

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 1 – DEPARTMENTAL OBJECTIVES

The objective and purpose of major programs undertaken by the Portfolio during the year ended 30 June 1998 are summarised below:

- | | |
|-----------|--|
| Program 1 | International Relations, Trade and Business Liaison
To enhance Australia's security.
To promote Australia's economic growth, jobs and standard of living.
To strengthen global cooperation in ways which advance Australia's interests.
To promote public understanding of Australia's foreign and trade policy. |
| Program 2 | Passport and Consular Services
To provide Australian citizens with secure travel identification and to assist and protect the interests of Australians overseas. |
| Program 3 | Services for Other Agencies
To provide efficient and reliable services for government and parliamentary activities overseas and foreign representatives in Australia. |
| Program 4 | Secure Government Communications and Security Services
To provide secure, efficient and reliable communications and security services in support of the Government's activities overseas. |
| Program 5 | Executive and DFAT Corporate Services
To provide policy direction and administrative support for the Department's operations. |
| Program 6 | Development Cooperation
To advance Australia's national interest by assisting developing countries to reduce poverty and achieve sustainable development. |
| Program 7 | Australian Trade Commission (Austrade)
To promote exports and to encourage investment in Australia. |

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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 financial statements have been prepared in accordance with Schedule 2 of the *Financial Management and Accountability (FMA) Orders* made by the Minister for Finance and Administration for the preparation of financial statements for reporting periods ending on and after 30 June 1998. The Orders require compliance with applicable Australian Accounting Standards, Accounting Guidance Releases and Urgent Issues Group consensus views and have regard to Statements of Accounting Concepts.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention and do not take account of changing money values except where stated.

The continued existence of the Department in its present form, and with its present programs, is dependent on government policy and on continuing appropriations by Parliament for the Department's administration and programs.

(b) Rounding

Except for transactions of the Consolidated Revenue Fund, the Commercial Activities Fund, the Reserve Money Fund and Special Public Moneys, act of grace payments, waivers, remuneration of executives and remuneration of auditors, amounts have been rounded to the nearest \$1 000. An amount of \$500 or more is rounded upwards and any lower amount is rounded downwards.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

(c) Comparative Figures

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

The comparative figures for 1996-97 include the Australian Agency for International Development (AusAID). On 1 January 1998, AusAID became a prescribed agency under the *Financial Management and Accountability Act 1997*. As a prescribed agency AusAID is required to produce a separate set of financial statements. AusAID financial statements also show comparatives for 1996-97.

(d) Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost includes the fair value of assets traded in exchange and liabilities undertaken. Assets acquired at no cost are recognised at the fair value at the date of acquisition or at the value in the transferor's agency's accounts immediately prior to the transfer.

(e) Property, Plant, Equipment and Software

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of assets and liabilities, except for purchases costing less than \$1 000.00, 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). After a financial statement review in 1997-98 it has been decided to increase the asset threshold from July 1998 to \$2 000.00.

Assets subject to finance leases are recorded at their fair value in line with Australian Accounting Standard 17. Internally developed software has been valued for the first time using the direct costing method and function point method as required by the deprival method.

Revaluations

Leasehold improvements for State offices will continue to be revalued every three years. Leasehold improvements for the State offices were revalued independently at 30 June 1997 based on the depreciated replacement cost.

The Department is implementing its revaluation policy as required by Schedule 2. Internally developed software has been valued in accordance with the deprival method. All assets will be consolidated in central office in 1998-99. A review of the asset classes will be undertaken and all assets will be revalued on the deprival method before July 1999.

(f) Depreciation and Amortisation

Depreciation is calculated on a straight line basis to allocate the cost or revalued amount of each item of property, plant and equipment progressively over its expected useful life. The cost (or other value) of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the lease, whichever is shorter.

Depreciation and amortisation periods applying to each class of depreciable asset are as follows:

Plant and equipment	10 years
IT Equipment, Motor Vehicles	5 years
Leasehold improvements	Lease Term
Software	5 years

(g) Inventories

Departmental inventories include passport stocks, publications held for sale and consumable stores. Inventories have been valued at the lower of cost or net realisable value, except for consumable stores which have been valued at cost.

(h) Employee Entitlements

(I) Employee entitlements liabilities

In accordance with AAS30 *Accounting for Employee Entitlements*, non-current liabilities for the entitlements of employees have been measured as the present value of the estimated future cash outflows. In relation to locally engaged staff at overseas posts, the liabilities have been assessed in accordance with local employment conditions.

(II) Overseas allowances

Overseas conditions of service entitlements for officers during their posting are expensed as incurred. At balance date the Department does not recognise any liability for these overseas allowances.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

(III) Workers compensation

The Department's workers compensation liability is covered by the premium paid to the Commission for the Safety, Rehabilitation and Compensation of Commonwealth Employees (Comcare) and no additional provision for liability is required.

(IV) Leave

The liability for employee provisions includes provision for annual leave and long service leave. No provision has been made for sick leave 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.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 1998 and is recognised at the nominal amount.

(V) Separation and Redundancy

Provision is made for separation and redundancy payments in circumstances where the request for separation and redundancies have been agreed to in principle by the Department.

(i) Superannuation

Staff of the Department contributed to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Employer contributions amounting to \$18 779 851 (1996-97: excluding AusAID - \$21 429 548) in relation to these schemes have been expensed in these financial statements. Prior to 1995-96, the Department was not required to make employer contributions in relation to staff membership of these schemes.

No liability is shown for superannuation in the Statement of Assets and Liabilities as the employer contributions fully extinguish the accruing liability which is assumed by the Commonwealth.

The Department is required to contribute to pension schemes in North America and the United Kingdom for its locally engaged staff. Actuarial valuations of the pension schemes are done triennially. Disclosures of the schemes according to accounting standards are stated in note 7B.

(j) Taxation

The Department's activities are exempt from all forms of taxation except Fringe Benefits Tax.

(k) Foreign Currency

The temporal method of accounting for foreign currency balance day values is applied. Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Associated currency gains and losses are not material.

(l) Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which 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 inception of the lease and a liability recognised for the same amount. 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 representative of the pattern in which benefits are derived from the leased assets and, accordingly, are charged to the Statement of Agency Revenues and Expenses in the periods in which they are incurred.

The net present value of future net outlays in respect of surplus space under non cancellable lease agreements is expensed in the period in which the space becomes surplus.

Lease incentives are recognised as a lease liability and reduced on a straight line basis over the term by allocating lease payments between rental expense and reduction of the liability.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

(m) Insurance

In accordance with the government's general policy of non-insurance, the Department has not insured most of its insurable risks, and losses are expensed as they are incurred. Overseas, where local laws require insurance cover or where there is a perceived potential liability to the Commonwealth, missions have taken out appropriate commercial insurance cover.

From 1998/99 the Department will be covered by the Commonwealth's insurable risk managed fund, Comcover. Current commercial policies will continue until their expiry date, when cover will transfer to Comcover.

(n) Receivables

A provision is raised for any doubtful debts based on a review of all outstanding accounts as at year end. Bad debts are written off during the year in which they are identified.

(o) Resources Received Free of Charge

Resources received free of charge are recognised in the Operating Statement as revenue and also as an expense where a fair value can be reliably determined. Resources received free of charge are also identified in the program statement.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised 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. In the latter case, the assets are initially recognised at the amounts at which they were recognised by the transferring agency immediately prior to the transfer.

(p) Financial Instruments

Accounting policies for financial instruments are stated at note 20. The Department is complying with the requirements of AAS33 Presentation and Disclosure of Financial Instruments, which applies to the Department for the first time in 1997-98.

(q) Administered Items

Administered items are revenue, expenses, assets and liabilities controlled by the Government and managed by the Department in a fiduciary capacity. These include fees, grants, benefits and other items.

Schedule 2 requires that administered transactions be accounted for on a double entry basis. The effect of this requirement is that transfers of cash to and from the Official Commonwealth Public Account (CPA) are reported on the face of the Statement of Administered Revenues and Expenses where operating transactions are involved. Where transactions involving financial assets and liabilities not arising from operations are involved, receivables from and payable to the CPA will be recognised in Administered Assets and Liabilities.

Administered items are distinguished from agency items in the financial statements by shading.

(r) Departmental Items

Departmental items are revenue, expenses, assets and liabilities controlled by, and concerned with the running of, the Department. Examples include:-

computers, plant and equipment used in providing goods and services;

liabilities for employee entitlements;

revenues from running costs appropriations;

revenues from user charging etc where the proceeds are deemed appropriated under section 31 of the *Financial Management and Accountability Act 1997*; and

employee expenses and other administrative expenses incurred in providing goods and services.

(s) Investments

Any investments are recorded at face value.

(t) Administered Investment

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

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

The Commonwealth's investment in other controlled authorities in this portfolio is valued at the aggregate of the Commonwealth's share of the net assets or net liabilities of each entity. The investment was initially recognised as an asset as at 30 June 1996. Contra entries for all movements in the investment subsequent to 30 June 1996 were made to an Administered Assets Revaluation Reserve.

In accordance with advice from the Department of Finance and Administration, both the Administered Investment Reserve and administered investments must not be adjusted for post acquisition movements in the reserves of the controlled entity after 30 June 1997, unless the Minister for Finance and Administration requests otherwise.

(u) Principles of Consolidation

Only the 1996-97 comparatives incorporate the expenses, revenues, assets and liabilities of AusAID. In preparing the program statements, all intra- and inter-program transactions and balances have been eliminated in full.

Administered Investments in controlled entities are not consolidated on a line-by-line basis because the consolidation is relevant only to reporting at the Whole of Government level.

(v) Allocation of Overheads to Departmental Programs

Where a program has provided goods or services to other programs, the cost of those services and the amounts of any related assets and liabilities have been allocated to the recipient programs. Executive and corporate services have been allocated for the first time in 1997-98 across the other four departmental programs. Comparative are not available as there was no allocation last year.

(w) Revenue Recognition

Parliamentary appropriations are recognised as revenue in the year of expenditure. Revenue from commercial and other activities is recognised in the Operating Statement when the service has been provided.

(x) Appropriation

Appropriations for agency operations other than running costs are recognised as revenue to the extent that the appropriations are spent.

The Department recognises:

- as revenue an amount equal to the base funding spent in the year or carried over to the next year; and
- as a receivable, an amount equal to the amount of unspent appropriation carried over to the next financial year.

(y) Cash

For the purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis.

(z) OPOG Devolution

The Overseas Property Operations Group (OPOG), within the Department of Finance and Administration, devolved the following to respective agencies:

- furniture and fittings purchased prior to 30 June 1997. An exception is that furniture and fittings in all residences in OPOG owned compound premises, except the HOM residence, remain the property of OPOG. Plant and equipment was not devolved.
- leasehold improvements in Australia and overseas as at 9 October 1997.
- leasing of domestic and overseas properties as of 1 July 1997.

(aa) Grants (Administered)

The Department administers a number of grant schemes on behalf of the Commonwealth. Grants are expensed in the year in which the grant agreement is made.

(ab) Changes in Accounting Policy

A number of requirements in Schedule 2 involve changes in accounting policies. These and other changes made are identified in this note.

Initial recognition of internally developed software in accordance with AAS 29 'Financial Report by Government Departments' has resulted in an adjustment to accumulated results of \$7.6 million.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 3 – EXPENSES

AGENCY

Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Included as operating expenses in the statement of agency revenues and expenses are the following items:		
3A Employee Expenses		
Remuneration (for services provided)	244 124	242 852
Separation and redundancy	10 483	1 529
Total	254 607	244 381
3B Suppliers Expenses		
Supply of goods and services	161 007	223 495
Operating lease rentals	124 944	5 553
Other	9 996	0
Total	295 947	229 048
3C Depreciation and Amortisation		
Depreciation of property, plant and equipment	23 071	21 302
Depreciation of leasehold improvements	2 325	425
Amortisation of leased assets	196	10
Amortisation of intangibles	2 427	0
Total	28 019	21 737
3D Interests		
Finance lease expense	90	102
Other	17	44
Total	107	146
3E Write down of assets		
Financial assets		
Receivables	0	74
3F Other costs of providing goods and services		
Net foreign exchange losses	12	4
Other	8	359
Total	20	363

The depreciation charges for property, plant and equipment have increased as a result of the valuation of internally developed software. The depreciation charges for leasehold improvements have increased as a result of the OPOG devolution.

Australian Agency for International Development

	1997-98	1996-97
	\$'000	\$'000
3G Employee Expenses		
Remuneration (for services provided)	n/a	33 145
Separation and redundancy	n/a	3 163
Total	n/a	36 308
3H Suppliers Expenses		
Supply of goods and services	n/a	8 719
Operating lease rentals	n/a	4 454
Total	n/a	13 173

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 3 (cont'd)

3I Depreciation and Amortisation		
Infrastructure, plant and equipment	n/a	1 519
Intangibles	n/a	519
Total	n/a	2 038
3J Write-off of assets		
Intangibles	n/a	240
3K Loss from sale of assets		
Infrastructure, plant and equipment		
Proceeds from sale of infrastructure, plant and equipment	n/a	50
Less: written down value of infrastructure, plant and equipment	n/a	(150)
Net loss on sale of assets	n/a	100

ADMINISTERED

Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Included in the statement of administered revenue and expenses are the following items:		
3L Write-down of assets		
Financial assets – receivables		
Doubtful debts – Trade debtors	0	(25)
3M Grants		
International Organisations	75 916	76 506
Grants and Contributions	3 835	5 025
Total	79 751	81 531

Australian Agency for International Development

	1997-98	1996-97
	\$'000	\$'000
Included in the statement of administered revenue and expenses are the following items:		
Aid program	n/a	1 735
Depreciation and Amortisation		
Infrastructure, plant and equipment	n/a	619
Loss from sale of assets		
Infrastructure, plant and equipment		
Proceeds from sale of infrastructure, plant and equipment	n/a	80
Less written down value of infrastructure, plant and equipment	n/a	(45)
Net loss on sale of assets	n/a	(35)

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 4 – REVENUE

AGENCY
Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$	\$
Included in the statement of agency revenues and expenses are the following items:		
Revenues from Government -		
Note 4A - Resources received free of charge:		
ANAO		
• audit fee	185 000	205 000
Department of Finance and Administration		
• accounting and budgetary services	3 792	142 632
DoFA – Overseas Property Operations Group		
• property	12 555 094	
• pre-devolution		58 043 965
• leasehold improvements	6 737 601	
Gifts recorded as non-current assets	8 614	54 900
Use of assets supplied by lessor as part of finance lease (Paris/Tokyo)	5 105	10 808
Total resources received free of charge	19 495 206	58 457 305

No other services were provided by the Auditor-General.

Australian Agency for International Development

	1997-98	1996-97
	\$'000	\$'000
Resources received free of charge:		
ANAO		
• audit fee	n/a	101
Department of Finance and Administration		
• accounting and budgetary services	n/a	125
Total resources received free of charge	n/a	226
Other revenues from independent sources		
Sale of goods and services		
FMA Act Section 31 Resource Agreement (formerly section 35 Resource Agreement)		
i. Proceeds from sale of non-current assets less than \$1 000	n/a	11
ii. Officer contributions	n/a	446
iii. Other	n/a	229
Total	n/a	686

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 4 (cont'd)

ADMINISTERED
Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Note 4B Other taxes, fees and fines		
Passport Revenue	110 808	91 460
Note 4C Sale of goods and services		
Trust receipts	3 299	5 449
Payments by foreign governments-fuel excise	1 102	900
Nuclear Safeguards charges	936	269
Other	1 754	16 911
Total	7 091	23 529

Australian Agency for International Development

	1997-98	1996-97
	\$'000	\$'000
Note 4D Resources received free of charge		
Department of Finance and Administration (OPOG)	n/a	4 564
Note 4E Other miscellaneous revenue	n/a	2 699

NOTE 5 – FINANCIAL ASSETS

Note 5A Receivables

AGENCY
Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Appropriations (Carryovers of unexpended appropriation)	5 257	0
Goods and Services	4 394	2 532
Less provision for doubtful debts	(8)	(121)
	4 386	2 411
Other debtors	234	5 857
Net receivables	9 877	8 268
Receivables (gross) are aged as follows:		
Overdue		
less than 30 days	8 042	7 901
30 to 60 days	106	108
more than 60 days	1 737	380
Gross receivables	9 885	8 389

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 5 (cont'd)

Note 5B ADMINISTERED
Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Goods and Services	293	255
Less provision for doubtful debts	(145)	(145)
Net receivables	148	110
Receivables are aged as follows:		
Overdue		
less than 30 days	145	48
30 to 60 days	7	4
more than 60 days	141	203
Gross receivables	293	255

Australian Agency for International Development

	1997-98	1996-97
	\$'000	\$'000
Goods and Services	n/a	89
Other debtors	n/a	7
		96
Less provision for doubtful debts	n/a	(52)
Net receivables	n/a	44
Age analysis of receivables:		
Overdue:		
less than 30 days	n/a	36
30 to 60 days	n/a	2
more than 60 days	n/a	58
Gross receivables	n/a	96

Note 5C Investments

ADMINISTERED
Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Investments		
Australia-France Endowment (cost)	1 105	1 105
	1 105	1 105
Commonwealth Entities (net asset value at 30 June 1997)		
Trust Account Investment		
Australian-Japan Foundation	n/a	1 082
Australian Centre for International Agricultural Research	n/a	(10 508)
Commonwealth Authorities		
Australian Trade Commission	138 696	138 696
Total investments	139 801	130 375

The Australian-Japan Foundation and the Australian Centre for International Agricultural Research are prescribed agencies from 1 January 1998 and therefore are not included in the financial statements.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

Note 5D Other Assets

AGENCY
Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Accrued revenue	319	322
Other	315	452
Total	634	774

NOTE 6 – NON-FINANCIAL ASSETS

Note 6A Inventories

AGENCY
Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Inventories held for sale (net realisable value)		
Raw materials and stores	26	287
Finished goods	1 665	272
Inventories not held for sale (cost)	402	668
Total	2 093	1 227

ADMINISTERED
Australian Agency for International Development

	1997-98	1996-97
	\$'000	\$'000
Finished goods	n/a	33

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

Note 6B Property, Plant and Equipment, and Intangibles

AGENCY
Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Leasehold Improvements		
Independent Valuation – at 1997 valuation		
Gross value	4 045	4 045
Accumulated depreciation	(1 580)	(1 124)
	<u>2 465</u>	<u>2 921</u>
Valued at Cost		
Gross value	18 574	11 725
Accumulated depreciation	(2 397)	(536)
	<u>16 177</u>	<u>11 189</u>
Total net value of leasehold improvements	18 642	14 110
Infrastructure, plant and equipment owned		
Gross value	154 374	144 982
Accumulated depreciation	(91 003)	(79 676)
	<u>63 371</u>	<u>65 306</u>
Assets under finance lease		
Gross value	743	907
Accumulated amortisation	(416)	(482)
	<u>327</u>	<u>425</u>
Total net value of infrastructure, plant and equipment	63 698	65 731
Total net value of leasehold, infrastructure, plant and equipment	82 340	79 841
Intangibles		
Internally developed software		
At cost		
Gross value	3 907	492
Accumulated depreciation	(2 311)	(10)
	<u>1 596</u>	<u>482</u>
		0
Independent valuation – at 1998 valuation		
Gross value	3 711	0
Accumulated depreciation	(123)	0
	<u>3 588</u>	<u>0</u>
Total net value of intangibles	5 184	482

Valuation at cost for 1996-97 included security deposit which have been transferred to prepayments.

Internally developed software have been valued for the first time according to the 'deprival' method of valuation. Two internally developed software programs were valued independently by the Australian Valuation Office at the close of accounts, 30 June 1998 using the function point method.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

TABLE A - Movement summary 1997-98 for all assets irrespective of valuation basis

Item	Leasehold Improvement	Infrastructure, Plant and Equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
Gross value as at 1 July 1997	15 770	145 889	12	161 671
Additions:	6 875	23 853	7 606	38 334
Revaluation	0	0	0	0
Disposals	(26)	(14 625)	0	(14 651)
Gross value as at 30 June 1998	22 619	155 117	7 618	185 354
Accumulated Depreciation/ Amortisation as at 1 July 1997	1 660	80 158	0	81 818
Depreciation/amortisation charge for assets held 1 July 1997	1 378	23 246	7	24 631
Depreciation/amortisation charge for additions	947	15	2 427	3 389
Adjustment for revaluations	0	0	0	0
Adjustment for disposals	(8)	(12 000)	0	(12 008)
Adjustment for other movements	0	0	0	0
Accumulated Depreciation/ Amortisation as at 30 June 1998	3 977	91 419	2 434	97 830
Net book value as at 30 June 1998	18 642	63 698	5 184	87 524
Net book value as at 1 July 1997	14 110	65 731	482	80 323

TABLE B - Summary of balances of assets held at valuation as at 30 June 1998

Item	Leasehold Infrastructure, Plant and Equipment	Intangibles	Total
	\$'000	\$'000	\$'000
As at 30 June 1998			
Gross value	4 045	7 606	11 651
Accumulated Depreciation/ Amortisation	(1 580)	(2 427)	(4 007)
Net book value	2 465	5 179	7 644
As at 30 June 1997			
Gross value	4 045	0	4 045
Accumulated Depreciation/ Amortisation	(1 124)	0	(1 124)
Net book value	2 921	0	2 921

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

TABLE C – Summary of balances of assets held under finance lease as at 30 June 1998

Item	Infrastructure Plant and Equipment	Total
	\$'000	\$'000
As at 30 June 1998		
Gross value	743	743
Accumulated Depreciation/ Amortisation	(416)	(416)
Net book value	327	327
As at 30 June 1997		
Gross value	907*	907
Accumulated Depreciation/ Amortisation	(482)	(482)
Net book value	425	425

* Note: The opening gross balance has been adjusted due to overstatement in 1996-97.

Australian Agency for International Development

	1997-98	1996-97
	\$'000	\$'000
Leasehold Improvements		
Independent Valuation – 1997 valuation		
Gross value	n/a	241
Accumulated depreciation	n/a	(124)
	n/a	117
Valued at Cost		
Gross value	n/a	1 648
Accumulated depreciation	n/a	(751)
	n/a	897
Total net value of leasehold improvements	n/a	1 014
Computers, plant and equipment		
Independent valuation – 1997 valuation		
Gross value	n/a	2 051
Accumulated depreciation	n/a	(546)
	n/a	1 505
Valued at cost		
Gross value	n/a	9 222
Accumulated amortisation	n/a	(3 917)
	n/a	5 305
Total net value of computers, plant and equipment	n/a	6 810
Total net value of property, plant and equipment	n/a	7 824

ADMINISTERED

Australian Agency for International Development

	1997-98	1996-97
	\$'000	\$'000
Computers, plant and equipment at cost	n/a	3 888
Accumulated depreciation	n/a	(1 800)
	n/a	2 088

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

Note 6C Other Non-financial Assets

AGENCY
Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Prepayments		
- property leases prepaid in 97-98 by DFAT	10 212	0
- property leases prepaid for 98-99 by OPOG	2 745	0
- security deposits	577	0
- work in progress (software)	3 600	0
- other	20 651	18 136
Total	37 785	18 136

Non-depreciable security deposits were transferred to prepayments in 1997-98 from other financial assets.

Australian Agency for International Development

	1997-98	1996-97
	\$'000	\$'000
Prepayments	n/a	1 233

Note 6D ADMINISTERED
Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Prepayments	153	0

Australian Agency for International Development

	1997-98	1996-97
	\$'000	\$'000
Prepayments	n/a	140 912

NOTE 7 – PROVISIONS AND PAYABLES

Note 7A Suppliers

AGENCY
Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Trade creditors	5 186	2 293
Accrued expenses	1 577	2 560
Total	6 763	4 853

Australian Agency for International Development

	1997-98	1996-97
	\$'000	\$'000
Trade creditors	n/a	681

ADMINISTERED
Australian Agency for International Development

	1997-98	1996-97
	\$'000	\$'000
Trade creditors	n/a	1 744 872
Other creditors	n/a	47 771
Total	n/a	1 792 643

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

Note 7B Employees Remuneration

AGENCY
Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Employees remuneration		
Accrued salaries and wages	4 378	3 147
Annual Leave	20 046	19 173
Long Service Leave	38 951	39 966
Superannuation	23 380	21 034
Separation and redundancies	18 998	16 638
Other	1 928	1 532
Total	107 681	101 490

This includes accrued benefits under the North American Pension Scheme which is a defined benefit superannuation plan sponsored by the Department and funded via the CRF. Details are as follows:

	Date	1997-98	1996-97
	Measured	\$'000	\$'000
Accrued Benefits	1 July 1998	23 380	21 034
Net Market Value of Plan Assets	1 July 1998	0	0
Difference		23 380	21 034
Vested Benefits	1 July 1998	22 232	19 905

Payments made to members of the Scheme during 1997-98 totalled \$1 754 375.70 (1996-97: \$1 152 037).

The London Pension Scheme is disclosed for the first time at the most recent financial report of the plan as at 1 July 1997.

	Date	1997-98	1996-97
	Measured	\$'000	\$'000
Accrued Benefits	1 July 1998	11 280	n/a
Net Market Value of Plan Assets	1 July 1998	21 098	n/a
Difference		9 818	n/a
Vested Benefits	1 July 1998	10 516	n/a

The Department's contribution to the Scheme 1997-98 \$794 592 (1996-97 \$654 105) which includes contributions for other agencies. The Department's share of the net market value of plan assets is 40% - \$8 439 200. The Scheme will be reviewed triennially, the next review being in the year 2000.

Australian Agency for International Development

	1997-98	1996-97
	\$'000	\$'000
Employee entitlements		
Annual Leave	n/a	3 536
Long Service Leave	n/a	6 563
Other	n/a	858
Total	n/a	10 957

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

ADMINISTERED

Australian Agency for International Development

	1997-98	1996-97
	\$'000	\$'000
Employee entitlements		
Annual Leave	n/a	264
Long Service Leave	n/a	312
Other	n/a	267
Total	n/a	843

Note 7C Other Provisions and Liabilities

AGENCY

Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Unearned income	123	696
Other	1 058	2 853
Total	1 181	3 549

Note 7D

ADMINISTERED

Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Unearned income - Passports revenue	2 598	2 147

NOTE 8 – DEBT

Note 8A Finance Lease Liabilities

AGENCY

Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$'000	\$'000
Finance Lease Commitments:		
(1) not later than one year	237	242
(2) later than one year but not later than two years	126	199
(3) later than two years but not later than five years	111	176
(4) later than five years	30	23
Minimum lease payments	504	640
Less future finance charges	(122)	(178)
Finance lease liability	382	462

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

Lease liability is represented by:

	1997-98	1996-97
	\$'000	\$'000
<u>Finance leases</u> :		
Current	178	162
Non-current	204	300
Finance Lease Total	382	462
<u>Lease incentives</u> :		
Current	41	41
Non-current	135	176
Lease incentive Total	176	217
Total lease liability	558	679

NOTE 9 – EQUITY

Note 9A AGENCY

Department of Foreign Affairs and Trade

Item	Accumulated Results	Asset Revaluation Reserve	Total Equity
	\$'000	\$'000	\$'000
Balance 1 July 1997	(1 372)	4 429	3 057
Operating result	21 261		21 261
Transfer to/(from) reserves		(1 785)	(1 785)
Adjustment to accumulated results	7 607	0	7 607
Balance at 30 June 1998	27 496	2 644	30 140

Note 9B ADMINISTERED

Department of Foreign Affairs and Trade

Item	Accumulated Results	Asset Revaluation Reserve	Administered Investments Reserve	Total Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance 1 July 1997	(1 647 734)	49 053	80 218	129 271	(1 518 463)
Net change in administered assets	1 649 875	0	0	0	1 649 875
Transfers to/(from) reserves	0	0	9 426	9 426	9 426
Balance at 30 June 1998	2 141	49 053	89 644	138 697	140 838

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 10 – EXECUTIVE REMUNERATION

AGENCY

Department of Foreign Affairs and Trade

The aggregate of the remuneration received, amount of performance pay received, amount of separation and redundancy received (all items either due or receivable) during the financial year by executive officers of the Department whose remuneration exceeded \$100 000 was as follows:

	1997-98	1996-97
	\$	\$
Total remuneration	22 595 521	20 035 465
Separation/redundancy payments	3 706 651	556 976
Performance pay	379 142	440 767

The number of these executive officers whose remuneration fell within the following bands were as follows:

	1997-98	1996-97
\$100 000 to \$110 000	14	24
\$110 001 to \$120 000	7	86
\$120 001 to \$130 000	55	11
\$130 001 to \$140 000	16	29
\$140 001 to \$150 000	6	0
\$150 001 to \$160 000	20	2
\$160 001 to \$170 000	11	10
\$170 001 to \$180 000	3	0
\$180 001 to \$190 000	4	0
\$190 001 to \$200 000	7	0
\$200 001 to \$210 000	1	0
\$210 001 to \$220 000	0	0
\$220 001 to \$230 000	5	0
\$230 001 to \$240 000	2	0
\$240 001 to \$250 000	1	1
\$250 001 to \$260 000	1	0
\$260 001 to \$270 000	1	0
\$270 001 to \$280 000	3	0
\$280 001 to \$290 000	2	0
\$290 001 to \$300 000	1	0
\$300 001 to \$310 000	0	0
\$310 001 to \$320 000	0	0
\$320 001 to \$330 000	0	0
\$330 001 to \$340 000	1	0
\$340 001 to \$350 000	0	0
\$350 001 to \$360 000	1	0
Total	162	163

Australian Agency for International Development

The aggregate of the fixed remuneration received, or due and receivable, and the aggregate amount of performance pay received, or due and receivable, during the financial year by executive officers of AusAID was as follows:

	1997-98	1996-97
	\$	\$
Fixed remuneration	n/a	1 592 317
Performance pay	n/a	56 578
Total	n/a	1 648 895

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

The number of these executive officers whose fixed remuneration fell within the following bands were as follows:

	1997-98	1996-97
\$100 000-\$110 000	n/a	7
\$110 001-\$120 000	n/a	1
\$120 001-\$130 000	n/a	1
\$130 001-\$140 000	n/a	2
\$140 001-\$150 000	n/a	0
\$150 001-\$160 000	n/a	1
\$160 001-\$170 000	n/a	0
\$170 001-\$180 000	n/a	1
Total	n/a	13

Fringe benefit tax on motor vehicles and redundancy payments are included in the 1996-97 figures.

NOTE 11 – CASH FLOW RECONCILIATION

Note 11A AGENCY

Department of Foreign Affairs and Trade

Reconciliation of net cost of services to net cash provided by operating activities:

	1997-98	1996-97
	\$'000	\$'000
Net Cost of Services - gain/(loss)	(520 465)	(491 204)
Revenue from government	537 414	515 316
Extraordinary item - restructure	4 313	0
Operating result	21 262	24 112
Depreciation/amortisation	28 019	23 775
Profit/loss on sale of property, plant and equipment	583	793
Changes in assets and liabilities		
(Increase) in receivables	(1 608)	(6 670)
(Increase) decrease in inventories	(866)	488
(Increase) in prepayments	(16 051)	(4 641)
(Increase) decrease in accrued revenue	3	(321)
(Increase) decrease in other assets	614	(309)
(Increase) decrease in property, plant and equipment	(10 439)	10 566
(Decrease) increase in creditors	1 910	(619)
(Decrease) in lease liabilities	(121)	(125)
(Decrease) increase in provisions	6 191	(6 904)
(Decrease) increase in unearned income	(573)	486
(Decrease) increase in other liabilities	(1 795)	2 853
Extraordinary item - restructure	(4 313)	0
Net cash provided by operating activities	22 816	43 484

1996-97 figures include AusAID information.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

Note 11B Administered

	1997-98	1996-97
	\$'000	\$'000
Net contribution (cost) to government	(234 078)	(242 877)
Cash from Commonwealth Public Account for operations	348 522	353 568
Cash to Commonwealth Public Account from operations	(114 963)	(109 353)
Net increase in administered assets from operations	(519)	1 338
(Increase) decrease in receivables	(38)	84
(Increase) decrease in accrued revenue	124	(701)
(Increase) decrease in other non financial assets	(153)	0
(Decrease) increase in other provisions and payables	451	763
Net cash from operating activities	(135)	1 484

NOTE 12 – ACT OF GRACE PAYMENTS, WAIVERS AND AMOUNTS WRITTEN OFF

Act of grace payments

Department of Foreign Affairs and Trade

No act of grace payments were made during the reporting period (1996-97: \$Nil).

Waiver of rights to payment of moneys

Department of Foreign Affairs and Trade

No waiver of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the *Financial Management Accountability Act 1997* (1996-97: \$Nil).

Amounts written off

Department of Foreign Affairs and Trade

Amounts written off were made pursuant to subsection 47(1) the *Financial Management Accountability Act 1997*.

AGENCY

Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$	\$
Losses or deficiencies in public moneys	3 959	57 308
Irrecoverable amounts of revenues	763	0
Irrecoverable debts and overpayments	2 983	91 780
Amounts of revenue and debts, the recovery of which has been determined to be uneconomical	7 433	22 253
Lost, deficient, condemned, unserviceable or obsolete stores (gross value)	5 082 006	8 910 791
Total	5 097 144	9 082 132

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

Australian Agency for International Development

	1997-98	1996-97
	\$	\$
Losses or deficiencies in public moneys	n/a	0
Irrecoverable amounts of revenues	n/a	0
Irrecoverable debts and overpayments	n/a	680
Lost, deficient, condemned, unserviceable or obsolete stores	n/a	28 122
Total	n/a	28 802

ADMINISTERED

Department of Foreign Affairs and Trade

	1997-98	1996-97
	\$	\$
Losses or deficiencies in public moneys	17 168	0
Irrecoverable debts and overpayments	0	5 390
Total	17 168	5 390

NOTE 13 – GUARANTEES AND UNDERTAKINGS BY THE COMMONWEALTH

Department of Foreign Affairs and Trade

Under section 82 of the *Australian Trade Commission Act (1985)*, the Commonwealth guarantees the due payment by the Australian Trade Commission (Austrade) of money that is, or may at any time become payable, by Austrade to any person other than the Commonwealth.

NOTE 14 – RECEIPTS OF THE CONSOLIDATED REVENUE FUND

	1997-98 Budget	1997-98 Actual	1996-97 Actual
	\$	\$	\$
Cost recoveries, repayments and budget share of Austrade Income	2 195 000	4 103 451	0
Settlements for damages to posts	10 000	0	0
Grawemeyer award for improving world order	41 000	43 970	36 877
Nuclear Safeguards charge	468 000	936 000	268 856
International Trade Enhancement Scheme and innovative agricultural marketing program – principle, interest and royalties	0	0	15 900 000
Passport fees	104 067 000	111 086 264	90 847 687
Payment by Foreign Governments – fuel excise component	950 000	1 102 038	899 904
Miscellaneous receipts – Department and Interest	2 026 000	1 637 176	1 313 189
Receipts under section 31 of the <i>Financial Management and Accountability Act</i> to be credited to running costs (Division 315)	61 609 008*	61 715 750	58 277 974
DEET Subsidies - DFAT employer subsidies	0	157 847	86 314
Total Receipts	171 366 008	180 782 496	167 630 801
CRF receipts forwarded to Reserved Money Fund		180 782 496	

*Budget figures include deemed section 31 appropriation

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 15 – EXPENDITURE FROM SPECIAL APPROPRIATIONS

Appropriation Item	1997-98 Budget \$	1997-98 Actual \$	1996-97 Actual \$
Asian Development Fund Act 1987	104 810 000	104 810 000	75 671 000
IDA (Further Payment) Act 1984	0	0	4 623 333
IDA (Special Contribution) Act 1985	0	0	2 426 667
IDA Act 1987	18 000 000	18 000 000	20 000 000
IDA (Further Payment) Act 1990	32 000 000	32 000 000	40 000 000
IDA (Further Payment) Act 1993	50 020 000	50 020 000	54 360 000
Total expenditure from special appropriations	204 830 000	204 830 000	197 081 000

NOTE 16 – EXPENDITURE FROM ANNUAL APPROPRIATIONS

Appropriation Item	1997-98 Budget Estimates Act No 1 \$	1997-98 Additional Approp Act No 3 \$	1997-98 Advance to the Minister for Finance \$	1997-98 Total Approp \$	1997-98 Actual Exp \$	1996-97 Actual Exp \$
Division 315 – Administrative						
1 Running Costs (Annotated Appropriation)	546 217 008	23 357 000		569 574 008	564 117 210	454 412 768
2 Other Services						
01 Emergency advances to Australian travellers	175 000			175 000	151 787	90 467
02 Communications and technical services	7 374 000			7 374 000	7 299 109	7 270 984
03 Compensation and legal expenses	224 000			224 000	111 330	156 860
04 Protective security services	7 854 000	31 000		7 885 000	7 460 655	7 668 879
05 Interest on overseas bank overdrafts	120 000			120 000	17 428	43 264
06 Grawemeyer Award for Ideas Improving World Order (for payment to the Grawemeyer Award Reserve)	41 000			41 000	41 000	82 000

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

Appropriation Item		1997-98	1997-98	1997-98	1997-98	1997-98	1996-97
		Budget Estimates Act No 1 \$	Additional Approp Act No 3 \$	Advance to the Minister for Finance \$	Total Approp \$	Actual Exp \$	Actual Exp \$
07	Compensation for detriment caused by defective administration *	54 000			54 000	6 334	0
3	Contributions to International Organisations						
01	United Nations	25 000 000			25 000 000	23 906 660	20 271 563
02	International Atomic Energy Agency (IAEA)	5 000 000			5 000 000	3 967 049	4 354 368
03	United Nations Food and Agriculture Organization (FAO)	8 250 000			8 250 000	6 865 860	6 500 384
04	United Nations Educational, Scientific and Cultural Organization (UNESCO)	7 500 000			7 500 000	4 114 782	7 495 360
05	Other United Nations affiliated organisations	495 000		100 000	595 000	579 114	446 770
06	Commonwealth Secretariat (CS)	2 000 000		290 000	2 290 000	2 266 935	1 886 047
07	International Fund for Ireland	1 500 000			1 500 000	1 499 343	1 500 000
08	Organisation for Economic Co-operation and Development (OECD)	6 000 000			6 000 000	4 630 454	4 500 190
09	Asia Pacific Economic Co-operation Secretariat (APEC)	400 000			400 000	393 571	266 580
10	Wassenaar Arrangement on Export Controls for Conventional Arms and Dual use Goods and Technologies **	41 000			41 000	28 290	40 157
11	Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR)	320 000			320 000	314 476	188 266
12	International Bureau of Permanent Court of Arbitration	15 000			15 000	11 274	11 036
13	International Centre for the Study of the Preservation and Restoration of Cultural Property, Rome (ICCROM)	62 000		12 500	74 500	74 318	61 631
14	Assessed Contributions to United Nations Peacekeeping Operations	40 000 000			40 000 000	19 638 410	24 024 759

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 16 (cont'd)

Appropriation Item		1997-98	1997-98	1997-98	1997-98	1997-98	1996-97
		Budget Estimates Act No 1	Additional Approp Act No 3	Advance to the Minister for Finance	Total Approp	Actual Exp	Actual Exp
		\$	\$	\$	\$	\$	\$
15	Organization for the Prohibition of Chemical Weapons	2 420 000			2 420 000	1 841 532	1 531 737
16	Contribution to the World Trade Organization	2 200 000			2 200 000	1 655 605	1 412 797
17	Contribution to the International Fact Finding Commission	10 000			10 000	6 065	4 671
18	International Criminal Tribunal for the Former Yugoslavia	715 000		619 500	1 334 500	1 334 385	315 812
19	Contributions to the Energy Charter Conference Secretariat	150 000			150 000	141 702	124 422
20	International Criminal Tribunal for Rwanda	300 000		970 200	1 270 200	1 270 023	193 593
21	Commonwealth Foundation	0			0	0	454 837
4	Grants and Contributions	3 768 000	75 000		3 843 000	3 835 425	5 024 508

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

Appropriation Item	1997-98 Budget Estimates Act No 1 \$	1997-98 Additional Approp Act No 3 \$	1997-98 Advance to the Minister for Finance \$	1997-98 Total Approp \$	1997-98 Actual Exp \$	1996-97 Actual Exp \$
Division 317						
Australian Agency for International Development						
1 Running Costs (Annotated Appropriation)	n/a	n/a	n/a	n/a	n/a	51 921 750
2 PNG Special Programs	n/a	n/a	n/a	n/a	n/a	158 034 470
3 Country Programs	n/a	n/a	n/a	n/a	n/a	643 598 840
4 Cross Regional Programs	n/a	n/a	n/a	n/a	n/a	65 957 386
5 Emergency and Refugee Programs	n/a	n/a	n/a	n/a	n/a	81 481 714
6 International Organisations	n/a	n/a	n/a	n/a	n/a	101 409 148
7 Community and Commercial	n/a	n/a	n/a	n/a	n/a	45 308 233
8 Other Service	n/a	n/a	n/a	n/a	n/a	238 395
Division 320 - Austrade						
Australian Trade Commission	296 531 000	683 000		297 214 000	261 265 106	263 339 000
Total Appropriation Acts Nos 1 and 3	964 736 008	24 146 000	1 992 200	990 874 208	918 845 232	1 961 623 646

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 16 (cont'd)

Appropriation Item	1997-98 Budget Estimates Act No 2 \$	1997-98 Additional Approp Act No 4 \$	1997-98 Advance to the Minister for Finance \$	1997-98 Total Approp \$	1997-98 Actual Exp \$	1996-97 Actual Exp \$
Division 873						
Capital Works and Services						
01 Computer Equipment	3 950 000	207 000		4 157 000	2 726 134	1 209 869
Division 874						
Other Services						
01 Preparatory Commission for the Comprehensive Nuclear Test-ban Treaty Organization	2 500 000			2 500 000	1 328 720	542 454
02 Expend Assoc. Meeting and Reports of Canberra Commission for the Elimination of Nuclear Weapons	0			0	0	297 092
03 Financial assistance towards legal costs and related expenses of persons appearing before the Paedophile Inquiry	0			0	0	25 000
Division 875						
Australian Agency for International Development						
01 Payments to multilateral development banks	0			0	0	6 000 000
Total Appropriation Acts Nos 2 and 4	6 450 000	207 000	0	6 657 000	4 054 854	8 074 415

* Moved from Division 874 to Division 315.2 in 1997-98

** Moved to Division 315.3 in 1997-98

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 17 – RECEIPTS AND EXPENDITURE OF THE RESERVED MONEY FUNDS

Department of Foreign Affairs and Trade

	Balance 30 June 1997 \$	1997-98 Appropn Receipts \$	1997-98 Other Receipts \$	1997-98 Expenditure \$	Balance 30 June 1998 \$	Balance 30 June 1996	1996-97 Appropn Receipts \$	1996-97 Other Receipts \$	1996-97 Expenditure \$	Balance 30 June 1997 \$
Reserved Money Fund										
Special Public Monies										
Legal Authority: FMA Act 1997										
DFAT										
Consular Services	27 845	0	282 557	279 028	31 374	27 142	0	209 176	208 473	27 845
COMCARE receipts	25 507	0	191 084	204 542	12 049	71 695	0	197 342	243 530	25 507
State and Regional Development	0	0	1 136 358	1 092 167	44 191	0	0	0	0	0
Austrade										
Services for other government and non-departmental bodies	2 542 776	0	49 724 215	50 041 129	2 225 862	1 014 530	0	66 071 712	64 543 466	2 542 776
Other trust monies	326 505	0	480 201	766 062	40 644	40 800	0	1 708 754	1 423 049	326 505
Total	2 922 633	0	51 814 415	52 382 928	2 354 120	1 154 167	0	68 186 984	66 418 518	2 922 633

Australian Agency for International Development

	Balance 30 June 1997 \$	1997-98 Appropn Receipts \$	1997-98 Other Receipts \$	1997-98 Expenditure \$	Balance 30 June 1998 \$
Reserved Money Fund					
Legal Authority: FMA Act 1997					
Services for other governments and non-departmental bodies	52 209	n/a	n/a	n/a	n/a
Other trust monies	436	n/a	n/a	n/a	n/a
Total	52 645	n/a	n/a	n/a	n/a

Note disclosure – The above information will be reported by AusAID.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 17 (cont'd)

Department of Foreign Affairs and Trade

	Cash Balance 30 June 1997 \$	Investment Balance 30 June 1997 \$	1997-98 Appropn Receipts \$	1997-98 Investment Realisations	1997-98 Other Receipts	1997-98 Appropn Exp	1997-98 Other Exp	1997-98 Investment Exp	Cash Balance 30 June 1998 \$	Investment Balance 30 June 1998 \$
Reserved Money Fund										
Legal authority: FMA Act 1997										
Australia Abroad Council	290 827		51 448			260 000		80 000	2 275	80 000
Australia-China Council	619 730		636 000		55 335	1 196 036		110 000	5 029	110 000
Australia-France Endowment	70 309	1 105 000		58 334	4 155		48 671	80 000	4 127	1 185 000
Australia-India Council	162 826		750 000		34 700		513 072	430 000	4 454	430 000
Australia-Indonesia Institute	718 585		900 000		37 311	851 774		800 000	4 122	800 000
Australia-Korea Foundation	116 479		720 000		10 000		771 590	70 000	4 889	70 000
Australia-New Zealand Foundation	27 369					26 562			807	0
Grawemeyer Award Trust	45 857		41 000			62 308		20 000	4 549	20 000
Ministerial Publications	14 579				292			10 000	4 871	10 000
Total	2 066 561	1 105 000	3 098 448	58 334	141 793	2 396 680	1 333 333	1 600 000	35 123	2 705 000

Investments were made by Department of Finance on 30 June 1998 from the above trust funds (total \$1 600 000) which were non-interest bearing to the Department. The investments are reflected in the administered cash balance in the Administered Statement of Assets and Liabilities.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

Department of Foreign Affairs and Trade

	Cash Balance 30 June 1996 \$	Investment Balance 30 June 1996 \$	1996-97 Appropn Receipts \$	1996-97 Investment Realisations	1996-97 Other Receipts	1996-97 Appropn Exp	1996-97 Other Exp	1996-97 Investment Exp	Cash Balance 30 June 1997 \$	Investment Balance 30 June 1997 \$
Reserved Money Fund										
Legal authority: FMA Act 1997										
Australia Abroad Council	82 479				998 728	790 380			290 827	
Australia-China Council	429 945		636 000		169 725	612 940			619 730	
Australia-France Endowment	55 313	1 105 000		66 515	1 918		53 437		70 309	1 105 000
Australia-India Council	330 872		750 000		2 685		920 731		162 826	
Australia-Indonesia Institute	254 326		900 000		231 837	667 578			718 585	
Australia-Korea Foundation	7 353		720 000		2 000		612 874		116 479	
Australia-New Zealand Foundation	91 961				2	64 594			27 369	
Grawemeyer Award Trust			82 000			36 143			45 857	
Ministerial Publications	15 762				2 317	3 500			14 579	
Total	1 268 011	1 105 000	3 088 000	66 515	1 409 212	2 175 135	1 587 042	0	2 066 561	1 105 000

Australian Japan Foundation is now a separate reporting entity.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 18 – RECONCILIATION OF AGENCY RUNNING COSTS

	1997-98 \$'000	1996-97 \$'000
Running costs appropriation spent (Div 315-1)	564 117	454 412
Less: appropriation under FMA Act section 31	(61 608)	(57 646)
	502 509	396 766
Add: Carryover 30 June	5 257	-
Less: Carryover 1 July	-	-
Less: New Running Costs Borrowings	-	-
Add: Running Costs Borrowings repaid	-	-
Running Costs Revenue (included in Operating Statement)	507 766	396 766
Other agency spending – ordinary annual services appropriations		
Revenue from Government – ordinary annual operating statement	507 766	396 766

NOTE 19 – AVERAGE STAFFING LEVELS

Average staffing levels by program and in total were as follows

	1997-98 Number	1996-97 Number
Program 1: International Relations, Trade and Business Liaison	2 274	2 347
Program 2: Passport and Consular Services	423	389
Program 3: Services for Other Agencies	542	510
Program 4: Secure Government Communications and Security Services	143	172
Program 5: Executive and DFAT Corporate Services	213	247
Total	3 595	3 665

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 20 – FINANCIAL INSTRUMENTS

(a) Terms, Conditions and accounting policies

Financial Instruments	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash		Cash is carried at their nominal value.	No interests are earned on cash at bank.
Receivables	5A and B	Receivables are carried at their nominal value less any provisions for doubtful debts. Bad debts are written off during the year in which they are identified.	Receivables maybe owed by an official or an outside entity. Debts are due 30 days from the date of the invoice or debtors statement.
Accrued Revenue	5D	Accrued revenue are carried at their nominal value.	As for receivables.
Investments	5C	Investments are carried at face value. Administered investments in other controlled entities are valued at the aggregate of the Commonwealth's share of the net assets or net liabilities of each entity.	According to the latest Department of Finance and Administration's amendments to Guidance Release 10, administered investments must not be adjusted for post acquisition movements after 30 June 1997. Therefore investments have not been adjusted.
Financial Liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Finance Lease Liabilities	8A	Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. Present value of the minimum lease payment is considered to be equivalent to the fair value of the asset at the inception of the lease.	At reporting date, the Department had finance leases with terms averaging 5 years and a maximum term of 10 years. The interest rate implicit in the leases averaged 19% (1996-97:23%). The lease liabilities are secured by the lease assets.
Lease Incentives	8A	The lease incentive is recognised as a lease liability and is reduced on a straight line over the life of the lease.	The Department received fitout incentives on entering a property lease in 1995-96. Lease payments are made monthly.
Creditors	7A	Creditors are recognised at their nominal values, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received.	For creditors that are not part of the Commonwealth, settlement is usually net 30 days.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 20 (cont'd)

(b) Interest Rate Risk

AGENCY

Department of Foreign Affairs and Trade

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate								Non Interest Bearing		Total		Weighted Average Effective Interest Rate	
				1 year or less		1 to 2 years		2 to 5 years		>5 years							
		97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000
Financial Assets																	
Cash		-	-	-	-	-	-	-	-	-	-	8 410	7 425	8 410	7 425	n/a	n/a
Receivables	5A	-	-	-	-	-	-	-	-	-	-	9 877	8 268	9 877	8 268	n/a	n/a
Financial Liabilities																	
Finance Lease Liabilities	8A	-	-	178	162	94	147	87	132	23	21	-	-	382	462	19%	23%
Lease Incentives	8A	-	-	41	41	41	41	95	135	-	-	-	-	177	217	n/a	n/a
Creditors	7A	-	-	-	-	-	-	-	-	-	-	6 763	4 853	6 763	4 853	n/a	n/a

ADMINISTERED

Department of Foreign Affairs and Trade

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate								Non Interest Bearing		Total		Weighted Average Effective Interest Rate	
				1 year or less		1 to 2 years		2 to 5 years		>5 years							
		97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000	97-98 \$'000	96-97 \$'000
Financial Assets																	
Cash		-	-	-	-	-	-	-	-	-	-	2 757	2 892	2 757	2 892	n/a	n/a
Receivables	5B	-	-	-	-	-	-	-	-	-	-	148	110	148	110	n/a	n/a
Investments	5C	-	-	1 105	1 105	-	-	-	-	-	-	138 696	129 270	139 801	130 375	4.9%	6.07%
Accrued revenue		-	-	-	-	-	-	-	-	-	-	577	701	577	701	n/a	n/a

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 20 (cont'd)

c) Net Fair Values of Financial Assets and Liabilities

AGENCY

Department of Foreign Affairs and Trade

	Note	1997-98		1996-97	
		Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
Financial Assets					
Cash		8 410	8 410	7 425	7 425
Receivables	5A	9 877	9 877	8 268	8 268
Total Financial Assets (recognised)		18 287	18 287	15 693	15 693
Financial Liabilities					
Finance lease liabilities	8A	382	382	462	462
Lease incentives	8A	177	177	217	217
Creditors	7A	6 763	6 763	4 853	4 853
Total Financial Liabilities (recognised)		7 322	7 322	5 532	5 532

ADMINISTERED

Department of Foreign Affairs and Trade

	Note	1997-98		1996-97	
		Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000
Financial Assets					
Cash		2 757	2 757	2 892	2 892
Receivables	5B	148	148	110	110
Investments	5C	139 801	139 801	130 375	130 375
Accrued revenue		577	577	701	701
Total Financial Assets (recognised)		143 283	143 283	134 078	134 078

d) Net Fair Values of Financial Assets and Liabilities

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

The net fair values of creditors are short term in nature are approximated by their carrying amounts.

e) Credit Risk Exposures

The Department's exposure to credit rate risk at balance date to each recognised financial asset is the carrying amount of those assets as indicated on the balance sheet. The Department has no significant exposure to any concentration of credit risk.

Department of Foreign Affairs and Trade
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 1998

NOTE 21 – BORROWINGS FROM 1998-99 APPROPRIATIONS

The Department of Foreign Affairs and Trade had the facility in 1997-98 to borrow against future appropriations, however this facility was not utilised.

NOTE 22 – DEPARTMENTAL RESTRUCTURING

In respect of the establishment of AusAID as a prescribed Agency, the following items were transferred:

Assets	
Cash	51
Intangibles	3 266
Infrastructure, plant and equipment	4 558
Other	1 234
Total assets transferred	9 109
Liabilities	
Creditors/ suppliers	681
Provision/ employees	10 956
Total liabilities transferred	11 637
Net liabilities relinquished	2 528
Asset revaluation reserve	1 785
Total	4 313

NOTE 23 – ADMINISTERED RESTRUCTURING

In respect of the establishment of AusAID as a prescribed Agency, the following items were transferred:

Assets	
Cash	16
Receivables	44
Infrastructure, plant and equipment	2 088
Inventories	33
Other	140 912
Total assets transferred	143 093
Liabilities	
Personal benefits	843
Other	1 792 643
Total liabilities transferred	1 793 486
Net liabilities relinquished	1 650 393