

# Section 05

## Financial statements



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# Financial statements

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## INDEPENDENT AUDITOR'S REPORT

To the Minister for Foreign Affairs

To the Minister for Trade and Investment

I have audited the accompanying annual financial statements of the Department of Foreign Affairs and Trade for the year ended 30 June 2015, which comprise the:

- Statement by the Secretary and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement;
- Schedule of Administered Commitments; and
- Notes to and Forming Part of the Financial Statements comprising a Summary of Significant Accounting Policies and other explanatory information.

### *Secretary's Responsibility for the Financial Statements*

The Secretary of the Department of Foreign Affairs and Trade is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Secretary is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

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

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statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department of Foreign Affairs and Trade's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department of Foreign Affairs and Trade's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Secretary of the Department of Foreign Affairs and Trade, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Independence*

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

#### *Opinion*

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

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Department of Foreign Affairs and Trade as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Ian Goodwin  
Acting Deputy Auditor-General

Delegate of the Auditor-General

Canberra  
17 September 2015

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Statement by the Secretary and Chief Financial Officer

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**Department of Foreign Affairs and Trade**  
**STATEMENT BY THE SECRETARY AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2015 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Foreign Affairs and Trade will be able to pay its debts as and when they fall due.

Signed 

Peter Varghese AO  
Secretary

16 September 2015

Signed 

Paul Wood  
Chief Financial Officer

16 September 2015

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**Department of Foreign Affairs and Trade**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2015*

	Notes	2015 \$'000	2014 \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	4A	725,252	747,263
Suppliers	4B	636,431	606,301
Grants	4C	7,929	8,250
Depreciation and amortisation	8A	147,490	156,149
Write-down and impairment of assets	4D	17,950	9,055
Finance costs - unwinding of discount		349	580
Foreign exchange losses - non-speculative		-	1,247
<b>Total expenses</b>		<b>1,535,401</b>	<b>1,528,845</b>
<b>Own-Source Income</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	5A	104,953	101,082
Other revenue	5B	10,602	6,571
<b>Total own-source revenue</b>		<b>115,555</b>	<b>107,653</b>
<b>Gains</b>			
Sale of Assets	5C	536	972
Reversal of previous impairments	5D	34	330
Foreign exchange gains - non-speculative		6,280	-
Other gains - gains on restoration obligations		2,120	-
<b>Total gains</b>		<b>8,970</b>	<b>1,302</b>
<b>Total own-source income</b>		<b>124,525</b>	<b>108,955</b>
<b>Net cost of services</b>		<b>(1,410,876)</b>	<b>(1,419,890)</b>
Revenue from Government	5E	1,303,974	1,327,693
<b>(Deficit) attributable to the Australian Government</b>		<b>(106,902)</b>	<b>(92,197)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not subject to subsequent reclassification to net cost of services</b>			
Changes in asset revaluation surplus		473,709	111,487
<b>Total other comprehensive income</b>		<b>473,709</b>	<b>111,487</b>
<b>Total comprehensive income attributable to the Australian Government</b>		<b>366,807</b>	<b>19,290</b>

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 2015*

	Notes	2015 \$'000	2014 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	7A	84,720	75,769
Trade and other receivables	7B	755,014	998,803
<b>Total financial assets</b>		<b>839,734</b>	<b>1,074,572</b>
<b>Non-financial assets</b>			
Land and buildings	8A	2,883,632	2,221,211
Property, plant and equipment	8A	208,468	192,494
Intangibles	8A	89,611	82,557
Inventories	8B	39,641	28,326
Assets held for sale	8C	671	-
Other non-financial assets	8D	85,210	100,757
<b>Total non-financial assets</b>		<b>3,307,233</b>	<b>2,625,345</b>
<b>Total assets</b>		<b>4,146,967</b>	<b>3,699,917</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	9A	121,472	117,087
Other payables	9B	62,468	45,545
<b>Total payables</b>		<b>183,940</b>	<b>162,632</b>
<b>Provisions</b>			
Employee provisions	10A	212,482	220,363
Other provisions	10B	22,422	22,981
<b>Total provisions</b>		<b>234,904</b>	<b>243,344</b>
<b>Total liabilities</b>		<b>418,844</b>	<b>405,976</b>
<b>Net assets</b>		<b>3,728,123</b>	<b>3,293,941</b>
<b>EQUITY</b>			
Contributed equity		2,153,381	2,086,006
Reserves		1,241,494	767,785
Retained surplus		333,248	440,150
<b>Total equity</b>		<b>3,728,123</b>	<b>3,293,941</b>

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

**Department of Foreign Affairs and Trade**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2015*

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Opening balance</b>								
Balance carried forward from previous period	440,150	543,262	767,785	654,576	2,086,006	1,957,833	3,293,941	3,155,671
AusAID opening balance	-	(10,915)	-	1,722	-	86,441	-	77,248
<b>Adjusted opening balance</b>	<b>440,150</b>	<b>532,347</b>	<b>767,785</b>	<b>656,298</b>	<b>2,086,006</b>	<b>2,044,274</b>	<b>3,293,941</b>	<b>3,232,919</b>
<b>Comprehensive income</b>								
Revaluation adjustment	-	-	473,709	111,487	-	-	473,709	111,487
(Deficit) for the period	(106,902)	(92,197)	-	-	-	-	(106,902)	(92,197)
<b>Total comprehensive income</b>	<b>(106,902)</b>	<b>(92,197)</b>	<b>473,709</b>	<b>111,487</b>	<b>-</b>	<b>-</b>	<b>366,807</b>	<b>19,290</b>
<b>Transactions with owners</b>								
<b>Distribution to owners</b>								
Returns of capital:								
Returns of contributed equity <sup>1</sup>	-	-	-	-	-	(79,944)	-	(79,944)
Other <sup>1</sup>	-	-	-	-	(106,721)	(4,232)	(106,721)	(4,232)
<b>Contributions by owners</b>								
Equity injection - Appropriations	-	-	-	-	121,064	76,633	121,064	76,633
Departmental capital budget	-	-	-	-	53,032	50,423	53,032	50,423
Restructuring	-	-	-	-	-	(1,148)	-	(1,148)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,375</b>	<b>41,732</b>	<b>67,375</b>	<b>41,732</b>
<b>Closing balance as at 30 June</b>	<b>333,248</b>	<b>440,150</b>	<b>1,241,494</b>	<b>767,785</b>	<b>2,153,381</b>	<b>2,086,006</b>	<b>3,728,123</b>	<b>3,293,941</b>

1. For further detail on returns of contributed equity and other returns of capital refer to Note 1.8.

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

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**Department of Foreign Affairs and Trade**  
**CASH FLOW STATEMENT**  
*for the period ended 30 June 2015*

	Notes	2015 \$'000	2014 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		1,576,118	1,563,561
Sale of goods and rendering of services		86,898	71,365
Net GST received		37,798	32,922
Other		9,236	5,756
<b>Total cash received</b>		<u>1,710,050</u>	<u>1,673,604</u>
<b>Cash used</b>			
Employees		722,755	720,250
Suppliers		661,344	656,971
Section 74 receipts transferred to OPA		97,699	114,192
Other		7,731	8,324
<b>Total cash used</b>		<u>1,489,529</u>	<u>1,499,737</u>
<b>Net cash from operating activities</b>	12	<u>220,521</u>	<u>173,867</u>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment		1,660	2,074
<b>Total cash received</b>		<u>1,660</u>	<u>2,074</u>
<b>Cash used</b>			
Purchase of land and buildings		282,202	89,928
Purchase of property, plant and equipment		60,621	73,984
Purchase of intangibles		36,032	19,011
<b>Total cash used</b>		<u>378,855</u>	<u>182,923</u>
<b>Net cash (used by) investing activities</b>		<u>(377,195)</u>	<u>(180,849)</u>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity		159,345	102,196
<b>Total cash received</b>		<u>159,345</u>	<u>102,196</u>
<b>Cash used</b>			
Returns of contributed equity		-	79,944
<b>Total cash used</b>		<u>-</u>	<u>79,944</u>
<b>Net cash from financing activities</b>		<u>159,345</u>	<u>22,252</u>
<b>Net increase in cash held</b>		<u>2,671</u>	<u>15,270</u>
Cash and cash equivalents at the beginning of the reporting period		75,769	61,746
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period		6,280	(1,247)
<b>Cash and cash equivalents at the end of the reporting period</b>	7A	<u>84,720</u>	<u>75,769</u>

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

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

**Department of Foreign Affairs and Trade**  
**ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2015*

	Notes	2015 \$'000	2014 \$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	17A	6,505	4,715
International development assistance	17B	3,427,544	3,093,425
Suppliers	17C	11,999	21,689
Grants and contributions	17D	1,056,808	1,044,907
Depreciation and amortisation	21A	1,322	2,479
Finance costs	17E	59,165	50,630
Write-down and impairment of assets	17F	9,187	1,652
Net foreign exchange losses - non-speculative		11,022	-
Payments to corporate Commonwealth entities - Tourism Australia		138,865	84,818
Other expenses	17G	84,779	358,022
<b>Total expenses</b>		<b>4,807,196</b>	<b>4,662,337</b>
<b>Income</b>			
<b>Revenue</b>			
<b>Non-taxation revenue</b>			
Sale of goods and rendering of services	18A	402,558	376,986
Interest	18B	13,289	12,233
Dividends - Export Finance and Insurance Corporation		18,153	11,250
Return of prior year administered expenses		33,099	42,264
Other revenue	18C	38,953	29,844
<b>Total non-taxation revenue</b>		<b>506,052</b>	<b>472,577</b>
<b>Total revenue</b>		<b>506,052</b>	<b>472,577</b>
<b>Gains</b>			
Reversals of previous asset write-downs	18D	391,236	42,541
Net foreign exchange gains - non-speculative		-	168
Other Gains	18E	-	151
<b>Total gains</b>		<b>391,236</b>	<b>42,860</b>
<b>Total income</b>		<b>897,288</b>	<b>515,437</b>
<b>Net (cost of) services</b>		<b>(3,909,908)</b>	<b>(4,146,900)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Re-measurements of defined benefit plans		(7,108)	(9,479)
Movement in the carrying amount of investments		14,053	26,009
<b>Total other comprehensive income</b>		<b>6,945</b>	<b>16,530</b>
<b>Total comprehensive (loss)</b>		<b>(3,902,963)</b>	<b>(4,130,370)</b>

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

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**Department of Foreign Affairs and Trade**  
**ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES**  
*as at 30 June 2015*

	Notes	2015 \$'000	2014 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash on hand or on deposit		1,832	16,414
Trade and other receivables	20A	175,633	135,417
Investments	20B	2,392,373	1,787,084
<b>Total financial assets</b>		<b>2,569,838</b>	<b>1,938,915</b>
<b>Non-financial assets</b>			
Leasehold improvements	21A	1,661	2,127
Property, plant and equipment	21A	18	18
Intangibles	21A	4,586	5,154
Prepayments	21B	151	652
<b>Total non-financial assets</b>		<b>6,416</b>	<b>7,951</b>
<b>Total assets administered on behalf of Government</b>		<b>2,576,254</b>	<b>1,946,866</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	22A	159,020	135,105
Grants	22B	590,449	590,525
Other payables	22C	912,998	1,086,886
<b>Total payables</b>		<b>1,662,467</b>	<b>1,812,516</b>
<b>Provisions</b>			
Employee Provisions	23A	80,749	68,184
Other provisions	23B	-	13
<b>Total provisions</b>		<b>80,749</b>	<b>68,197</b>
<b>Total liabilities administered on behalf of Government</b>		<b>1,743,216</b>	<b>1,880,713</b>
<b>Net assets</b>		<b>833,038</b>	<b>66,153</b>

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

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**Department of Foreign Affairs and Trade**  
**ADMINISTERED RECONCILIATION SCHEDULE**  
*as at 30 June 2015*

	2015 \$'000	2014 \$'000
<b>Opening assets less liabilities as at 1 July</b>	<b>66,153</b>	159,700
<b>Net (cost of)/contribution by services</b>		
Income	897,288	515,437
Expenses		
Payments to entities other than corporate Commonwealth entities	(4,668,331)	(4,577,519)
Payments to corporate Commonwealth entities	(138,865)	(84,818)
<b>Other comprehensive income</b>		
Movement in the carrying amount of investments	14,053	26,009
Administered asset revaluations taken to/from reserves	-	-
Actuarial (losses) on defined benefit plans	(7,108)	(9,479)
<b>Transfers (to)/from the Australian Government</b>		
Appropriation transfers from Official Public Account		
Administered assets and liabilities appropriations	568,245	346,267
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	4,501,727	4,092,663
Payments to corporate Commonwealth entities	138,865	84,818
Special accounts		
Payments to entities other than corporate Commonwealth entities	41,483	62,726
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	945	1,036
Appropriation transfers to Official Public Account		
Transfers to Official Public Account	(581,417)	(550,687)
<b>Closing assets less liabilities as at 30 June</b>	<b>833,038</b>	66,153

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

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**Department of Foreign Affairs and Trade**  
**ADMINISTERED CASHFLOW STATEMENT**  
*for the period ended 30 June 2015*

	2015 \$'000	2014 \$'000
<b>OPERATING ACTIVITIES</b>		
<b>Cash received</b>		
Sales of goods and rendering of services	404,858	371,584
Interest	2,804	12,243
Dividends	18,153	11,250
National Interest Account subsidies, premiums and recoveries	23,499	34,742
Defined benefit pension scheme receipts	10,834	3,547
Net GST received	84,460	88,891
Return of prior year administered expenses	33,099	42,264
Other	56	1,154
<b>Total cash received</b>	<b>577,763</b>	<b>565,675</b>
<b>Cash used</b>		
International development assistance	3,511,560	3,092,342
Grants and contributions	1,078,226	941,279
Personal benefits	2,297	5,349
Suppliers	9,876	20,862
National Interest Account expenses	16,989	8,874
Payments to corporate Commonwealth entities	138,865	84,818
Other	1,024	2,164
<b>Total cash used</b>	<b>4,758,837</b>	<b>4,155,688</b>
<b>Net cash (used by) operating activities</b>	<b>(4,181,074)</b>	<b>(3,590,013)</b>
<b>INVESTING ACTIVITIES</b>		
<b>Cash used</b>		
Purchase of intangibles	291	1,017
Purchase of concessional financial instruments	292,043	454,252
Investment in Export Finance and Investment Corporation	200,000	-
<b>Total cash used</b>	<b>492,334</b>	<b>455,269</b>
<b>Net cash used by investing activities</b>	<b>(492,334)</b>	<b>(455,269)</b>
<b>Net (decrease) in cash held</b>	<b>(4,673,408)</b>	<b>(4,045,282)</b>
Cash and cash equivalents at the beginning of the reporting period	16,414	24,705
<b>Cash from Official Public Account</b>		
Appropriations	5,209,782	4,524,784
Special Accounts	41,483	62,726
<b>Total cash from Official Public Account</b>	<b>5,251,265</b>	<b>4,587,510</b>
<b>Cash to Official Public Account</b>		
Appropriations	(581,417)	(550,687)
<b>Total cash to Official Public Account</b>	<b>(581,417)</b>	<b>(550,687)</b>
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period	(11,022)	168
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,832</b>	<b>16,414</b>

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

**Department of Foreign Affairs and Trade**  
**SCHEDULE OF ADMINISTERED COMMITMENTS**  
*for the period ended 30 June*

	2015			2014		
	Within 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000	Within 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000
<b>Commitments receivable</b>						
Net GST recoverable on commitments	(202,449)	(132,449)	(195)	(236,598)	(168,423)	(120)
<b>Total commitments receivable</b>	<b>(202,449)</b>	<b>(132,449)</b>	<b>(195)</b>	<b>(236,598)</b>	<b>(168,423)</b>	<b>(120)</b>
<b>Commitments payable</b>						
<b>Other commitments</b>						
Operating leases <sup>1</sup>	7,920	37	-	4,496	369	-
Development cooperation program <sup>2</sup>	2,072,794	1,365,440	1,990	2,444,956	1,692,883	5,044
Other <sup>3</sup>	18,647	9,324	-	12,170	32,467	-
<b>Total other commitments</b>	<b>2,099,361</b>	<b>1,374,801</b>	<b>1,990</b>	<b>2,461,622</b>	<b>1,725,719</b>	<b>5,044</b>
<b>Total commitments payable</b>	<b>2,099,361</b>	<b>1,374,801</b>	<b>1,990</b>	<b>2,461,622</b>	<b>1,725,719</b>	<b>5,044</b>
<b>Net commitments payable</b>	<b>1,896,912</b>	<b>1,242,352</b>	<b>1,795</b>	<b>2,225,024</b>	<b>1,557,296</b>	<b>4,924</b>

Note: Commitments are GST inclusive where relevant.

1. Operating leases included are effectively non-cancellable and comprise property leases for residential properties at overseas posts. The terms and conditions of the leases overseas are negotiated at post and vary based on local market conditions.
2. The development cooperation program includes bilateral aid programs, concessional loans, scholarships and awards.
3. Other commitments payable includes the Efic debt for health swap with the Indonesian government.

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

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**Department of Foreign Affairs and Trade****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 1: Summary of Significant Accounting Policies

##### 1.1 Objectives of the Department of Foreign Affairs and Trade

The Department of Foreign Affairs and Trade (DFAT) is an Australian Government controlled entity. It is a not-for-profit, non-corporate Commonwealth entity.

DFAT's role is to advance the interests of Australia and Australians internationally, providing foreign, trade and investment, development and international security policy advice to the government. DFAT works with other government agencies to ensure that Australia's pursuit of its global, regional and bilateral interests is coordinated effectively. DFAT's role involves working to strengthen Australia's security, enhancing Australia's prosperity, delivering an effective and high quality aid programme and helping Australian travellers and Australians overseas.

DFAT is structured to meet three outcomes:

- **Outcome 1:** The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities,
- **Outcome 2:** The protection and welfare of Australians abroad and access to secure international travel documentation through timely and responsive travel advice and consular and passport services in Australia and overseas, and
- **Outcome 3:** A secure Australian Government presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas property estate.

From 1 November 2013 the international development function was integrated into DFAT, due to the function being transferred on 18 September 2013, and is now reflected as part of Outcome 1 above. For the purposes of these financial statements the activities of this function were fully consolidated with DFAT from 1 July 2013, and where relevant comparatives for 2013-14 incorporate former AusAID transactions for the period 1 July 2013 to 31 October 2013.

DFAT's activities that contribute towards these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by DFAT in its own right. Administered activities involve the management or oversight by DFAT, on behalf of the Government, of items controlled or incurred by the Government. DFAT conducts the following administered activities on behalf of the Government:

- Official development assistance,
- Consular and passport services,
- Public information services and public diplomacy,
- International climate change engagement,
- The New Colombo Plan,
- Programmes to promote Australia's international tourism interests, and
- Payments to international organisations.

The continued existence of DFAT in its present form and with its present outcomes and programs is dependent on Government policy and on continuing funding by Parliament for DFAT's administration and programs.

##### 1.2 Monitoring of Constitutional and Other Legal Requirements

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth [2014] HCA 23*, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

Legal advice received by the Department of Finance indicated there could be breaches of Section 83 of the Constitution under certain circumstances in relation to compliance with statutory conditions on payments from special appropriations, including special accounts and payments for long service leave. DFAT has reviewed its processes and controls over payments for these items to minimise the possibility of breaches as a result of these payments. Following an updated risk assessment in 2014-15, DFAT has determined that there is a low risk of the certain circumstances mentioned in the legal advice applying to the department. DFAT is not aware of any specific breaches of Section 83.

## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 1.3 Basis of Preparation of the Financial Report

The financial statements and notes are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements and notes have been prepared in accordance with:

- the Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014, and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the contingencies note.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

#### 1.4 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, DFAT has made the following judgements that have a significant impact on the amounts recorded in the financial statements:

- The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer. In some instances, DFAT's buildings are purpose built and may in fact realise more or less in the market.
- The fair value of property, plant and equipment has been taken to be the market value of similar assets or depreciated replacement value as determined by an independent valuer.
- The employee provisions have been determined by reference to advice from the Australian Government Actuary and standard parameters provided by the Department of Finance.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

#### 1.5 New Australian Accounting Standard Requirements

##### Adoption of New Australian Accounting Standard Requirements

The following new standards were issued by the AASB prior to the signing of the statement by the Secretary and Chief Financial Officer, were applicable to the current reporting period and had a material effect on DFAT's financial statements:

Standard/Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to the financial statements
AASB 1055 Budgetary Reporting – December 2013 (Compilation)	This Standard requires reporting of budgetary information and explanation of major variances between actual and budget amounts by not-for-profit entities within the General Government Sector. This Standard required the inclusion of Note 32 Budgetary Reports and Explanations of Major Variances in the 2014-15 financial statements.
AASB 2015-07 Amendments to Fair Value Disclosures of Not-for-Profit Public Sector Entities	This Amendment provides relief from certain fair value disclosures required by <i>AASB 13 Fair Value Measurement</i> and applies to annual reporting periods beginning on or after 1 July 2016. On 3 August 2015 the Department of Finance advised that agencies were allowed to early adopt the amendments for their 2014-15 financial statements, which DFAT elected to apply.

## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

When transitional provisions apply, all changes in accounting policy are made in accordance with their respective transitional provisions. All other new, revised and/or amending standards and interpretations that were issued prior to the sign off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on DFAT's financial statements.

#### *Future Australian Accounting Standard Requirements*

The following new, revised and/or amending standards and interpretations were issued by the AASB prior to the signing of the statement by the Secretary and Chief Financial Officer, which are expected to have a material impact on DFAT's financial statements for future reporting periods:

Standard/Interpretation	Application date for DFAT	Nature of impending change in accounting policy and likely impact on initial application
AASB 9 Financial Instruments	1 July 2017	<p>This revised Standard represents the first phase of a three phase project to replace AASB 139 Financial Instruments: Recognition and Measurement. The amendments reduce the four categories of financial instruments to two – amortised cost and fair value. Under AASB 9, assets are to be measured at fair value unless they are held to collect cash flows and solely comprise the payment of interest and principal on specified dates. Gains and losses on assets carried at fair value are taken to profit and loss, unless they are equity instruments not held for trading and/or the entity initially elects to recognise gains/losses in other comprehensive income. Financial liabilities are measured at amortised cost unless they are measured at fair value through profit or loss.</p> <p>Likely impact: The application of the standard will result in changes in Administered Financial Instrument disclosures. The application of the standard may have an impact on the recognition and measurement of Administered Financial Instruments currently classified as "available for sale". The impact may relate to whether changes in fair value resulting from value changes and allowances for credit losses are recognised in either the Administered Schedule of Comprehensive Income or the Administered Reconciliation Schedule.</p>
AASB 15 Revenue with Contracts with Customers	1 January 2017	<p>The Standard provides a single revenue recognition model and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers, with revenue recognised as 'performance obligations' are satisfied.</p> <p>Likely impact: May have an impact on the timing of the recognition of revenue.</p>

DFAT's expected initial application date is when the accounting standard becomes operative at the beginning of DFAT's reporting period. All other new, revised and/or amending standards and interpretations that were issued prior to the sign off date and are applicable to future reporting periods are not expected to have a future material impact on DFAT's financial statements.

#### 1.6 Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer,
- DFAT retains no managerial involvement or effective control over the goods,
- the revenue and transaction costs incurred can be reliably measured, and
- it is probable that the economic benefits associated with the transaction will flow to DFAT.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured, and
- the probable economic benefits of the transaction will flow to DFAT.

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**Department of Foreign Affairs and Trade****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Resources Received Free of Charge

Resources received free of charge are recorded as either revenue or gains depending on their nature. Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the entity gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

**1.7 Gains**Resources Received Free of Charge

Resources received free of charge are recorded as either revenue or gains depending on their nature. Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the goods or services would have been purchased if they had not been donated. Use of these resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another non-corporate or corporate Commonwealth entity as a consequence of restructuring of administrative arrangements (refer to Note 11 Restructuring).

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

Foreign Currency Transactions

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current at the end of the reporting period. Exchange gains and losses are reported in the Statement of Comprehensive Income. DFAT does not enter into hedging arrangements for its foreign currency transactions and all foreign exchange gains or losses are considered non-speculative in nature.

**1.8 Transactions with the Government as Owner**Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

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## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### *Other Distributions to Owners*

The FRR requires that distributions to owners be debited to contributed equity unless in the nature of a dividend. In 2014-15 other returns of capital consisted of \$98,912,175 of prior-year capital appropriation DFAT no longer had access to following the transition to the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) from 1 July 2014, and \$7,809,000 of capital appropriation quarantined under section 51 of the PGPA Act as identified in Note 29A (2013-14: net sale proceeds of \$496,985 and \$79,447,000 of appropriation returned from the Overseas Property Office). The difference between the \$113,103,000 included in Note 29C and the \$98,912,175 included in the Statement of Changes in Equity is due to DFAT recognising previous no-win/no-loss agreements in the year the appropriation was quarantined.

#### **1.9 Employee Benefits**

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefit liabilities are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

#### *Leave*

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

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including DFAT's employer superannuation contribution rates and other employment on-costs, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined with reference to the work of an actuary as at 30 June 2014. The estimate of the present value of the liability takes into account attrition rates, pay increases through promotion and inflation and changes in the government bond rate.

#### *Separation and Redundancy*

Provision is made for separation and redundancy benefit payments. DFAT recognises a provision for separation and redundancy when it has developed a detailed formal plan and has informed those employees affected that it will carry out those terminations of employment. In some countries, locally engaged staff employed by DFAT at overseas posts are entitled to separation benefits under local labour laws. DFAT provides for these separation benefits, and they have been classified as an employee benefit.

#### *Superannuation*

The majority of Australian-based staff of DFAT are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the Public Sector Superannuation accumulation plan (PSSap). The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

DFAT makes employer contributions to the employee superannuation schemes at rates determined by the Government. For defined benefit scheme employer contributions, rates are determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of DFAT's employees. DFAT accounts for these as if they were contributions to defined contributions plans.

Where required, DFAT makes superannuation contributions for locally engaged staff overseas to comply with local labour laws. Australian-based staff who are engaged on a temporary basis and locally engaged staff overseas who are considered to be Australian residents for taxation purposes have compulsory employer superannuation contributions made on their behalf by DFAT to a complying fund as nominated by them.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final payroll fortnight of the financial year.

## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 1.10 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

DFAT has no finance leases. Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets. Lease incentives are recognised as other payables and amortised over the period of the lease on a straight line basis.

#### 1.11 Fair Value Measurement

Note 6: Fair Value Measurements and Note 19: Administered - Fair Value Measurements provide an analysis of departmental and administered assets and liabilities measured at fair value. DFAT deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

The different levels of the fair value hierarchy are defined below:

- a) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
- b) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- c) Level 3 – Unobservable inputs for the asset or liability.

DFAT engages independent, professional valuers to assist in the valuation of assets and liabilities, who employ valuation techniques including:

- a) Market Approach – Market approach seeks to estimate the current value of an asset with reference to recent market evidence including transactions of comparable assets or liabilities within local markets.
- b) Income Approach – Income approach converts future amounts (cash flows or income and expenses) to a single current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- c) Discounted Net Cash Flow Approach – The net cash flows over the appropriate timeframe together with a terminal value for the asset at the end of the forecast period, discounted back to the measurement date, resulting in a net present value for the asset or liability.
- d) Depreciated Replacement Cost – The amount a market participant would be prepared to pay to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence.

These techniques incorporate a number of valuation inputs to calculate fair value, including:

- a) Annual Market Rental – Market rental transactions of comparable assets, adjusted to reflect differences in price sensitive characteristics.
- b) Adjusted Market Transactions/Sale Price and Income Comparables – Market transactions of comparable assets, adjusted to reflect differences in price sensitive characteristics.
- c) Capitalisation Rate – The return represented by the income produced by an investment, expressed as a percentage.
- d) Replacement Cost of New Assets/Contracted Prices – The amount a market participant would pay to acquire or construct a new or substitute asset of comparable utility.
- e) Consumed Economic Benefits or Obsolescence of Assets – Physical deterioration, functional or technical obsolescence and conditions of the economic environment specific to the asset.

#### 1.12 Borrowing Costs

All borrowing costs are expensed as incurred.

## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 1.13 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- a) cash on hand,
- b) cash held by outsiders, and
- c) cash in special accounts.

#### 1.14 Financial Assets

DFAT classifies its financial assets in the following categories:

- a) available-for-sale financial assets, and
- b) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

##### Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

##### Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in the reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in profit for the period.

Where a reliable fair value cannot be established for unlisted investments in equity instruments, these instruments are valued at cost.

##### Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

##### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

*Financial assets held at amortised cost* - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held-to-maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

*Available-for-sale financial assets* - if there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Statement of Comprehensive Income.

*Financial assets held at cost* - if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

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## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 1.15 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon trade date.

##### *Financial Liabilities at Fair Value Through Profit or Loss*

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

##### *Other Financial Liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

#### 1.16 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are reported when settlement is probable but not virtually certain and contingent liabilities are disclosed when the probability of settlement is greater than remote.

#### 1.17 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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

#### 1.18 Property, Plant and Equipment

##### *Asset Recognition Threshold*

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

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by DFAT where there exists an obligation to restore the property to its original condition on termination of the lease. These costs are included in the value of DFAT's leasehold improvements with a corresponding provision for the 'make good' recognised.

## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Revaluations

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

Asset Class	Fair value measured at
Land	Market selling price
Buildings exc. leasehold improvements	Market selling price, depreciated replacement cost
Leasehold Improvements	Depreciated replacement cost
Other Property, Plant and Equipment	Market selling price, depreciated replacement cost

Following initial recognition at cost, property, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Assets held overseas are valued in local currencies and translated into Australian dollars at the exchange rates current at balance date.

#### Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to DFAT using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

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

Asset Class	2015	2014
Buildings	Based on remaining useful life	Based on remaining useful life
Leasehold Improvements	Lesser of lease term or up to 15 years	Lesser of lease term or up to 15 years
Other Property, Plant and Equipment	3 to 25 years	3 to 25 years

#### Impairment

All assets were assessed for impairment at 30 June 2015. Where indications of impairment existed, the asset's recoverable amount was estimated and an impairment adjustment made if the asset's recoverable amount was less than its carrying amount.

The recoverable amount of any asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if DFAT were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

#### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

**Department of Foreign Affairs and Trade****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****1.19 Intangibles**

DFAT's intangibles comprise internally developed and commercially purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses except for purchases costing less than \$2,000, which are expensed in the year of acquisition.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of DFAT's software is typically 5 to 10 years (2014: 5 to 10 years). All software assets were assessed for indications of impairment as at 30 June 2015.

**1.20 Inventories**

Inventories held for sale are valued at the lower of cost and net realisable value. Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- a) raw materials and stores – purchase cost on a first-in-first-out basis
- b) finished goods and work-in-progress – cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

**1.21 Taxation**

DFAT is exempt from all forms of Australian taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Overseas, DFAT may be subject to Value Added Tax (VAT) on the purchase of goods and services.

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

- a) where the amount of GST or VAT incurred is not recoverable from the Australian Taxation Office or overseas taxation authority, and
- b) for receivables and payables.

**1.22 Reporting of Administered Activities**

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes. Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Significant Accounting Adjustments and Estimates

In the process of applying the accounting policies listed in this note, DFAT has made the following judgement that has a significant impact on the amounts recorded in the financial statements:

- a) The fair value of the administered financial instruments in 2014–15 has been determined on a basis consistent with previous years, using professional valuation advice. The fair value of the financial instruments reported in future periods will be affected by variables such as discount rates, exchange rates and possible impairment. The effect of changes to the assumptions used to value the financial instruments is disclosed at Note 26: Administered - Financial Instruments.
- b) A number of debts recorded on the Export Finance and Insurance Corporation (Efic) National Interest Account (NIA) are impaired, with the impairment assessment based on judgement of the risks to repayment of the debts. For some debts the judgement is discussed and agreed between DFAT and Efic, and is informed by assessment of the economic and political environment and previous repayment history.

Administered Cash Transfers to and from the Official Public Account

Revenue collected by DFAT for use by the Government rather than by DFAT is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the Government. These transfers to and from the OPA are adjustments to the administered cash held by DFAT on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by DFAT on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed. Administered fee revenue is recognised when goods or services have been provided.

Passport and consular revenue is based on a fee for service arrangement, collected both domestically and internationally, for the processing of new passport applications, registering lost or stolen passports, issuing emergency passports, and for other travel related documents and endorsements. Fees are determined under the *Australian Passports (Application Fees) Act 2005* and all revenue collected is returned to consolidated revenue.

Return of prior year administered expenses relates to funds returned after finalisation or acquittal of a grant, an agreement or funding arrangement which were originally paid from prior year appropriations. These funds are treated as administered revenue in the year the funds are returned and transferred back to consolidated revenue.

#### Loans and Receivables

Consistent with DFAT's outcomes, long-term loans are provided to other entities at concessional rates. On settlement of the loan funds, differences between the nominal value of the loan subscription and the fair value of the associated assets are recorded in the Schedule of Administered Items as an expense administered on behalf of government.

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, de-recognition and amortisation are recognised through profit or loss.

#### Administered Investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level. Administered investments are classified as available-for-sale and are measured at their fair value as at 30 June 2015. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entity as at the end of the reporting period. Two administered investments are included in DFAT's financial statements – Tourism Australia and the Export Finance and Insurance Corporation (Efic).

Efic is Australia's export credit agency, and under the *Export Finance and Insurance Corporation Act 1991* has four key functions:

- a) to facilitate and encourage Australian export trade by providing insurance and financial services and products to persons involved directly or indirectly in export trade,
- b) to encourage banks and other financial institutions in Australia to finance or assist in financing exports,
- c) to manage the Development Import Finance Facility, the Australian Government's aid supported mixed credit program (a facility which has now been discontinued, although loans are still outstanding under it), and
- d) to provide information and advice regarding insurance and financial arrangements to support Australian exports.

Efic's legislation provides two distinct platforms from which Australian exports can be supported - the Commercial Account (under Part 4 of the Act) and the National Interest Account (under Part 5 of the Act). In the case of the Commercial Account, the risks underwritten are carried by Efic as a corporation. Premiums and other fees are retained by Efic and any losses are borne from Efic's accumulated capital and reserves. The Commonwealth also guarantees Efic creditors the payment of all monies payable. This guarantee has never been utilised.

Tourism Australia is the Australian Government agency responsible for attracting international visitors to Australia, both for leisure and business events. Under the *Tourism Australia Act (2004)* its objectives are to:

- a) influence people travelling to Australia to also travel throughout Australia,
- b) help foster a sustainable tourism industry in Australia, and
- c) help increase the economic benefits to Australia from tourism.

#### Business undertaken on the National Interest Account

Part 5 of the *Export Finance and Insurance Corporation Act 1991* provides for the Minister for Trade and Investment to give an approval or direction to Efic to undertake any transaction that the Minister considers is in the national interest. Such transactions may relate to a class of business which Efic is not authorised to undertake, or involve terms and conditions Efic would not accept in the normal course of business on its Commercial Account. Efic manages these transactions on the National Interest Account (NIA).

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## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Where the Minister gives Efic an approval or direction to undertake a transaction under Part 5 of the *Export Finance and Insurance Corporation Act 1991*, the credit risk is borne by the Government and the funding risk is borne by Efic on the Commercial Account. Accordingly, premiums or other incomes arising from these transactions are paid by Efic to the Government in line with Part 8 of the *Export Finance and Insurance Corporation Act 1991*. Efic recovers from the Government the costs of administering business undertaken under Part 5 and also recovers from the Government any losses incurred in respect of such business. These transactions are disclosed separately as income and expenses administered on behalf of Government in Note 17: Administered - Expenses and Note 18: Administered - Income.

DFAT's accounts reflect the Commonwealth's exposure to the NIA. This exposure is disclosed as an asset in Note 20: Administered - Financial Assets and reflects the overall business undertaken on the NIA. The detailed transactions undertaken in the NIA are disclosed in Efic's financial statements in accordance with Efic's reporting requirements and applicable accounting standards.

#### Guarantees to Subsidiaries

The amounts guaranteed by the Commonwealth have been disclosed in Note 25: Administered - Contingent Assets and Liabilities. At the time of completion of the financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.

#### Indemnities

The maximum amounts payable under the indemnities given is disclosed in Note 25: Administered - Contingent Assets and Liabilities. At the time of the completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no recognition of any liability was therefore required.

#### Official Development Assistance

The department's appropriation for official development assistance is allocated through country, regional and global programs. These programs are focussed on providing assistance to developing countries to reduce poverty and improve living standards.

Country-specific allocations are planned and implemented jointly with the partner government. In dollar terms it is usually the largest DFAT program delivering benefits in a partner country. This includes the Australia-Indonesia Partnership for Reconstruction and Development (AIPRD) partnership between Australia and Indonesia. This consisted of \$500 million in grant funding and \$500 million in highly concessional loans and was managed through two special accounts. The final AIPRD loan disbursement was made in 2014-15.

Where activities have been delivered under a regional strategy, expenditure is allocated between beneficiary countries whenever identifiable.

Global program allocations deliver development benefits across the developing world, usually through a central coordinating agent with specialist expertise. They include payments to international organisations, emergency and humanitarian programmes, contributions to NGOs and volunteer programmes.

Included in global program allocations are multilateral replenishments, which include payments made to the:

- a) Asian Development Fund, concessional lending arm of the Asian Development Bank for concessional loans and grants,
- b) International Development Association, concessional lending arm of the World Bank for concessional loans and grants,
- c) World Bank for debt relief mechanisms including the Heavily Indebted Poor Countries Initiative and Multilateral Debt Relief Initiative,
- d) Global Environment Facility, and
- e) Montreal Protocol Multilateral Fund.

#### Grants

DFAT administers a number of grants on behalf of the Australian Government to international, United Nations and Commonwealth organisations. Grant liabilities are recognised to the extent that:

- a) the services required to be performed by the grantee have been performed, or
- b) the grant eligibility criteria have been satisfied, but payments due have not been made.

A commitment is recorded when the Government enters into an agreement to make the grants but services have not been performed or criteria satisfied. Multi-year grants of a non-reciprocal nature are recorded as liabilities in the year the agreement is signed at fair value, using relevant Australian Government bond rates to discount the future cash flows to their present value. The value of the discount applied is recognised against grant expenses.

## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Payments to Corporate Commonwealth Entities

Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans of the relevant portfolio department. The appropriation to DFAT is disclosed in Table A of Note 29: Appropriations.

#### Financial Assets

DFAT administers material financial assets on behalf of the Australian Government. The Australian Government is the holder of these financial instruments, with the issuers being partner foreign governments and multilateral aid organisations including the Asian Development Fund and the International Development Association. Financial instruments are recognised on a trade date basis. The financial instruments are held consistent with aid program objectives.

The Australian Government holds these investments long term for policy reasons. The investment represents subscription-based membership rights held by the Australian Government in accordance with the articles of association for the International Development Association and the Asian Development Fund. There is no observable market value for these investments and fair value has been determined through independent expert valuation advice (Refer also to Notes 19, 20, 26).

DFAT, based on independent expert valuation, advice values the investment on a discounted cash flow basis. The basis assumes the redemption of the Commonwealth's pro-rata share of the outstanding loan principal for each fund. The redemption basis is consistent with the withdrawal provisions of the Articles of Association with the International Development Association and the Asian Development Fund.

The discount rate used to equate the future cash flows to a present value reflects the risk adjusted rate of return demanded by a hypothetical investor. The discount rate range uses the "build up method" based on the following components: risk free rate (20 year US Government bond rate); currency risk premium; sovereign risk premium; and liquidity risk premium.

#### Financial Liabilities

Financial liabilities are classified either at fair value through profit or loss, or as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at fair value through profit or loss include multilateral grants payable and multilateral subscriptions payable. Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss.

Other financial liabilities include trade creditors and accruals. Other financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocated interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

#### Defined Benefit Pension Schemes

DFAT administers defined benefit pension schemes for some locally engaged staff in North America, the United Kingdom and India on behalf of the Australian Government (refer to Note 28: Administered - Defined Benefit Pension Schemes). DFAT recognises an administered liability for the present values of the Government's expected future payments arising from the unfunded components of the North American Pension Scheme (NAPS), London Pension Scheme and the New Delhi Gratuity Scheme.

Increases in the accrued benefits liability, pursuant to regular estimates of the liability taking account of actuarial reviews, are recognised as an expense and classified as employee superannuation expense. Re-measurement of the net defined benefit obligation is recognised in other comprehensive income as outlined in AASB 119. DFAT engages actuaries to estimate the unfunded provisions and expected future cash flows as at the end of the reporting period each year. Additional superannuation information can be found at Note 28: Administered - Defined Benefit Pension Schemes.

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**Department of Foreign Affairs and Trade****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 2: Events After the Reporting Period****Departmental**

There have been no events after 30 June 2015 which will affect the financial position of DFAT materially at the reporting date.

**Administered**

There have been no events after 30 June 2015 which will affect the financial position of DFAT materially at the reporting date.

**Note 3: Net Cash Appropriation Arrangements**

	2015 \$'000	2014 \$'000
<b>Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations<sup>1</sup></b>	<b>483,878</b>	151,892
Plus: depreciation/amortisation expenses previously funded through revenue appropriation <sup>2</sup>	(117,071)	(132,602)
<b>Total comprehensive income - as per the Statement of Comprehensive Income</b>	<b>366,807</b>	19,290

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

2. Total depreciation/amortisation expenses as per the Statement of Comprehensive Income is \$147,489,845 (2014: \$156,149,331). Depreciation/amortisation related to the Overseas Property Special Account of \$30,418,974 (2014: \$23,547,445) has been excluded from this note in accordance with Finance Brief 39 - Reporting of Net Cash Appropriation Arrangements.

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 4: Expenses**

	2015 \$'000	2014 \$'000
<b>Note 4A: Employee Benefits</b>		
Wages and salaries	505,563	524,518
Superannuation		
Defined contribution plans	27,585	29,724
Defined benefit plans	47,488	51,608
Leave and other entitlements	51,954	56,258
Fringe benefits expense	88,696	40,229
Separation and redundancies	1,437	43,289
Other employees expenses	2,529	1,637
<b>Total employee benefits</b>	<b>725,252</b>	<b>747,263</b>
<b>Note 4B: Suppliers</b>		
<b>Goods and services supplied or rendered</b>		
Passport expenses	90,781	92,136
Security expenses	89,212	80,212
Property related expenses (excluding rent)	86,194	84,318
Information and communication technology	74,789	63,249
Travel expenses	56,552	55,309
Staff related expenses	35,871	41,198
Office expenses	18,830	20,720
Legal and other professional services	15,766	9,812
Contractors	14,660	20,649
Consultants	7,184	7,596
Remuneration of auditors	680	832
Other expenses	12,999	6,753
<b>Total goods and services supplied or rendered</b>	<b>503,518</b>	<b>482,784</b>
<b>Goods supplied in connection with</b>		
External parties	58,733	60,596
<b>Total goods supplied</b>	<b>58,733</b>	<b>60,596</b>
<b>Services rendered in connection with</b>		
Related parties	35,817	30,660
External parties	408,968	391,528
<b>Total services rendered</b>	<b>444,785</b>	<b>422,188</b>
<b>Total goods and services supplied or rendered</b>	<b>503,518</b>	<b>482,784</b>
<b>Other suppliers</b>		
<b>Operating lease rentals in connection with</b>		
External parties		
Minimum lease payments	122,959	116,485
Workers compensation expenses	9,954	7,032
<b>Total other suppliers</b>	<b>132,913</b>	<b>123,517</b>
<b>Total suppliers</b>	<b>636,431</b>	<b>606,301</b>

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**Department of Foreign Affairs and Trade****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2015 \$'000	2014 \$'000
<b><u>Note 4C: Grants</u></b>		
Private sector		
Non-profit organisations	5,569	5,252
Other	<u>2,360</u>	<u>2,998</u>
<b>Total grants</b>	<u>7,929</u>	<u>8,250</u>
<b><u>Note 4D: Write-off and Impairment of Assets</u></b>		
Write-off of leasehold improvements	2,003	892
Write-off of property, plant and equipment	1,052	6,767
Write-off of intangibles	13,702	1,069
Write-off of assets under construction	1,148	-
Write-off of financial assets	350	43
Write-off of inventories	-	260
Movement in impairment allowance	<u>(305)</u>	<u>24</u>
<b>Total write-down and impairment of assets</b>	<u>17,950</u>	<u>9,055</u>

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 5: Income**

	2015 \$'000	2014 \$'000
<b>Note 5A: Sale of Goods and Rendering of Services</b>		
<b>Sale of goods in connection with</b>		
External parties	285	38
<b>Total sale of goods</b>	285	38
<b>Rendering of services in connection with</b>		
Related parties	96,711	91,867
External parties	7,957	9,177
<b>Total rendering of services</b>	104,668	101,044
<b>Total sale of goods and rendering of services</b>	104,953	101,082
<b>Note 5B: Other Revenue</b>		
Foreign tax refunds	4,379	3,613
Sponsorship revenue	1,566	939
Resources received free of charge - remuneration of auditors	680	832
Other revenue	3,977	1,187
<b>Total other revenue</b>	10,602	6,571
<b>Note 5C: Sale of Assets</b>		
<b>Land and buildings:</b>		
Proceeds from sale	730	341
Carrying value of assets sold	(774)	(494)
Selling expense	(83)	(19)
<b>Property, plant and equipment:</b>		
Proceeds from sale	930	1,718
Carrying value of assets sold	(259)	(574)
<b>Leasehold Improvements:</b>		
Proceeds from sale	1	15
Carrying value of assets sold	(9)	(15)
<b>Net gain from sale of assets</b>	536	972
<b>Note 5D: Reversals of Previous Asset Write-Downs and Impairment</b>		
Assets previously expensed	27	330
Reversal of inventory write-down	7	-
<b>Total reversals of previous asset write-downs and impairments</b>	34	330
<b>Note 5E: Revenue from Government</b>		
<b>DFAT</b>		
Appropriations		
Departmental appropriations	1,303,974	1,209,776
<b>Total revenue from Government (DFAT)</b>	1,303,974	1,209,776
<b>AusAID</b>		
Appropriations		
Departmental appropriations	-	117,917
<b>Total revenue from Government (AusAID)</b>	-	117,917
<b>Total revenue from Government</b>	1,303,974	1,327,693

## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 6: Fair Value Measurements

Note 6A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period using			Valuation technique(s) <sup>1</sup>	For Levels 2 and 3 fair value measurements	
	2015 \$'000	2014 \$'000	Level (1, 2 or 3)		Inputs used <sup>2</sup>	
Non-financial assets:						
Land:						
Commercial	346,291	249,922	2	Market approach	Adjusted market transactions (\$ per square metre)	
Commercial	25,403	19,708	3	Market approach	Adjusted market transactions (\$ per square metre)	
Residential	447,969	360,039	2	Market approach	Adjusted market transactions (\$ per square metre)	
Residential	37,444	38,053	3	Market approach	Adjusted market transactions (\$ per square metre)	
Mixed Use	629,461	467,781	2	Market approach	Adjusted market transactions (\$ per square metre)	
Mixed Use	89,229	77,858	3	Market approach	Adjusted market transactions (\$ per square metre)	
Buildings:						
Commercial	45,493	44,512	2	Market approach	Adjusted market transactions (\$ per square metre)	
Commercial	158,694	134,005	2	Income approach	Annual market rental (\$ per square metre)	
					Capitalisation rate	
Commercial	30,203	27,836	3	Income approach	Annual market rental (\$ per square metre)	
					Capitalisation rate	
Commercial	25,557	21,013	3	Depreciated replacement cost	Replacement cost new	
					Consumed economic benefit and obsolescence	
Residential	150,666	125,241	2	Market approach	Adjusted market transactions (\$ per square metre)	
Residential	33,371	34,397	3	Market approach	Adjusted market transactions (\$ per square metre)	
Residential	4,370	6,599	3	Depreciated replacement cost	Replacement cost new	
					Consumed economic benefit and obsolescence	
Mixed Use	175,985	127,572	2	Market approach	Adjusted market transactions (\$ per square metre)	
Mixed Use	159,710	157,183	2	Income approach	Annual market rental (\$ per square metre)	
					Capitalisation rate	

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 6A: Fair Value Measurements, Valuation Techniques and Inputs Used (continued)**

	Fair value measurements at the end of the reporting period using			Valuation technique(s) <sup>1</sup>	For Levels 2 and 3 fair value measurements	
	2015 \$'000	2014 \$'000	Level (1, 2 or 3)		Inputs used <sup>2</sup>	
Buildings:						
Mixed Use	14,888	6,160	3	Income approach	Annual market rental (\$ per square metre)	
Mixed Use	36,712	32,027	3	Depreciated replacement cost	Capitalisation rate Replacement cost new Consumed economic benefit and obsolescence	
Leasehold improvements	144,294	166,675	3	Depreciated replacement cost	Replacement cost new Consumed economic benefit and obsolescence	
Property, plant and equipment	61,859	53,736	2	Market approach	Adjusted market transactions	
Property, plant and equipment	8,488	12,716	3	Market approach	Adjusted market transactions	
Property, plant and equipment	96,704	77,119	3	Depreciated replacement cost	Replacement cost new Consumed economic benefit and obsolescence	
<b>Total non-financial assets</b>	<b>2,722,791</b>	<b>2,240,152</b>				
<b>Total fair value measurements of assets in the statement of financial position</b>	<b>2,722,791</b>	<b>2,240,152</b>				
<b>Assets not measured at fair value in the statement of financial position:</b>						
Land:						
Residential	362	-	2	Market approach	Adjusted market transactions (\$ per square metre)	
Buildings:						
Residential	309	-	2	Market approach	Adjusted market transactions (\$ per square metre)	
<b>Total non-financial assets</b>	<b>671</b>	<b>-</b>				
<b>Total assets not measured at fair value in the statement of financial position</b>	<b>671</b>	<b>-</b>				

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## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 6A: Fair Value Measurements, Valuation Techniques and Inputs Used (continued)

DFAT's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.11.

The department had a residential property that is no longer essential to operational requirements as at 30 June 2015 (2014: nil). The asset has been measured at fair value less cost to sell.

The total fair value measurement of the leasehold improvements at 30 June 2014 was adjusted upwards by \$0.279m to account for capital assets previously recognised as work in progress. The total fair value measurement of the property, plant and equipment at 30 June 2014 was adjusted downward by \$2.512m to account for work in progress assets previously recognised as capitalised assets.

#### Fair value measurements - highest and best use differs from current use for non-financial assets

The department's assets are held for operational purposes. The current use of all controlled assets is considered their highest and best use.

#### Recurring and non-recurring level 3 fair value measurements - valuation processes

The department revalued all land and building assets as part of the annual property portfolio valuation program as at 30 June 2015. Office equipment and artwork were also subject to valuation in the current financial year. All other assets were subject to an independent review as at 30 June 2014 to ensure all asset classes were held at fair value.

1. There have been changes to the valuation techniques for assets in the property, plant and equipment class. In instances where sufficient observable inputs, such as market transactions of similar assets, were identified at 30 June 2015, the valuation technique was changed from a depreciated replacement cost approach to a market approach. In instances where sufficient observable market evidence was not identified at 30 June 2015, the valuation technique was changed from a market approach to a depreciated replacement cost approach (2014: nil changes).

2. There were no significant inter-relationships between unobservable inputs that materially affect fair value.

3. The Level 3 inputs utilised by the department are derived and evaluated as follows:

**Replacement Cost of New Assets/Contracted Prices:** The department controls assets situated in locations where construction cost evidence is limited. Reference was made to available cost information and the Valuer has used significant professional judgement in determining the replacement cost for the asset under consideration.

**Consumed Economic Benefits and/or Obsolescence of Assets:** The Consumed economic benefit and/or asset obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the assets under consideration.

**Adjusted Market Transactions/Annual Market Rental/Sale Price Comparable/Capitalisation Rate:** The department controls assets situated in locations where property markets experience few transactions. Reference was made to available sales evidence together with other relevant information related to local economic conditions, property market conditions and the asset under consideration. The Valuer has used significant professional judgement in determining the fair value measurements of these assets.

The future economic benefits of the department's assets are not primarily dependent on their ability to generate cash flows. DFAT has not disclosed quantitative information about the significant unobservable inputs for the department's assets.

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 6B: Reconciliation for recurring Level 3 fair value measurements**

	Non-Financial assets				Total 2015 \$'000
	Land 2015 \$'000	Buildings 2015 \$'000	Leasehold improve- ments 2015 \$'000	Property, plant and equipment 2015 \$'000	
<b>Opening balance - 1 July 2014</b>	<b>135,619</b>	<b>128,032</b>	<b>166,675</b>	<b>89,835</b>	<b>520,161</b>
Total gains/(losses) recognised in other comprehensive income <sup>1</sup>	26,531	12,381	(54,233)	(30,010)	(45,331)
Reclassifications	-	-	633	(49)	584
Purchases	-	8,599	33,231	40,462	82,292
Sales	-	-	(2,012)	(642)	(2,654)
Transfers into Level 3 <sup>2,3</sup>	-	622	-	8,839	9,461
Transfers out of Level 3 <sup>2,4</sup>	(10,074)	(4,533)	-	(3,243)	(17,850)
<b>Closing balance - 30 June 2015</b>	<b>152,076</b>	<b>145,101</b>	<b>144,294</b>	<b>105,192</b>	<b>546,663</b>
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period <sup>5</sup>	-	-	-	-	-

  

	Non-Financial assets				Total 2014 \$'000
	Land 2014 \$'000	Buildings 2014 \$'000	Leasehold improve- ments 2014 \$'000	Property, plant and equipment 2014 \$'000	
Opening balance - 1 July 2013	-	-	-	-	-
Assets first assessed as Level 3 - 30 June 2014	135,619	128,032	166,675	89,835	520,161
Closing balance - 30 June 2014	135,619	128,032	166,675	89,835	520,161
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period <sup>5</sup>	-	-	-	-	-

1. These gains/(losses) are represented in the Schedule of Comprehensive Income and at Note 8A.

2. The department's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.11.

3. A residential building in Nairobi was being renovated at 30 June 2015 and has been valued utilising significant professional judgement. The fair value measurement has been transferred into level 3. There have been transfers of property, plant and equipment asset fair value measurements into level 3 during the year due to a change in the valuation technique from a market approach to Depreciated Replacement Cost approach.

4. The Colombo Chancery which was under construction at 30 June 2014 has been completed and valued without the use of significant unobservable inputs. The fair value measurements of the land and building assets have been transferred out of level 3. There have been transfers of property, plant and equipment asset fair value measurements out of level 3 during the year due to changes in the valuation technique from Depreciated Replacement Cost approach to a market approach. Fair value measurements have been determined without the use of significant unobservable inputs.

5. There are no unrealised gains / (losses) for level 3 assets in the Schedule of Comprehensive Income as at 30 June 2015 (30 June 2014: Nil).

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## Department of Foreign Affairs and Trade

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 7: Financial Assets**

	2015 \$'000	2014 \$'000
<b>Note 7A: Cash and Cash Equivalents</b>		
Special Accounts	1,371	8,238
Cash held by outsiders	164	252
Cash on hand or on deposit	83,185	67,279
<b>Total cash and cash equivalents</b>	<b>84,720</b>	<b>75,769</b>
<b>Note 7B: Trade and Other Receivables</b>		
<b>Goods and services receivables in connection with</b>		
Related parties	35,687	32,522
External parties	46,420	30,355
<b>Total goods and services receivables</b>	<b>82,107</b>	<b>62,877</b>
<b>Appropriations receivables</b>		
Existing programs		
Overseas Property Office	206,089	273,089
Other Departmental	446,269	645,684
<b>Total appropriations receivable</b>	<b>652,358</b>	<b>918,773</b>
<b>Other receivables</b>		
Advances	12,922	10,645
Statutory receivables	5,732	5,414
Other	1,938	1,442
<b>Total other receivables</b>	<b>20,592</b>	<b>17,501</b>
<b>Total trade and other receivables (gross)</b>	<b>755,057</b>	<b>999,151</b>
<b>Less impairment allowance</b>		
Goods and services	-	(11)
Other receivables	(43)	(337)
<b>Total impairment allowance</b>	<b>(43)</b>	<b>(348)</b>
<b>Total trade and other receivables (net)</b>	<b>755,014</b>	<b>998,803</b>
<b>Trade and other receivables (net) expected to be recovered</b>		
No more than 12 months	743,920	990,440
More than 12 months	11,094	8,363
<b>Total trade and other receivables (net)</b>	<b>755,014</b>	<b>998,803</b>
<b>Trade and other receivables (gross) aged as follows</b>		
Not overdue	752,746	994,967
Overdue by:		
0 to 30 days	246	2,789
31 to 60 days	456	218
61 to 90 days	127	133
More than 90 days	1,482	1,044
<b>Total trade and other receivables (gross)</b>	<b>755,057</b>	<b>999,151</b>

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**Note 7B: Trade and Other Receivables (Continued)**

Impairment allowance account is all aged more than 90 days. Credit terms were within 30 days (2014: 30 days)

**Reconciliation of the Impairment Allowance Account:**

**Movements in relation to 2015**

	Goods and services \$'000	Other receivables \$'000	Total \$'000
<b>Opening balance</b>	<b>11</b>	<b>337</b>	<b>348</b>
Amounts written off	-	(331)	(331)
Amounts recovered and reversed	(11)	(6)	(17)
Increase recognised in net cost of services	-	43	43
<b>Closing balance</b>	<b>-</b>	<b>43</b>	<b>43</b>

**Movements in relation to 2014**

	Goods and services \$'000	Other receivables \$'000	Total \$'000
<b>Opening balance</b>	<b>13</b>	<b>311</b>	<b>324</b>
Amounts written off	(4)	(7)	(11)
Amounts recovered and reversed	-	(2)	(2)
Increase recognised in net cost of services	2	35	37
<b>Closing balance</b>	<b>11</b>	<b>337</b>	<b>348</b>

## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 8: Non-Financial Assets

#### Note 8A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

##### Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2015

	Land \$'000	Buildings & leasehold improvements \$'000	Total land and buildings \$'000	Property, plant equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total intangibles \$'000	Grand total \$'000
<b>As at 1 July 2014</b>								
Gross book value	1,213,361	978,344	2,191,705	277,230	45,183	56,502	101,685	2,570,620
Accumulated depreciation, amortisation and impairment	-	(95,125)	(95,125)	(133,659)	(35,183)	(32,337)	(67,520)	(296,304)
Work in progress	-	12,4631	124,631	48,923	18,745	29,647	48,292	221,946
<b>Total as at 1 July 2014</b>	<b>1,213,361</b>	<b>1,007,850</b>	<b>2,221,211</b>	<b>192,494</b>	<b>28,745</b>	<b>53,812</b>	<b>82,557</b>	<b>2,496,262</b>
<b>Additions:</b>								
By purchase or internally developed	-	282,202	282,202	60,621	35,218	814	36,032	378,855
Revaluations and impairments recognised in other comprehensive income	362,799	108,785	471,584	2,125	-	-	-	473,709
Write-offs and impairments recognised in net cost of services	-	(3,014)	(3,014)	(1,189)	(12,170)	(1,532)	(13,702)	(17,905)
Reversal of impairments recognised in net cost of services	-	-	-	27	-	-	-	27
Assets held for sale	(380)	(325)	(705)	-	-	-	-	(705)
Depreciation/amortisation expense	-	(86,863)	(86,863)	(48,351)	(7,115)	(8,161)	(15,276)	(147,490)
Other movements	-	-	-	-	-	-	-	-
Asset transfers	-	-	-	-	4,668	(4,668)	-	-
Disposals:								
Other disposals	(345)	(438)	(783)	(259)	-	-	-	(1,042)
<b>Total as at 30 June 2015</b>	<b>1,575,435</b>	<b>1,308,197</b>	<b>2,883,632</b>	<b>208,468</b>	<b>49,346</b>	<b>40,265</b>	<b>89,611</b>	<b>3,181,711</b>
<b>Net book value as of 30 June 2015 represented by:</b>								
Gross book value	1,575,435	1,128,916	2,704,351	250,167	64,423	56,541	120,964	3,075,482
Accumulated depreciation, amortisation and impairment	-	(149,282)	(149,282)	(83,116)	(38,714)	(39,533)	(78,247)	(310,645)
Work in progress	-	328,563	328,563	41,417	23,637	23,257	46,894	416,874
<b>Total</b>	<b>1,575,435</b>	<b>1,308,197</b>	<b>2,883,632</b>	<b>208,468</b>	<b>49,346</b>	<b>40,265</b>	<b>89,611</b>	<b>3,181,711</b>

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 8A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (continued)**

Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2014

	Land \$'000	Buildings & improvements and leasehold \$'000	Total land and buildings \$'000	Property, plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total intangibles \$'000	Grand total \$'000
<b>As at 1 July 2013</b>								
Gross book value	1,097,188	964,135	2,061,323	231,766	44,345	40,059	84,404	2,377,493
Accumulated depreciation, amortisation and impairment	-	(23,004)	(23,004)	(89,462)	(34,452)	(24,523)	(58,975)	(171,441)
Work in progress	-	78,853	78,853	32,197	5,140	45,240	50,380	161,430
<b>Net book value 1 July 2013</b>	<b>1,097,188</b>	<b>1,019,984</b>	<b>2,117,172</b>	<b>174,501</b>	<b>15,033</b>	<b>60,776</b>	<b>75,809</b>	<b>2,367,482</b>
Additions:								
By purchase or internally developed	-	89,928	89,928	73,984	14,799	4,212	19,011	182,923
Revaluations and impairments recognised in other comprehensive income	116,667	(5,180)	111,487	-	-	-	-	111,487
Write-offs and Impairments recognised in net cost of services	-	(892)	(892)	(6,767)	(160)	(909)	(1,069)	(8,728)
Reversal of impairments recognised in net cost of services	-	-	-	330	-	-	-	330
Depreciation/amortisation expense	-	(95,975)	(95,975)	(48,980)	(927)	(10,267)	(11,194)	(156,149)
Other movements	-	-	-	-	-	-	-	-
As set transfers	-	-	-	-	-	-	-	-
Other disposals	(494)	(15)	(509)	(574)	-	-	-	(1,083)
<b>Net book value 30 June 2014</b>	<b>1,213,361</b>	<b>1,007,850</b>	<b>2,221,211</b>	<b>192,494</b>	<b>28,745</b>	<b>53,812</b>	<b>82,557</b>	<b>2,496,262</b>
<b>Net book value as of 30 June 2014 represented by:</b>								
Gross book value	1,213,361	978,344	2,191,705	277,230	45,183	56,502	101,685	2,570,620
Accumulated depreciation, amortisation and impairment	-	(95,125)	(95,125)	(133,659)	(35,183)	(32,337)	(67,520)	(296,304)
Work in progress	-	124,631	124,631	48,923	18,745	29,647	48,392	221,946
<b>Total</b>	<b>1,213,361</b>	<b>1,007,850</b>	<b>2,221,211</b>	<b>192,494</b>	<b>28,745</b>	<b>53,812</b>	<b>82,557</b>	<b>2,496,262</b>

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**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 8A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (continued)**

**Land and buildings**

No isolated indicators of impairment were found for land and buildings in the current financial year (2014: nil). Besides those disclosed in Note 8C, no other land and building assets are expected to be sold within the next 12 months (2014: nil).

**Property, plant and equipment**

No plant and equipment was held by the department under finance leases. No isolated indicators of impairment were found for property, plant and equipment in the current financial year (2014: nil). No property, plant and equipment assets are expected to be sold within the next 12 months (2014: nil).

**Revaluation of non-financial assets**

All revaluations are conducted in accordance with the revaluation policy stated at Note 1. Land and buildings have been independently valued by Savills as at 30 June 2015. IT equipment and artwork equipment have been independently valued by Australian Valuation Solutions as at 31 March 2015.

Revaluation increments of \$362,799,000 for land (2014: \$116,667,000), \$108,785,000 for buildings (2014: decrement of \$5,181,000), no revaluation increment of leasehold improvements (2014: nil) and \$2,125,000 increment for property, plant and equipment (2014: nil) were recorded to the asset revaluation reserve.

**Restrictions on title**

Due to the diplomatic nature of the overseas property portfolio, some properties have restrictions on title. Restrictions on title vary depending on local government rules and regulations, such as long term title that prohibits the Commonwealth of Australia from profiting from sale of land. Whilst the effect of restrictions on some titles can be quantified there are others than cannot, such as those titles held in limited or unsophisticated markets.

**Intangibles**

No indicators of impairment were identified for intangible assets (2014: nil). No intangible assets are expected to be sold within the next 12 months (2014: nil).

## Department of Foreign Affairs and Trade

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2015	2014
	\$'000	\$'000
<b>Note 8B: Inventories</b>		
<b>Inventories held for sale</b>		
Finished goods	39,372	28,261
<b>Total inventories held for sale</b>	<b>39,372</b>	<b>28,261</b>
Inventories held for distribution	269	65
<b>Total inventories</b>	<b>39,641</b>	<b>28,326</b>

During 2015, \$36,422,659 of inventory held for sale was recognised as an expense (2014: \$36,863,034).

During 2015, \$915,266 of inventory held for distribution was recognised as an expense (2014: \$389,087).

No items of inventory were recognised at fair value less cost to sell (2014: nil).

All inventories are expected to be sold or distributed in the next 12 months.

<b>Note 8C: Assets held for sale</b>		
Land	362	-
Buildings	309	-
<b>Total assets held for sale</b>	<b>671</b>	<b>-</b>

<b>Note 8D: Other Non-Financial Assets</b>		
Property leases	27,651	19,737
Prepayments	57,559	81,020
<b>Total other non-financial assets</b>	<b>85,210</b>	<b>100,757</b>

**Other non-financial assets expected to be recovered**

No more than 12 months	77,544	96,606
More than 12 months	7,666	4,151
<b>Total other non-financial assets</b>	<b>85,210</b>	<b>100,757</b>

No indicators of impairment were identified for other non-financial assets (2014: nil).

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**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 9: Payables**

	2015 \$'000	2014 \$'000
<b>Note 9A: Suppliers</b>		
Trade creditors and accruals	121,472	117,087
<b>Total suppliers</b>	<b>121,472</b>	<b>117,087</b>
<b>Suppliers expected to be settled</b>		
No more than 12 months	121,472	117,087
More than 12 months	-	-
<b>Total suppliers</b>	<b>121,472</b>	<b>117,087</b>
<b>Suppliers in connection with</b>		
Related parties	20,885	27,416
External parties	100,587	89,671
<b>Total suppliers</b>	<b>121,472</b>	<b>117,087</b>
Settlement terms for suppliers were within 30 days (2014: 30 days).		
<b>Note 9B: Other Payables</b>		
Wages and salaries	17,928	16,106
Superannuation	2,334	1,885
Separations and redundancies	831	4,256
Prepayments received/unearned income	33,877	21,436
Leases	7,477	1,677
Other	21	185
<b>Total other payables</b>	<b>62,468</b>	<b>45,545</b>
<b>Other payables expected to be settled</b>		
No more than 12 months	45,160	39,317
More than 12 months	17,308	6,228
<b>Total other payables</b>	<b>62,468</b>	<b>45,545</b>

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 10: Provisions**

	2015 \$'000	2014 \$'000
<b>Note 10A: Employee Provisions</b>		
Leave	148,991	149,831
Separations and redundancies	21,057	34,279
Superannuation	16,340	18,334
Other employee provisions	26,094	17,919
<b>Total employee provisions</b>	<b>212,482</b>	<b>220,363</b>
<b>Employee provisions expected to be settled</b>		
No more than 12 months	80,941	76,642
More than 12 months	131,541	143,721
<b>Total employee provisions</b>	<b>212,482</b>	<b>220,363</b>
<b>Note 10B: Other Provisions</b>		
Provision for restoration obligations	22,422	22,981
<b>Total other provisions</b>	<b>22,422</b>	<b>22,981</b>
<b>Other provisions expected to be settled</b>		
No more than 12 months	3,599	4,642
More than 12 months	18,823	18,339
<b>Total other provisions</b>	<b>22,422</b>	<b>22,981</b>
<b>Provision for restoration</b>		
		<b>\$'000</b>
<b>As at 1 July 2014</b>		<b>22,981</b>
Additional provisions made		221
Amounts used		(380)
Amounts reversed		(1,432)
Revaluation of provision		(688)
Movements due to foreign exchange		1,371
Unwinding of discount or change in discount rate		349
<b>As at 30 June 2015</b>		<b>22,422</b>

The department currently has 78 agreements (2014: 176) for the leasing of premises where the department has raised a provision to restore the premises to their original condition at the conclusion of the lease. The decrease reflects consolidation of property leases in 2014-15 following integration of DFAT and former-AusAID. The provision reflects the present value of this obligation.

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## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 11: Restructuring

##### Note 11A: Departmental Restructuring

	2014			
	DFAT Assumed <sup>2</sup> 1 Jul 2013 \$'000	International development and aid <sup>1</sup> AusAID Relinquished <sup>2</sup> 1 Jul 2013 \$'000	DFAT Assumed 31 Oct 2013 \$'000	AusAID Relinquished 31 Oct 2013 \$'000
<b>Assets recognised/relinquished</b>				
<b>Financial assets</b>				
Cash and cash equivalents	1,016	1,016	206	206
Trade and other receivables	87,389	87,389	111,241	111,241
<b>Total financial assets</b>	<b>88,405</b>	<b>88,405</b>	<b>111,447</b>	<b>111,447</b>
<b>Non-financial assets</b>				
Leasehold improvements	35,518	35,518	34,475	34,475
Property, plant and equipment	26,718	26,718	23,887	23,887
Intangibles	6,793	6,793	7,219	7,219
Other non-financial assets	10,959	10,959	13,487	13,487
<b>Total non-financial assets</b>	<b>79,988</b>	<b>79,988</b>	<b>79,068</b>	<b>79,068</b>
<b>Total assets recognised/relinquished</b>	<b>168,393</b>	<b>168,393</b>	<b>190,515</b>	<b>190,515</b>
<b>Liabilities recognised/relinquished</b>				
<b>Payables</b>				
Suppliers	19,749	19,749	12,224	12,224
Other payables	13,713	13,713	8,991	8,991
<b>Total payables</b>	<b>33,462</b>	<b>33,462</b>	<b>21,215</b>	<b>21,215</b>
<b>Provisions</b>				
Employee provisions	54,781	54,781	53,858	53,858
Other provisions	2,902	2,902	6,047	6,047
<b>Total provisions</b>	<b>57,683</b>	<b>57,683</b>	<b>59,905</b>	<b>59,905</b>
<b>Total liabilities recognised/relinquished</b>	<b>91,145</b>	<b>91,145</b>	<b>81,120</b>	<b>81,120</b>
<b>Net assets recognised/relinquished<sup>2</sup></b>	<b>77,248</b>	<b>77,248</b>	<b>109,395</b>	<b>109,395</b>
<b>Income assumed</b>				
Recognised by the receiving entity	357,096		237,260	
Recognised by the losing entity	-		119,836	
<b>Total income</b>	<b>357,096</b>		<b>357,096</b>	
<b>Expenses assumed</b>				
Recognised by the receiving entity	337,349		222,895	
Recognised by the losing entity	-		114,454	
<b>Total expenses</b>	<b>337,349</b>		<b>337,349</b>	

1. The international development and aid function was assumed from AusAID due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with the department. AusAID ceased to be an entity on 1 November 2013.

2. For the purposes of these financial statements the activities of this function are fully consolidated with DFAT from 1 July 2013. The figures as at 1 July 2013 assumed by DFAT and relinquished by AusAID represent the assets and liabilities of AusAID as at 30 June 2013. All income and expenses attributable to this function are reported as part of DFAT in 2013-14. The net assets of AusAID as at 30 June 2013 were \$77,247,944. The net book value of assets and liabilities were transferred and consolidated with DFAT for no consideration.

There have been no departmental restructures of administrative arrangements affecting DFAT in 2014-15.

## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 11A: Departmental Restructuring (continued)

	2014	
	International climate change & tourism industry functions assumed from Department of Industry <sup>3,5</sup> \$'000	Tourism industry (international policy) functions assumed from Department of Resources, Energy and Tourism <sup>4,5</sup> \$'000
<b>FUNCTION ASSUMED</b>		
<b>Assets recognised</b>		
<b>Financial assets</b>		
Trade and other receivables	57	87
<b>Total financial assets</b>	57	87
<b>Non-financial assets</b>		
Property, plant and equipment	51	-
<b>Total non-financial assets</b>	51	-
<b>Total assets recognised</b>	108	87
<b>Liabilities recognised</b>		
<b>Provisions</b>		
Employee provisions	1,256	87
<b>Total provisions</b>	1,256	87
<b>Total liabilities recognised</b>	1,256	87
<b>Net (liabilities) assumed<sup>6</sup></b>	( 1,148)	-
<b>Income assumed</b>		
Recognised by the receiving entity	18,505	134
Recognised by the losing entity	2,669	253
<b>Total income</b>	21,174	387
<b>Expenses assumed</b>		
Recognised by the receiving entity	1,206	138
Recognised by the losing entity	2,669	253
<b>Total expenses</b>	3,875	391

3. The international climate change and tourism industry functions were assumed from the Department of Industry during 2013-14 due to the Administrative Arrangements Order issued on 18 September 2013, which transferred responsibility for the functions to DFAT. Appropriations related to this function were transferred at 2013-14 Additional Estimates, including \$14,232,000 of departmental funding for tourism grants. The department subsequently received administered funding for the tourism grants, however the departmental appropriation remains legal and the funding has been recorded as revenue as per the FRRs (formerly FMOs).

4. The tourism industry (international policy) function was assumed from the Australian Trade Commission during 2013-14 due to amendments to the Administrative Arrangements Order issued on 3 October 2013, which transferred responsibility for the function to DFAT. The former Department of Resources, Energy and Tourism (DRET) was originally responsible for this function. The function was transferred to the Australian Trade Commission due to the Administrative Arrangements Order issued on 18 September 2013 before being transferred to DFAT. The transfer of functions however was treated as coming directly from DRET for accounting purposes.

5. The net liabilities assumed from both entities was \$1,148,177. In respect of functions assumed, the net book values of assets and liabilities were transferred to the department for no consideration.

There have been no departmental restructures of administrative arrangements affecting DFAT in 2014-15.

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## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

<b>Note 11B: Administered Restructuring</b>				
2014				
	International development and aid <sup>1</sup>			
	DFAT Assumed <sup>2</sup> 1 Jul 2013 \$'000	AusAID Relinquished <sup>2</sup> 1 Jul 2013 \$'000	DFAT Assumed 31 Oct 2013 \$'000	AusAID Relinquished 31 Oct 2013 \$'000
<b>Assets recognised/relinquished</b>				
<b>Financial assets</b>				
Cash and cash equivalents	24,571	24,571	582	582
Loans and receivables	117,410	117,410	115,210	115,210
Investments	1,493,609	1,493,609	1,493,609	1,493,609
<b>Total financial assets</b>	<b>1,635,590</b>	<b>1,635,590</b>	<b>1,609,401</b>	<b>1,609,401</b>
<b>Non-financial assets</b>				
Leasehold improvements	2,625	2,625	2,434	2,434
Property, plant and equipment	951	951	26	26
Intangibles	6,110	6,110	5,760	5,760
Other non-financial assets	2,381	2,381	1,418	1,418
<b>Total non-financial assets</b>	<b>12,067</b>	<b>12,067</b>	<b>9,638</b>	<b>9,638</b>
<b>Total assets recognised/relinquished</b>	<b>1,647,657</b>	<b>1,647,657</b>	<b>1,619,039</b>	<b>1,619,039</b>
<b>Liabilities recognised</b>				
<b>Payables</b>				
Suppliers	1,143,571	1,143,571	992,219	992,219
Grants	492,252	492,252	434,654	434,654
<b>Total Payables</b>	<b>1,635,823</b>	<b>1,635,823</b>	<b>1,426,873</b>	<b>1,426,873</b>
<b>Provisions</b>				
Employee provisions	11,342	11,342	10,660	10,660
Other provisions	58	58	13	13
<b>Total Provisions</b>	<b>11,400</b>	<b>11,400</b>	<b>10,673</b>	<b>10,673</b>
<b>Total liabilities recognised/relinquished</b>	<b>1,647,223</b>	<b>1,647,223</b>	<b>1,437,546</b>	<b>1,437,546</b>
<b>Net assets recognised/relinquished<sup>2</sup></b>	<b>434</b>	<b>434</b>	<b>181,493</b>	<b>181,493</b>
<b>Income assumed</b>				
Recognised by the receiving entity	111,486		100,091	
Recognised by the losing entity	-		11,395	
<b>Total Income</b>	<b>111,486</b>		<b>111,486</b>	
<b>Expenses assumed</b>				
Recognised by the receiving entity	4,287,042		3,168,679	
Recognised by the losing entity	-		1,118,363	
<b>Total expenses</b>	<b>4,287,042</b>		<b>4,287,042</b>	

1. The international development and aid function was assumed from AusAID due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with the department. AusAID ceased to be an entity on 1 November 2013.

2. For the purposes of these financial statements the activities of this function are fully consolidated with DFAT from 1 July 2013. The figures as at 1 July 2013 assumed by DFAT and relinquished by AusAID represent the assets and liabilities of AusAID as at 30 June 2013. All income and expenses attributable to this function are reported as part of DFAT in 2013-14. The net assets of AusAID as at 30 June 2013 were \$434,000. The net book value of assets and liabilities were transferred and consolidated with DFAT for no consideration.

There have been no administered restructures of administrative arrangements affecting DFAT in 2014-15.

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 11B: Administered Restructuring (continued)**

	2014	
	International climate change and tourism industry functions assumed from Department of Industry <sup>3,5</sup>	Tourism industry (international policy) functions assumed from Department of Resources, Energy and Tourism <sup>4,5</sup>
	\$'000	\$'000
<b>FUNCTIONS ASSUMED</b>		
Assets recognised		
Financial assets		
Investments	22,447	-
<b>Total financial assets</b>	22,447	-
<b>Total assets recognised</b>	22,447	-
<b>Net Assets assumed<sup>5</sup></b>	22,447	-
Expenses		
Recognised by the receiving entity	11,560	-
Recognised by the losing entity	14,622	-
<b>Total expenses</b>	26,182	-

3. The international climate change and tourism industry functions were assumed from the Department of Industry during 2013-14 due to the Administrative Arrangements Order issued on 18 September 2013, which transferred responsibility for the functions to DFAT. Appropriations related to this function were transferred at 2013-14 Additional Estimates, including \$14,232,000 of departmental funding for tourism grants. The department subsequently received administered funding for the tourism grants, however the departmental appropriation remains legal and the funding has been recorded as revenue as per the FMOs.

4. The tourism industry (international policy) function was assumed from the Australian Trade Commission during 2013-14 due to amendments to the Administrative Arrangements Order issued on 3 October 2013, which transferred responsibility for the function to DFAT. The former Department of Resources, Energy and Tourism (DRET) was originally responsible for this function. The function was transferred to the Australian Trade Commission due to the Administrative Arrangements Order issued on 18 September 2013 before being transferred to DFAT. No administered functions were transferred in relation to the tourism policy function.

5. The net liabilities assumed from both entities was \$22,447,000. In respect of functions assumed, the net book values of assets and liabilities were transferred to the department for no consideration.

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**Note 12: Cash Flow Reconciliation**

	2015 \$'000	2014 \$'000
<b>Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement</b>		
<b>Cash and cash equivalents as per</b>		
Cash flow statement	84,720	75,769
Statement of financial position	84,720	75,769
<b>Discrepancy</b>	-	-
<b>Reconciliation of net cost of services to net cash from/(used by) operating activities</b>		
Net cost of services	(1,410,876)	(1,419,890)
Revenue from Government	1,303,974	1,327,693
<b>Adjustments for non-cash items</b>		
Depreciation/amortisation	147,490	156,149
Write-off and impairment of assets	17,950	9,055
Gain on sale of assets	(536)	(972)
Effect of foreign exchange on cash	(6,280)	1,247
Reversal of previous asset write-downs and impairments	(34)	(330)
<b>Movements in assets and liabilities</b>		
<b>Assets</b>		
Decrease in net receivables	151,726	90,513
(Increase) / Decrease in inventories	(11,308)	2,799
(Increase) / Decrease in prepayments	15,547	(31,768)
<b>Liabilities</b>		
Increase / (Decrease) in employee provisions	(7,881)	35,374
Increase in supplier payables	4,385	21,603
Increase / (Decrease) in other provisions	(559)	484
Increase / (Decrease) in other liabilities	16,923	(18,090)
<b>Net cash from operating activities</b>	<b>220,521</b>	<b>173,867</b>

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**Note 13: Contingent Assets and Liabilities**

	Guarantees		Claims for damages or costs		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Contingent liabilities</b>						
Balance from previous period	15	129	314	726	329	855
New contingent liabilities recognised	98	-	166	-	264	-
Re-measurement	-	1	59	(109)	59	(108)
Liabilities realised	-	-	-	-	-	-
Obligations expired	(15)	(115)	-	(303)	(15)	(418)
<b>Total contingent liabilities</b>	<b>98</b>	<b>15</b>	<b>539</b>	<b>314</b>	<b>637</b>	<b>329</b>
<b>Net contingent (liabilities)</b>	<b>(98)</b>	<b>(15)</b>	<b>(539)</b>	<b>(314)</b>	<b>(637)</b>	<b>(329)</b>

**Contingent assets**

DFAT has no contingent assets to report at 30 June 2015 (2014: nil).

**Quantifiable Contingencies**

The above table reports contingent liabilities in respect of claims for damages/costs of \$538,779 (2014: \$314,543). 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 above table also reports contingent liabilities in respect of bank and residential lease guarantees made by the department of \$98,326 (2014: \$15,205)

**Unquantifiable Contingencies**

At 30 June 2015, the department was involved in a number of litigation matters for losses allegedly suffered by claimants. The department is defending these claims. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these claims.

**Significant Remote Contingencies**

The department is currently defending a number of other legal claims. At 30 June 2015, 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.

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### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 14: Senior Management Personnel Remuneration

	2015	2014
	\$	\$
<b>Short-term employee benefits</b>		
Salary and allowances	57,758,287	59,925,295
Other benefits	2,668,479	2,644,639
Performance bonuses	-	142,981
<b>Total short-term employee benefits</b>	<b>60,426,766</b>	<b>62,712,915</b>
<b>Post-employment benefits - superannuation</b>	<b>11,430,373</b>	<b>10,632,967</b>
<b>Other long-term benefits</b>		
Annual leave accrued	4,452,628	4,696,548
Long-service leave accrued	1,427,182	1,469,592
<b>Total other long-term benefits</b>	<b>5,879,810</b>	<b>6,166,140</b>
<b>Termination benefits</b>	<b>-</b>	<b>3,112,845</b>
<b>Total senior management personnel remuneration expense</b>	<b>77,736,949</b>	<b>82,624,867</b>

The total number of senior management personnel that are included in the above table are 286 (2014: 288).

Salary and allowances includes the following allowances paid to staff working for the department at overseas posts:

- hardship allowance in recognition of the difficulties faced at certain posts including the security environment, medical facilities, climate, pollution and access to essential services
- cost of living adjustment and cost of posting allowance to compensate officers for the differences such as cost purchasing goods and services at an overseas post and separate from family and wider support networks
- language proficiency allowance, to assist employees with the costs associated with maintaining their proficiency level in foreign languages.

Adjustments to 2013-14 comparatives were made to reflect changes in senior management personnel remuneration reporting requirements. All expenses attributable to permanent and acting senior management personnel are disclosed in the tables above, with no inclusion threshold applied to disclosures as was the case in previous years.

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**Note 15: Financial Instruments**

		2015 \$'000	2014 \$'000
<b>Note 15A: Categories of Financial Instruments</b>			
<b>Financial Assets</b>			
<b>Loans and receivables</b>			
Cash and cash equivalents	7A	84,720	75,769
Goods and services receivable (gross)	7B	82,107	62,877
Advances receivable	7B	12,922	10,645
Other receivables	7B	1,938	1,442
<b>Total loans and receivables</b>		<b>181,687</b>	<b>150,733</b>
<b>Total financial assets</b>		<b>181,687</b>	<b>150,733</b>
<b>Financial Liabilities</b>			
<b>Financial liabilities measured at amortised cost</b>			
Trade creditors and accruals	9A	121,472	117,087
Other payables	9B	62,468	45,545
<b>Total financial liabilities measured at amortised cost</b>		<b>183,940</b>	<b>162,632</b>
<b>Total financial liabilities</b>		<b>183,940</b>	<b>162,632</b>
<b>Note 15B: Net Gains or Losses on Financial Assets</b>			
<b>Loans and receivables</b>			
Exchange gain / (loss)		5,584	(5,626)
Write-off of financial assets	4D	(350)	(43)
Impairment reversal / (loss)	4D	305	(24)
<b>Net gain / (loss) on loans and receivables</b>		<b>5,539</b>	<b>(5,693)</b>
<b>Net gain / (loss) on financial assets</b>		<b>5,539</b>	<b>(5,693)</b>
<b>Note 15C: Net Gains or Losses on Financial Liabilities</b>			
<b>Financial liabilities measured at amortised cost</b>			
Exchange gains / (losses)		696	4,379
<b>Net gains / (losses) on financial liabilities measured at amortised cost</b>		<b>696</b>	<b>4,379</b>
<b>Net gains / (losses) on financial liabilities</b>		<b>696</b>	<b>4,379</b>
<b>Note 15D: Fair Value of Financial Instruments</b>			

As the department only holds basic financial instruments (cash, receivables and payables), the carrying amounts are a reasonable approximation of fair value.

## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 15E: Credit Risk

Credit risk is the possibility that a debtor will not repay some or all of a loan or receivable in a timely manner, causing loss to the department. The department is exposed to minimal credit risk as cash and cash equivalents, goods and services receivable and other receivables comprise all loans and receivables. The maximum exposure the department has to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets indicated in the Statement of Financial Position.

The department has assessed the risk of default on payment and has allocated \$43,172 (2014: \$348,297) to an impairment allowance for doubtful debts account. The department has no collateral to mitigate against credit risk.

	Not past due or not impaired		Not past due nor impaired		Past due or impaired	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	84,720	75,769	-	-	-	-
Goods and services receivable	80,319	59,132	1,788	3,745	1,788	3,745
Advances receivable	12,922	10,645	-	-	-	-
Other receivables	1,415	908	523	534	523	534
<b>Total</b>	<b>179,376</b>	<b>146,454</b>	<b>2,311</b>	<b>4,279</b>	<b>2,311</b>	<b>4,279</b>
<b>Ageing of financial assets that were past due but not impaired for 2015</b>						
	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Not impaired</b>						
Goods and services receivables	176	282	104	1,226	1,788	
Other receivables	70	174	23	213	480	
<b>Total</b>	<b>246</b>	<b>456</b>	<b>127</b>	<b>1,439</b>	<b>2,268</b>	
<b>Ageing of financial assets that were past due but not impaired for 2014</b>						
	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Not impaired</b>						
Goods and services receivables	2,518	106	105	1,005	3,734	
Other receivables	81	69	10	37	197	
<b>Total</b>	<b>2,599</b>	<b>175</b>	<b>115</b>	<b>1,042</b>	<b>3,931</b>	

## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 15F: Liquidity Risk

The department's financial liabilities are trade creditors and other payables. It is highly unlikely that the department will encounter difficulty in meeting its obligations associated with these liabilities given that it is a Commonwealth entity and has funding mechanisms available to ensure default does not occur. In addition, the department has internal policies and procedures in place to ensure there are sufficient resources to make payments and it has no history of default. The following table illustrates the maturities for financial liabilities.

#### Maturities for non-derivative financial liabilities 2015

	On demand \$'000	Within 1 year \$'000	between 1 to 2 years \$'000	between 2 to 5 years \$'000	more than 5 years \$'000	Total \$'000
Trade creditors and accruals	-	121,472	-	-	-	121,472
Other payables	-	45,160	17,308	-	-	62,468
<b>Total</b>	-	<b>166,632</b>	<b>17,308</b>	-	-	<b>183,940</b>

#### Maturities for non-derivative financial liabilities 2014

	On demand \$'000	Within 1 year \$'000	between 1 to 2 years \$'000	between 2 to 5 years \$'000	more than 5 years \$'000	Total \$'000
Trade creditors and accruals	-	117,087	-	-	-	117,087
Other payables	-	39,317	6,228	-	-	45,545
<b>Total</b>	-	<b>156,404</b>	<b>6,228</b>	-	-	<b>162,632</b>

The department had no derivative financial liabilities in either 2014 or 2015.

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## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 15G: Market Risk

#### Currency risk

Currency risk refers to the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in foreign currency exchange rates. The department is exposed to foreign currency exchange risk primarily through undertaking certain transactions denominated in a wide range of foreign currency through its overseas operations. The following table illustrates the effect on the department's operating result (profit or loss) and equity as at 30 June 2015 from a 10.9% (2014: 11.5%) increase or decrease against the AUD in the currencies in which financial instruments were held by the department, with all other variables held constant.

#### Sensitivity analysis of the currency risk that the entity is exposed to for 2015

	Risk variable \$'000	Change in risk variable %	+ Effect on		- Effect on	
			Net cost of services \$'000	Equity \$'000	Net cost of services \$'000	Equity \$'000
Cash and cash equivalents	53,027	10.9%	(5,775)	(5,775)	5,775	5,775
Goods and services receivable	3,620	10.9%	(394)	(394)	394	394
Advances receivable	10,987	10.9%	(1,197)	(1,197)	1,197	1,197
Other receivables	1,300	10.9%	(142)	(142)	142	142
Trade creditors	(21,698)	10.9%	2,363	2,363	(2,363)	(2,363)

#### Sensitivity analysis of the currency risk that the entity is exposed to for 2014

	Risk variable \$'000	Change in risk variable %	+ Effect on		- Effect on	
			Net cost of services \$'000	Equity \$'000	Net cost of services \$'000	Equity \$'000
Cash and cash equivalents	40,828	11.5%	(4,691)	(4,691)	4,691	4,691
Goods and services receivable	4,756	11.5%	(546)	(546)	546	546
Advances receivable	8,929	11.5%	(1,026)	(1,026)	1,026	1,026
Other receivables	805	11.5%	(93)	(93)	93	93
Trade creditors	(18,552)	11.5%	2,132	2,132	(2,132)	(2,132)

#### Interest Rate Risk and Other Price Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The department holds basic financial instruments that do not expose it to interest rate risk or other price risk.

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 16: Financial Assets Reconciliation**

	Notes	2015 \$'000	2014 \$'000
<b>Total financial assets as per statement of financial position</b>		<b>839,734</b>	<b>1,074,572</b>
<b>Less: non-financial instrument components</b>			
Appropriation receivables	7B	652,358	918,773
Other receivables (GST receivable from the ATO)	7B	5,732	5,414
Impairment allowance - goods and services	7B	-	(11)
Impairment allowance - other receivables	7B	(43)	(337)
<b>Total non-financial instrument components</b>		<b>658,047</b>	<b>923,839</b>
<b>Total financial assets as per financial instruments note</b>	15A	<b>181,687</b>	<b>150,733</b>

**Note 17: Administered - Expenses**

	2015 \$'000	2014 \$'000
<b><u>Note 17A: Employee benefits</u></b>		
Defined Benefit Pension Schemes	6,505	4,715
<b>Total employee benefits</b>	<b>6,505</b>	<b>4,715</b>
<b><u>Note 17B: International development assistance</u></b>		
Development cooperation program	3,427,544	3,093,425
<b>Total International development assistance</b>	<b>3,427,544</b>	<b>3,093,425</b>
<b><u>Note 17C: Suppliers</u></b>		
<b>Goods and services supplied or rendered</b>		
Australia Network	10,588	20,841
Other suppliers	1,411	848
<b>Total goods and services supplied or rendered</b>	<b>11,999</b>	<b>21,689</b>
<b>Services rendered in connection with</b>		
Related parties	10,588	20,841
External parties	1,411	848
<b>Total services rendered</b>	<b>11,999</b>	<b>21,689</b>
<b>Total goods and services supplied or rendered</b>	<b>11,999</b>	<b>21,689</b>
<b><u>Note 17D: Grants and Contributions</u></b>		
<b>Private sector</b>		
Non-profit organisations - external	36,779	21,482
Overseas - International organisations	140,826	111,867
Overseas - UN peacekeeping	181,184	175,885
Aid Program	696,282	735,669
Other	1,737	4
<b>Total grants</b>	<b>1,056,808</b>	<b>1,044,907</b>

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	2015 \$'000	2014 \$'000
<b>Note 17E: Finance Costs</b>		
Unwinding of discount - multilateral grants and contributions	59,165	50,630
<b>Total finance costs</b>	<b>59,165</b>	<b>50,630</b>
<b>Note 17F: Write-Down and Impairment of Assets</b>		
Impairment of financial assets	159	-
Impairment of financial instruments - amortised cost	9,025	727
Write-down property, plant and equipment	3	889
Write-down leasehold improvement	-	36
<b>Total write-down and impairment of assets</b>	<b>9,187</b>	<b>1,652</b>
<b>Note 17G: Other Expenses</b>		
Passport and consular fee refunds	1,024	999
Loss from measuring financial liabilities - at fair value through profit & loss	49,645	314,652
Concessional cost for loans	17,740	29,221
Export Finance and Insurance Corporation	16,370	13,150
<b>Total other expenses</b>	<b>84,779</b>	<b>358,022</b>

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**Note 18: Administered - Income**

	2015	2014
	\$'000	\$'000
<b>Note 18A: Sale of Goods and Rendering of Services</b>		
<b>Rendering of services in connection with</b>		
Related parties - passport fees	281	217
External parties - passport fees	393,283	367,842
External parties - consular services	8,510	8,143
External parties - Nuclear safeguard charges	484	784
<b>Total sale of goods and rendering of services</b>	<b>402,558</b>	<b>376,986</b>
<b>Note 18B: Interest</b>		
Loan and receivable discount unwinding	10,485	9,035
Efic - National Interest Account (NIA)	2,190	3,099
Other	614	99
<b>Total interest</b>	<b>13,289</b>	<b>12,233</b>
<b>Note 18C: Other Revenue</b>		
NIA - repayments of interest subsidy and recoveries	18,676	16,337
NIA - premiums	12,010	9,649
Defined benefit pension schemes - contributions	8,239	3,811
Other	28	47
<b>Total other revenue</b>	<b>38,953</b>	<b>29,844</b>
<b>Note 18D: Reversals of Previous Asset Write-Downs</b>		
Reversals of impairment on financial instrument - 'available for sale' financial asset	391,236	42,541
<b>Total reversals of previous asset write-downs and impairments</b>	<b>391,236</b>	<b>42,541</b>
<b>Note 18E: Other Gains</b>		
Gain on restoration obligation	-	45
Other	-	106
<b>Total other gains</b>	<b>-</b>	<b>151</b>

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**Note 19: Administered - Fair Value Measurements**

**Note 19A: Fair Value Measurements, Valuation Techniques and Inputs Used**

	Fair value measurements at the end of the reporting period using			Valuation technique(s) <sup>1</sup>	For Levels 2 and 3 fair value measurements Inputs used <sup>2</sup>
	2015 \$'000	2014 \$'000	Level (1, 2 or 3)		
<b>Financial assets:</b>					
Other investments:					
Non-monetary 'available for sale' IDA and ADF subscriptions	1,936,071	1,544,835	3	Discounted cash flow method	A discounted rate range is used to discount the expected loan principal repayments of the loan portfolio of IDA and ADF
Investment in the Export Finance and Insurance Corporation's Commercial Account	436,800	225,926	3	Net asset position	Balance sheet of the Export Finance and Insurance Corporation's Commercial Account
Tourism Australia	19,502	16,323	3	Net asset position	Balance sheet of Tourism Australia
<b>Total financial assets</b>	<b>2,392,373</b>	<b>1,787,084</b>			
<b>Non-financial assets:</b>					
Leasehold Improvements	1,661	2,127	3	Depreciated replacement cost	Replacement cost
Property, Plant and Equipment	18	18	2	Market approach	Consumed economic benefits and obsolescence Adjusted market transactions
<b>Total non-financial assets</b>	<b>1,679</b>	<b>2,145</b>			
<b>Total fair value measurements of assets in the administered schedule of assets and liabilities</b>	<b>2,394,052</b>	<b>1,789,229</b>			

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**Note 19A: Fair Value Measurements, Valuation Techniques and Inputs Used (continued)**

	Fair value measurements at the end of the reporting period using		Valuation technique(s) <sup>1</sup>		For Levels 2 and 3 fair value measurements	
	2015 \$'000	2014 \$'000	Level (1, 2 or 3)			Inputs used <sup>2</sup>
<b>Financial liabilities:</b>						
Multilateral grants	590,449	590,525	3	Discounted cash flow method		A discounted rate range and a 10 year government bond rate is used to discount the expected payment schedules of each loan agreement
Multilateral contributions payable	892,360	1,068,853	3	Discounted cash flow method		A discounted rate range and a 10 year government bond rate is used to discount the expected payment schedules of each loan agreement
<b>Total financial liabilities</b>	<b>1,482,809</b>	<b>1,659,378</b>				
<b>Total fair value measurements of liabilities in the administered schedule of assets and liabilities</b>	<b>1,482,809</b>	<b>1,659,378</b>				

There have been no transfers between levels during the year (2014: nil). DFAT's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.11.

**Fair value measurements - highest and best use differs from current use for non-financial assets**

The department's Administered assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all controlled assets is considered their highest and best use.

**Recurring and non-recurring level 3 fair value measurements - valuation processes**

Office equipment and artwork were also subject to valuation in the current financial year. All other assets were subject to an independent review as at 30 June 2015 to ensure all asset classes were held at fair value. There is no change in the carrying valuation or valuation techniques used from previous years. The department had no non-recurring fair value measurements as at 30 June 2015.

1. There have been no changes to valuation techniques used.

2. There were no significant inter-relationships between unobservable inputs that materially affect fair value.

3. The future economic benefits of the department's assets are not primarily dependent on their ability to generate cash flows. DFAT has not disclosed quantitative information about the significant unobservable inputs for the department's assets.

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**Note 19B: Reconciliation for recurring Level 3 fair value measurements**

**Recurring Level 3 fair value measurements - reconciliation for assets**

	Financial assets		Non-financial assets	
	Investments	Total	Leasehold improvements	Total
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance - 1 July 2014</b>	1,787,084	1,787,084	2,127	2,127
Total gains/(losses) recognised in net cost of services <sup>1</sup>	391,236	391,236	(453)	(453)
Total gains recognised in other comprehensive income <sup>2</sup>	14,053	14,053	-	-
Reclassification	-	-	(13)	(13)
Purchases	200,000	200,000	-	-
<b>Closing balance - 30 June 2015</b>	<b>2,392,373</b>	<b>2,392,373</b>	<b>1,661</b>	<b>1,661</b>
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period <sup>3</sup>	-	-	-	-

  

	Financial assets		Non-financial assets	
	Non-monetary <sup>1</sup> available for sale <sup>2</sup> IDA and ADF Subscriptions	Total	Leasehold improvements	Total
	2014	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance - 1 July 2013</b>	1,730,296	1,730,296	-	-
Assets first assessed as Level 3 - 30 June 2014	-	-	2,127	2,127
Total gains recognised in net cost of services <sup>1</sup>	56,788	56,788	-	-
<b>Closing balance - 30 June 2014</b>	<b>1,787,084</b>	<b>1,787,084</b>	<b>2,127</b>	<b>2,127</b>
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period <sup>3</sup>	-	-	-	-

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 19B: Reconciliation for recurring Level 3 fair value measurements (continued)**

**Recurring Level 3 fair value measurements - reconciliation for liabilities**

	Financial Liabilities		
	Multilateral grants	Multilateral contributions payable	Total
	2015	2015	2015
	\$'000	\$'000	\$'000
<b>Opening balance - 1 July 2014</b>			
Total gains recognised in net cost of services <sup>4</sup>	590,525	1,068,853	1,659,378
Purchases	18,109	87,468	105,577
Settlements	106,868	-	106,868
	(125,053)	(263,961)	(389,014)
<b>Closing balance - 30 June 2015</b>	<b>590,449</b>	<b>892,360</b>	<b>1,482,809</b>
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period	-	-	-

	Financial Liabilities		
	Multilateral grants	Multilateral contributions payable	Total
	2014	2014	2014
	\$'000	\$'000	\$'000
<b>Opening balance - 1 July 2013</b>			
Total gains/(losses) recognised in net cost of services <sup>4</sup>	492,252	898,042	1,390,294
Purchases	(62,378)	(73,279)	(135,657)
Settlements	265,089	483,741	748,830
	(104,438)	(239,651)	(344,089)
<b>Closing balance - 30 June 2014</b>	<b>590,525</b>	<b>1,068,853</b>	<b>1,659,378</b>
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period	-	-	-

1. These gains/(losses) are represented in the Administered Schedule of Comprehensive Income and in Notes 18D and 21A.

2. These gains/(losses) are represented in the Administered Schedule of Comprehensive Income under Movement in the carrying amount of investments.

3. There are no unrealised gains (losses) for level 3 assets in the Administered Schedule of Comprehensive Income as at both 30 June 2015 and 30 June 2014.

4. These gains/(losses) are represented in the Administered Schedule of Comprehensive Income and in Notes 17E, 17G, 17H, 17I, 17J, 17K, 17L, 17M, 17N, 17O, 17P, 17Q, 17R, 17S, 17T, 17U, 17V, 17W, 17X, 17Y, 17Z, 18A, 18B, 18C, 18D, 18E, 18F, 18G, 18H, 18I, 18J, 18K, 18L, 18M, 18N, 18O, 18P, 18Q, 18R, 18S, 18T, 18U, 18V, 18W, 18X, 18Y, 18Z, 19A, 19B, 19C, 19D, 19E, 19F, 19G, 19H, 19I, 19J, 19K, 19L, 19M, 19N, 19O, 19P, 19Q, 19R, 19S, 19T, 19U, 19V, 19W, 19X, 19Y, 19Z, 20A, 20B, 20C, 20D, 20E, 20F, 20G, 20H, 20I, 20J, 20K, 20L, 20M, 20N, 20O, 20P, 20Q, 20R, 20S, 20T, 20U, 20V, 20W, 20X, 20Y, 20Z, 21A, 21B, 21C, 21D, 21E, 21F, 21G, 21H, 21I, 21J, 21K, 21L, 21M, 21N, 21O, 21P, 21Q, 21R, 21S, 21T, 21U, 21V, 21W, 21X, 21Y, 21Z, 22A, 22B, 22C, 22D, 22E, 22F, 22G, 22H, 22I, 22J, 22K, 22L, 22M, 22N, 22O, 22P, 22Q, 22R, 22S, 22T, 22U, 22V, 22W, 22X, 22Y, 22Z, 23A, 23B, 23C, 23D, 23E, 23F, 23G, 23H, 23I, 23J, 23K, 23L, 23M, 23N, 23O, 23P, 23Q, 23R, 23S, 23T, 23U, 23V, 23W, 23X, 23Y, 23Z, 24A, 24B, 24C, 24D, 24E, 24F, 24G, 24H, 24I, 24J, 24K, 24L, 24M, 24N, 24O, 24P, 24Q, 24R, 24S, 24T, 24U, 24V, 24W, 24X, 24Y, 24Z, 25A, 25B, 25C, 25D, 25E, 25F, 25G, 25H, 25I, 25J, 25K, 25L, 25M, 25N, 25O, 25P, 25Q, 25R, 25S, 25T, 25U, 25V, 25W, 25X, 25Y, 25Z, 26A, 26B, 26C, 26D, 26E, 26F, 26G, 26H, 26I, 26J, 26K, 26L, 26M, 26N, 26O, 26P, 26Q, 26R, 26S, 26T, 26U, 26V, 26W, 26X, 26Y, 26Z, 27A, 27B, 27C, 27D, 27E, 27F, 27G, 27H, 27I, 27J, 27K, 27L, 27M, 27N, 27O, 27P, 27Q, 27R, 27S, 27T, 27U, 27V, 27W, 27X, 27Y, 27Z, 28A, 28B, 28C, 28D, 28E, 28F, 28G, 28H, 28I, 28J, 28K, 28L, 28M, 28N, 28O, 28P, 28Q, 28R, 28S, 28T, 28U, 28V, 28W, 28X, 28Y, 28Z, 29A, 29B, 29C, 29D, 29E, 29F, 29G, 29H, 29I, 29J, 29K, 29L, 29M, 29N, 29O, 29P, 29Q, 29R, 29S, 29T, 29U, 29V, 29W, 29X, 29Y, 29Z, 30A, 30B, 30C, 30D, 30E, 30F, 30G, 30H, 30I, 30J, 30K, 30L, 30M, 30N, 30O, 30P, 30Q, 30R, 30S, 30T, 30U, 30V, 30W, 30X, 30Y, 30Z, 31A, 31B, 31C, 31D, 31E, 31F, 31G, 31H, 31I, 31J, 31K, 31L, 31M, 31N, 31O, 31P, 31Q, 31R, 31S, 31T, 31U, 31V, 31W, 31X, 31Y, 31Z, 32A, 32B, 32C, 32D, 32E, 32F, 32G, 32H, 32I, 32J, 32K, 32L, 32M, 32N, 32O, 32P, 32Q, 32R, 32S, 32T, 32U, 32V, 32W, 32X, 32Y, 32Z, 33A, 33B, 33C, 33D, 33E, 33F, 33G, 33H, 33I, 33J, 33K, 33L, 33M, 33N, 33O, 33P, 33Q, 33R, 33S, 33T, 33U, 33V, 33W, 33X, 33Y, 33Z, 34A, 34B, 34C, 34D, 34E, 34F, 34G, 34H, 34I, 34J, 34K, 34L, 34M, 34N, 34O, 34P, 34Q, 34R, 34S, 34T, 34U, 34V, 34W, 34X, 34Y, 34Z, 35A, 35B, 35C, 35D, 35E, 35F, 35G, 35H, 35I, 35J, 35K, 35L, 35M, 35N, 35O, 35P, 35Q, 35R, 35S, 35T, 35U, 35V, 35W, 35X, 35Y, 35Z, 36A, 36B, 36C, 36D, 36E, 36F, 36G, 36H, 36I, 36J, 36K, 36L, 36M, 36N, 36O, 36P, 36Q, 36R, 36S, 36T, 36U, 36V, 36W, 36X, 36Y, 36Z, 37A, 37B, 37C, 37D, 37E, 37F, 37G, 37H, 37I, 37J, 37K, 37L, 37M, 37N, 37O, 37P, 37Q, 37R, 37S, 37T, 37U, 37V, 37W, 37X, 37Y, 37Z, 38A, 38B, 38C, 38D, 38E, 38F, 38G, 38H, 38I, 38J, 38K, 38L, 38M, 38N, 38O, 38P, 38Q, 38R, 38S, 38T, 38U, 38V, 38W, 38X, 38Y, 38Z, 39A, 39B, 39C, 39D, 39E, 39F, 39G, 39H, 39I, 39J, 39K, 39L, 39M, 39N, 39O, 39P, 39Q, 39R, 39S, 39T, 39U, 39V, 39W, 39X, 39Y, 39Z, 40A, 40B, 40C, 40D, 40E, 40F, 40G, 40H, 40I, 40J, 40K, 40L, 40M, 40N, 40O, 40P, 40Q, 40R, 40S, 40T, 40U, 40V, 40W, 40X, 40Y, 40Z, 41A, 41B, 41C, 41D, 41E, 41F, 41G, 41H, 41I, 41J, 41K, 41L, 41M, 41N, 41O, 41P, 41Q, 41R, 41S, 41T, 41U, 41V, 41W, 41X, 41Y, 41Z, 42A, 42B, 42C, 42D, 42E, 42F, 42G, 42H, 42I, 42J, 42K, 42L, 42M, 42N, 42O, 42P, 42Q, 42R, 42S, 42T, 42U, 42V, 42W, 42X, 42Y, 42Z, 43A, 43B, 43C, 43D, 43E, 43F, 43G, 43H, 43I, 43J, 43K, 43L, 43M, 43N, 43O, 43P, 43Q, 43R, 43S, 43T, 43U, 43V, 43W, 43X, 43Y, 43Z, 44A, 44B, 44C, 44D, 44E, 44F, 44G, 44H, 44I, 44J, 44K, 44L, 44M, 44N, 44O, 44P, 44Q, 44R, 44S, 44T, 44U, 44V, 44W, 44X, 44Y, 44Z, 45A, 45B, 45C, 45D, 45E, 45F, 45G, 45H, 45I, 45J, 45K, 45L, 45M, 45N, 45O, 45P, 45Q, 45R, 45S, 45T, 45U, 45V, 45W, 45X, 45Y, 45Z, 46A, 46B, 46C, 46D, 46E, 46F, 46G, 46H, 46I, 46J, 46K, 46L, 46M, 46N, 46O, 46P, 46Q, 46R, 46S, 46T, 46U, 46V, 46W, 46X, 46Y, 46Z, 47A, 47B, 47C, 47D, 47E, 47F, 47G, 47H, 47I, 47J, 47K, 47L, 47M, 47N, 47O, 47P, 47Q, 47R, 47S, 47T, 47U, 47V, 47W, 47X, 47Y, 47Z, 48A, 48B, 48C, 48D, 48E, 48F, 48G, 48H, 48I, 48J, 48K, 48L, 48M, 48N, 48O, 48P, 48Q, 48R, 48S, 48T, 48U, 48V, 48W, 48X, 48Y, 48Z, 49A, 49B, 49C, 49D, 49E, 49F, 49G, 49H, 49I, 49J, 49K, 49L, 49M, 49N, 49O, 49P, 49Q, 49R, 49S, 49T, 49U, 49V, 49W, 49X, 49Y, 49Z, 50A, 50B, 50C, 50D, 50E, 50F, 50G, 50H, 50I, 50J, 50K, 50L, 50M, 50N, 50O, 50P, 50Q, 50R, 50S, 50T, 50U, 50V, 50W, 50X, 50Y, 50Z, 51A, 51B, 51C, 51D, 51E, 51F, 51G, 51H, 51I, 51J, 51K, 51L, 51M, 51N, 51O, 51P, 51Q, 51R, 51S, 51T, 51U, 51V, 51W, 51X, 51Y, 51Z, 52A, 52B, 52C, 52D, 52E, 52F, 52G, 52H, 52I, 52J, 52K, 52L, 52M, 52N, 52O, 52P, 52Q, 52R, 52S, 52T, 52U, 52V, 52W, 52X, 52Y, 52Z, 53A, 53B, 53C, 53D, 53E, 53F, 53G, 53H, 53I, 53J, 53K, 53L, 53M, 53N, 53O, 53P, 53Q, 53R, 53S, 53T, 53U, 53V, 53W, 53X, 53Y, 53Z, 54A, 54B, 54C, 54D, 54E, 54F, 54G, 54H, 54I, 54J, 54K, 54L, 54M, 54N, 54O, 54P, 54Q, 54R, 54S, 54T, 54U, 54V, 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70G, 70H, 70I, 70J, 70K, 70L, 70M, 70N, 70O, 70P, 70Q, 70R, 70S, 70T, 70U, 70V, 70W, 70X, 70Y, 70Z, 71A, 71B, 71C, 71D, 71E, 71F, 71G, 71H, 71I, 71J, 71K, 71L, 71M, 71N, 71O, 71P, 71Q, 71R, 71S, 71T, 71U, 71V, 71W, 71X, 71Y, 71Z, 72A, 72B, 72C, 72D, 72E, 72F, 72G, 72H, 72I, 72J, 72K, 72L, 72M, 72N, 72O, 72P, 72Q, 72R, 72S, 72T, 72U, 72V, 72W, 72X, 72Y, 72Z, 73A, 73B, 73C, 73D, 73E, 73F, 73G, 73H, 73I, 73J, 73K, 73L, 73M, 73N, 73O, 73P, 73Q, 73R, 73S, 73T, 73U, 73V, 73W, 73X, 73Y, 73Z, 74A, 74B, 74C, 74D, 74E, 74F, 74G, 74H, 74I, 74J, 74K, 74L, 74M, 74N, 74O, 74P, 74Q, 74R, 74S, 74T, 74U, 74V, 74W, 74X, 74Y, 74Z, 75A, 75B, 75C, 75D, 75E, 75F, 75G, 75H, 75I, 75J, 75K, 75L, 75M, 75N, 75O, 75P, 75Q, 75R, 75S, 75T, 75U, 75V, 75W, 75X, 75Y, 75Z, 76A, 76B, 76C, 76D, 76E, 76F, 76G, 76H, 76I, 76J, 76K, 76L, 76M, 76N, 76O, 76P, 76Q, 76R, 76S, 76T, 76U, 76V, 76W, 76X, 76Y, 76Z, 77A, 77B, 77C, 77D, 77E, 77F, 77G, 77H, 77I, 77J, 77K, 77L, 77M, 77N, 77O, 77P, 77Q, 77R, 77S, 77T, 77U, 77V, 77W, 77X, 77Y, 77Z, 78A, 78B, 78C, 78D, 78E, 78F, 78G, 78H, 78I, 78J, 78K, 78L, 78M, 78N, 78O, 78P, 78Q, 78R, 78S, 78T, 78U, 78V, 78W, 78X, 78Y, 78Z, 79A, 79B, 79C, 79D, 79E, 79F, 79G, 79H, 79I, 79J, 79K, 79L, 79M, 79N, 79O, 79P, 79Q, 79R, 79S, 79T, 79U, 79V, 79W, 79X, 79Y, 79Z, 80A, 80B, 80C, 80D, 80E, 80F, 80G, 80H, 80I, 80J, 80K, 80L, 80M, 80N, 80O, 80P, 80Q, 80R, 80S, 80T, 80U, 80V, 80W, 80X, 80Y, 80Z, 81A, 81B, 81C, 81D, 81E, 81F, 81G, 81H, 81I, 81J, 81K, 81L, 81M, 81N, 81O, 81P, 81Q, 81R, 81S, 81T, 81U, 81V, 81W, 81X, 81Y, 81Z, 82A, 82B, 82C, 82D, 82E, 82F, 82G, 82H, 82I, 82J, 82K, 82L, 82M, 82N, 82O, 82P, 82Q, 82R, 82S, 82T, 82U, 82V, 82W, 82X, 82Y, 82Z, 83A, 83B, 83C, 83D, 83E, 83F, 83G, 83H, 83I, 83J, 83K, 83L, 83M, 83N, 83O, 83P, 83Q, 83R, 83S, 83T, 83U, 83V, 83W, 83X, 83Y, 83Z, 84A, 84B, 84C, 84D, 84E, 84F, 84G, 84H, 84I, 84J, 84K, 84L, 84M, 84N, 84O, 84P, 84Q, 84R, 84S, 84T, 84U, 84V, 84W, 84X, 84Y, 84Z, 85A, 85B, 85C, 85D, 85E, 85F, 85G, 85H, 85I, 85J, 85K, 85L, 85M, 85N, 85O, 85P, 85Q, 85R, 85S, 85T, 85U, 85V, 85W, 85X, 85Y, 85Z, 86A, 86B, 86C, 86D, 86E, 86F, 86G, 86H, 86I, 86J, 86K, 86L, 86M, 86N, 86O, 86P, 86Q, 86R, 86S, 86T, 86U, 86V, 86W, 86X, 86Y, 86Z, 87A, 87B, 87C, 87D, 87E, 87F, 87G, 87H, 87I, 87J, 87K, 87L, 87M, 87N, 87O, 87P, 87Q, 87R, 87S, 87T, 87U, 87V, 87W, 87X, 87Y, 87Z, 88A, 88B, 88C, 88D, 88E, 88F, 88G, 88H, 88I, 88J, 88K, 88L, 88M, 88N, 88O, 88P, 88Q, 88R, 88S, 88T, 88U, 88V, 88W, 88X, 88Y, 88Z, 89A, 89B, 89C, 89D, 89E, 89F, 89G, 89H, 89I, 89J, 89K, 89L, 89M, 89N, 89O, 89P, 89Q, 89R, 89S, 89T, 89U, 89V, 89W, 89X, 89Y, 89Z, 90A, 90B, 90C, 90D, 90E, 90F, 90G, 90H, 90I, 90J, 90K, 90L, 90M, 90N, 90O, 90P, 90Q, 90R, 90S, 90T, 90U, 90V, 90W, 90X, 90Y, 90Z, 91A, 91B, 91C, 91D, 91E, 91F, 91G, 91H, 91I, 91J, 91K, 91L, 91M, 91N, 91O, 91P, 91Q, 91R, 91S, 91T, 91U, 91V, 91W, 91X, 91Y, 91Z, 92A, 92B, 92C, 92D, 92E, 92F, 92G, 92H, 92I, 92J, 92K, 92L, 92M, 92N, 92O, 92P, 92Q, 92R, 92S, 92T, 92U, 92V, 92W, 92X, 92Y, 92Z, 93A, 93B, 93C, 93D, 93E, 93F, 93G, 93H, 93I, 93J, 93K, 93L, 93M, 93N, 93O, 93P, 93Q, 93R, 93S, 93T, 93U, 93V, 93W, 93X, 93Y, 93Z, 94A, 94B, 94C, 94D, 94E, 94F, 94G, 94H, 94I, 94J, 94K, 94L, 94M, 94N, 94O, 94P, 94Q, 94R, 94S, 94T, 94U, 94V, 94W, 94X, 94Y, 94Z, 95A, 95B, 95C, 95D, 95E, 95F, 95G, 95H, 95I, 95J, 95K, 95L, 95M, 95N, 95O, 95P, 95Q, 95R, 95S, 95T, 95U, 95V, 95W, 95X, 95Y, 95Z, 96A, 96B, 96C, 96D, 96E, 96F, 96G, 96H, 96I, 96J, 96K, 96L, 96M, 96N, 96O, 96P, 96Q, 96R, 96S, 96T, 96U, 96V, 96W, 96X, 96Y, 96Z, 97A, 97B, 97C, 97D, 97E, 97F, 97G, 97H, 97I, 97J, 97K, 97L, 97M, 97N, 97O, 97P, 97Q, 97R, 97S, 97T, 97U, 97V, 97W, 97X, 97Y, 97Z, 98A, 98B, 98C, 98D, 98E, 98F, 98G, 98H, 98I, 98J, 98K, 98L, 98M, 98N, 98O, 98P, 98Q, 98R, 98S, 98T, 98U, 98V, 98W, 98X, 98Y, 98Z, 99A, 99B, 99C, 99D, 99E, 99F, 99G, 99H, 99I, 99J, 99K, 99L, 99M, 99N, 99O, 99P, 99Q, 99R, 99S, 99T, 99U, 99V,

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Financial statements

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## Department of Foreign Affairs and Trade

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 20: Administered - Financial Assets**

	2015 \$'000	2014 \$'000
<b>Note 20A: Trade and Other Receivables</b>		
<b>Goods and services receivables in connection with</b>		
External parties <sup>1</sup>	2,043	1,417
Related parties	149	18
<b>Total goods and services receivable</b>	<b>2,192</b>	<b>1,435</b>
<b>Advances and loans</b>		
Concessional loan receivable - Australia-Indonesia		
Partnership for Reconstruction and Development	141,221	120,394
Other - travellers emergency loans	1,289	1,317
<b>Total advances and loans</b>	<b>142,510</b>	<b>121,711</b>
<b>Other receivables</b>		
Related entities	9,582	748
Statutory receivables	12,368	10,419
Net position of Efic - NIA <sup>2</sup>	8,291	485
Passport fees, passport act fines and consular fees	1,547	1,437
Other	-	58
<b>Total other receivables</b>	<b>31,788</b>	<b>13,147</b>
<b>Total trade and other receivables (gross)</b>	<b>176,490</b>	<b>136,293</b>
<b>Less impairment allowance</b>		
Advances and loans - travellers emergency loans	(266)	(405)
Receivables - passport act fines	(40)	(31)
Receivables - external parties	(551)	(440)
<b>Total impairment allowance account<sup>3</sup></b>	<b>(857)</b>	<b>(876)</b>
<b>Total trade and other receivables (net)</b>	<b>175,633</b>	<b>135,417</b>
<b>Trade and other receivables (net) are expected to be recovered</b>		
No more than 12 months	33,658	14,630
More than 12 months	141,975	120,787
<b>Total trade and other receivables (net)</b>	<b>175,633</b>	<b>135,417</b>
<b>Trade and other receivables (gross) aged as follows</b>		
Not overdue	174,515	134,559
Overdue by		
0 to 30 days	107	377
31 to 60 days	2	44
61 to 90 days	15	339
More than 90 days	1,851	974
<b>Total trade and other receivables (gross)</b>	<b>176,490</b>	<b>136,293</b>

## Department of Foreign Affairs and Trade

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 20A: Trade and Other Receivables (continued)**

1. Goods and services receivable are with entities external to the Australian Government. Credit terms were within 30 days (2014: 30 days).
2. Loans on the National Interest Account (NIA) are funded from the Efic Commercial Account at fair value. The amount disclosed above reflects the Commonwealth's exposure on business undertaken on the NIA. It reflects the net amount of:
  - assets in the form of loans and rescheduled credit insurance debts to overseas governments, commitment fees on loans received by Efic but not yet paid to the Commonwealth, bond premiums receivable from exporters.
  - liabilities relating to the reimbursement to Efic for debt forgiveness on loans, provision for unearned income on loan premiums, accrued expenses including Efic administration fees and other creditors.
3. Impairment allowance account is all aged more than 90 days.

**Reconciliation of the Impairment Allowance Account****Movements in relation to 2015**

	Advances and loans \$'000	Receivables - passports \$'000	Receivables - external parties \$'000	Total \$'000
<b>Opening balance</b>	405	31	440	876
Amounts impaired	-	9	165	174
Amounts recovered and reversed	(139)	-	(54)	(193)
<b>Closing balance</b>	266	40	551	857

**Movements in relation to 2014**

	Advances and loans \$'000	Receivables - passports \$'000	Receivables - external parties \$'000	Total \$'000
<b>Opening balance</b>	403	31	199	633
Amounts impaired	-	-	332	332
Amounts recovered and reversed	2	-	(91)	(89)
<b>Closing balance</b>	405	31	440	876

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**Department of Foreign Affairs and Trade****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2015 \$'000	2014 \$'000
<b>Note 20B: Other Investments</b>		
Non-monetary 'available for sale' IDA and ADF Subscriptions - fair value <sup>1</sup>	1,936,071	1,544,835
Efic - Commercial Account <sup>2</sup>	436,800	225,926
Tourism Australia <sup>3</sup>	19,502	16,323
<b>Total other investments</b>	<b>2,392,373</b>	<b>1,787,084</b>
<p>1. The Australian Government holds these investments long term for policy reasons. The AASB 139 technical definition 'available for sale' does not indicate an intention to trade these investments. The investment represents subscription-based membership rights (not control) held by the Australian Government in accordance with the articles of association for the International Development Association (IDA) and the Asian Development Fund (ADF). There is no observable market value for these investments and fair value has been determined through professional valuation advice (Refer also to Notes 19, 26, 1.22).</p> <p>2. Efic's principal activity is the provision of competitive finance and insurance services to Australian exporters and Australian companies investing in new projects overseas. The Australian Government guarantees to Efic's creditors for the payment of monies payable by Efic on the Commercial Account (CA). The Minister for Trade and Investment has the powers to determine and instruct Efic to pay a dividend in accordance with section 55(1) of the <i>Export Finance and Insurance Corporation Act 1991</i>.</p> <p>3. DFAT administers Tourism Australia on behalf of the Government for oversight and management purposes and to improve linkages internationally. The department's investment in these entities is measured at fair value as at 30 June. Fair value has been taken to be the net assets of the entity as at balance date.</p>		
<b>Investments are expected to be recovered in</b>		
No more than 12 months	-	-
More than 12 months	2,392,373	1,787,084
<b>Total other investments</b>	<b>2,392,373</b>	<b>1,787,084</b>

## Department of Foreign Affairs and Trade

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 21: Administered - Non-Financial Assets****Note 21A: Reconciliation of the opening and closing balances for property, plant and equipment and intangibles**

	Leasehold improvements \$'000	Property, plant and equipment \$'000	Computer software internally developed \$'000	Total \$'000
<b>As at 1 July 2014</b>				
Gross book value	2,592	32	11,319	13,943
Accumulated depreciation, amortisation & impairment	(465)	(14)	(6,540)	(7,019)
Work in progress	-	-	375	375
<b>Net book value 1 July 2014</b>	<b>2,127</b>	<b>18</b>	<b>5,154</b>	<b>7,299</b>
Additions				
By purchase or internally developed	-	-	291	291
Depreciation & amortisation expenses	(453)	(10)	(859)	(1,322)
Other movements				
Asset transfers	(13)	13	-	-
Disposals				
Other Disposals	-	(3)	-	(3)
<b>Net book value 30 June 2015</b>	<b>1,661</b>	<b>18</b>	<b>4,586</b>	<b>6,265</b>
<b>Net book value as of 30 June 2015 represented by</b>				
Gross book value	2,576	44	11,319	13,939
Accumulated depreciation, amortisation & impairment	(915)	(26)	(7,399)	(8,340)
Work in progress	-	-	666	666
<b>Net book value 30 June 2015</b>	<b>1,661</b>	<b>18</b>	<b>4,586</b>	<b>6,265</b>

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 21A: Reconciliation of the opening and closing balances for property, plant and equipment and intangibles (continued)**

	Leasehold improvements \$'000	Property, plant and equipment \$'000	Computer software internally developed \$'000	Total \$'000
<b>As at 1 July 2013</b>				
Gross book value	2,637	1,113	10,063	13,813
Accumulated depreciation, amortisation & impairment	(12)	(162)	(4,567)	(4,741)
Work in progress	-	-	614	614
<b>Net book value 1 July 2013</b>	<b>2,625</b>	<b>951</b>	<b>6,110</b>	<b>9,686</b>
<b>Additions</b>				
By purchase or internally developed	-	-	1,017	1,017
Depreciation & amortisation expenses	(462)	(44)	(1,973)	(2,479)
<b>Disposals</b>				
Other disposals	(36)	(889)	-	(925)
<b>Net book value 30 June 2014</b>	<b>2,127</b>	<b>18</b>	<b>5,154</b>	<b>7,299</b>
<b>Net book value as of 30 June 2014 represented by:</b>				
Gross book value	2,592	32	11,319	13,943
Accumulated depreciation, amortisation & impairment	(465)	(14)	(6,540)	(7,019)
Work in progress	-	-	375	375
<b>Net book value 30 June 2014</b>	<b>2,127</b>	<b>18</b>	<b>5,154</b>	<b>7,299</b>

**Leasehold improvements**

No indicators of impairment have been found for leasehold improvement assets in the current financial year (2014: nil).

There were no revaluation increments or decrements for leasehold improvements in either 2015 or 2014.

No leasehold improvement assets are expected to be sold within the next 12 months (2014: nil).

**Property, plant and equipment**

No plant and equipment was held by the department under finance leases in the current financial year (2014: nil).

There were no revaluation increments or decrements for property, plant and equipment in either 2015 or 2014.

No property, plant and equipment assets are expected to be sold within the next 12 months (2014: nil).

**Intangibles**

No indicators of impairment have been identified for intangible assets in the current financial year (2014: nil).

No intangible assets are expected to be sold within the next 12 months (2014: nil).

	2015 \$'000	2014 \$'000
<b>Note 21B: Other Non-Financial Assets</b>		
Prepayments	151	652
<b>Total other non-financial assets</b>	<b>151</b>	<b>652</b>
<b>Total other non-financial assets are expected to be recovered in</b>		
No more than 12 months	151	652
More than 12 months	-	-
<b>Total other non-financial assets</b>	<b>151</b>	<b>652</b>

No indicators of impairment were identified for other non-financial assets (2014: nil).

**Department of Foreign Affairs and Trade**  
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**Note 22: Administered - Payables**

	2015 \$'000	2014 \$'000
<b>Note 22A: Suppliers</b>		
Trade creditors and accruals	156,851	134,940
Other creditors	2,169	165
<b>Total supplier payables</b>	<b>159,020</b>	<b>135,105</b>
<b>Suppliers expected to be settled</b>		
No more than 12 months	159,020	135,105
More than 12 months	-	-
<b>Total suppliers</b>	<b>159,020</b>	<b>135,105</b>
<b>Suppliers in connection with</b>		
Related parties	2,666	1,639
External parties	156,354	133,466
<b>Total suppliers</b>	<b>159,020</b>	<b>135,105</b>
<b>Note 22B: Grants</b>		
Multilateral grants payable - fair value through profit and loss	590,449	590,525
<b>Total grants</b>	<b>590,449</b>	<b>590,525</b>
<b>Grants are expected to be settled in</b>		
No more than 12 months	112,146	107,252
More than 12 months	478,303	483,273
<b>Total grants</b>	<b>590,449</b>	<b>590,525</b>
<b>Note 22C: Other Payables</b>		
Multilateral contributions - fair value through profit and loss	892,360	1,068,853
Unearned income - passports revenue	20,638	18,033
<b>Total other payables</b>	<b>912,998</b>	<b>1,086,886</b>
<b>Total other payables are expected to be settled in</b>		
No more than 12 months	20,638	18,033
More than 12 months	892,360	1,068,853
<b>Total other payables</b>	<b>912,998</b>	<b>1,086,886</b>

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**Note 23: Administered - Provisions**

	2015 \$'000	2014 \$'000
<b>Note 23A: Employee Provisions</b>		
Leave	8,304	9,310
Superannuation	537	877
Defined benefit pension schemes	71,908	57,997
<b>Total employee provisions</b>	<b>80,749</b>	<b>68,184</b>
Employee provisions are expected to be settled in:		
No more than 12 months	4,878	7,002
More than 12 months	75,871	61,182
<b>Total employee provisions</b>	<b>80,749</b>	<b>68,184</b>
<b>Note 23B: Other Provisions</b>		
Provision for restoration obligations	-	13
<b>Total other provisions</b>	<b>-</b>	<b>13</b>
Other provisions are expected to be settled in		
No more than 12 months	-	13
More than 12 months	-	-
<b>Total other provisions</b>	<b>-</b>	<b>13</b>
<b>Reconciliation of other provisions</b>		
	<b>Restoration obligations</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount 1 July 2014	13	13
Amounts reversed	(13)	(13)
<b>Closing balance 30 June 2015</b>	<b>-</b>	<b>-</b>

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**Note 24: Administered - Cash Flow Reconciliation**

	2015 \$'000	2014 \$'000
<b>Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement</b>		
<b>Cash and cash equivalents as per</b>		
Schedule of administered cash flows	1,832	16,414
Schedule of administered assets and liabilities	<u>1,832</u>	<u>16,414</u>
<b>Discrepancy</b>	<u>-</u>	<u>-</u>
<b>Reconciliation of net cost of services to net cash (used by) operating activities</b>		
Net cost of services	(3,909,908)	(4,146,900)
<b>Adjustments for non-cash items</b>		
Depreciation and Amortisation	1,322	2,479
Net write-down of non-financial assets	3	925
Gains on valuation of 'available for sale' financial assets	(391,236)	(51,225)
Effect of foreign exchange on cash (loss)	11,022	(168)
Non-cash finance expense	59,165	50,630
Non-cash grants and contributions expense	21,342	384,270
<b>Movements in assets and liabilities</b>		
<b>Assets</b>		
(Increase) / decrease in net receivables	(19,389)	4,518
Decrease in other non-financial assets	501	1,729
<b>Liabilities</b>		
Increase in supplier payables	23,915	60,076
(Decrease) / increase in grants payable	(76)	98,273
(Decrease) / increase in employee provisions	19,673	(1,778)
Increase in other payables (unearned income)	2,605	7,203
(Decrease) in other provisions	<u>(13)</u>	<u>(45)</u>
<b>Net cash (used by) operating activities</b>	<u>(4,181,074)</u>	<u>(3,590,013)</u>

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**Department of Foreign Affairs and Trade****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 25: Administered - Contingent Assets and Liabilities**

The department has no contingent assets or liabilities (2014: nil).

**Quantifiable Administered Contingencies**

There are no quantifiable administered contingencies disclosed in the Administered Schedule of Assets and Liabilities.

**Unquantifiable Administered Contingencies**

At 30 June 2015, the department was involved in a number of matters relating to the recovery of funds. It is not possible to estimate the amounts of any eventual recoveries that may be received in relation to these matters. There are no unquantifiable administered liabilities.

**Significant Remote Administered Contingencies**

Under section 62 of the *Export Finance and Insurance Corporation Act 1991*, the Australian Government guarantees Efic's creditors the due payment of all monies payable, or that may at any time become payable, by Efic on the Commercial Account and has a \$200 million callable capital facility available for this purpose. This guarantee has never been utilised. Details of remote contingencies are shown in the following table.

	2015	2014
	\$'000	\$'000
Contracts of insurance and guarantees	818,200	976,400
Statement of financial position liabilities	2,014,700	1,684,900
NIA contracts of insurance, guarantees and statement of position liabilities	684,900	658,600
<b>Total</b>	<b>3,517,800</b>	<b>3,319,900</b>

## Department of Foreign Affairs and Trade

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 26: Administered - Financial Instruments**

	2015 \$'000	2014 \$'000
<b>Note 26A: Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
Cash and cash equivalents	1,832	16,414
<b>Loans and receivables</b>		
Goods and services receivables	11,223	1,801
Concessional loan receivable	141,221	120,394
Net position of Efic - National Interest Account (NIA)	8,291	485
Traveller Emergency Loans	1,023	912
Passport fee, Passport Act fines and consular fees	1,507	1,406
<b>Total loans and receivables</b>	<b>163,265</b>	<b>124,998</b>
<b>Available-for-sale financial assets</b>		
Non-monetary available for sale debt instrument - fair value	1,936,071	1,544,835
Efic - Commercial Account	436,800	225,926
Tourism Australia	19,502	16,323
<b>Total available for sale</b>	<b>2,392,373</b>	<b>1,787,084</b>
<b>Total financial assets</b>	<b>2,557,470</b>	<b>1,928,496</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors and accruals	156,851	134,940
Other suppliers	2,169	165
<b>Total financial liabilities measured at amortised cost</b>	<b>159,020</b>	<b>135,105</b>
<b>Financial liabilities at fair value through profit or loss</b>		
<b>Multilateral grants payable</b>		
International Development Association	231,785	272,412
Asian Development Fund	117,264	144,077
Multilateral Fund for implementation of the Montreal Protocol	8,844	-
The Global Environment Facility	117,452	53,240
Heavily Indebted Poor Countries	25,001	36,580
International Fund for Agricultural Development	804	918
Multilateral Debt Relief Initiative	89,299	83,298
<b>Total multilateral grants payable</b>	<b>590,449</b>	<b>590,525</b>
<b>Multilateral contributions payable</b>		
International Development Association	562,044	630,225
Asian Development Fund	330,316	438,628
<b>Total multilateral contributions payable</b>	<b>892,360</b>	<b>1,068,853</b>
<b>Total financial liabilities at fair value through profit or loss</b>	<b>1,482,809</b>	<b>1,659,378</b>
<b>Total financial liabilities</b>	<b>1,641,829</b>	<b>1,794,483</b>

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	2015 \$'000	2014 \$'000
<b>Note 26B: Net Gains or Losses on Financial Assets</b>		
<b>Loans and receivables</b>		
Interest revenue	13,289	12,233
Concessional costs for loans	(17,740)	(29,221)
Impairment	19	(243)
Write-off	(159)	-
<b>Net loss on loans and receivables</b>	<b>(4,591)</b>	<b>(17,231)</b>
<b>Available-for-sale financial assets</b>		
Dividend revenue	18,153	11,250
Gains recognised in profit or loss for reversal of impairment	391,236	42,541
Revaluation gain recognised in equity	14,053	26,009
<b>Net gain on available for sale financial assets</b>	<b>423,442</b>	<b>79,800</b>
<b>Net gain on financial assets</b>	<b>418,851</b>	<b>62,569</b>
<b>Note 26C: Net Gains or Losses on Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Other revenue	30,686	25,986
Exchange gains/(loss)	(11,022)	168
Interest expense	(1,784)	(1,972)
Administered costs	(629)	(1,566)
<b>Net gain on financial liabilities measured at amortised cost</b>	<b>17,251</b>	<b>22,616</b>
<b>Financial liabilities at fair value through profit or loss (held for trading)</b>		
Unwinding of discount	(59,165)	(50,630)
Loss on remeasuring at fair value through profit or loss	(49,645)	(314,652)
<b>Net loss on financial liabilities at fair value through profit or loss (held for trading)</b>	<b>(108,810)</b>	<b>(365,282)</b>
<b>Net loss on financial liabilities</b>	<b>(91,559)</b>	<b>(342,666)</b>

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 26D: Fair Value of Financial Instruments**

	Carrying amount 2015 \$'000	Fair value 2015 \$'000	Carrying amount 2014 \$'000	Fair value 2014 \$'000
<b>Financial Assets</b>				
Cash and cash equivalents	1,832	1,832	16,414	16,414
Receivables for goods and services	11,223	11,223	1,801	1,801
Concessional loans receivable	141,221	141,221	120,394	120,394
Net position of Efic - NIA	8,291	8,291	485	485
Traveller emergency loans	1,023	1,023	912	912
Accrued Revenue - Passport fees, Passport Act fines and consular fees	1,507	1,507	1,406	1,406
Investments - available for sale	1,936,071	1,936,071	1,544,835	1,544,835
Investments - Efic	436,800	436,800	225,926	225,926
Investments - Tourism Australia	19,502	19,502	16,323	16,323
<b>Total financial assets</b>	<b>2,557,470</b>	<b>2,557,470</b>	<b>1,928,496</b>	<b>1,928,496</b>
<b>Financial liabilities</b>				
Trade creditors	159,020	159,020	156,851	156,851
Grants payable - at fair value through profit or loss	590,449	590,449	590,525	590,525
Multilateral contributions payable IDA/ADF at fair value through profit or loss	892,360	892,360	1,068,853	1,068,853
<b>Total financial liabilities</b>	<b>1,641,829</b>	<b>1,641,829</b>	<b>1,816,229</b>	<b>1,816,229</b>

**Fair value measurements categorised by fair value hierarchy**

The table at Note 19A provides an analysis of financial instruments that are measured at fair value, by valuation method.

The different levels are defined below:

Level 1: Fair value obtained from unadjusted quoted prices in active markets for identical instruments.

Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the instrument, either directly or indirectly.

Level 3: Fair value derived from inputs that are not based on observable market data.

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## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 26F: Credit Risk

#### Recognised in the DFAT Administered Accounts

The department's senior executive has endorsed policies and procedures for debt management (including the provision of credit terms) to reduce the incidence of credit risk. Collateral is not required on any loan.

Credit risk is the possibility that a debtor will not repay all or a portion of a loan or will not repay in a timely manner and will therefore cause a loss to the department. The department has exposure to concentrations of credit risk with regard to the 'loan receivable' and the 'non-monetary available for sale debt instrument at fair value'. The maximum exposure the department has to credit risk at reporting date in relation to each class of recognised financial assets is presented in the following table excluding any collateral or credit enhancements.

#### Maximum exposure to credit risk (excluding any collateral or credit enhancements)

	2015 \$'000	2014 \$'000
<b>Financial assets carried at amount not best representing maximum exposure to credit risk</b>		
Loans and receivables	163,265	124,998
Available for sale	2,392,373	1,787,084
<b>Total financial assets carried at amount not best representing maximum exposure to credit risk</b>	<b>2,555,638</b>	<b>1,912,082</b>
<b>Financial liabilities carried at amount not best representing maximum exposure to credit risk</b>		
At amortised cost	159,020	135,105
Through profit or loss	1,482,809	1,659,378
<b>Total financial liabilities carried at amount not best representing maximum exposure to credit risk</b>	<b>1,641,829</b>	<b>1,794,483</b>

#### Credit quality of financial assets not past due or individually determined as impaired

	Not past due or impaired 2015 \$'000	Not past due or impaired 2014 \$'000	Past due or impaired 2015 \$'000	Past due or impaired 2014 \$'000
Loans and receivables	161,290	123,264	1,975	1,734
Available for sale	2,392,373	1,787,084	-	-
<b>Total</b>	<b>2,553,663</b>	<b>1,910,348</b>	<b>1,975</b>	<b>1,734</b>

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 26E: Credit Risk (continued)**

**Ageing of financial assets that were past due but not impaired for 2015**

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90 + days \$'000	Total \$'000
<b>Not impaired</b>					
Loans and receivables	107	2	15	994	1,118
Available for sale	-	-	-	-	-
<b>Total</b>	<b>107</b>	<b>2</b>	<b>15</b>	<b>994</b>	<b>1,118</b>

**Ageing of financial assets that were past due but not impaired for 2014**

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90 + days \$'000	Total \$'000
<b>Not impaired</b>					
Loans and receivables	377	44	339	98	858
Available for sale	-	-	-	-	-
<b>Total</b>	<b>377</b>	<b>44</b>	<b>339</b>	<b>98</b>	<b>858</b>

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## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 26F: Liquidity Risk

The continued existence of the department in its present form and with its present programs is dependent on government policy and on continuing appropriations by Parliament for the department's administration and programs. The probability of the Government encountering difficulties meeting its administered financial obligations is less than remote.

#### Maturities for non-derivative financial liabilities 2015

	On demand \$'000	Within 1 year \$'000	Between 1 to 2 years \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Financial liabilities measured at amortised cost	-	159,020	-	-	-	159,020
Financial liabilities at fair value through profit or loss	-	278,043	335,667	594,594	274,505	1,482,809
<b>Total</b>	-	437,063	335,667	594,594	274,505	1,641,829

#### Maturities for non-derivative financial liabilities 2014

	On demand \$'000	Within 1 year \$'000	Between 1 to 2 years \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Financial liabilities measured at amortised cost	-	135,105	-	-	-	135,105
Financial liabilities at fair value through profit or loss	-	283,320	285,117	696,719	394,222	1,659,378
<b>Total</b>	-	418,425	285,117	696,719	394,222	1,794,483

The department had no derivative financial liabilities in both the current and prior financial year.

## Department of Foreign Affairs and Trade

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 26G: Market Risk**

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the following types of risk, either alone or in combination: interest rate risk, sovereign risk and liquidity risk (for the purposes of discounting the future value of the non-monetary 'available for sale' debt instrument); currency risk (for the purposes of converting to Australian dollars the discounted United States dollar value of the non-monetary 'available for sale' debt instrument); and the 10-year government bond rate for the purposes of discounting future liabilities relating to multilateral loan and grant commitments. The following sensitivity analysis discloses the effect that a reasonable possible change in each risk variable, either alone, or in total, would have on the department's administered income and expenses.

The following table illustrates the effect on the department's administered net income less expenses and equity as at 30 June 2015 from 10.9% (2014: 11.5%) increase or decrease against the AUD in the currencies in which the financial instruments were administered by the department with all other variables held constant.

**Sensitivity analysis of the risk that the entity is exposed to for 2015**

Risk variable	Change in risk variable %	Effect on	
		Profit and loss \$'000	Equity \$'000
Currency risk	\$/USD + 10.9%	(191,076)	(191,076)
Currency risk	\$/USD - 10.9%	237,827	237,827
Interest rate risk	* + 0.4%	(33,320)	(33,320)
Interest rate risk	* - 0.4%	40,033	40,033

**Sensitivity analysis of the risk that the entity is exposed to for 2014**

Risk variable	Change in risk variable %	Effect on	
		Profit and loss \$'000	Equity \$'000
Currency risk	\$/USD + 11.5%	(159,336)	(159,336)
Currency risk	\$/USD - 11.5%	200,782	200,782
Interest rate risk	* + 0.6%	(58,433)	(58,433)
Interest rate risk	* - 0.6%	62,932	62,932

All other items are denominated in AUD and are not subject to market risk due to exchange fluctuations.

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**Department of Foreign Affairs and Trade****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 27: Administered - Financial Assets Reconciliation**

		2015 \$'000	2014 \$'000
<u>Financial assets</u>	Notes		
<b>Total financial assets per schedule of administered assets and liabilities</b>		<b>2,569,838</b>	1,938,915
Less: non-financial instrument components			
Other receivables (GST receivable from the ATO)	20A	<u>12,368</u>	10,419
Total non-financial instrument components		<u>12,368</u>	10,419
<b>Total financial assets as per administered financial instruments note</b>	26A	<u><b>2,557,470</b></u>	1,928,496

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 28: Administered - Defined Benefit Pension Schemes**

	2015 \$'000	2014 \$'000
<i>The amounts recognised in the Administered Schedule of Assets and Liabilities are as follows:</i>		
Present value of funded obligations	58,043	44,074
Fair value of plan assets	(41,886)	(30,669)
	16,157	13,405
Present value of unfunded obligations	55,751	44,592
Net liability in schedule of administered assets and liabilities	71,908	57,997
<i>Movements in the net liability recognised in the Administered Schedule of Assets and Liabilities as follows:</i>		
Net liability at the start of the year	57,997	49,152
Exchange differences on foreign plans	10,878	453
Net expense recognised in the Administered Schedule of Comprehensive Income	3,998	2,524
Net actuarial losses	7,108	9,479
Contributions by employers	(8,073)	(3,611)
Net liability at the end of the year	71,908	57,997
<i>Reconciliation of opening and closing balance of the defined benefit obligation:</i>		
Opening liability	88,666	76,459
Exchange differences on foreign plans	14,955	3,110
Service cost	1,359	1,365
Interest cost	4,119	3,013
Contributions by plan participants (funded schemes)	80	72
Actuarial (gains) / losses due to experience	(163)	2,651
Actuarial losses due to changes in financial assumptions	1,739	3,731
Actuarial losses due to changes in demographic assumptions	7,062	1,809
Benefits paid	(4,024)	(3,544)
Closing liability	113,793	88,666
<i>Reconciliation of opening and closing balance of the fair value of plan assets:</i>		
Opening assets	30,669	27,307
Exchange differences on foreign plans	4,078	2,657
Expected return on plan assets	1,480	(557)
Contributions by plan participants (funded schemes)	80	72
Contributions by employer	5,478	1,349
Actuarial losses	1,530	1,123
Benefits paid	(1,429)	(1,282)
Closing liability	41,886	30,669

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## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2015 \$'000	2014 \$'000
<b>Note 28: Administered - Defined Benefit Pension Schemes (continued)</b>		
<i>The amounts recognised in the Administered Schedule of Comprehensive Income are as follows:</i>		
Current service cost	1,359	1,365
Net interest on net defined benefit (asset)/liability	2,639	2,159
Total included 'employee benefit expense account'	3,998	3,524
<i>Amounts recognised directly in administered equity</i>		
<b>Financial year ended</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Actuarial (losses)	(7,108)	(9,479)
<i>Cumulative amounts of gains and losses recognised in administered equity</i>		
<b>Financial year ended</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Actuarial (losses)	(38,437)	(31,329)
<i>Pension Scheme Assets</i>		
<i>The fair value of scheme assets is represented by:</i>		
<b>Financial year ended</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
UK equities	0.0%	0.0%
Overseas equities	0.0%	0.0%
Long dated UK corporate bonds	12.3%	11.2%
Long dated UK gilts	10.8%	11.1%
Cash	0.3%	0.2%
Insured Pensioner	1.4%	1.7%
Investment in LIC India	2.4%	3.1%
Diversified Growth Fund	72.8%	72.7%
<i>Fair Value of pension scheme assets</i>		
The fair value of scheme assets does not include amounts relating to:		
- any of the Department's (and the Australian Government's) own financial instruments, and		
- any property occupied by, or other assets used by the Department (or the Australian Government).		
<i>Principal actuarial assumptions at the reporting date (expressed as weighted averages):</i>		
<b>Financial year ended</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Discount rate at 30 June	3.58%	4.04%
Salary growth	3.29%	3.31%
Price inflation	3.09%	3.14%
Pension growth	0.99%	1.02%

## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 28: Administered - Defined Benefit Pension Schemes (continued)

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Financial year ended	2015 \$'000	2014 \$'000
Discount rate at 30 June	3.58%	4.04%
Salary growth	3.29%	3.31%
Price inflation	3.09%	3.14%
Pension growth	0.99%	1.02%

#### Historical Information

Financial year ended	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000
Present value of defined benefit obligations	(113,794)	(88,666)	(76,459)	(64,347)	(55,656)
Fair value of scheme assets	41,886	30,669	27,307	24,075	22,914
(Deficit) in the scheme	(71,908)	(57,997)	(49,152)	(40,272)	(32,742)
Actuarial gains (losses) - net liabilities	(4,698)	(7,069)	(5,133)	(6,155)	28
Effect of exchange rate gains (losses)	(10,877)	(453)	(3,380)	(1,538)	7,134

#### Expected Employer Contributions

Financial year ended	2016 \$'000	2015 \$'000
Expected employer contributions <sup>1</sup>	3,615	-

#### Notes

1. This represents the employer contributions, which are paid in the schemes' fund.

#### Scheme information

The Department administers on behalf of the Australian Government, defined benefit pension schemes for locally engaged staff across a number of agencies at posts in London and New Delhi, and also the North American Pension Scheme. All schemes, with the exception of the New Delhi Gratuity Scheme, have been closed to new employees and provide pensions that are linked to final salaries. Figures disclosed are based on formal actuarial reviews that are generally conducted triennially and reviewed and updated by the actuary on an annual basis. The New Delhi and London schemes are partially funded and the North American Pension Scheme is fully unfunded. Contributions for the North American Scheme are made to the Consolidated Revenue Fund, which will provide funding for the benefits payable under the scheme.

#### Weighted average maturity profile of defined benefit obligation

Financial year ended	2015
Weighted average duration of defined benefit obligation (years)	10.48

#### Sensitivity to assumptions

The Department's defined benefit obligation at the reporting date has been determined using actuarial calculations that require assumptions about future events. The estimated sensitivity of the defined benefit obligation to each significant assumption shown below has been determined at an individual scheme level if each assumption were changed in isolation. In practice, the schemes are subject to multiple external experience items which may vary the defined benefit obligation over time. The methods and assumptions used in preparing these sensitivity results remain consistent with those used in previous reporting periods.

The estimated effects of variations in the principal actuarial assumptions on the Department's defined benefit obligation at the reporting date are as follows:

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**Department of Foreign Affairs and Trade****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 28: Administered - Defined Benefit Pension Schemes (continued)****Increase/(decrease) in defined benefit obligation**

<b>Financial year ended</b>	<b>2015 \$'000</b>
Discount rate	
Increase of 0.5%	(8,014)
Decrease of 0.5%	8,376
Future salary increases	
Increase of 0.5%	510
Decrease of 0.5%	(494)
Future inflation increases	
Increase of 0.5%	7,745
Decrease of 0.5%	(7,489)

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 29: Appropriations**

Note 29A: Annual Appropriations ('Recoverable GST exclusive')

**Annual Appropriations for 2015**

	Appropriation Act		PGPA Act		Appropriation applied in 2015 (current and prior years) \$'000	Variance <sup>2</sup> \$'000	Section 51 determinations <sup>3</sup> \$'000
	Annual Appropriation <sup>1</sup> \$'000	AFM \$'000	Section 74 \$'000	Section 75 \$'000	Total appropriation \$'000		
<b>Departmental</b>							
Ordinary annual services	1,377,404	-	97,699	-	1,475,103	(76,387)	(88)
Other services							
Equity	121,064	-	-	-	121,064	20,227	(7,809)
<b>Total departmental</b>	<b>1,498,468</b>	<b>-</b>	<b>97,699</b>	<b>-</b>	<b>1,596,167</b>	<b>(56,160)</b>	<b>(7,897)</b>
<b>Administered</b>							
Ordinary annual services							
Administered items <sup>4</sup>	4,532,643	-	-	-	4,532,643	117,216	(1,878)
Payments to corporate Commonwealth entities	138,865	-	-	-	138,865	-	-
Other services							
Administered assets and liabilities	212,698	-	-	-	212,698	(355,547)	-
<b>Total administered</b>	<b>4,884,206</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,884,206</b>	<b>(238,331)</b>	<b>(1,878)</b>

1. In 2014-15, there were adjustments that met the recognition criteria of a formal addition or reduction in revenue but at law the appropriations had not been amended before the end of the reporting period as Departmental appropriations do not lapse at financial year end. The adjustments were:

- a reduction to revenue of \$1,240,276 relating to the Passport Funding Agreement,
- a reduction to revenue of \$3,136,493 relating to no-win/no-loss funding for FBT payable on living away from home allowance, and
- an addition to revenue of \$23,015,091 relating to no-win/no-loss funding for foreign exchange.

The net increase in appropriations of \$18,638,322 is expected to be applied to Appropriation Act (No 3) 2015-16.

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**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 29A: Annual Appropriations ('Recoverable GST exclusive') (continued)**

- 2. Variances in appropriation may result from using prior year non-lapsed appropriations to fund operating and capital expenditure incurred in the current financial year, making payments for benefits to be received in future years and where obligations in the current financial year are not settled by financial year end.
- 3. The reduction of \$88,000 against departmental ordinary annual services is the net effect against revenue in 2014-15 comprised of a reduction of \$643,000 relating to the Passport Funding Agreement offset against an increase in revenue of \$555,000 for the Intercountry Adoption - national support service measure included in 2014-15 Appropriation Act (No 5). The reduction of \$7,809,000 against departmental equity relates to the change in scope of the diplomatic accommodation project in Kabul. The reduction of \$1,878,000 against administered items is the net effect of an approved movement of funds and transfer of the Tasmanian Regional Tourism Package to Austrade offset by an increase in expenditure on Australia's payments to international organisations.
- 4. Comsuper spends money from the Consolidated Revenue Fund on behalf of DFAT in accordance with the Papua New Guinea (Staffing Assistance) Act 1973. In 2014-15 Comsuper drew down \$7,771,622 from DFAT's administered appropriation. This is included in the appropriation applied amount above.

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 29A: Annual Appropriations ('Recoverable GST exclusive') (continued)**

	Appropriation Act		FMA Act		Total appropriation \$'000	Appropriation applied in 2014 (current and prior years) \$'000	Variance <sup>4</sup> \$'000
	Annual Appropriation <sup>1</sup> \$'000	Appropriations reduced <sup>2</sup> \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 <sup>3</sup> \$'000		
<b>Departmental</b>							
Ordinary annual services <sup>1</sup>	993,488	-	-	108,082	331,784	1,433,354	109,019
Other services							
Equity	62,110	-	-	-	14,523	76,633	25,315
<b>Total departmental</b>	1,055,598	-	-	108,082	346,307	1,509,987	134,334
<b>Administered</b>							
Ordinary annual services							
Administered items <sup>5</sup>	620,125	(1,019,899)	86,892	-	3,493,566	3,180,684	293,895
Payments to CAC Act bodies	82,121	-	-	-	-	82,121	-
Other services							
Administered assets and liabilities	2,196,366	-	-	-	594,223	2,790,589	2,530,391
Payments to CAC Act bodies	2,697	-	-	-	-	2,697	-
<b>Total administered</b>	2,901,309	(1,019,899)	86,892	-	4,087,789	6,056,091	2,824,286

1. In 2013-14, there were adjustments that met the recognition criteria of a formal addition and reduction to revenue (in accordance with FMO Div 101) but at law the appropriations had not been amended before the end of the reporting period. The adjustments were:

- a reduction to revenue of \$2,788,954 relating to the Passport Services Purchasing Agreement,
- a reduction to revenue of \$842,416 relating to no-win/no-loss funding for security projects,
- an addition to revenue of \$38,335,383 relating to no-win/no-loss funding for foreign exchange, and
- a reduction to revenue of \$13,444,225 relating to no-win/no-loss funding for FBT payable on living away from home allowance.

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Department of Foreign Affairs and Trade  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 29A: Annual Appropriations ('Recoverable GST exclusive') (continued)**

2. Appropriations reduced under Appropriation Acts (Nos. 1, 3, 5) 2013-14; sections 10, 11, 12 and 15 and under Appropriation Acts (Nos. 2, 4, 6) 2013-14; sections 12, 13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Acts (Nos. 1, 3, 5) 2013-14 and section 12 of Appropriation Acts (Nos. 2, 4, 6) 2013-14, the appropriation is taken to be reduced to the required amount specified in former Table E of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament. The amount reduced for administered items includes \$998,642,000 in savings related to the stabilisation of the Official Development Assistance (ODA) Budget as announced by the Government on 18 January 2014.
3. The international development and aid function was assumed from AusAID due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with DFAT. AusAID ceased to be an entity on 1 November 2013. Remaining 2013-14 appropriations were transferred to DFAT under a determination under s. 32 of the FMA Act on 31 October 2013.
4. Variances in appropriation may result from using prior year non-lapsed appropriations to fund operating and capital expenditure incurred in the current financial year, making payments for benefits to be received in future years and where obligations in the current financial year are not settled by financial year end.
5. Consumer spends money from the Consolidated Revenue Fund on behalf of DFAT in accordance with the *Papua New Guinea (Staffing Assistance) Act 1973*. In 2013-14, from 1 November 2013 onwards, Consumer drew down \$5,477,823 from DFAT's administered appropriation. This is included in the appropriation applied amount above.

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 29A: Annual Appropriations ('Recoverable GST exclusive') (continued)

	Appropriation Act		FMA Act				Appropriation applied in 2014 (1 July 2013 to 31 October 2013) (current and prior years)	Variance <sup>3</sup> \$'000
	Annual Appropriation \$'000	Appropriations reduced <sup>1</sup> \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 <sup>2</sup> \$'000	Total appropriation \$'000		
<b>Departmental</b>								
Ordinary annual services	365,993	-	-	6,110	(331,784)	40,319	(124,799)	(84,480)
Other services								
Equity	14,523	-	-	-	(14,523)	-	-	-
<b>Total departmental</b>	<b>380,516</b>	<b>-</b>	<b>-</b>	<b>6,110</b>	<b>(346,307)</b>	<b>40,319</b>	<b>(124,799)</b>	<b>(84,480)</b>
<b>Administered</b>								
Ordinary annual services								
Administered items <sup>4</sup>	4,595,104	(1)	15,725	-	(3,490,978)	1,119,850	(1,235,760)	(115,910)
Other services								
Administered assets and liabilities	604,144	-	-	-	(594,223)	9,921	(86,068)	(76,147)
<b>Total administered</b>	<b>5,199,248</b>	<b>(1)</b>	<b>15,725</b>	<b>-</b>	<b>(4,085,201)</b>	<b>1,129,771</b>	<b>(1,321,828)</b>	<b>(192,057)</b>

1. Appropriations reduced under Appropriation Acts (Nos. 1, 3, 5) 2013-14; sections 10, 11, 12 and 15 and under Appropriation Acts (Nos. 2, 4, 6) 2013-14; sections 12, 13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Acts (Nos. 1, 3, 5) 2013-14 and section 12 of Appropriation Acts (Nos. 2, 4, 6) 2013-14, the appropriation is taken to be reduced to the required amount specified in former Table E of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament.

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**Department of Foreign Affairs and Trade  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 29A: Annual Appropriations ('Recoverable GST exclusive') (continued)**

2. The international development and aid function was assumed from AusAID due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with DFAT. AusAID ceased to be an entity on 1 November 2013. Remaining 2013-14 appropriations were transferred to DFAT under a determination under s. 32 of the FMA Act on 31 October 2013.
3. Variances in appropriation may result from using prior year non-lapsed appropriations to fund operating and capital expenditure incurred in the current financial year, making payments for benefits to be received in future years and where obligations in the current financial year are not settled by financial year end.
4. Consuper spends money from the Consolidated Revenue Fund on behalf of AusAID in accordance with the *Papua New Guinea (Staffing Assistance) Act 1973*. In 2013-14, from 1 July 2013 to 31 October 2013, Consuper drew down \$2,979,827 from AusAID's administered appropriation. This is included in the appropriation applied amount above.

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 29B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive')

**Capital Budget Appropriations for 2015**

	2015 Capital Budget Appropriations			Capital Budget Appropriations applied in 2015 (current and prior years)		
	<i>Appropriation Act</i>	<i>PGPA Act</i>	Total Capital Budget	Payments for non-financial assets <sup>2</sup>	Payments for other purposes	Total payments
	Annual Capital Budget \$'000	Section 75 \$'000	Appropriations \$'000	\$'000	\$'000	\$'000
<b>Departmental</b>						
Ordinary annual services						
Departmental Capital Budget <sup>1</sup>	53,032	-	53,032	(58,508)	-	(58,508)
<b>Administered</b>						
Ordinary annual services						
Administered Capital Budget <sup>1</sup>	2,293	-	2,293	(184)	-	(184)
						<b>2,109</b>
						<b>(5,476)</b>

1. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (Nos. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Note 29A: Annual Appropriations.

2. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

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## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive') (continued)

### Capital Budget Appropriations for 2014 - DFAT

	2014 Capital Budget Appropriations			Capital Budget Appropriations applied in 2014 (current and prior years)		
	<i>Appropriation Act</i>	<i>FMA Act</i>	Total Capital Budget Appropriations \$'000	Payments for non-financial assets <sup>4</sup> \$'000	Payments for other purposes \$'000	Total payments \$'000
	Annual Capital Budget \$'000	Appropriations reduced <sup>2</sup> \$'000				
<b>Departmental</b>						
Ordinary annual services						
Departmental Capital Budget <sup>1</sup>	38,181	-	10,133	(48,769)	-	(48,769)
<b>Administered</b>						
Ordinary annual services						
Administered Capital Budget <sup>1</sup>	-	-	2,280	(773)	-	(773)
						1,507

1. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (Nos. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Note 29A: Annual Appropriations.

2. Appropriations reduced under Appropriation Acts (Nos. 1, 3, 5) 2013-14: sections 10, 11, 12 and 15 or via determination by the Finance Minister.

3. The international development and aid function was assumed from AusAID due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with DFAT. AusAID ceased to be an entity on 1 November 2013. Remaining 2013-14 appropriations were transferred to DFAT under a determination under s. 32 of the FMA Act on 31 October 2013.

4. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive') (continued)

### Capital Budget Appropriations for 2014 AusAID - (1 July 2013 to 31 October 2013)

	2014 Capital Budget Appropriations			Capital Budget Appropriations applied in 2014 (1 July 2013 to 31 October 2013) (current and prior years)		
	<i>Appropriation Act</i>		<i>FMA Act</i>	Total Capital Budget Appropriations	Payments for non-financial assets <sup>4</sup> \$'000	Payments for other purposes \$'000
	Annual Capital Budget \$'000	Appropriations reduced <sup>2</sup> \$'000				
			Section 32 <sup>3</sup> \$'000	\$'000	\$'000	\$'000
<b>Departmental</b>						
Ordinary annual services						
Departmental Capital Budget <sup>1</sup>	12,242	-	(10,133)	2,109	(2,109)	(2,109)
<b>Administered</b>						
Ordinary annual services						
Administered Capital Budget <sup>1</sup>	2,505	-	(2,280)	225	(225)	(225)

1. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (Nos. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Note 29A: Annual Appropriations.

2. Appropriations reduced under Appropriation Acts (Nos. 1, 3, 5) 2013-14: sections 10, 11, 12 and 15 or via determination by the Finance Minister.

3. The international development and aid function was assumed from AusAID due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with DFAT. AusAID ceased to be an entity on 1 November 2013. Remaining 2013-14 appropriations were transferred to DFAT under a determination under s. 32 of the FMA Act on 31 October 2013.

4. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases. The amount above for AusAID is for the period 1 July 2013 to 31 October 2013.

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## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 29C: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2015 \$'000	2014 \$'000
<b>Departmental</b>		
Appropriation Act (No. 1) 2010-11 <sup>1</sup>	-	10,557
Appropriation Act (No. 2) 2010-11 <sup>1</sup>	-	31,189
Appropriation Act (No. 4) 2010-11 <sup>1</sup>	-	473
Appropriation Act (No. 2) 2011-12 <sup>1</sup>	-	70,884
Appropriation Act (No. 1) 2012-13	-	9,066
Appropriation Act (No. 2) 2012-13	-	30,892
Appropriation Act (No. 4) 2012-13	-	2,350
Appropriation Act (No. 1) 2013-14 <sup>2</sup>	801	382,266
Appropriation Act (No. 1) 2013-14 - Departmental capital budget	-	9,568
Appropriation Act (No. 2) 2013-14	4,564	75,252
Appropriation Act (No. 3) 2013-14	-	21,573
Appropriation Act (No. 4) 2013-14	-	938
Appropriation Act (No. 1) 2013-14 - Cash at bank and on hand	-	65,478
Appropriation Act (No. 1) 2014-15 <sup>3</sup>	234,674	-
Appropriation Act (No. 1) 2014-15 - Departmental capital budget	4,092	-
Appropriation Act (No. 2) 2014-15 <sup>4</sup>	80,816	-
Appropriation Act (No. 3) 2014-15	53,420	-
Appropriation Act (No. 4) 2014-15	40,104	-
Appropriation Act (No. 1) 2014-15 - Cash at bank and on hand	83,349	-
<b>Total departmental<sup>5,6</sup></b>	<b>501,820</b>	<b>710,486</b>

- On 1 July 2014, the commencement of the PGPA Act resulted in Appropriation Acts prior to 1 July 2012 being no longer available to agencies. The impact on DFAT was to remove access to unspent annual departmental appropriations for 2010-11 and 2011-12. The total amount of appropriations repealed was \$113,103,237.
- Appropriation Act (No.1) 2013-14* includes \$0.801 million that has been quarantined. This amount does not form part of the appropriation receivable at Note 7, however as this amount has not been formally reduced it is included in the balance in Note 29C.
- Appropriation Act (No.1) 2014-15* includes \$0.088 million that was permanently quarantined under section 51 of the PGPA Act constituting a permanent loss of control. This amount does not form part of the appropriation receivable at Note 7, however as this amount has not been formally reduced it is included in the balance in Note 29C.
- Appropriation Act (No.2) 2014-15* includes \$7.809 million quarantined under section 51 of the PGPA Act constituting a permanent loss of control. This amount does not form part of the appropriation receivable at Note 7, however as this amount has not been formally reduced it is included in the balance in Note 29C.
- DFAT has in place a number of no-win/no-loss funding agreements due to the complex and variable environment the department operates in overseas. Adjustments relating to these no-win/no-loss agreements are recognised as formal additions or reductions in DFAT's accounts. However, these formal additions or reductions are not represented in Note 29 as they have not been formally adjusted by law. In 2014-15 DFAT has included in Note 7 an appropriation receivable of \$18,638,322 which is the net effect of the reduction relating to the Passport Funding Agreement of \$1,240,276 and \$3,136,493 for the FBT payable on living away from home allowance and an increase to revenue of \$23,015,091 relating to funding for foreign exchange. It is expected that this amount will be applied to *Appropriation Act (No. 3) 2015-16*.
- The international development and aid function was assumed from the Australian Agency for International Development (AusAID) due to the Administrative Arrangements Order issued on 18 September 2013, which integrated the activities of AusAID with DFAT. AusAID ceased to be an entity on 1 November 2013. At 31 October 2013 there were no unspent appropriation balances held by AusAID.

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 29C: Unspent Annual Appropriations ('Recoverable GST exclusive') (continued)**

		DFAT	AusAID <sup>1</sup>
	2015	2014	31 October
	\$'000	\$'000	2013
			\$'000
<b>Administered</b>			
Appropriation Act (No. 1) 2010-11 <sup>1</sup>	-	-	38,311
Appropriation Act (No. 3) 2010-11 <sup>1</sup>	-	-	148,493
Appropriation Act (No. 2) 2010-11 <sup>1</sup>	-	-	142,699
Appropriation Act (No. 4) 2010-11 <sup>1</sup>	-	-	221,415
Appropriation Act (No. 1) 2011-12 <sup>1</sup>	-	-	3,179
Appropriation Act (No. 2) 2011-12 <sup>1</sup>	-	-	3
Appropriation Act (No. 1) 2012-13 <sup>1</sup>	-	-	206,773
Appropriation Act (No. 2) 2012-13 <sup>1</sup>	-	-	486,732
Appropriation Act (No. 1) 2013-14	-	1,015,299	1
Appropriation Act (No. 1) 2013-14 - Administered capital budget	1,322	1,507	-
Appropriation Act (No. 2) 2013-14	-	590,169	-
Appropriation Act (No. 3) 2013-14	286,637	289,243	-
Appropriation Act (No. 4) 2013-14	2,174,844	1,940,222	-
Appropriation Act (No. 5) 2013-14	-	7,963	-
Appropriation Act (No. 1) 2013-14 - Cash at bank and on hand	-	16,414	-
Appropriation Act (No. 1) 2014-15 <sup>2</sup>	120,459	-	-
Appropriation Act (No. 1) 2014-15 - Administered capital budget	2,293	-	-
Appropriation Act (No. 3) 2014-15	617	-	-
Appropriation Act (No. 1) 2014-15 - Cash at bank and on hand	1,832	-	-
<b>Total administered</b>	<b>2,588,004</b>	<b>3,860,817</b>	<b>1,247,606</b>

1. The unspent annual administered appropriations for 2010-11, 2011-12 and 2012-13 were not transferred to the department through a section 32 determination from the former Australian Agency for International Development (AusAID). These amounts were subsequently appropriated to the department through Appropriation Act (No 4) 2013-14 following integration on 1 November 2013.
2. *Appropriation Act (No.1) 2014-15* includes \$1.878 million permanently quarantined under section 51 of the PGPA Act that constitutes a permanent loss of control. As this amount has not been formally reduced, by law, prior to 30 June 2015 they are included in the balance in Note 29C.

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### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 29D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2015	2014
			\$	\$
Export Finance and Insurance Corporation Act 1991 s.54(10), Administered	Unlimited Amount	For the payment by the Commonwealth to Efic of amounts equal to the amount of capital determined by the Efic Board as necessary to overcome the inadequacies, in the moneys or other assets of Efic to meet the expected liabilities, losses or claims against Efic	-	-
Financial Management and Accountability Act 1997 s.28(1), Administered <sup>1</sup>	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment	-	1,036,205
Public Governance, Performance and Accountability Act 2013 s. 77, Administered <sup>1</sup>	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment	944,683	-
<b>Total special appropriation applied</b>			<b>944,683</b>	<b>1,036,205</b>

1. DFAT uses s. 77 of the PGPA Act (formerly s. 28(1) of the FMA Act) to make refunds of passport fees in certain circumstances, where there is no other specific appropriation available to make the repayment.

Department of Foreign Affairs and Trade  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 30: Special Accounts

	Expositions Special Account (Administered) <sup>1</sup>		Consular Services Special Account (Administered) <sup>2</sup>		Administered Payments and Receipts Account for Other Entities Special Account (Administered) <sup>3</sup>		Services for Other Entities and Trust Moneys - DFAT Special Account (Administered) <sup>4</sup>	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Balance brought forward from previous period</b>	994	994	34	45	5,000	5,000	443	629
<b>Increases</b>								
Costs recovered	-	-	196	180	272,309	260,143	-	-
Other receipts	-	-	-	-	-	-	11,703	1,938
<b>Total increases</b>	-	-	196	180	272,309	260,143	11,703	1,938
<b>Available for payments</b>	994	994	230	225	277,309	265,143	12,146	2,567
<b>Decreases</b>								
<b>Administered</b>								
Payments made to suppliers	-	-	-	-	(272,309)	(260,143)	(4,747)	(2,124)
<b>Total administered</b>	-	-	(192)	(191)	(272,309)	(260,143)	(4,747)	(2,124)
<b>Total decreases</b>	-	-	(192)	(191)	(272,309)	(260,143)	(4,747)	(2,124)
<b>Total balance carried to the next period</b>	994	994	38	34	5,000	5,000	7,399	443

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Department of Foreign Affairs and Trade  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 30: Special Accounts (continued)

	Services for Other Entities and Trust Moneys - AusAID Special Account (Administered) <sup>5</sup>			Australia-Indonesia Partnership Reconstruction and Development (Loans) Special Account (Administered) <sup>6</sup>			Australia-Indonesia Partnership Reconstruction and Development (Loans) Special Account (Administered) <sup>7</sup>			Overseas Property Special Account (Departmental) <sup>8</sup>		
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Balance brought forward from previous period</b>	6,535	8,050	38,057	77,595	-	-	-	-	281,327	-	431,246	-
<b>Increases:</b>												
Costs recovered	-	-	-	-	-	-	-	-	36,650	-	526	-
Realised investments	-	-	-	-	-	-	-	-	165,098	-	82,881	-
Other receipts	2,078	11,431	-	-	-	-	18,775	-	-	-	-	-
<b>Total increases</b>	2,078	11,431	-	-	18,775	-	-	-	201,748	-	83,407	-
<b>Available for payments</b>	8,613	19,481	38,057	77,595	18,775	-	18,775	-	483,075	-	514,653	-
<b>Decreases:</b>												
<b>Departmental</b>												
Payments made to employees	-	-	-	-	-	-	-	-	(3,361)	-	(2,771)	-
Payments made to suppliers	-	-	-	-	-	-	-	-	(272,255)	-	(150,611)	-
Return of capital and dividends	-	-	-	-	-	-	-	-	-	-	(79,944)	-
<b>Total departmental decreases</b>	-	-	-	-	-	-	-	-	(275,616)	-	(233,326)	-
<b>Administered</b>												
Payments made to suppliers	(2,550)	(12,946)	(19,282)	(39,538)	(8,800)	-	-	-	-	-	-	-
Payments made to other	(6,063)	-	(18,775)	-	-	-	-	-	-	-	-	-
Transfers to consolidated revenue fund	-	-	-	-	(9,975)	-	-	-	-	-	-	-
<b>Total administered decreases</b>	(8,613)	(12,946)	(38,057)	(39,538)	(18,775)	-	-	-	-	-	-	-
<b>Total decreases</b>	(8,613)	(12,946)	(38,057)	(39,538)	(18,775)	-	-	-	(275,616)	-	(233,326)	-
<b>Total balance carried to the next period</b>	-	6,535	-	38,057	-	-	-	-	207,459	-	281,327	-

## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 30: Special Accounts (continued)

1. Appropriation: Financial Management and Accountability Act 1997 section 20  
 Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2007/14  
 Purpose:
  - (a) to acquire, lease, hire, construct, manage, operate, repair, maintain, identify and advise on, and undertake any other activities in relation to Australia's participation at international expositions
  - (b) activities that are incidental to a purpose mentioned in paragraph (a)
  - (c) to reduce the balance of the Special Account (and, therefore, the available appropriation for the Special Account) without making a real or notional payment
  - (d) to repay amounts where an Act or other law requires or permits the repayment of an amount received.

This special account determination is to sunset on 1 October 2017.
2. Appropriation: Financial Management and Accountability Act 1997 section 20  
 Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2005/38  
 Purpose:
  - (a) providing assistance to Australian citizens and permanent residents overseas:
    - (i) in circumstances of urgency
    - (ii) when commercial money transfer services are unavailable or inappropriate
  - (b) to repay to an original payer amounts credited to the Special Account and residual after any necessary payments have been made under paragraph (a)
  - (c) activities that are incidental to a purpose mentioned in paragraphs (a) or (b)
  - (d) to reduce the balance of the Special Account (and, therefore, the available appropriation for that Account) without making a real or notional payment
  - (e) to repay amounts where an Act or other law requires or permits the repayment of an amount received.

This special account determination is to sunset on 1 October 2015.
3. Appropriation: Financial Management and Accountability Act 1997 section 20  
 Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2000/13  
 Purpose:
  - (a) to make payments overseas on behalf of entities
  - (b) to make payments to entities for amounts received overseas on their behalf
  - (c) to make payments overseas on projects jointly funded with entities
  - (d) activities that are incidental to a purpose mentioned in paragraphs (a), (b) and (c)
  - (e) to reduce the balance of the Special Account (and, therefore, the available appropriation for that Special Account) without making a real or notional payment
  - (f) to repay amounts where an Act or other law requires or permits the repayment of an amount received.

This special account determination is to sunset on 1 October 2019.

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## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 30: Special Accounts (continued)

4. Appropriation: Financial Management and Accountability Act 1997 section 20  
Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2009/25  
Purpose:
  - (a) disburse amounts held in trust or otherwise for the benefit of a person other than the Commonwealth
  - (b) disburse amounts in connection with services performed on behalf of other governments and bodies that are not FMA agencies
  - (c) repay amounts where an Act or other law requires or permits the repayment of an amount received
  - (d) reduce the balance of the Special Account (and, therefore, the available appropriation for the Account) without making a real or notional payment.
 This special account determination is to sunset on 1 October 2019.
5. Appropriation: Financial Management and Accountability Act 1997 section 20  
Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2011/05  
Purpose:
  - (a) disburse amounts held in trust or otherwise for the benefit of a person other than the Commonwealth
  - (b) disburse amounts in connection with services performed on behalf of other governments and bodies that are not FMA agencies
  - (c) repay amounts where an Act or other law requires or permits the repayment of an amount received
  - (d) reduce the balance of the Special Account (and, therefore, the available appropriation for the Account) without making a real or notional payment.
 This special account ceased on 1 July 2014 under the Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014.
6. Appropriation: Financial Management and Accountability Act 1997 section 20  
Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2005/03  
Purpose:
  - (a) loans for relief, rehabilitation and reconstruction assistance to areas in the Republic of Indonesia directly affected by the Tsunami and economic and social development assistance to all areas of the Republic of Indonesia
  - (b) activities that are incidental to and directly related to a purpose mentioned in paragraph (a)
  - (c) to reduce the balance of the Special Account (and, therefore, the available appropriation for that Account) without making a real or notional payment
  - (d) to repay amounts where an Act or other law required or permits the repayment of an amount received.
  - (e) to credit amounts to the Australia-Indonesia Partnership for Reconstruction and Development (Loans) Special Account 2015.
 This special account sunsetted on 1 April 2015 and was replaced with the below special account established under the PGPA Act.

## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 30: Special Accounts (continued)

7. Appropriation: Public Governance, Performance and Accountability Act 2013 section 78  
 Establishing Instrument: PGPA Act (Australia-Indonesia Partnership for Reconstruction and Development (Loans) Special Account 2015 - Establishment) Determination 2015/01  
 Purpose:
  - (a) loans for relief, rehabilitation and reconstruction assistance to areas in the Republic of Indonesia directly affected by the 2004 Tsunami through one or more of the activities specified in subsection 8(2)
  - (b) loans for economic and social development assistance in all areas of the Republic of Indonesia through one or more of the activities specified in subsection 8(2)
  - (c) activities that are incidental to and directly related to a purpose mentioned in paragraph (a) or (b)
  - (d) to reduce the balance of the Special Account (and, therefore, the available appropriation for the special account) without making a real or notional payment
  - (e) to repay amounts where an Act or other law required or permits the repayment of an amount received.

This special account determination is to sunset on 1 April 2025.
8. Appropriation: Financial Management and Accountability Act 1997 section 20  
 Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2002/01  
 Purpose:
  - (a) acquire, lease, construct, manage, operate, repair, maintain, divest, finance, identify or advise on, and undertake any other activities in relation to, the real property of the Commonwealth outside Australia
  - (b) return dividends or net proceeds from the sale of an asset to the Budget as agreed between the Finance Minister and the responsible minister
  - (c) carry out activities that are incidental to a purpose mentioned in paragraph (a)
  - (d) reduce the balance of the Special Account (and, therefore, the available appropriation for the Account) without making a real or notional payment
  - (e) repay amounts where an Act or other law requires or permits the repayment of an amount received.

This special account determination is to sunset on 1 October 2019.

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## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 30: Special Accounts (continued)

The above determinations that were originally made under subsection 20(1) of the Financial Management and Accountability Act 1997 are taken from 1 July 2014 to have been made under subsection 78(1) of the Public Governance, Performance and Accountability Act 2013.

The following special account ceased on 1 July 2014 under the Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014. There were no balances or transactions for either the 2013-14 or 2014-15 financial years.

Special Account: Australia-Indonesia Partnership Reconstruction and Development (Grants) Special Account

Appropriation: Financial Management and Accountability Act 1997 section 20

Establishing Instrument: Financial Management and Accountability (Special Accounts) Determination 2002/01

- (a) grants for relief, rehabilitation and reconstruction assistance to areas in the Republic of Indonesia directly affected by the Tsunami and economic and social development assistance to all areas of the Republic of Indonesia
- (b) activities that are incidental to and directly related to a purpose mentioned in paragraph (a) or paragraph 5.1 (a) of Financial Management and Accountability Determination 2005/03 - Australia-Indonesia Partnership for Reconstruction and Development (Loans) Special Account Establishment 2005
- (c) to reduce the balance of the Special Account (and, therefore, the available appropriation for that Account) without making a real or notional payment
- (d) to repay amounts where an Act or other law required or permits the repayment of an amount received.

Prior to 1 November 2013 the following accounts were the responsibility of AusAID:

- Australia-Indonesia Partnership for Reconstruction and Development (Grants) Special Account (Financial Management and Accountability (Special Accounts) Determination 2005/03)
- Australia-Indonesia Partnership for Reconstruction and Development (Loans) Special Account
- Services for Other Entities and Trust Moneys - AusAID Special Account

## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 31: Reporting of Outcomes

The department uses an Activity Based Costing System to determine the attribution of its shared items for departmental outcomes and actual cost allocations for administered outcomes. The basis of attribution in the table below is consistent with the basis used for the 2014–15 Budget.

#### Note 31A: Net Cost of Outcome Delivery

*Consolidated*

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Payments to corporate Commonwealth entities		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental</b>												
Expenses	934,019	951,689	302,914	302,860	298,468	274,296	-	-	-	-	1,535,401	1,528,845
Other own-source income	74,804	56,752	-	-	49,721	52,203	-	-	-	-	124,525	108,955
Departmental cost of outcome delivery	859,215	894,937	302,914	302,860	248,747	222,093	-	-	-	-	1,410,876	1,419,890
<b>Administered</b>												
Expenses	4,667,307	348,803	1,024	988	-	-	-	4,227,728	138,865	84,818	4,807,196	4,662,337
Income from non-government sector:												
Sale of goods and rendering of services	484	784	402,074	376,202	-	-	-	-	-	-	402,558	376,986
Other own-source income	494,730	56,946	-	-	-	-	-	81,505	-	-	494,730	138,451
Administered cost/(contribution) of outcome delivery	4,172,093	291,073	(401,050)	(375,214)	-	-	-	4,146,223	138,865	84,818	3,909,908	4,146,900
Net cost/(contribution) of outcome delivery	5,031,308	1,186,010	(98,136)	(72,354)	248,747	222,093	-	4,146,223	138,865	84,818	5,320,784	5,566,790

2013–14 AusAID departmental amounts are incorporated into Outcome 1 in the consolidated figures above and administered amounts into Outcome 4. From 2014–15 onwards Outcome 4 ceased to exist.

Outcomes 1, 2 and 3 are described in Note 1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

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## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 31A: Net Cost of Outcome Delivery (continued)

DFAT

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Payments to corporate Commonwealth entities				Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental</b>														
Expenses	934,019	837,235	302,914	302,860	298,468	274,296	-	-	-	-	1,535,401	-	1,414,391	-
Other own-source income	74,804	54,833	-	-	49,721	52,203	-	-	-	-	124,525	-	107,036	-
Departmental cost of outcome delivery	859,215	782,402	302,914	302,860	248,747	222,093	-	-	-	-	1,410,876	-	1,307,355	-
<b>Administered</b>														
Expenses	4,667,307	348,803	1,024	988	-	-	-	3,109,365	138,865	84,818	4,807,196	84,818	3,543,974	-
Income from non-government sector:														
Sale of goods and rendering of services	484	784	402,074	376,202	-	-	-	-	-	-	402,558	-	376,986	-
Other own-source income	494,730	56,946	-	-	-	-	-	70,381	-	-	494,730	-	127,327	-
Administered cost/(contribution) of outcome delivery	4,172,093	291,073	(401,050)	(375,214)	-	-	-	3,038,984	138,865	84,818	3,909,908	84,818	3,039,661	-
<b>Net cost/(contribution) of outcome delivery</b>	<b>5,031,308</b>	<b>1,073,475</b>	<b>(98,136)</b>	<b>(72,354)</b>	<b>248,747</b>	<b>222,093</b>	<b>-</b>	<b>3,038,984</b>	<b>138,865</b>	<b>84,818</b>	<b>5,320,784</b>	<b>84,818</b>	<b>4,347,016</b>	<b>-</b>

From 2014-15 onwards Outcome 4 ceased to exist.

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 31A: Net Cost of Outcome Delivery (continued)**

*AusAID*

	Outcome 1		Outcome 2		Payments to corporate Commonwealth entities		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental</b>								
Expenses	-	114,454	-	-	-	-	-	114,454
Other own-source income	-	1,919	-	-	-	-	-	1,919
Departmental cost of outcome delivery	-	112,535	-	-	-	-	-	112,535
<b>Administered</b>								
Expenses	-	1,118,363	-	-	-	-	-	1,118,363
Income from non-government sector:								
Sale of goods and rendering of services	-	-	-	-	-	-	-	-
Other own-source income	-	11,124	-	-	-	-	-	11,124
Administered cost/(contribution) of outcome delivery	-	1,107,239	-	-	-	-	-	1,107,239
<b>Net cost/(contribution) of outcome delivery</b>	-	1,219,774	-	-	-	-	-	1,219,774

Amounts disclosed above for AusAID for 2013-14 related to the period 1 July 2013 to 31 October 2013. From 2014-15 onwards Outcome 4 ceased to exist.

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## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 31B: Major Classes of Departmental Expense Income Assets and Liabilities by Outcome

<i>Consolidated</i>	Outcome 1 <sup>1</sup>		Outcome 2		Outcome 3		Outcome 4		Total <sup>1</sup>	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental expenses:</b>										
Employee benefits	537,609	547,871	102,709	106,285	84,934	93,107	-	-	725,252	747,263
Supplier	292,945	283,323	195,214	191,023	148,272	131,955	-	-	636,431	606,301
Depreciation and amortisation	77,237	101,363	4,991	5,552	65,262	49,234	-	-	147,490	156,149
Other expenses	26,228	19,132	-	-	-	-	-	-	26,228	19,132
<b>Total expenses</b>	<b>934,019</b>	<b>951,689</b>	<b>302,914</b>	<b>302,860</b>	<b>298,468</b>	<b>274,296</b>	<b>-</b>	<b>-</b>	<b>1,535,401</b>	<b>1,528,845</b>
<b>Departmental income:</b>										
Revenue from government	772,875	872,882	328,260	285,886	202,839	168,925	-	-	1,303,974	1,327,693
Sale of goods and rendering of services	55,489	48,990	-	-	49,464	52,092	-	-	104,953	101,082
Other revenue and gains	19,315	7,762	-	-	257	111	-	-	19,572	7,873
<b>Total own-source income</b>	<b>847,679</b>	<b>929,634</b>	<b>328,260</b>	<b>285,886</b>	<b>252,560</b>	<b>221,128</b>	<b>-</b>	<b>-</b>	<b>1,428,499</b>	<b>1,436,648</b>
<b>Departmental assets:</b>										
Cash and cash equivalents	83,349	67,531	-	-	1,371	8,238	-	-	84,720	75,769
Trade and other receivables	507,887	713,519	-	-	247,127	285,284	-	-	755,014	998,803
Land and buildings	204,577	196,837	1,121	2,039	2,677,934	2,022,335	-	-	2,883,632	2,221,211
Property, plant and equipment	53,851	94,164	9,344	5,437	145,273	92,893	-	-	208,468	192,494
Intangibles	-	6,246	38,247	19,693	51,364	56,618	-	-	89,611	82,557
Inventories	74	16	39,372	28,261	195	49	-	-	39,641	28,326
Assets held for sale	-	-	-	-	671	-	-	-	671	-
Other non-financial assets	61,353	41,956	-	-	23,857	58,801	-	-	85,210	100,757
<b>Total assets</b>	<b>911,091</b>	<b>1,120,269</b>	<b>88,084</b>	<b>55,430</b>	<b>3,147,792</b>	<b>2,524,218</b>	<b>-</b>	<b>-</b>	<b>4,146,967</b>	<b>3,695,917</b>
<b>Departmental liabilities:</b>										
Suppliers	89,049	100,997	-	-	32,423	16,090	-	-	121,472	117,087
Other payables	33,875	34,323	-	-	28,593	11,222	-	-	62,468	45,545
Employee provisions	210,927	219,039	-	-	1,555	1,324	-	-	212,482	220,363
Other provisions	22,422	22,981	-	-	-	-	-	-	22,422	22,981
<b>Total liabilities</b>	<b>356,273</b>	<b>377,340</b>	<b>-</b>	<b>-</b>	<b>62,571</b>	<b>28,636</b>	<b>-</b>	<b>-</b>	<b>418,844</b>	<b>405,976</b>

1. 2013-14 AusAID departmental figures are incorporated into Outcome 1 in the consolidated figures above. From 2014-15 onwards Outcome 4 ceased to exist.

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 31B: Major Classes of Departmental Expense Income Assets and Liabilities by Outcome (continued)**

<i>DFAT</i>	Outcome 1 <sup>1</sup>		Outcome 2		Outcome 3		Outcome 4		Total <sup>1</sup>	
	2015 \$'000	2014 <sup>1</sup> \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 <sup>1</sup> \$'000
<b>Departmental expenses:</b>										
Employee benefits	537,609	476,102	102,709	106,285	84,934	93,107	-	-	725,252	675,494
Supplier	292,945	247,186	195,214	191,023	148,272	131,955	-	-	636,431	570,164
Depreciation and amortisation	77,237	95,628	4,991	5,552	65,262	49,234	-	-	147,490	150,414
Other expenses	26,228	18,319	-	-	-	-	-	-	26,228	18,319
<b>Total expenses</b>	<b>934,019</b>	<b>837,235</b>	<b>302,914</b>	<b>302,860</b>	<b>298,468</b>	<b>274,296</b>	<b>-</b>	<b>-</b>	<b>1,535,401</b>	<b>1,414,391</b>
<b>Departmental income:</b>										
Revenue from government	772,875	754,965	328,260	285,886	202,839	168,925	-	-	1,303,974	1,209,776
Sale of goods and rendering of services	55,489	47,492	-	-	49,464	52,092	-	-	104,953	99,584
Other revenue and gains	19,315	7,341	-	-	257	111	-	-	19,572	7,452
<b>Total own-source income</b>	<b>847,679</b>	<b>809,798</b>	<b>328,260</b>	<b>285,886</b>	<b>252,560</b>	<b>221,128</b>	<b>-</b>	<b>-</b>	<b>1,428,499</b>	<b>1,316,812</b>
<b>Departmental assets:</b>										
Cash and cash equivalents	83,349	67,325	-	-	1,371	8,238	-	-	84,720	75,563
Trade and other receivables	507,887	602,278	-	-	247,127	285,284	-	-	755,014	887,562
Land and buildings	204,577	162,362	1,121	2,039	2,677,934	2,022,335	-	-	2,883,632	2,186,736
Property, plant and equipment	53,851	70,277	9,344	5,437	145,273	92,893	-	-	208,468	168,607
Intangibles	-	(973)	38,247	19,693	51,364	56,618	-	-	89,611	75,338
Inventories	74	16	39,372	28,261	195	49	-	-	39,641	28,326
Assets held for sale	-	-	-	-	671	-	-	-	671	-
Other non-financial assets	61,353	28,469	-	-	23,857	58,801	-	-	85,210	87,270
<b>Total assets</b>	<b>911,091</b>	<b>929,754</b>	<b>88,084</b>	<b>55,430</b>	<b>3,147,792</b>	<b>2,524,218</b>	<b>-</b>	<b>-</b>	<b>4,146,967</b>	<b>3,509,402</b>
<b>Departmental liabilities:</b>										
Suppliers	89,049	88,773	-	-	32,423	16,090	-	-	121,472	104,863
Other payables	33,875	25,332	-	-	28,593	11,222	-	-	62,468	36,554
Employee provisions	210,927	165,181	-	-	1,555	1,324	-	-	212,482	166,505
Other provisions	22,422	16,934	-	-	-	-	-	-	22,422	16,934
<b>Total liabilities</b>	<b>356,273</b>	<b>296,220</b>	<b>-</b>	<b>-</b>	<b>62,571</b>	<b>28,636</b>	<b>-</b>	<b>-</b>	<b>418,844</b>	<b>324,856</b>

1. Incorporates AusAID for the period 1 November 2013 to 30 June 2014, recorded against Outcome 1. From 2014-15 onwards Outcome 4 ceased to exist.

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## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Note 31B: Major Classes of Departmental Expense Income Assets and Liabilities by Outcome (continued)**

AusAID	Outcome 1		Outcome 2		Total	
	2015 \$'000	2014 <sup>1</sup> \$'000	2015 \$'000	2014 <sup>1</sup> \$'000	2015 \$'000	2014 <sup>1</sup> \$'000
<b>Departmental expenses:</b>						
Employee benefits	-	71,769	-	-	-	71,769
Supplier	-	36,137	-	-	-	36,137
Depreciation and amortisation	-	5,735	-	-	-	5,735
Other expenses	-	813	-	-	-	813
<b>Total expenses</b>	-	114,454	-	-	-	114,454
<b>Departmental income:</b>						
Revenue from government	-	117,917	-	-	-	117,917
Sale of goods and rendering of services	-	1,498	-	-	-	1,498
Other revenue and gains	-	421	-	-	-	421
<b>Total own-source income</b>	-	119,836	-	-	-	119,836
<b>Departmental assets:</b>						
Cash and cash equivalents	-	206	-	-	-	206
Trade and other receivables	-	111,241	-	-	-	111,241
Land and buildings	-	34,475	-	-	-	34,475
Property, plant and equipment	-	23,887	-	-	-	23,887
Intangibles	-	7,219	-	-	-	7,219
Inventories	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Other non-financial assets	-	13,487	-	-	-	13,487
<b>Total assets</b>	-	190,515	-	-	-	190,515
<b>Departmental liabilities:</b>						
Suppliers	-	12,224	-	-	-	12,224
Other payables	-	8,991	-	-	-	8,991
Employee provisions	-	53,858	-	-	-	53,858
Other provisions	-	6,047	-	-	-	6,047
<b>Total liabilities</b>	-	81,120	-	-	-	81,120

1. The income and expense amounts for 2013-14 relate to the period 1 July 2013 to 31 October 2013. From 2014-15 onwards Outcome 4 ceased to exist.

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 31C: Major Classes of Administered Expenses, Income, Assets, and Liabilities by Outcomes**

<i>Consolidated</i>	Outcome 1		Outcome 2		Outcome 3		Outcome 4 <sup>1</sup>		Payments to corporate Commonwealth entities				Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered expenses</b>														
Employee benefits	6,505	4,715	-	-	-	-	-	-	-	-	6,505	4,715	-	-
International development assistance	3,427,544	-	-	-	-	-	-	3,093,425	-	-	3,427,544	3,093,425	-	-
Suppliers	10,975	20,705	1,024	984	-	-	-	-	-	-	11,999	21,689	-	-
Grants and contributions	1,056,808	309,234	-	4	-	-	-	735,669	-	-	1,056,808	1,044,907	-	-
Depreciation and amortisation	1,322	-	-	-	-	-	-	-	-	-	1,322	2,479	-	-
Finance costs	59,165	-	-	-	-	-	-	50,630	-	-	59,165	50,630	-	-
Write-down and impairment of assets	9,187	-	-	-	-	-	-	1,652	-	-	9,187	1,652	-	-
Net foreign exchange losses	11,022	-	-	-	-	-	-	-	-	-	11,022	-	-	-
Other expenses	84,779	14,149	-	-	-	-	-	343,873	-	-	84,779	358,022	-	-
Payments to corporate Commonwealth entities	-	-	-	-	-	-	-	-	138,865	84,818	138,865	84,818	-	-
<b>Total expenses</b>	<b>4,667,307</b>	<b>348,803</b>	<b>1,024</b>	<b>988</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,227,728</b>	<b>138,865</b>	<b>84,818</b>	<b>4,807,196</b>	<b>4,662,337</b>	<b>-</b>	<b>-</b>
<b>Administered income</b>														
Sale of goods and rendering of services	484	784	402,074	376,202	-	-	-	-	-	-	402,558	376,986	-	-
Interest	13,289	3,188	-	-	-	-	-	9,045	-	-	13,289	12,233	-	-
Dividends	18,153	11,250	-	-	-	-	-	-	-	-	18,153	11,250	-	-
Return of prior year administered expenses	33,099	13,045	-	-	-	-	-	29,219	-	-	33,099	42,264	-	-
Other revenue	38,953	29,844	-	-	-	-	-	-	-	-	38,953	29,844	-	-
Net foreign exchange gains	-	(381)	-	-	-	-	-	-	-	-	-	168	-	-
Reversals of previous asset write-downs	391,236	-	-	-	-	-	-	42,541	-	-	391,236	42,541	-	-
Other gains	-	-	-	-	-	-	-	151	-	-	-	151	-	-
<b>Total income</b>	<b>495,214</b>	<b>57,730</b>	<b>402,074</b>	<b>376,202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,505</b>	<b>-</b>	<b>-</b>	<b>897,288</b>	<b>515,437</b>	<b>-</b>	<b>-</b>

1. AusAID administered figures for 2013-14 are incorporated into Outcome 4 in the consolidated figures above. From 2014-15 onwards Outcome 4 ceased to exist.

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## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 31C: Major Classes of Administered Expenses, Income, Assets, and Liabilities by Outcomes (continued)

<i>Consolidated</i>	Outcome 1		Outcome 2		Outcome 3		Outcome 4 <sup>1</sup>		Payments to corporate Commonwealth entities		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Administered assets</b>												
Cash and cash equivalents	1,832	177	-	-	-	-	-	16,237	-	-	1,832	16,414
Trade and other receivables	173,103	844	2,530	2,367	-	-	-	132,206	-	-	175,633	135,417
Investments	2,392,373	225,926	-	-	-	-	-	1,561,158	-	-	2,392,373	1,787,084
Leasehold improvements	1,661	-	-	-	-	-	-	2,127	-	-	1,661	2,127
Property, plant and equipment	18	-	-	-	-	-	-	18	-	-	18	18
Intangibles	4,586	-	-	-	-	-	-	5,154	-	-	4,586	5,154
Other non-financial assets	151	-	-	-	-	-	-	652	-	-	151	652
<b>Total assets</b>	<b>2,573,724</b>	<b>226,947</b>	<b>2,530</b>	<b>2,367</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,717,552</b>	<b>-</b>	<b>-</b>	<b>2,576,254</b>	<b>1,946,866</b>
<b>Administered liabilities</b>												
Suppliers payable	159,020	5,250	-	1,087	-	-	-	128,768	-	-	159,020	135,105
Grants payable	590,449	-	-	-	-	-	-	590,525	-	-	590,449	590,525
Other payables	892,360	57,997	20,638	18,033	-	-	-	1,010,856	-	-	912,998	1,086,886
Employee provisions	80,749	-	-	-	-	-	-	68,184	-	-	80,749	68,184
Other provisions	-	-	-	-	-	-	-	13	-	-	-	13
<b>Total liabilities</b>	<b>1,722,578</b>	<b>63,247</b>	<b>20,638</b>	<b>19,120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,798,346</b>	<b>-</b>	<b>-</b>	<b>1,743,216</b>	<b>1,880,713</b>

1. AusAID administered figures for 2013-14 are incorporated into Outcome 4 in the consolidated figures above. From 2014-15 onwards Outcome 4 ceased to exist.

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 31C: Major Classes of Administered Expenses, Income, Assets, and Liabilities by Outcomes (continued)**

D/FAT	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Payments to corporate Commonwealth entities		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered expenses</b>												
Employee benefits	6,505	4,715	-	-	-	-	-	-	-	-	6,505	4,715
International development assistance	3,427,544	-	-	-	-	-	1,977,416	-	-	-	3,427,544	1,977,416
Suppliers	10,975	20,705	1,024	984	-	-	-	-	-	-	11,999	21,689
Grants and contributions	1,056,808	309,234	-	4	-	-	735,669	-	-	-	1,056,808	1,044,907
Depreciation and amortisation	1,322	-	-	-	-	-	-	-	-	-	1,322	1,657
Finance costs	59,165	-	-	-	-	-	-	-	-	-	59,165	50,630
Write-down and impairment of assets	9,187	-	-	-	-	-	-	-	-	-	9,187	725
Net foreign exchange losses	11,022	-	-	-	-	-	-	-	-	-	11,022	(605)
Other expenses	84,779	14,149	-	-	-	-	-	-	-	-	84,779	358,022
Payments to corporate Commonwealth entities	-	-	-	-	-	-	-	-	138,865	84,818	138,865	84,818
<b>Total expenses</b>	<b>4,667,307</b>	<b>348,803</b>	<b>1,024</b>	<b>988</b>	<b>-</b>	<b>-</b>	<b>3,109,365</b>	<b>-</b>	<b>138,865</b>	<b>84,818</b>	<b>4,807,196</b>	<b>3,543,974</b>
<b>Administered income</b>												
Sale of goods and rendering of services	484	784	402,074	376,202	-	-	-	-	-	-	402,558	376,986
Interest	13,289	3,188	-	-	-	-	-	-	-	-	13,289	9,386
Dividends	18,153	11,250	-	-	-	-	-	-	-	-	18,153	11,250
Return of prior year administered expenses	33,099	13,045	-	-	-	-	-	-	-	-	33,099	33,987
Other revenue	38,953	29,844	-	-	-	-	-	-	-	-	38,953	29,844
Net foreign exchange gains	-	(381)	-	-	-	-	-	-	-	-	-	168
Reversals of previous asset write-downs	391,236	-	-	-	-	-	-	-	-	-	391,236	42,541
Other gains	-	-	-	-	-	-	-	-	-	-	-	151
<b>Total income</b>	<b>495,214</b>	<b>57,730</b>	<b>402,074</b>	<b>376,202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>897,288</b>	<b>504,313</b>

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## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 31C: Major Classes of Administered Expenses, Income, Assets, and Liabilities by Outcomes (continued)

DFAT	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Payments to corporate Commonwealth entities		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered assets</b>												
Cash and cash equivalents	1,832	177	-	-	-	-	-	16,237	-	-	1,832	16,414
Trade and other receivables	173,103	844	2,530	2,367	-	-	-	132,206	-	-	175,633	135,417
Investments	2,392,373	225,926	-	-	-	-	-	1,561,158	-	-	2,392,373	1,787,084
Leasehold improvements	1,661	-	-	-	-	-	-	2,127	-	-	1,661	2,127
Property, plant and equipment	18	-	-	-	-	-	-	18	-	-	18	18
Intangibles	4,586	-	-	-	-	-	-	5,154	-	-	4,586	5,154
Other non-financial assets	151	-	-	-	-	-	-	652	-	-	151	652
<b>Total assets</b>	<b>2,573,724</b>	<b>226,947</b>	<b>2,530</b>	<b>2,367</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,717,552</b>	<b>-</b>	<b>-</b>	<b>2,576,254</b>	<b>1,946,866</b>
<b>Administered liabilities</b>												
Suppliers payable	159,020	5,250	-	1,087	-	-	-	128,768	-	-	159,020	135,105
Grants payable	590,449	-	-	-	-	-	-	590,525	-	-	590,449	590,525
Other payables	892,360	57,997	20,638	18,033	-	-	-	1,010,856	-	-	912,998	1,086,886
Employee provisions	80,749	-	-	-	-	-	-	68,184	-	-	80,749	68,184
Other provisions	-	-	-	-	-	-	-	13	-	-	-	13
<b>Total liabilities</b>	<b>1,722,578</b>	<b>63,247</b>	<b>20,638</b>	<b>19,120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,798,346</b>	<b>-</b>	<b>-</b>	<b>1,743,216</b>	<b>1,880,713</b>

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 31C: Major Classes of Administered Expenses, Income, Assets, and Liabilities by Outcomes (continued)**

AusAID	Outcome 1		Outcome 2		Payments to corporate Commonwealth entities		Total	
	2015	2014 <sup>1</sup>	2015	2014 <sup>1</sup>	2015	2014 <sup>1</sup>	2015	2014 <sup>1</sup>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Administered expenses</b>								
Employee benefits	-	-	-	-	-	-	-	-
International development assistance	-	1,116,009	-	-	-	-	-	1,116,009
Suppliers	-	-	-	-	-	-	-	-
Grants and contributions	-	-	-	-	-	-	-	-
Depreciation and amortisation	-	822	-	-	-	-	-	822
Finance costs	-	-	-	-	-	-	-	-
Write-down and impairment of assets	-	927	-	-	-	-	-	927
Net foreign exchange losses	-	605	-	-	-	-	-	605
Other expenses	-	-	-	-	-	-	-	-
Payments to corporate Commonwealth entities	-	-	-	-	-	-	-	-
<b>Total expenses</b>	-	1,118,363	-	-	-	-	-	1,118,363
<b>Administered income</b>								
Sale of goods and rendering of services	-	-	-	-	-	-	-	-
Interest	-	2,847	-	-	-	-	-	2,847
Dividends	-	-	-	-	-	-	-	-
Return of prior year administered expenses	-	8,277	-	-	-	-	-	8,277
Other revenue	-	-	-	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-	-	-	-
Other gains	-	-	-	-	-	-	-	-
<b>Total income</b>	-	11,124	-	-	-	-	-	11,124

1. The income and expense amounts for 2013-14 relate to the period 1 July 2013 to 31 October 2013. From 2014-15 onwards Outcome 4 ceased to exist.

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## Department of Foreign Affairs and Trade NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 31C: Major Classes of Administered Expenses, Income, Assets, and Liabilities by Outcomes (continued)

Account ID	Outcome 1		Outcome 2		Payments to corporate Commonwealth entities		Total	
	2015	31 Oct 2013 \$'000	2015	31 Oct 2013 \$'000	2015	31 Oct 2013 \$'000	2015	31 Oct 2013 \$'000
<b>Administered assets</b>								
Cash and cash equivalents	-	582	-	-	-	-	-	582
Trade and other receivables	-	115,210	-	-	-	-	-	115,210
Investments	-	1,493,609	-	-	-	-	-	1,493,609
Leasehold improvements	-	2,434	-	-	-	-	-	2,434
Property, plant and equipment	-	26	-	-	-	-	-	26
Intangibles	-	5,760	-	-	-	-	-	5,760
Other non-financial assets	-	1,418	-	-	-	-	-	1,418
<b>Total assets</b>	-	1,619,039	-	-	-	-	-	1,619,039
<b>Administered liabilities</b>								
Suppliers payable	-	992,219	-	-	-	-	-	992,219
Grants payable	-	434,654	-	-	-	-	-	434,654
Other payables	-	-	-	-	-	-	-	-
Employee provisions	-	10,672	-	-	-	-	-	10,672
Other provisions	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	-	1,437,545	-	-	-	-	-	1,437,545

## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 32: Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison of the original budget as presented in the 2014-15 Portfolio Budget Statements (PBS) and the final financial outcomes in the 2014-15 financial statements, which are prepared in accordance with Australian Accounting Standards. The Budget is not audited and does not reflect additional budget estimates provided in the 2014-15 Portfolio Additional Estimates Statements (PAES) or the revised budget provided as part of the 2015-16 PBS. However, major changes in budget have been explained as part of the variance analysis where relevant. Variances are considered to be 'major' where the variance to budget by line item exceeds 10% or the variance to budget exceeds 2% of total expense, revenue, asset or liability category.

#### Note 32A: Departmental Budgetary Reports

##### Statement of Comprehensive Income for the period ended 30 June 2015

	Actual	Budget estimate	
		Original <sup>1</sup>	Variance <sup>2</sup>
	2015	2015	2015
	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	725,252	666,057	59,195
Suppliers	636,431	677,506	(41,075)
Grants	7,929	5,000	2,929
Depreciation and amortisation	147,490	111,023	36,467
Write-down and impairment of assets	17,950	-	17,950
Losses from asset sales	-	-	-
Finance costs - unwinding of discount	349	-	349
Foreign exchange losses - non-speculative	-	-	-
Other expenses	-	103	(103)
<b>Total expenses</b>	<b>1,535,401</b>	<b>1,459,689</b>	<b>75,712</b>
<b>Own-Source Income</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	104,953	108,958	(4,005)
Other revenue	10,602	8,300	2,302
<b>Total own-source revenue</b>	<b>115,555</b>	<b>117,258</b>	<b>(1,703)</b>
<b>Gains</b>			
Sale of assets	536	-	536
Reversal of previous impairments	34	-	34
Foreign exchange gains - non-speculative	6,280	-	6,280
Other gains - gains on restoration obligations	2,120	550	1,570
<b>Total gains</b>	<b>8,970</b>	<b>550</b>	<b>8,420</b>
<b>Total own-source income</b>	<b>124,525</b>	<b>117,808</b>	<b>6,717</b>
<b>Net cost of services</b>	<b>(1,410,876)</b>	<b>(1,341,881)</b>	<b>(68,995)</b>
Revenue from Government	1,304,062	1,270,952	33,110
<b>(Deficit) attributable to the Australian Government</b>	<b>(106,814)</b>	<b>(70,929)</b>	<b>(35,885)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not subject to subsequent reclassification to net cost of services</b>			
Changes in asset revaluation surplus	473,709	-	473,709
<b>Total other comprehensive income</b>	<b>473,709</b>	<b>-</b>	<b>473,709</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>366,895</b>	<b>(70,929)</b>	<b>437,824</b>

1. The entity's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014-15 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided at later pages.

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## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 32A: Departmental Budgetary Reports (continued)

#### Statement of Financial Position

as at 30 June 2015

	Actual	Budget estimate	
		Original <sup>1</sup>	Variance <sup>2</sup>
	2015	2015	2015
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	84,720	61,259	23,461
Trade and other receivables	755,102	717,513	37,589
<b>Total financial assets</b>	<b>839,822</b>	<b>778,772</b>	<b>61,050</b>
<b>Non-financial assets</b>			
Land and buildings	2,883,632	2,257,663	625,969
Property, plant and equipment	208,468	206,260	2,208
Intangibles	89,611	24,875	64,736
Inventories	39,641	31,124	8,517
Assets held for sale	671	105	566
Other non-financial assets	85,210	426,502	(341,292)
<b>Total non-financial assets</b>	<b>3,307,233</b>	<b>2,946,529</b>	<b>360,704</b>
<b>Total assets</b>	<b>4,147,055</b>	<b>3,725,301</b>	<b>421,754</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	121,472	99,621	21,851
Other payables	62,468	37,285	25,183
<b>Total payables</b>	<b>183,940</b>	<b>136,906</b>	<b>47,034</b>
<b>Provisions</b>			
Employee provisions	212,482	216,203	(3,721)
Other provisions	22,422	26,701	(4,279)
<b>Total provisions</b>	<b>234,904</b>	<b>242,904</b>	<b>(8,000)</b>
<b>Total liabilities</b>	<b>418,844</b>	<b>379,810</b>	<b>39,034</b>
<b>Net assets</b>	<b>3,728,211</b>	<b>3,345,491</b>	<b>382,720</b>
<b>EQUITY</b>			
Contributed equity	2,153,381	2,304,036	(150,655)
Reserves	1,241,494	735,531	505,963
Retained surplus/(Accumulated deficit)	333,336	305,924	27,412
<b>Total equity</b>	<b>3,728,211</b>	<b>3,345,491</b>	<b>382,720</b>

1. The entity's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided at later pages.

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**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 32A: Departmental Budgetary Reports (continued)**

Statement of Changes in Equity  
*as at 30 June 2015*

	Retained earnings			Asset Revaluation Surplus		
	Actual	Budget Estimate Original <sup>1</sup>	Variance <sup>2</sup> 2015 \$'000	Actual	Budget Estimate Original <sup>1</sup>	Variance <sup>2</sup> 2015 \$'000
<b>Opening balance</b>						
Balance carried forward from previous period	440,150	376,853	63,297	767,785	702,549	65,236
<b>Adjusted opening balance</b>	<b>440,150</b>	<b>376,853</b>	<b>63,297</b>	<b>767,785</b>	<b>702,549</b>	<b>65,236</b>
<b>Comprehensive income</b>						
Other comprehensive income	-	-	-	-	32,982	(32,982)
Revaluation adjustment	-	-	-	473,709	-	473,709
(Deficit) for the period	(106,814)	(70,929)	(35,885)	-	-	-
<b>Total comprehensive income</b>	<b>(106,814)</b>	<b>(70,929)</b>	<b>(35,885)</b>	<b>473,709</b>	<b>32,982</b>	<b>440,727</b>
<b>Transactions with owners</b>						
<b>Distribution to owners</b>						
Returns of capital:						
Returns of contributed equity	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Contributions by owners</b>						
Equity injection - Appropriations	-	-	-	-	-	-
Departmental capital budget	-	-	-	-	-	-
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers between equity components	-	-	-	-	-	-
<b>Closing balance attributable to the Australian Government</b>	<b>333,336</b>	<b>305,924</b>	<b>27,412</b>	<b>1,241,494</b>	<b>735,531</b>	<b>505,963</b>

1. The entity's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided at later pages.

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**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 32A: Departmental Budgetary Reports (continued)**

**Statement of Changes in Equity (continued)**  
*as at 30 June 2015*

	Contributed Equity/Capital		Total	
	Actual	Budget Estimate	Actual	Budget Estimate
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>				
Balance carried forward from previous period	2,086,006	2,170,188	3,293,941	3,249,590
Adjusted opening balance	2,086,006	2,170,188	3,293,941	3,249,590
		(84,182)		44,351
		(84,182)		44,351
<b>Comprehensive income</b>				
Other comprehensive income	-	-	-	32,982
Revaluation adjustment	-	-	473,709	-
(Deficit) for the period	-	-	(106,814)	(70,929)
<b>Total comprehensive income</b>	-	-	366,895	(37,947)
				404,842
<b>Transactions with owners</b>				
<b>Distribution to owners</b>				
Returns of capital:				
Other	(106,721)	-	(106,721)	-
<b>Contributions by owners</b>				
Equity injection - Appropriations	121,064	80,816	121,064	80,816
Departmental capital budget	53,032	53,032	53,032	53,032
<b>Sub-total transactions with owners</b>	67,375	133,848	67,375	133,848
Transfers between equity components	-	-	-	-
<b>Closing balance attributable to the Australian Government</b>	<b>2,153,381</b>	<b>2,304,036</b>	<b>3,728,211</b>	<b>3,345,491</b>
		(150,655)		382,720

1. The entity's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided at later pages.

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 32A: Departmental Budgetary Reports (continued)**

**Cash Flow Statement**

as at 30 June 2015

	Actual	Budget estimate	
		Original <sup>1</sup>	Variance <sup>2</sup>
	2015	2015	2015
	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations	1,576,118	1,349,976	226,142
Sale of goods and rendering of services	86,898	108,958	(22,060)
Net GST received	37,798	31,375	6,423
Other operating cash received	9,236	8,300	936
<b>Total cash received</b>	<b>1,710,050</b>	<b>1,498,609</b>	<b>211,441</b>
<b>Cash used</b>			
Employees	722,755	588,637	134,118
Suppliers	661,345	793,399	(132,054)
Section 74 receipts transferred to OPA	97,699	-	97,699
Other	7,731	5,103	2,628
<b>Total cash used</b>	<b>1,489,530</b>	<b>1,387,139</b>	<b>102,391</b>
<b>Net cash from operating activities</b>	<b>220,520</b>	<b>111,470</b>	<b>109,050</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment	1,661	-	1,661
<b>Total cash received</b>	<b>1,661</b>	<b>-</b>	<b>1,661</b>
<b>Cash used</b>			
Purchase of land and buildings	282,202	375,738	(93,536)
Purchase of property, plant and equipment	60,621	-	60,621
Purchase of intangibles	36,032	-	36,032
<b>Total cash used</b>	<b>378,855</b>	<b>375,738</b>	<b>3,117</b>
<b>Net cash (used by) investing activities</b>	<b>(377,194)</b>	<b>(375,738)</b>	<b>(1,456)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity	159,345	133,422	25,923
Other	-	209,323	(209,323)
<b>Total cash received</b>	<b>159,345</b>	<b>342,745</b>	<b>(183,400)</b>
<b>Cash used</b>			
Returns of contributed equity	-	-	-
Dividends paid	-	79,447	(79,447)
<b>Total cash used</b>	<b>-</b>	<b>79,447</b>	<b>(79,447)</b>
<b>Net cash from financing activities</b>	<b>159,345</b>	<b>263,298</b>	<b>(103,953)</b>
<b>Net increase in cash held</b>	<b>2,671</b>	<b>(970)</b>	<b>3,641</b>
Cash and cash equivalents at the beginning of the reporting period	75,769	60,985	14,784
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period	6,280	-	6,280
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>84,720</b>	<b>60,015</b>	<b>24,705</b>

1. The entity's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided at later pages.

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**Department of Foreign Affairs and Trade****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 32B: Departmental Budgetary Reports Major Variances for 2015**

<b>Explanations of major variances</b>	<b>Affected line items (and statement)</b>
Following a period of significant organisational change with the merger of AusAID and DFAT, which included integration of two different HR systems, DFAT has reviewed and updated its workforce data. The updates made to DFAT's workforce data reflect methodology changes that bring DFAT in line with Australian Public Service Commission and Department of Finance methodologies, and removal of some duplicate workforce budget data identified following systems integration.	<u>Statement of Comprehensive Income</u> Employee benefits Suppliers  <u>Cash Flow Statement</u> Employees, Suppliers and Section 74 receipts transferred to OPA (cash used)
The 2014-15 budget figures were based on an estimate at the time of the integration of two large organisations and the expected financial impact, including the timing of a large voluntary redundancy program. This resulted in under budgeting for employee expenses and over budgeting of supplier expenses. DFAT has now addressed these accuracy issues for future budget statements.	
A decision was made to make available additional funding for a range of international organisations. Actual grant contributions demonstrate Australia's commitment to the rule of law and international efforts to end impunity for serious international crimes, supporting local community level initiatives aimed at strengthening resilience against violent extremism and support for peaceful uses of nuclear applications.	<u>Statement of Comprehensive Income</u> Grants  <u>Cash Flow Statement</u> Other (cash used)
Due to limitations in adjusting the depreciation budget numbers these figures were not adjusted following the integration of the two entities to reflect the expected usage of assets. This is also the primary contributor to the higher than budgeted deficit.	<u>Statement of Comprehensive Income</u> Depreciation and amortisation  <u>Statement of Changes in Equity</u> Retained Earnings
Write downs and impairment of assets are unpredictable. These are not included in the budget estimates and have no impact on the cash flow statement. Actual write downs and impairments reflect a detailed review of asset balances and included write-offs for software, leasehold improvements and work in progress.	<u>Statement of Comprehensive Income</u> Write down and impairment of Assets
Actual other revenue is greater than the budget due to a \$2.5 million contract penalty payment received related to refunds for the passport redevelopment program.	<u>Statement of Comprehensive Income</u> Other revenue  <u>Cash Flow Statement</u> Other operating cash received (cash received)
Foreign exchange movements are unpredictable. Foreign exchange movements are dependent on fluctuations of the Australian dollar against other currencies and will therefore vary to budget due to difficulties in forecasting the movements. Actual gains reflect the impact on foreign bank accounts of a depreciated Australian dollar.	<u>Statement of Comprehensive Income</u> Foreign exchange gains Foreign exchange losses
The actual gain on makegood is greater than budget due to reversals of provisions following review and reassessment of lease terms and conditions.	<u>Statement of Comprehensive Income</u> Other gains - gain on restoration
Actual cash and cash equivalents includes additional cash held at year end by the Overseas Property Office and additional cash transferred from Shanghai. The remainder of the movement is attributable to the depreciation of the Australian dollar.	<u>Statement of Financial Position</u> Cash and cash equivalents

## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 32B: Departmental Budgetary Reports Major Variances for 2015 (continued)

Explanations of major variances	Affected line items (and statement)
Budgeted increase in non-financial assets was allocated against other non-financial assets due to the merger of AusAID and DFAT causing significant upheaval to operations. In total, actual non-financial assets are higher than budgeted due to higher than anticipated increases in the value of land and buildings. The increase in value has arisen from upward movement in the local markets across the majority of regions and the movement in the value of the Australian dollar in particular against the US dollar, Great British Pound and Euro. This was partially offset by fewer asset additions following the integration of the two entities and the need to determine priorities for capital investment and the write-down and impairment of assets.	<u>Statement of Financial Position</u> Land and Buildings Intangibles Other Non-financial assets  <u>Statement of Changes in Equity</u> Asset Revaluation Surplus
The actual inventory balance is higher than budgeted due to fewer passports being issued in 2014-15 than originally forecast.	<u>Statement of Financial Position</u> Inventories
Actual supplier payables are greater than the budget due to the budget not being adjusted to reflect the level of supplier payables for the integrated entity. In addition the depreciation of the Australian dollar in 2014-15 has contributed to the variance to the budget.	<u>Statement of Financial Position</u> Suppliers
The budget for other payables was based on actuals from 2013-14 and included lower levels of rent received in advance by the Overseas Property Office.	<u>Statement of Financial Position</u> Other Payables
The budget anticipated an increase in make good provisions due to a higher cost per square metre, however the actual costs have remained steady due to a lower than anticipated valuation per square metre and some makegood provisions being reversed or used.	<u>Statement of Financial Position</u> Other Provisions
The actual closing balance of contributed equity is lower than budget primarily due to the stocktake of prior year retained appropriations. This stocktake had a minimal cash impact which resulted in the variance to budget in the cash used for financing activities on the cash flow statement. The budget for cash used for financing activities was based on a return by the Overseas Property Office to the Government in 2013-14 which did not occur in 2014-15. The variance in relation to cash received for financing activities was primarily due to the actual equity contributions being less than the anticipated budget.	<u>Statement of Changes in Equity</u> Contributed equity/capital  <u>Cash Flow Statement</u> Financing Activities (cash used)

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## Department of Foreign Affairs and Trade

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 32C: Administered Budgetary Reports

##### Administered Schedule of Comprehensive Income as at 30 June 2015

	Actual	Budget estimate	
		Original <sup>1</sup>	Variance <sup>2</sup>
	2015	2015	2015
	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits	6,505	2,480	4,025
International development assistance	3,427,544	3,686,467	(258,923)
Suppliers	11,999	36,852	(24,853)
Grants and contributions	1,056,808	924,290	132,518
Depreciation and amortisation	1,322	1,507	(185)
Finance costs	59,165	14,991	44,174
Write-down and impairment of assets	9,187	-	9,187
Net foreign exchange losses	11,022	-	11,022
Payments to corporate Commonwealth entities - Tourism Australia	138,865	-	138,865
Other expenses	84,779	13,279	71,500
<b>Total expenses</b>	<b>4,807,196</b>	<b>4,679,866</b>	<b>127,330</b>
<b>Income</b>			
<b>Revenue</b>			
<b>Non-taxation revenue</b>			
Sale of goods and rendering of services	402,558	439,479	(36,921)
Interest	13,289	9,641	3,648
Dividends - Export Finance and Insurance Corporation	18,153	16,000	2,153
Return of prior year administered expenses	33,099	-	33,099
Other revenue	38,953	39,456	(503)
<b>Total non-taxation revenue</b>	<b>506,052</b>	<b>504,576</b>	<b>1,476</b>
<b>Total revenue</b>	<b>506,052</b>	<b>504,576</b>	<b>1,476</b>
<b>Gains</b>			
Reversals of previous asset write-downs	391,236	-	391,236
Net foreign exchange gains	-	-	-
Other Gains	-	-	-
<b>Total gains</b>	<b>391,236</b>	<b>-</b>	<b>391,236</b>
<b>Total income</b>	<b>897,288</b>	<b>504,576</b>	<b>392,712</b>
<b>Net (cost of)/contribution by services</b>	<b>(3,909,908)</b>	<b>(4,175,290)</b>	<b>265,382</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Re-measurements of defined benefit plans	(7,108)	-	(7,108)
Changes in asset revaluation surplus	-	-	-
Movement in the carrying amount of investments	14,053	-	14,053
<b>Total other comprehensive income</b>	<b>6,945</b>	<b>-</b>	<b>6,945</b>
<b>Total comprehensive (loss)</b>	<b>(3,902,963)</b>	<b>(4,175,290)</b>	<b>272,327</b>

1. The entity's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided at later pages.

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**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 32C: Administered Budgetary Reports (continued)**

**Administered Schedule of Assets and Liabilities**  
*as at 30 June 2015*

	Actual	Budget estimate	
		Original <sup>1</sup>	Variance <sup>2</sup>
	2015	2015	2015
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	1,832	24,705	(22,873)
Trade and other receivables	175,633	152,195	23,438
Investments	2,392,373	4,358,797	(1,966,424)
<b>Total financial assets</b>	<b>2,569,838</b>	<b>4,535,697</b>	<b>(1,965,859)</b>
<b>Non-financial assets</b>			
Leasehold improvements	1,661	4,282	(2,621)
Property, plant and equipment	18	1,115	(1,097)
Intangibles	4,586	6,074	(1,488)
Prepayments	151	2,381	(2,230)
<b>Total non-financial assets</b>	<b>6,416</b>	<b>13,852</b>	<b>(7,436)</b>
<b>Total assets administered on behalf of Government</b>	<b>2,576,254</b>	<b>4,549,549</b>	<b>(1,973,295)</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	159,020	399	158,621
Grants	590,449	1,069,060	(478,611)
Other payables	912,998	1,296,741	(383,743)
<b>Total payables</b>	<b>1,662,467</b>	<b>2,366,200</b>	<b>(703,733)</b>
<b>Provisions</b>			
Employee Provisions	80,749	49,152	31,597
Other provisions	-	-	-
<b>Total provisions</b>	<b>80,749</b>	<b>49,152</b>	<b>31,597</b>
<b>Total liabilities administered on behalf of Government</b>	<b>1,743,216</b>	<b>2,415,352</b>	<b>(672,136)</b>
<b>Net assets</b>	<b>833,038</b>	<b>2,134,197</b>	<b>(1,301,159)</b>

1. The entity's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the entity's 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided at later pages.

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**Department of Foreign Affairs and Trade****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 32D: Administered Budgetary Reports Major Variances for 2015**

<b>Explanations of major variances</b>	<b>Affected line items (and schedule)</b>
The difference between actuals and budget is due to the revaluation of outstanding obligations related to the Defined Benefits Pension Schemes for locally engaged staff at overseas posts being higher than expected.	<u>Administered Schedule of Comprehensive Income</u> Employee benefits Re-measurements of defined benefit plans
Aid program priorities and spending patterns have changed since the budget. The aid programme fully expensed all available appropriation at 30 June 2015. The underspend in international development assistance is offset against the increase in spend against grants and contributions which can be attributed to government decisions agreed to during the course of the year and the payments to corporate Commonwealth entities - Tourism Australia.	<u>Administered Schedule of Comprehensive Income</u> International development assistance Grants and contributions Payments to corporate Commonwealth entities - Tourism Australia
The reduction in actual supplier expenses from the estimates relates to the government decision to terminate the Australia Network contract. In addition Department of Education and Training drawdowns relating to the New Colombo Plan that were budgeted against supplier expenses were reduced.	<u>Administered Schedule of Comprehensive Income</u> Suppliers
Actual finance costs includes the unwinding of discount on multilateral grants and contribution, and actual write down and impairment of assets includes the related write-down as a result of the revaluation, which is difficult to budget for as it is dependent upon external factors and revaluation advice.	<u>Administered Schedule of Comprehensive Income</u> Finance costs Write down and Impairment of Assets
Foreign exchange movements are unpredictable. Actual losses relate to the depreciation of the Australian dollar against other currencies over the financial year.	<u>Administered Schedule of Comprehensive Income</u> Net foreign exchange losses
Actual other expenses relate to measurement of multilateral replenishments and Efic fees which were greater than expected.	<u>Administered Schedule of Comprehensive Income</u> Other expenses
The lower than budgeted actual revenue figure reflects that fewer passports were issued in 2014-15 than forecast which was partially offset by the inclusion of a new measure agreed at additional estimates for passport surcharges for passports issued overseas.	<u>Administered Schedule of Comprehensive Income</u> Sale of goods and rendering of services
The budget estimate was based on estimated drawdowns against the residual balance of the Australia-Indonesia Partnership for Reconstruction and Development loans program. The final drawdown request was in excess of the original budget estimate as the program was completed in 2014-15 rather than 2015-16 as planned. This consequently resulted in higher actual interest being recognised and a higher receivable balance in 2014-15.	<u>Administered Schedule of Comprehensive Income</u> Interest  <u>Administered Schedule of Assets and Liabilities</u> Trade and other receivables
The increase in actual dividends relates to the Government requiring a higher dividend to be paid based on Efic's commercial account profit, increasing to 75% in 2014-15 from 50% in 2013-14. This increase was not factored into the budget estimate.	<u>Administered Schedule of Comprehensive Income</u> Dividends

**Department of Foreign Affairs and Trade**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 32D: Administered Budgetary Reports Major Variances for 2015 (continued)**

Explanations of major variances	Affected line items (and schedule)
There were higher than expected actual returns of prior year administered expenses which relate to unspent funds from prior year grants, agreements or funding arrangements and return of consular certifications which are included in other revenue. The budget was based on historical trends.	<u>Administered Schedule of Comprehensive Income</u> Return of prior year administered expenses Other revenue
The actual movement in the carrying amount of investments represents the annual net movement in investment in Efic and Tourism Australia. These are not included in budget estimates.	<u>Administered Schedule of Comprehensive Income</u> Movement in the carrying amount of investments
DFAT moved to maintaining a lower level of cash in bank account during the financial year which is reflected in the lower actual cash and cash equivalents balance in 2014-15.	<u>Administered Schedule of Assets and Liabilities</u> Cash and Cash Equivalents
Included in the budget are amounts appropriated for multilateral agreements which are drawdown as required. These are not recorded as receivables in actual results in accordance with accounting standards. The actual balance also includes the \$200 million increase in Efic's capital base paid by the Commonwealth Government in 2014-15 and a \$391 million increase in the valuation of multilateral investments primarily due to the decrease in AUD currency against USD.	<u>Administered Schedule of Assets and Liabilities</u> Investments  <u>Administered Schedule of Comprehensive Income</u> Reversals of previous asset write-downs
The reduced actual non-financial asset balance compared to budget reflects the lower investment in new assets following the integration of the two entities and the need to determine priorities for capital investment. This also resulted in lower actual depreciation and amortisation expenses compared to budget.	<u>Administered Schedule of Assets and Liabilities</u> Leasehold Improvements Property, plant and equipment Intangibles  <u>Administered Schedule of Comprehensive Income</u> Depreciation and amortisation
The budget for prepayments was based on AusAID actuals which included prepayments that were not paid in 2014-15 resulting in the decrease in actuals.	<u>Administered Schedule of Assets and Liabilities</u> Prepayments
This estimate includes the amount payable for the International Development Association/Asian Development Fund grant component, payables for the Global Environment Facility, Multilateral Fund for Implementation of the Montreal Protocol, Heavily Indebted Poor Countries and Multilateral Debt Relief Initiative and the remainder of the aid programme payable. The budget is based on nominal values with actuals then adjusted based on receipt of professional valuation advice at the end of the financial year.	<u>Administered Schedule of Assets and Liabilities</u> Suppliers Grants Other Payables
Actual employee provisions reflects the movement of pensions from other payables and the increase in the funding obligation which was greater than expected due to the depreciation of the Australian dollar.	<u>Administered Schedule of Assets and Liabilities</u> Employee Provisions