0	0	0	0	25	585	12.5	14.0
Trade creditors	11A	0	0	0	0	0	0	0	0	41,430	33,451	41,430	33,451	n/a	n/a	
Total		0	0	24	545	1	40	0	0	41,430	33,451	41,455	34,036			
Total Liabilities										173,086	146,510					

Notes to and forming part of the Financial Statements

Note 18: Financial Instruments (continued)

Note 18B: Net Fair Values of Financial Assets and Liabilities

	Notes	2005		2004	
		Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
Departmental Financial Assets					
Cash at bank	7A	36,873	36,873	28,068	28,068
Receivables for goods and services (net)	7B	6,546	6,546	12,004	12,004
Appropriation receivable	7B	302,468	302,468	125,468	125,468
Other receivables	7B	8,279	8,279	8,649	8,649
Total Financial Assets		354,166	354,166	174,189	174,189
Departmental Financial Liabilities					
Finance lease liabilities	9A	25	25	585	585
Trade creditors	11A	41,430	41,430	33,451	33,451
Total Financial Liabilities		41,455	41,455	34,036	34,036

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

The net fair values of the finance lease and lease incentives are based on discounted cash flows using current interest rates for liabilities with similar risk profiles.

The net fair values for trade creditors are approximated by their carrying amounts.

Note 18C: Credit Risk Exposures

The Department's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Performance.

The Department has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000
Note 19: Revenues Administered on Behalf of Government		
Goods and services		
Rendering of services - passport fees	170,810	145,671
Rendering of services - consular services	3,886	3,213
Trust receipts	0	380
Nuclear safeguard charges	470	469
Total goods and services	175,166	149,733
Interest		
National Interest Account (NIA)	19,942	17,683
Other	215	49
Total interest	20,157	17,732
Dividends		
EFIC	12,600	15,266
Other revenue		
EFIC - repayment of interest subsidy and recoveries	13,429	18,041
NIA - EFIC tax equivalent payments	0	842
NIA - premiums	4,894	5,396
Payments by foreign governments - fuel excise	2,462	2,613
North American Pension Scheme - employee contributions	357	346
Industry contributions	2,247	382
Other	6	0
Total other revenue	23,395	27,620
Total revenues administered on behalf of Government	231,318	210,351

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 20: Expenses Administered on Behalf of Government		
Grants and contributions		
Non-profit institutions - external	3,524	3,582
Non-profit institutions - related	18,180	17,770
Overseas	170,775	120,887
Total grants and contributions	192,479	142,239
The nature of grants and contributions are as follows:		
International organisations	74,896	75,346
UN peacekeeping	95,879	45,540
Non-profit institutions	21,261	20,989
Non-profit institutions - Promotional and cultural	443	364
Total grants and contributions	192,479	142,239
Employee benefits		
North American Pension Scheme - transfers and payments	3,037	2,546
Other employee benefits	808	477
Total employee benefits	3,845	3,023
Suppliers		
Rendering of services - external	42,152	1,932
Write-down and impairment of assets		
Financial assets - receivables	208	572,564
Other expenses		
Net foreign exchange losses		
- NIA	8,488	23,528
- Other	(2,217)	(1,550)
NIA - interest	16,416	12,936
EFIC Administration Costs	3,430	3,846
EFIC - Other Financial Costs	923	0
Fee Refunds	412	338
Total other expenses	27,452	39,098
Total expenses administered on behalf of Government	266,136	758,856

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 21: Assets Administered on Behalf of Government		
Financial assets		
Cash		
Administered bank account - Department of Foreign Affairs and Trade	5,115	5,506
The balance of the administered cash account is non-interest bearing.		
Receivables		
Goods and services receivable	508	97
All receivables are with entities external to the Commonwealth. Credit terms are net 30 days.		
Less: Provision for doubtful debts	0	0
	<u>508</u>	<u>97</u>
National Interest receivables ¹	641,832	712,887
Less: Provision for doubtful debts	(519,168)	(581,917)
	<u>122,664</u>	<u>130,970</u>
Consular - Traveller Emergency Loans	1,044	927
Less: Provision for doubtful debts	(454)	(454)
	<u>590</u>	<u>473</u>
Other - passport fees	681	761
Total receivables (net)	<u>124,443</u>	<u>132,301</u>
Receivables (gross) are aged as follows:		
Not overdue	1,079	896
Overdue by:		
Less than 30 days	105	17
30 to 60 days	19	9
61 to 90 days	6	15
More than 90 days	642,855	713,734
Total receivables (gross)	<u>644,064</u>	<u>714,671</u>
The provision for doubtful debts is aged as follows:		
Not overdue	0	0
Overdue by:		
Less than 30 days	0	0
30 to 60 days	0	0
61 to 90 days	0	0
More than 90 days	(519,622)	(582,370)
Total provision for doubtful debts	<u>(519,622)</u>	<u>(582,370)</u>
Investments		
Commonwealth entities (at asset value at 30 June 1997)		
Australian Trade Commission	145,497	138,856
Export Finance and Insurance Corporation	184,544	184,544
Total investments	<u>330,041</u>	<u>323,400</u>
Total financial assets administered on behalf of Government	<u>459,599</u>	<u>461,207</u>

Notes to and forming part of the Financial Statements

	2005	2004
	<u>\$'000</u>	<u>\$'000</u>
Note 21: Assets Administered on Behalf of Government (continued)		
Financial assets (continued)		
<p>¹ These receivables comprise sovereign amounts owed to the Commonwealth relating to export transactions on the National Interest Account (NIA) under the terms of Part 5 of the Export Finance and Insurance Corporation Act (EFIC Act) as stated in Note 1.20. The countries and entities include:</p>		
Cuba	9,652	9,652
Ethiopia	2,312	4,269
Iraq	516,856	572,560
Nicaragua	0	5,088
Solomon Islands	8,653	9,672
EFIC	104,359	111,646
	<u>641,832</u>	<u>712,887</u>
<p>Repayment periods for the above loans vary. The Australian Government has agreed to forgive payments received in relation to Nicaragua and Ethiopia. Additionally, Australia has agreed to forgive 80% of the Iraq debt, including late interest, with the residual 20% rescheduled from 2011 to 2028. Payments from the Solomon Islands are due to recommence in 2005. Recoverability of these loans is reviewed annually on a country by country basis, based on an assessment of the likelihood of recovery including their capacity to pay. Each country has acknowledged their debt to the Commonwealth.</p>		
Non-financial assets		
Prepayments	5,080	3,944
Total non-financial assets administered on behalf of Government	<u>5,080</u>	<u>3,944</u>
Total assets administered on behalf of Government	<u>646,912</u>	<u>716,831</u>

Notes to and forming part of the Financial Statements

	2005 \$'000	2004 \$'000
Note 22: Liabilities Administered on Behalf of Government		
Payables		
Suppliers		
Trade creditors	4,842	1,754
All creditors are entities that are not part of the Australian Government. Settlement is usually made net 30 days.		
Other payables		
National Interest Account - EFIC	62,628	74,488
Unearned income - passports revenue	5,519	7,521
Unearned income - EFIC	21,964	26,858
Accrued expenses - EFIC	1,157	606
Trust liability	0	65
North American Pension Scheme ¹	30,481	31,966
Total other payables	121,749	141,504
Total liabilities administered on behalf of Government	126,591	143,258

¹ Accrued benefits under the North American Pension Scheme, which is a defined benefit superannuation plan administered by the department on behalf of the Commonwealth. Figures for the North American Pension Scheme are based on actuarial reviews which are conducted triennially and reviewed and updated by the actuary on an annual basis. The most recent actuarial reviews were performed on 30 June 2004.

Accrued benefits	30,481	32,157
Net market value of plan assets	0	191
Net assets	(30,481)	(31,966)
Vested benefits	30,481	32,157

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000
Note 23: Administered Reconciliation Table		
Opening administered assets less administered liabilities as at 1 July 2004	321,893	906,679
<i>Plus:</i> Administered revenues	231,318	210,351
<i>Less:</i> Administered expenses	(266,136)	(758,856)
Administered transfers to/from Australian Government:		
Appropriation transfers from OPA:		
Annual appropriation administered expenses	243,170	154,180
Administered assets and liabilities appropriations	0	0
Special appropriations (limited)	0	0
Special appropriations (unlimited)	412	338
Transfers to OPA	(199,210)	(190,800)
Restructuring	0	0
Administered revaluations taken to/from reserves	0	0
Movement in carrying amount of investment	6,641	0
Currency translation gain/loss	0	0
Changes in accounting policies	0	0
Closing administered assets less administered liabilities as at 30 June 2005	<u>338,088</u>	<u>321,893</u>

Notes to and forming part of the Financial Statements

	2005	2004
	\$'000	\$'000
Note 24: Administered Contingent Liabilities and Assets		
<i>Quantifiable Administered Contingencies</i>		
Quantifiable Administered Contingencies that are not remote are disclosed in the Schedule of Administered Items as Quantifiable Administered Contingencies.		
<i>Unquantifiable Administered Contingencies</i>		
There are no unquantifiable administered contingencies.		
<i>Remote Administered Contingencies</i>		
Under section 62 of the Export Finance and Insurance Corporation Act 1991, the Commonwealth guarantees the due payment by the Export Finance and Insurance Corporation of money that is, or may at any time become, payable by the Export Finance and Insurance Corporation to any person other than the Commonwealth.		
Contracts of insurance and guarantees	588,425	610,900
Statement of Financial Position liabilities	930,900	1,007,100
National Interest contracts of insurance and guarantees and Statement of Financial Position liabilities	1,824,400	2,219,500
	3,343,725	3,837,500

Notes to and forming part of the Financial Statements

Note 25: Administered Investments

The Commonwealth owns 100% of the Australian Trade Commission and the Export Finance and Insurance Corporation.

The principal activities of each of these administered investments are as follows:

Australian Trade Commission - provision of advice, market intelligence and ongoing support (including financial) to Australian businesses looking to develop international markets.

Export Finance and Insurance Corporation - provision of competitive finance and insurance services to Australian exporters and Australian companies investing in new projects overseas.



Notes to and forming part of the Financial Statements

Note 26: Restructuring

There were no restructurings in 2004-05.

Notes to and forming part of the Financial Statements

Note 27: Administered Financial Instruments

Note 27A: Administered Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In					Non-Interest Bearing			Total		Weighted Average Effective Interest Rate		
		Rate		1 Year or Less		1 to 5 Years		> 5 Years						2004		
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 %	2005 %		
Financial Assets																
Cash	21	0	0	0	0	0	0	0	0	0	5,115	5,506	5,115	5,506	0.0	0.0
Receivables for goods and services (gross)	21	0	0	0	0	0	0	0	0	0	642,876	713,814	642,876	713,814	n/a	n/a
Accrued revenue	21	0	0	0	0	0	0	0	0	0	681	761	681	761	n/a	n/a
Investments	21	0	0	0	0	0	0	0	0	0	330,041	323,400	330,041	323,400	n/a	n/a
Total		0	0	0	0	0	0	0	0	0	978,713	1,043,481	978,713	1,043,481		
Total Assets											464,679	465,151				

Financial Liabilities (Recognised)																
Trade creditors	22	0	0	0	0	0	0	0	0	0	4,842	1,754	4,842	1,754	n/a	n/a
Other payables	22	0	0	0	0	0	0	0	0	0	121,749	141,504	121,749	141,504	n/a	n/a
Total Recognised Liabilities		0	0	0	0	0	0	0	0	0	126,591	143,258	126,591	143,258		
Total Liabilities											126,591	143,258				

Financial Liabilities (Unrecognised)																
Guarantees to public trading enterprises	24	0	0	0	0	0	0	0	0	0	3,343,725	3,837,500	3,343,725	3,837,500	n/a	n/a
Total Unrecognised Liabilities		0	0	0	0	0	0	0	0	0	3,343,725	3,837,500	3,343,725	3,837,500		

Notes to and forming part of the Financial Statements

Note 27: Administered Financial Instruments (continued)

Note 27B: Net Fair Values of Administered Financial Assets and Liabilities

	Notes	2005		2004	
		Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
Administered Financial Assets					
Cash at bank	21	5,115	5,115	5,506	5,506
Receivables for goods and services (net)	21	123,254	123,254	131,443	131,443
Accrued revenue	21	681	681	761	761
Investments	21	330,041	330,041	323,400	323,400
Total Financial Assets		459,091	459,091	461,110	461,110
Administered Financial Liabilities (Recognised)					
Trade creditors	22	4,842	4,842	1,754	1,754
Other payables	22	121,749	121,749	141,504	141,504
Total Financial Liabilities (Recognised)		126,591	126,591	143,258	143,258
Administered Financial Liabilities (Unrecognised)					
Guarantees to public trading enterprises	24	3,343,725	3,343,725	3,837,500	3,837,500
Total Financial Liabilities (Unrecognised)		3,343,725	3,343,725	3,837,500	3,837,500

Financial Assets

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values for trade creditors are short-term in nature and are approximated by their carrying amounts.

The net fair value of unrecognised guarantees are substantially below the Government's maximum exposure, because the likelihood that they will be called upon has been assessed as remote.

Note 27C: Credit Risk Exposures

The Government's maximum exposures to credit risk at reporting date in relation to each class of recognised administered financial assets is the carrying amount of those assets as indicated in the Schedule of Administered Items.

The Government has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Notes to and forming part of the Financial Statements

Note 28: Appropriations

Note 28A: Accrual of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Ordinary Annual Services Appropriations

Particulars	Administered Expenses			Departmental Outputs	Total
	Outcome 1	Outcome 2	Outcome 3		
Year ended 30 June 2005	\$	\$	\$	\$	\$
Balance carried from previous year	47,349,511	841	1,889,492	56,412,764	105,652,608
Reductions of appropriations (prior years) ¹	46,881,045	791	177,735	0	47,059,571
Adjusted Balance carried for previous period	468,466	50	1,711,757	56,412,764	58,593,037
Correction of prior year error in disclosure ²	0	6,388	(200)	2,125,427	2,131,615
Appropriation Act (No.1) 2004-2005	174,736,000	200,000	48,621,000	687,768,000	911,325,000
Appropriation Act (No.3) 2004-2005	17,119,000	300,000	0	10,552,000	27,971,000
Appropriation (Tsunami Financial Assistance) Act 2004-2005	277,000	14,742,000	0	2,305,000	17,324,000
Appropriation Act (No. 5) 2004-2005	23,000,000	0	0	0	23,000,000
Departmental adjustments by the Finance Minister (Appropriation Acts)	0	0	0	0	0
Comcover receipts (Appropriation Act s13)	0	0	0	33,674	33,674
Advance to the Finance Minister	0	0	0	0	0
Adjustment of appropriations on change of entity function (FMAAA s32)	0	0	0	(1,017,619)	(1,017,619)
Refunds credited (FMAAA s30)	0	0	1,798	4,760,461	4,762,259
Appropriation reduced by section 9 determinations (current year)	0	0	0	0	0
Sub-total 2004-05 Annual Appropriation	215,600,466	15,248,438	50,334,355	762,939,707	1,044,122,966
Appropriation to take account of recoverable GST (FMAAA s30A)	0	0	0	15,527,510	15,527,510
Annotations to 'net appropriations' (FMAAA s31)	0	0	1,995,583	47,738,421	49,734,004
Effect of exchange rate movement on Cash	0	0	0	1,210,287	1,210,287
Total Appropriations available for payments	215,600,466	15,248,438	52,329,938	827,415,925	1,110,594,767
Cash payments made during the year (GST inclusive)	183,883,893	10,162,003	48,675,734	717,706,893	960,428,623
Appropriations credited to Special Accounts (excluding GST)	53,000	0	2,960,000	0	3,013,000
Balance of Authority to Draw Cash from the CRF for Ordinary Annual Services Appropriations	31,663,473	5,086,435	694,204	109,709,032	147,153,144

¹ The Finance Minister may determine amounts of administered appropriations to be lapsed, having regard to expenses incurred. In prior years, the Department has estimated the amount of current year appropriations to be lapsed based on expenses incurred. From 2003-04, the Finance Minister's Orders requires the reporting of amounts actually lapsed during the financial year. By the time of completion of the 2004-05 financial statements, only the 2003-04 administered appropriations were formally lapsed.

² Correction of prior year error in disclosure comprises: a) unlapsed 2001-02 Outcome 2 appropriation (\$6,388); b) understatement of the amount lapsed for the 2003-04 Outcome 3 appropriation (-\$200); c) understatement of annotations to net appropriations in 2003-04 (\$623,250); understatement of GST receivable in 2003-04 (\$1,506,055); and 2003-04 GST reconciliation variance corrected in 2004-05 (-\$3,878).

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Ordinary Annual Services Appropriations (continued)

Particulars	Administered Expenses			Departmental Outputs	Total
	Outcome 1	Outcome 2	Outcome 3		
<i>Represented by:</i>					
Cash at bank and on hand	0	0	0	33,710,211	33,710,211
Receivable - departmental appropriation	0	0	0	74,272,427	74,272,427
Receivables - GST receivable from the ATO	0	0	0	1,726,384	1,726,384
Receivables - departmental appropriations - drawing rights withheld by the Finance Minister (FMAA s27(4))	0	0	0	0	0
Formal reductions of appropriations	0	0	0	0	0
Receivables - departmental appropriations (appropriation for additional outputs)	31,663,473	5,086,435	694,204	0	37,444,112
Undrawn, unexpired administered appropriations	31,663,473	5,086,435	694,204	109,709,032	147,153,144
Total					

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Ordinary Annual Services Appropriations (continued)

Under Section 31 of the Financial Management and Accountability Act 1997 (the FMA Act), the Minister for Finance may enter into a net appropriation agreement with an agency Minister. Appropriation Acts Nos. 1 and 3 (for the ordinary annual services of government) authorise the supplementation of an agency's annual net appropriation by amounts received in accordance with its Section 31 Agreement eg, receipts from charging for goods and services.

Although we have operated and recorded receipts as though a section 31 agreement was in place, receipts collected in the period 1 July 1997 to 17 May 1998 have not been captured by a section 31 agreement.

As a result, receipts collected in 1997-98 under the running costs appropriations regime in place until 30 June 1999 that were not captured by a section 31 agreement amounted to \$54,001,750. Of this amount \$48,438,210 was spent without the authority of Parliament, in contravention of section 83 of the Constitution. Section 48 of the FMA Act has also been breached, as a result of the contravention of section 83 of the Constitution.

Analysis of overstatement of the departmental output appropriations and overspending is given below.

	1997-98	Total Pre-accrual budgeting
Receipts affected	61,715,750	61,715,750
Unspent	5,563,540	5,563,540
Amount spent in accordance with appropriation	7,714,000	7,714,000
Amount spent without appropriation	48,438,210	48,438,210

In accordance with the budgeting framework applying in that financial year, the balance unspent of \$5,563,540 lapsed and was therefore not available to the Department in future years and has not been spent.

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Ordinary Annual Services Appropriations (continued)

Particulars	Administered Expenses			Departmental Outputs	Total
	Outcome 1	Outcome 2	Outcome 3		
Year ended 30 June 2004 (comparative period)	\$	\$	\$	\$	\$
Balance carried from previous year	891,667	506,786	7,500	49,838,738	51,244,691
Balance carried from previous year	20,148,558	2,606,479	135,915	49,838,738	72,729,690
Appropriation Act (No.1) 2003-2004	159,663,000	200,000	21,503,000	699,777,000	881,143,000
Appropriation Act (No.3) 2003-2004	19,341,000	0	1,723,000	5,696,000	26,760,000
Departmental adjustments by the Finance Minister (Appropriation Acts)	n/a	n/a	n/a	0	0
Advance to the Finance Minister	0	0	0	0	0
Refunds credited (FMAA s30)	0	0	0	0	0
Appropriations to take account of recoverable GST (FMAA s30A)	0	0	0	15,755,925	15,755,925
Annotations to 'net appropriations' (FMAA s31)	0	0	0	50,826,693	50,826,693
Other annotations ¹	0	0	0	3,057,623	3,057,623
Effect of exchange rate movements on cash	0	0	0	(343,915)	(343,915)
Adjustment of appropriations on change of entity function (FMAA s32)	0	0	0	0	0
Appropriation lapsed	19,226,455	2,207,322	128,415	0	21,562,192
Total appropriations available for payments	179,926,103	599,157	23,233,500	824,608,064	1,028,366,824
Payments made during the year (GST inclusive)	132,540,592	598,316	18,381,197	768,195,300	919,715,405
Appropriations credited to Special Accounts	36,000	0	2,962,811	0	2,998,811
Balance carried to the next period	47,349,511	841	1,889,492	56,412,764	105,652,608

¹ Other annotations comprises: a) appropriation carried forward in 1999-2000 but not recognised in the Appropriation Note at that date (\$8,254m); and b) reclassification of Advances to Receivables from Cash in 2001-02 (\$4,687m).

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Other than Ordinary Annual Services Appropriations

Particulars	Administered Outcome 2			Administered Outcome 3			Non-Operating					Total
	SPPs	NAE	NAE	SPPs	NAE	NAE	Equity	Loans	Previous years' outputs	Admin assets and liabilities		
Year ended 30 June 2005	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance carried from previous year	0	0	0	0	0	0	13,508,000	0	3,102,000	0	0	16,610,000
Reduction of appropriations (prior years) ¹	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted balance carried from previous period	0	0	0	0	0	0	13,508,000	0	3,102,000	0	0	16,610,000
Appropriation Act (No.2) 2004-2005	0	0	0	0	0	0	19,457,000	0	0	0	0	19,457,000
Appropriation Act (No.4) 2004-2005	0	0	0	0	0	0	62,130,000	0	0	0	0	62,130,000
Departmental Adjustments and Borrowings	0	0	0	0	0	0	0	0	0	0	0	0
Advance to the Finance Minister	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment of appropriations on change of entity function (FMAA s32)	0	0	0	0	0	0	0	0	0	0	0	0
Refunds credited (net) (FMAA s30)	0	0	0	0	0	0	0	0	0	0	0	0
Appropriation reduced by a section 11 determination (current year)	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total 2004-05 Annual Appropriation	0	0	0	0	0	0	95,095,000	0	3,102,000	0	0	98,197,000
Appropriations to take account of recoverable GST (FMAA s30A)	0	0	0	0	0	0	0	0	0	0	0	0
Total appropriation available for payments	0	0	0	0	0	0	95,095,000	0	3,102,000	0	0	98,197,000
Cash payments made during the year (GST inclusive)	0	0	0	0	0	0	40,014,000	0	3,102,000	0	0	43,116,000
Appropriations credited to Special Accounts (GST exclusive)	0	0	0	0	0	0	0	0	0	0	0	0
Balance of Authority to Draw Cash from the CRF for Other Than Ordinary Annual Services Appropriations	0	0	0	0	0	0	55,081,000	0	0	0	0	55,081,000

¹ The Finance Minister may determine amounts of administered appropriations to be lapsed, having regard to expenses incurred. In prior years, the Department has estimated the amount of current year appropriations to be lapsed based on expenses incurred. From 2003-04, the Finance Minister's Orders require the reporting of amounts actually lapsed during the financial year. No determination to lapse administered appropriations for 2004-05 had been made by the time of completion of the 2004-05 financial statements.

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28B: Accrual of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Other than Ordinary Annual Services Appropriations (continued)

Particulars	Administered Outcome 2			Administered Outcome 3			Non-Operating				Total	
	Outcome 1		SPPs	Outcome 2		SPPs	NAE	Equity	Loans	Previous years' outputs		Admin assets and liabilities
	SPPs	NAE		SPPs	NAE							
Represented by:												
Cash at bank and on hand	0	0	0	0	0	0	0	0	0	0	0	0
Departmental appropriation receivable	0	0	0	0	0	0	55,081,000	0	0	0	0	55,081,000
Total	0	0	0	0	0	0	55,081,000	0	0	0	0	55,081,000

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Other than Ordinary Annual Services Appropriations (continued)

Particulars	Outcome 1			Administered Outcome 2			Outcome 3			Non-Operating					Total			
	SPPs			NAE			SPPs			NAE			Equity	Loans		Previous years' outputs	Admin assets and liabilities	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$						
Year ended 30 June 2004 (Comparative Period)																		
Balance carried from previous year	0	0	0	0	0	0	0	0	0	0	0	0	1,970,074	0	0	0	0	1,970,074
Appropriation Act (No.2) 2003-2004	0	0	0	0	0	0	0	0	0	0	0	0	14,088,000	0	1,629,000	0	0	15,717,000
Appropriation Act (No.4) 2003-2004	0	0	0	0	0	0	0	0	0	0	0	0	9,828,000	0	1,473,000	0	0	11,401,000
Adjustments by the Finance Minister	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advance to the Finance Minister	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Refunds credited (FMAA s30)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Appropriations to take account of recoverable GST (FMAA s30A)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annotations to 'net appropriations' (FMAA s31)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AUC liability to other agencies	0	0	0	0	0	0	0	0	0	0	0	0	(175,000)	0	0	0	0	(175,000)
Adjustment of appropriations on change of entity function (FMAA s32)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Appropriation lapsed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total appropriation available for payments	0	0	0	0	0	0	0	0	0	0	0	0	25,811,074	0	3,102,000	0	0	28,913,074
Cash payments made during the year (GST inclusive)	0	0	0	0	0	0	0	0	0	0	0	0	12,303,074	0	0	0	0	12,303,074
Appropriations credited to Special Accounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance carried to next year	0	0	0	0	0	0	0	0	0	0	0	0	13,508,000	0	3,102,000	0	0	16,610,000

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Unlimited Amount)

Export Finance and Insurance Corporation (EFIC) Act 1991 - section 54(10)	2005	2004
	Outcome 1	
	\$	\$
<i>Purpose:</i> for the payment by the Commonwealth to EFIC of amounts equal to the amount of capital determined by the EFIC Board as necessary to overcome the inadequacies, or expected inadequacies, in the money or other assets of EFIC to meet the expected liabilities, losses or claims of or against EFIC.		
All transactions under this Act are recognised as Administered items.		
Budget estimate	0	0
Cash payments made during the year	0	0

As the responsible portfolio agency, the Department has disclosed the above Special Appropriation. Payments by the Commonwealth to EFIC against this special appropriation are made out of the Consolidated Revenue Fund.

Financial Management and Accountability Act 1997 - section 28(2)	2005	2004
	Outcome 2	
	\$	\$
<i>Purpose:</i> for the repayment of passport and consular fees required or permitted by law.		
All transactions under this Act are recognised as Administered items.		
Budget estimate	500,000	0
Cash payments made during the year	407,743	338,437

Financial Management and Accountability Act 1997 - section 39(9)	2005	2004
	Outcome 3	
	\$	\$
<i>Purpose:</i> for the investment of public money by the Australia-France Endowment Special Account.		
All transactions under this Act are recognised as Administered items.		
Budget estimate	0	0
Cash payments made during the year	0	0

The Department was advised by the Department of Finance and Administration that investment powers were withdrawn in December 2003.

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Unlimited Amount) (continued)

Indus Basin Development Fund Agreement Act 1960 - section 3 Indus Basin Development Fund Supplemental Agreement Act 1965 - section 4	2005	2004
	Outcome 1	
	\$	\$
<i>Purpose:</i> for the payment in respect of Australia's contribution under the Agreement to the Indus Basin Development Fund.		
All transactions under this Act are recognised as Administered items.		
Budget estimate	0	0
Cash payments made during the year	0	0

As the responsible portfolio agency, the Department has disclosed the above Special Appropriations. The Department will be seeking to repeal these special appropriations as no payments have been made against them for several decades.

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts

Account Name	2005	2004
	\$	\$
Australia Abroad Council (Administered)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for expenditure to promote Australia's image overseas by creating an awareness of Australian commercial and industrial potential, scientific and technological achievements, cultural and sporting activities and tourist opportunities. Co-ordinate, focus and develop the international activities of the Australian public and private organisations.		
Balance carried forward from previous year	0	0
Appropriation Act (No. 1) 2004-05	0	0
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	0	8,026
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	0	(36)
Available for payments	0	7,990
Payments made to suppliers	0	(7,990)
Balance carried to next year	0	(0)
<i>Represented by:</i>		
Cash on call held in the OPA	0	0
Add: Receivables - Net GST receivable from ATO	0	0
Total	0	0

Special account was abolished on 23 December 2003 in accordance with a determination by the Minister for Finance and Administration.

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Australia-China Council (Administered)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for expenditure subject to the approval of the Minister for Foreign Affairs: to promote within Australia and China a greater awareness of each other's country; to enlarge contact and exchange between Australia and China; and to provide a focus for information and a source of advice in relations with China and the Chinese people.		
Balance carried forward from previous year	10,652	17,689
Appropriation Act (No. 1) 2004-05	740,000	725,104
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	17,906	25,704
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	53,970	29,264
Available for payments	822,528	797,761
Payments made to suppliers	(804,684)	(787,109)
Balance carried to next year	17,844	10,652
<i>Represented by:</i>		
Cash on call held in the OPA	12,076	4,771
<i>Add:</i> Receivables - Net GST receivable from ATO	5,768	5,881
Total	17,844	10,652

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Australia-France Endowment (Administered)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for expenditure: to provide a long-term means of strengthening the cultural, academic, scientific and technological links between France and Australia; and to improve knowledge and understanding of Australia in France by enabling person to person contact and interchange in a wide range of fields.		
Balance carried forward from previous year	72,242	25,053
Appropriation Act (No. 1) 2004-05	53,000	36,000
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	0	26,342
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	2,500	0
Available for payments	127,742	87,395
Payments made to suppliers	(62,916)	(15,153)
Balance carried to next year	64,826	72,242
<i>Represented by:</i>		
Cash on call held in the OPA	64,826	72,242
Add: Receivables - Net GST receivable from ATO	0	0
Total	64,826	72,242

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Australia-India Council (Administered)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for the expenditure of moneys provided by non-Commonwealth entities for purposes which are intended to develop and promote ties between Australia and India in the educational, cultural, commercial media and science and technology fields and to encourage the study of each other's culture and language.		
Balance carried forward from previous year	9,406	4,502
Appropriation Act (No. 1) 2004-05	740,000	727,500
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	10,604	27,998
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	45,086	45,075
Available for payments	805,096	805,075
Payments made to suppliers	(716,087)	(795,669)
Balance carried to next year	89,009	9,406
<i>Represented by:</i>		
Cash on call held in the OPA	77,286	3,361
<i>Add:</i> Receivables - Net GST receivable from ATO	11,723	6,045
Total	89,009	9,406

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Australia-Indonesia Institute (Administered)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for expenditure: to promote within Australia and Indonesia a greater awareness of each other's country; to enlarge contact and exchange between Australia and Indonesia; and to provide a focus for information and a source of advice in relations with Indonesia and the Indonesian people.		
Balance carried forward from previous year	316,327	17,101
Appropriation Act (No. 1) 2004-05	740,000	785,104
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	222,798	290,088
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	75,343	12,524
Available for payments	1,354,468	1,104,817
Payments made to suppliers	(1,140,919)	(788,490)
Balance carried to next year	213,549	316,327
<i>Represented by:</i>		
Cash on call held in the OPA	233,555	317,543
Less: Payables - Net GST payable to ATO	(20,006)	(1,216)
Total	213,549	316,327

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Australia-Korea Foundation (Administered)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for the expenditure of moneys provided by non-Commonwealth entities for purposes which are intended to develop and promote ties between Australia and Korea in the educational, cultural, commercial media and science and technology fields and to encourage the study of each other's culture and language.		
Balance carried forward from previous year	15,584	13,440
Appropriation Act (No. 1) 2004-05	740,000	725,104
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	13,823	10,593
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	5,128	45,725
Available for payments	774,535	794,862
Payments made to suppliers	(747,077)	(779,278)
Balance carried to next year	27,458	15,584
<i>Represented by:</i>		
Cash on call held in the OPA	16,930	8,141
<i>Add:</i> Receivables - Net GST receivable from ATO	10,528	7,443
Total	27,458	15,584

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Official Administered Payment Account for Other Agencies Account (Administered)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for payments made overseas by DFAT overseas posts on behalf of an Agency (within the meaning of the Act), where those payments could be made from an appropriation available to the Agency, and it is intended that DFAT will be reimbursed by the Agency for the payments.		
Balance carried forward from previous year	5,000,000	4,754,198
Less: adjustment to opening balance		0
<i>Adjusted balance carried forward from previous year</i>	<i>5,000,000</i>	<i>4,754,198</i>
Appropriation Act (No. 1) 2004-05	0	0
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	12,775,541	177,566,402
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	0	0
Available for payments	17,775,541	182,320,600
Payments made to suppliers	(12,775,541)	(177,320,600)
Balance carried to next year	5,000,000	5,000,000
<i>Represented by:</i>		
Cash on call held in the OPA	5,000,000	5,000,000
<i>Add:</i> Receivables - Net GST receivable from ATO	0	0
Total	5,000,000	5,000,000

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Overseas Property Account (Departmental)		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for expenditure relating to the provision of accommodation for Australian officials posted overseas and the acquisition, construction and maintenance of estates overseas.		
Balance carried forward from previous year	71,956,890	62,907,195
Appropriation Act (No. 1) 2004-05	0	0
Costs recovered from non-government sector		
Goods - provision of goods to external entities	21,162,762	1,119,970
Services - rendering of services to external entities	4,398,448	6,494,130
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	161,798,526	156,277,143
Interest amounts credited	0	0
GST credits (FMAA s30A)	180,017	146,782
Available for payments	259,496,643	226,945,220
Payments made to suppliers	(52,433,872)	(51,678,790)
Return of capital and dividends	(42,661,741)	(103,309,540)
Balance carried to next year	164,401,030	71,956,890
<i>Represented by:</i>		
Cash	3,162,918	4,952,344
Add: Appropriation receivable - Cash at Finance	161,228,719	66,990,460
Add: Receivables - Net GST receivable from ATO	9,393	14,086
Total	164,401,030	71,956,890

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Consular Services		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for expenditure on behalf of Australian citizens overseas in circumstances of urgency where recourse to the international banking system is inappropriate.		
Balance carried forward from previous year	50,636	29,123
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	176,103	276,971
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	59	6
Available for payments	226,798	306,100
Payments made to suppliers	(192,149)	(255,464)
Balance carried to next year	34,649	50,636
<i>Represented by:</i>		
Cash on call held in the OPA	34,649	50,636
<i>Add:</i> Receivables - Net GST receivable from ATO	0	0
Total	34,649	50,636

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Other Trust Moneys - Department of Foreign Affairs and Trade		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for the expenditure of moneys temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth.		
Balance carried forward from previous year	1,038,612	631,142
Add: adjustment to opening balance	701,818	(14,791)
Adjusted balance carried forward from previous year	1,740,430	616,351
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	434,558	457,662
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	0	0
Available for payments	2,174,988	1,074,013
Payments made to suppliers	(1,839,068)	(35,401)
Balance carried to next year	335,920	1,038,612
<i>Represented by:</i>		
Cash on call held in the OPA	335,920	1,038,612
Add: Receivables - Net GST receivable from ATO	0	0
Total	335,920	1,038,612

Notes to and forming part of the Financial Statements

Note 28: Appropriations (continued)

Note 28D: Special Accounts (continued)

Account Name	2005	2004
	\$	\$
Services for other Governments & Non-Agency Bodies		
<i>Legal Authority:</i> Financial Management and Accountability Act 1997; s20		
<i>Purpose:</i> for expenditure in connection with services performed on behalf of other Governments and bodies that are not FMA agencies.		
Balance carried forward from previous year	3,082,558	1,241,173
Less: adjustment to opening balance	(701,818)	14,791
<i>Adjusted balance carried forward from previous year</i>	2,380,740	1,255,963
Costs recovered from non-government sector		
Goods - provision of goods to external entities	0	0
Services - rendering of services to external entities	2,322,328	2,425,450
Other receipts		
Goods - provision of goods to related entities	0	0
Services - rendering of services to related entities	0	0
GST credits (FMAA s30A)	11,193	(110,098)
Available for payments	4,714,261	3,571,316
Payments made to suppliers	(424,627)	(488,758)
Balance carried to next year	4,289,634	3,082,558
<i>Represented by:</i>		
Cash on call held in the OPA	4,289,546	3,082,246
Add: Receivables - Net GST receivable from ATO	88	312
Total	4,289,634	3,082,558

Notes to and forming part of the Financial Statements

	2005	2004
	\$	\$
Note 29: Specific Payment Disclosures		
<i>Administered</i>		
No 'Act of Grace' expenses were incurred during the reporting period. (2004: No expenses incurred)	<u>Nil</u>	<u>Nil</u>
One waiver of amounts owing to the Commonwealth was made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2004: No waivers made)	<u>32,389</u>	<u>Nil</u>
Ninety two ex-gratia payments were provided for during the reporting period. (2004: No payments made)	<u>177,770</u>	<u>Nil</u>
Five payments were made under the 'Defective Administration Scheme' during the reporting period. (2004: 6 payments made)	<u>1,281</u>	<u>10,917</u>
<i>Departmental</i>		
No payments were made under section 73 of the <i>Public Service Act 1999</i> during the reporting period. (2004: No payments made)	<u>Nil</u>	<u>Nil</u>

Notes to and forming part of the Financial Statements

Note 30: Reporting of Outcomes

Note 30A: Net Cost of Outcome Delivery

The Department uses an Activity Based Costing System to determine the attribution of its shared items. This system was based on an Output Pricing Review conducted in 1999-2000. The basis of attribution in the table below is consistent with the basis used for the 2004-05 Budget.

Item	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Administered expenses	201,312	735,099	13,777	237	51,047	23,520	0	0	286,138	758,856
Departmental expenses	446,955	429,257	133,137	124,621	44,400	46,230	74,821	53,072	698,413	653,180
Total expenses	647,367	1,164,356	146,914	124,858	95,447	69,749	74,821	53,072	984,549	1,412,036
<i>Costs recovered from provision of goods and services to the non-government sector</i>										
Administered	470	469	174,689	148,881	7	383	0	0	175,166	149,733
Departmental	3,836	2,397	0	268	51	131	4,234	5,225	7,651	8,021
Total costs recovered	3,836	2,866	174,689	149,149	58	514	4,234	5,225	182,817	157,754
<i>Other external revenues</i>										
Administered										
Interest on loans	20,157	17,732	0	0	0	0	0	0	20,157	17,732
Dividends from Commonwealth companies	12,600	15,266	0	0	0	0	0	0	12,600	15,266
Other	21,142	27,238	2	0	2,251	382	0	0	23,395	27,620
Total Administered	53,899	60,236	2	0	2,251	382	0	0	56,152	60,618
Departmental										
Interest on cash deposits	0	0	0	0	0	0	0	0	0	0
Revenue from disposal of assets	3,713	3,419	0	382	57	187	21,163	1,271	24,932	5,260
Other	2,346	1,816	0	203	36	100	(131)	0	2,251	2,119
Goods and services revenue from related entities	39,474	29,266	0	3,271	601	1,605	43,597	46,586	83,672	80,728
Total Departmental	45,533	34,502	0	3,856	694	1,992	64,629	47,857	110,855	88,107
Total other external revenues	99,432	94,738	2	3,856	2,945	2,274	64,629	47,857	167,008	148,725
Net cost / (contribution) of outcome	544,099	1,066,752	(27,777)	(28,147)	92,444	66,961	5,958	(10)	614,724	1,105,556

Outcomes are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

Notes to and forming part of the Financial Statements

Note 30: Reporting of Outcomes

Note 30B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

	Output 1.1		Output 1.2		Output 1.3		Output 1.4		Outcome 1 Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Outcome 1										
Departmental expenses										
Employees	137,331	127,472	46,920	43,551	35,059	32,542	1,637	1,520	220,947	205,084
Suppliers	119,882	119,036	40,956	40,669	30,604	30,388	1,429	1,419	192,874	191,512
Depreciation and amortisation	15,605	12,993	5,332	4,439	3,984	3,317	186	155	25,106	20,904
Other expenses	4,431	7,307	1,514	2,497	1,131	1,865	53	87	7,128	11,757
Total departmental expenses	277,249	266,808	94,724	91,156	70,778	68,112	3,305	3,181	448,055	429,257
Funded by:										
Revenues from government	312,831	316,871	106,880	108,261	79,861	80,893	3,729	3,777	503,302	509,802
Sales of goods and services	26,828	11,383	9,097	3,890	6,798	16,253	317	137	42,840	31,663
Other non-taxation revenues	3,766	1,882	1,287	643	981	2,688	45	23	6,059	5,236
Total departmental revenues	343,225	330,136	117,264	112,794	87,620	99,834	4,091	3,937	552,201	546,701
Outcome 2										
Departmental expenses										
Employees							65,948	55,479	65,948	55,479
Suppliers							57,568	60,307	57,569	60,307
Depreciation and amortisation							7,493	5,655	7,493	5,655
Other expenses							2,127	3,180	2,127	3,180
Total departmental expenses							133,137	124,621	133,137	124,621
Funded by:										
Revenues from government							150,224	146,410	150,224	146,410
Sales of goods and services							0	3,539	0	3,539
Other non-taxation revenues							0	585	0	585
Total departmental revenues							150,224	150,534	150,224	150,534

Notes to and forming part of the Financial Statements

Note 30: Reporting of Outcomes (continued)

Note 30B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outcomes (continued)

	Output 3.1		Outcome 3 Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Outcome 3				
Departmental expenses				
Employees	21,993	26,148	21,993	26,148
Suppliers	19,199	15,918	19,199	15,918
Depreciation and amortisation	2,499	2,665	2,499	2,665
Other expenses	709	1,499	709	1,499
Total departmental expenses	44,400	46,230	44,400	46,230
Funded by:				
Revenues from government	50,098	56,499	50,098	56,499
Sales of goods and services	652	1,736	652	1,736
Other non-taxation revenues	92	287	92	287
Total departmental revenues	50,842	58,522	50,842	58,522

	Output 4.1		Output 4.2		Outcome 4 Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Outcome 4						
Departmental expenses						
Employees	1,709	1,666	0	0	1,709	1,666
Suppliers	31,192	31,101	0	0	31,192	31,101
Depreciation and amortisation	17,738	18,891	0	0	17,738	18,891
Other expenses	24,182	1,414	0	0	24,182	1,414
Total departmental expenses	74,821	53,072	0	0	74,821	53,072
Funded by:						
Revenues from government	0	0	0	0	0	0
Sales of goods and services	47,831	51,811	0	0	47,831	51,811
Other non-taxation revenues	21,032	1,271	0	0	21,032	1,271
Total departmental revenues	68,863	53,082	0	0	68,863	53,082

Outcomes are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

Notes to and forming part of the Financial Statements

Note 30: Reporting of Outcomes

Note 30C: Major Classes of Administered Revenues and Expenses by Outcomes

Item	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Administered Revenues										
Sale of goods and services	470	469	174,689	148,881	7	383	0	0	175,166	149,733
Interest	20,157	17,732	0	0	0	0	0	0	20,157	17,732
Dividends	12,600	15,266	0	0	0	0	0	0	12,600	15,266
Other non-taxation revenues	21,142	27,238	2	0	2,251	362	0	0	23,395	27,620
Total Administered Revenues	54,369	60,705	174,691	148,881	2,258	765	0	0	231,318	210,351
Administered Expenses										
Grants and contributions	170,775	120,891	0	0	21,704	21,348	0	0	192,479	142,239
Suppliers	460	341	13,157	(104)	28,535	1,695	0	0	42,152	1,932
Net write-down and impairment of assets	0	572,561	208	3	0	0	0	0	208	572,564
Net foreign exchange losses	6,271	21,978	0	0	0	0	0	0	6,271	21,978
Interest	18,416	12,936	0	0	0	0	0	0	16,416	12,936
Other	7,390	6,392	412	338	808	477	0	0	8,610	7,207
Total Administered Expenses	201,312	735,099	13,777	237	51,047	23,520	0	0	266,136	758,656

Outcomes are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

