

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

5. Funding

5.1 Appropriations

Note 5.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2018

	Annual Appropriation \$'000	Section 74 PGPA Act \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance¹ \$'000
Departmental²					
Ordinary annual services	1,359,553	157,224	1,516,777	(1,594,103)	(77,326)
Capital budget ³	46,501	-	46,501	(47,598)	(1,097)
Equity	71,408	-	71,408	(54,121)	17,287
Total departmental	1,477,462	157,224	1,634,686	(1,695,822)	(61,136)
Administered					
Ordinary annual services					
Capital budget ³	443	-	443	(348)	95
Administered items ^{4,5}	3,651,992	-	3,651,992	(3,792,701)	(140,709)
Payments to corporate Commonwealth entities	129,308	-	129,308	(129,308)	-
Other services					
Administered assets and liabilities	150	-	150	(135,933)	(135,783)
Total administered	3,781,893	-	3,781,893	(4,058,290)	(276,397)

1. 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.
2. In 2017-18, there were adjustments that met the recognition criteria of a formal addition or reduction in revenue or in equity 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: an increase to revenue of \$6.715m relating to no-win / no-loss funding for foreign exchange; an increase to revenue of \$2.441m relating to no-win / no-loss funding for Passport Funding Agreement; a reduction to revenue of \$2.406m relating to no-win / no-loss funding for FBT payable on living away from home allowance; a reduction to revenue of \$7.675m relating to no-win / no-loss for Security Funding Agreements; a net reduction to revenue of \$3.460m relating to savings measures as per 2018-19 PBS and a reduction in equity of \$5.829m relating to no-win / no-loss for Security Funding Agreements.
The net decrease in appropriations of \$4.385m and \$5.829m will be applied against 2017-18 Appropriation Act 1 and 2017-18 Appropriation Act 2 respectively.
3. Departmental and Administered Capital Budgets are appropriated through Appropriations Acts (No. 1, 3 and 5). They form part of the ordinary annual services, and are not separately identified in the Appropriation Acts.
4. In 2017-18 a section 51 reduction of \$10.772m was applied against Appropriation Act (No. 1) 2017-18 as published in the 2018-19 Portfolio Budget Statements for the following measures: \$6.025m relating to Government decisions for the Pacific Labour Scheme and Seasonal Workers Program and \$4.747m relating to savings against the International Development Assistance program due to reallocation of funds to a new multilateral replenishment agreement.
5. Commonwealth Superannuation Corporation (CSC) spends money from the Consolidated Revenue Fund (CRF) on behalf of DFAT in accordance with the Papua New Guinea (Staffing Assistance) Act 1973. In 2017-18 CSC drew down \$6.084m from DFAT's administered appropriation. The Department of Education (DoE) also expends funds from the CRF on behalf of DFAT under the New Colombo Plan Agreement. In 2017-18 the DoE drew down \$48.225m from DFAT's administered appropriation. These amounts are included in the appropriation applied amount above.

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

Note 5.1A: Annual Appropriations ('Recoverable GST exclusive') (continued)

Annual Appropriations for 2017

	Annual Appropriation¹ \$'000	Section 74 PGPA Act \$'000	Total appropriation \$'000	Appropriation applied in 2017 (current and prior years) \$'000	Variance² \$'000
Departmental					
Ordinary annual services	1,442,003	224,531	1,666,534	(1,567,399)	99,135
Capital budget ³	51,755	-	51,755	(56,675)	(4,920)
Other services					
Equity	66,017	-	66,017	(143,609)	(77,592)
Total departmental	1,559,775	224,531	1,784,306	(1,767,683)	16,623
Administered					
Ordinary annual services					
Capital budget ³	383	-	383	(371)	12
Administered items ⁴	4,196,772	-	4,196,772	(3,313,375)	883,397
Payments to corporate					
Commonwealth entities	143,610	-	143,610	(143,610)	-
Other services					
Administered assets and liabilities	1,012,362	-	1,012,362	(410,718)	601,644
Total administered	5,353,127	-	5,353,127	(3,868,074)	1,485,053

1. In 2016-17, there were adjustments that met the recognition criteria of a formal addition or reduction in revenue or in equity 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 \$1.101m relating to the Passport Funding Agreement,
- a reduction to revenue of \$3.101m relating to no-win / no-loss funding for FBT payable on living away from home allowance, and
- a reduction to revenue of \$23.968m relating to no-win / no-loss funding for foreign exchange.

The net decrease in appropriations of \$28.170m will be applied to Appropriation Act (No. 1) 2016-17.

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. Departmental and Administered Capital Budgets are appropriated through Appropriations Acts (No. 1, 3 and 5). They form part of the ordinary annual services, and are not separately identified in the Appropriations Acts.
4. Commonwealth Superannuation Corporation (CSC) spends money from the Consolidated Revenue Fund on behalf of DFAT in accordance with the Papua New Guinea (Staffing Assistance) Act 1973. In 2016-17 CSC drew down \$6.411m 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 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2018	2017
	\$'000	\$'000
Departmental		
Appropriation Act (No. 1) 2012-13 ¹	-	2,518
Appropriation Act (No. 1) 2013-14 ¹	-	31,180
Appropriation Act (No. 1) 2014-15 ²	-	88
Appropriation Act (No. 2) 2014-15 ³	-	7,809
Appropriation Act (No. 2) 2015-16 ⁴	62,885	91,465
Appropriation Act (No. 1) 2016-17 ⁵	28,170	417,797
Appropriation Act (No. 1) 2016-17 - Departmental Capital Budget	-	1,097
Appropriation Act (No. 2) 2016-17	-	10,628
Appropriation Act (No. 4) 2016-17	-	8,333
Appropriation Act (No. 1) 2016-17 - Cash at bank and on hand	-	75,198
Appropriation Act (No. 1) 2017-18 ⁶	319,599	-
Appropriation Act (No. 2) 2017-18 ⁷	64,828	-
Appropriation Act (No. 1) 2017-18 - Cash at bank and on hand	48,618	-
Total departmental⁵	524,100	646,113

1. The following amounts were not reflected in prior year financial statements:

- Appropriation Act (No.1) 2012-13 includes \$2.518m withheld under section 51 and was repealed on 16 March 2018.
- Appropriation Act (No.1) 2013-14 includes \$31.180m withheld under section 51 and was repealed on 16 March 2018.

2. Appropriation Act (No.1) 2014-15 includes \$0.088m withheld under section 51 that lapsed on 1 July 2017.

3. Appropriation Act (No.2) 2014-15 includes \$7.809m withheld under section 51 that lapsed on 1 July 2017.

4. Appropriation Act (No.2) 2015-16 includes \$3.730m withheld under section 51.

5. Appropriation Act (No.1) 2016-17 includes \$28.170m withheld under section 51.

6. Appropriation Act (No.1) 2017-18 includes \$4.385m which is quarantined.

7. Appropriation Act (No.2) 2017-18 includes \$5.828m which is quarantined.

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. The difference between the balance of departmental appropriation receivable disclosed in Note 3.1B: Trade and other receivables and the above balance on unspent annual appropriations is due to these agreements and cash at bank and on hand. Adjustments relating to the no-win / no-loss agreements are recognised as formal additions or reductions in DFAT's accounts.

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Note 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive') (continued)

	2018	2017
	\$'000	\$'000
Administered		
Appropriation Act (No. 1) 2013-14 ¹ - Administered Capital Budget	-	1,029
Appropriation Act (No. 3) 2013-14 ¹	-	265,089
Appropriation Act (No. 4) 2013-14 ¹	-	1,822,447
Appropriation Act (No. 1) 2014-15 ²	-	1,878
Appropriation Act (No. 1) 2014-15 - Administered Capital Budget	-	2,287
Appropriation Act (No. 3) 2014-15	-	617
Appropriation Act (No. 1) 2015-16	64,983	64,983
Appropriation Act (No. 1) 2015-16 - Administered Capital Budget	1,817	1,817
Supply Act (No. 1) 2016-17	230,597	299,983
Supply Act (No. 2) 2016-17	-	15,206
Appropriation Act (No. 1) 2016-17	513,508	713,893
Appropriation Act (No. 1) 2016-17 - Administered Capital Budget	89	89
Appropriation Act (No. 2) 2016-17	581,531	590,286
Appropriation Act (No. 3) 2016-17	33,440	33,440
Appropriation Act (No. 1) 2017-18 ³	292,215	-
Appropriation Act (No. 1) 2017-18 - Administered Capital Budget	95	-
Appropriation Act (No. 1) 2016-17 - Cash at bank and on hand	-	3
Supply Act (No. 2) 2016-17 - Cash at bank and on hand	-	1,000
Appropriation Act (No. 1) 2017-18 - Cash at bank and on hand	1,005	-
Total administered	1,719,280	3,814,047

1. Appropriation Acts (No.1, 3 and 4) 2013-14 were repealed on 16 March 2018.

2. Appropriation Act (No.1) 2014-15 includes \$1.878m withheld under section 51 that lapsed on 1 July 2017.

3. Appropriation Act (No.1) 2017-18 includes \$10.772m withheld under a section 51 quarantine.

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

Note 5.1C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2018	2017
			\$'000	\$'000
Export Finance and Insurance Corporation (Efic) 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	-	-
Public Governance, Performance and Accountability Act 2013 s77, Administered ¹	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	715	656
Total special appropriation applied			715	656

1. DFAT uses section 77 of the PGPA Act to make refunds of passport and consular fees in certain circumstances, where there is no other specific appropriation available to make the repayment.