

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

1. Departmental Financial Performance

1.1 Expenses

	2017 \$'000	2016 \$'000
<u>Note 1.1A: Employee Benefits</u>		
Wages and salaries	540,945	524,936
Superannuation		
Defined contribution plans	36,212	34,587
Defined benefit plans	40,544	50,594
Leave and other entitlements	48,078	66,302
Fringe benefits expense	98,637	98,350
Separation and redundancies	11,373	3,950
Other employee expenses	2,775	3,014
Total employee benefits	778,564	781,733
Accounting policy		
Accounting policies for employee benefits are included in Section 6 People and Relationships.		
<u>Note 1.1B: Suppliers</u>		
Goods and services supplied or rendered		
Passport expenses	118,280	103,972
Property related expenses (excluding rent)	94,336	95,627
Security expenses	78,195	88,991
Information and communication technology	89,415	78,724
Travel expenses	59,281	59,786
Staff related expenses	42,209	44,084
Office expenses	22,994	26,179
Legal and other professional services	12,747	16,701
Contractors	6,203	14,813
Consultants	5,180	7,162
Remuneration of auditors	665	635
Other expenses	18,234	19,678
Total goods and services supplied or rendered	547,739	556,352
Goods supplied	64,092	74,252
Services rendered	483,647	482,100
Total goods and services supplied or rendered	547,739	556,352
Other suppliers		
Operating lease rentals	147,308	142,101
Workers compensation expenses	3,315	2,389
Total other suppliers	150,623	144,490
Total suppliers	698,362	700,842
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	127,296	105,083
Between 1 to 5 years	314,034	291,832
More than 5 years	359,437	397,983
Total operating lease commitments	800,767	794,898

Commitments are GST or VAT inclusive where relevant. GST / VAT included in the total contractual commitments in place for operating leases payable expected to be recovered is \$45.660m (2016: \$50.520m). DFAT has in place a number of sub-lease arrangements for the above operating lease commitments. Sub-lease revenue expected to be received is \$104.630m (2016: \$87.618m).

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	2017	2016
	\$'000	\$'000
<u>Note 1.1C: Write-down and Impairment of Assets</u>		
Write-down of leasehold improvements	924	2,312
Write-down of plant and equipment	3,754	3,717
Write-down of intangibles	212	566
Write-down of assets under construction	7,462	4,844
Write-down of financial assets	89	29
Movement in impairment allowance	(33)	(10)
Total write-down and impairment of assets	12,408	11,458

Accounting policy

Accounting policies for financial assets are included at Note 3.1: Financial Assets. Accounting policies for non-financial assets are included at Note 3.2: Non-Financial Assets.

1.2 Income

Note 1.2A: Sale of Goods and Rendering of Services

Sale of goods	665	688
Rendering of services	134,451	123,168
Total sale of goods and rendering of services	135,116	123,856

Accounting policy

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer, and
- DFAT retains no managerial involvement or effective control over the goods.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date, determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction. The revenue is recognised when:

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

Note 1.2B: Other Revenue

Foreign tax refunds	5,219	4,571
Sponsorship revenue	1,710	3,596
Resources received free of charge	665	637
Other revenue	6,919	652
Total other revenue	14,513	9,456

Accounting policy

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.

Sponsorship revenue is recognised as revenue at the fair value of the sponsorship received or receivable when the probable economic benefits of the transaction will flow to DFAT.

Foreign tax refunds are recognised as revenue at the fair value of the foreign tax refund when the probable economic benefits of the transaction will flow to DFAT.