7.5 Administered - Financial Instruments

	2018	2017
	$'000	$'000
Note 7.5A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	**1,005**	1,003
Goods and services receivables	**4,305**	2,387
Concessional loan receivable	**156,142**	153,438
Net position of Efic - NIA	**13,394**	12,015
Traveller Emergency Loans	**564**	599
Total loans and receivables	**175,410**	169,442
Available-for-sale financial assets		
Non-monetary available for sale debt instrument - fair value	**2,291,000**	1,896,013
Efic - Commercial Account	**444,964**	451,185
Tourism Australia	**20,200**	20,170
Total available-for-sale	**2,756,164**	2,367,368
Total financial assets	**2,931,574**	2,536,810
Financial Liabilities		
Financial liabilities measured at amortised cost		
International development assistance and other payables	**187,438**	233,857
Total financial liabilities measured at amortised cost	**187,438**	233,857
Financial liabilities at fair value through profit or loss		
Multilateral grants payable	**980,661**	1,071,059
Multilateral contributions payable	**702,157**	893,229
Total financial liabilities at fair value through profit or loss	**1,682,818**	1,964,288
Total financial liabilities	**1,870,256**	2,198,145

	2018 $'000	2017 $'000
Note 7.5B: Net Gains or Losses on Financial Assets		
Loans and receivables		
Interest revenue	**13,120**	13,424
Impairment	**(510)**	(814)
Write-off	**(218)**	(1,242)
Net gain / (loss) on loans and receivables	**12,392**	11,368
Available-for-sale financial assets		
Dividend revenue	**5,791**	5,770
Competitive neutrality revenue	**7,331**	7,054
Gains recognised in profit or loss for reversal of impairment	**388,725**	-
Revaluation gain / (loss) recognised in equity	**(6,191)**	6,513
Net gain on available for sale financial assets	**395,656**	19,337
Net gain on financial assets	**408,048**	30,705
Note 7.5C: Net Gains or Losses on Financial Liabilities		
Financial liabilities measured at amortised cost		
Exchange (loss) / gains	**(2,891)**	3,262
Net gain on financial liabilities measured at amortised cost	**(2,891)**	3,262
Financial liabilities at fair value through profit or loss (held for trading)		
Unwinding of discount	**(50,254)**	(23,988)
Loss on remeasuring at fair value through profit or loss	**(26,505)**	(400,792)
Net (loss) on financial liabilities at fair value through profit or loss (held for trading)	**(76,759)**	(424,780)
Net (loss) on financial liabilities	**(79,650)**	(421,518)

Note 7.5D: Fair Value of Financial Instruments

	Carrying amount 2018 $'000	**Fair value 2018 $'000**	Carrying amount 2017 $'000	Fair value 2017 $'000
Financial Assets				
Cash and cash equivalents	**1,005**	**1,005**	1,003	1,003
Receivables for goods and services	**4,305**	**4,305**	2,387	2,387
Concessional loans receivable	**156,142**	**156,142**	153,438	153,438
Net position of Efic - NIA	**13,394**	**13,394**	12,015	12,015
Traveller emergency loans	**564**	**564**	599	599
Investments - available for sale	**2,291,000**	**2,291,000**	1,896,013	1,896,013
Investments - Efic	**444,964**	**444,964**	451,185	451,185
Investments - Tourism Australia	**20,200**	**20,200**	20,170	20,170
Total financial assets	**2,931,574**	**2,931,574**	2,536,810	2,536,810
Financial liabilities				
Trade creditors	**187,438**	**187,438**	233,857	233,857
Grants payable - at fair value through profit or loss	**980,661**	**980,661**	1,071,059	1,071,059
Multilateral contributions payable IDA / ADF at fair value through profit or loss	**702,157**	**702,157**	893,229	893,229
Total financial liabilities	**1,870,256**	**1,870,256**	2,198,145	2,198,145

Fair value measurements categorised by fair value hierarchy

The table at Note 7.4A: Fair Value Measurements, Valuation Techniques and Inputs Used provides an analysis of financial instruments that are measured at fair value, by valuation method.

Note 7.5E: Credit Risk

Recognised in the DFAT Administered Accounts
DFAT'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 DFAT. DFAT 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 DFAT 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.

DFAT has assessed the risk of default on payment and has allocated $2,321 (2017: $1,814) to an impairment allowance for doubtful debts account. DFAT has no collateral to mitigate against credit risk.

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

	2018 $'000	2017 $'000
Credit quality of financial instruments not past due or individually determined as impaired		
Loans and receivables	**177,225**	170,494
Available for sale	**2,756,164**	2,367,368
Total credit quality of financial instruments not past due or individually determined as impaired	**2,933,389**	2,537,862
Credit quality of financial liabilities not past due or individually determined as impaired		
At amortised cost	**187,438**	233,857
Through profit or loss	**1,682,818**	1,964,288
Total credit quality of financial liabilities not past due or individually determined as impaired	**1,870,256**	2,198,145

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

	Not past due or impaired 2018 $'000	Not past due or impaired 2017 $'000	**Past due or impaired 2018 $'000**	Past due or impaired 2017 $'000
Loans and receivables	**174,883**	168,322	**2,342**	2,172
Available for sale	**2,756,164**	2,367,368	**-**	-
Total	**2,931,047**	2,535,690	**2,342**	2,172

Note 7.5E: Credit Risk (continued)

Ageing of financial assets that were past due but not impaired for 2018

	0 to 30 days $'000	**31 to 60 days $'000**	**61 to 90 days $'000**	**90 + days $'000**	**Total $'000**
Not impaired					
Loans and receivables	**1**	**33**	**4**	**16**	**54**
Total	**1**	**33**	**4**	**16**	**54**

Ageing of financial assets that were past due but not impaired for 2017

	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	90 + days $'000	Total $'000
Not impaired					
Loans and receivables	274	10	11	63	358
Total	274	10	11	63	358

Note 7.5F: Liquidity Risk

The continued existence of DFAT in its present form and with its present programs is dependent on government policy and on continuing appropriations by Parliament for DFAT'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 2018

	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	-	187,438	-	-	-	187,438
Financial liabilities at fair value through profit or loss	-	291,253	336,104	716,332	339,129	1,682,818
Total	-	478,691	336,104	716,332	339,129	1,870,256

Maturities for non-derivative financial liabilities 2017

	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	-	233,857	-	-	-	233,857
Financial liabilities at fair value through profit or loss	-	313,719	282,042	834,503	534,023	1,964,287
Total	-	547,576	282,042	834,503	534,023	2,198,144

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

Note 7.5G: 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 DFAT's administered income and expenses.

The following table illustrates the effect on DFAT's administered net income less expenses and equity as at 30 June 2018 from 9.2% (2017: 10.2%) increase or decrease against the AUD in the currencies in which the financial instruments were administered by DFAT with all other variables held constant.

Sensitivity analysis of the risk that the entity is exposed to for 2018

			Effect on	
	Risk variable	**Change in risk variable %**	**Profit and loss $'000**	**Equity $'000**
Currency risk	**$/USD**	**+ 9.2%**	**(192,844)**	**(192,844)**
Currency risk	**$/USD**	**- 9.2%**	**232,168**	**232,168**
Interest rate risk	**Discount rates**	**+ 0.2%**	**(24,964)**	**(24,964)**
Interest rate risk	**Discount rates**	**- 0.2%**	**18,195**	**18,195**

Sensitivity analysis of the risk that the entity is exposed to for 2017

			Effect on	
	Risk variable	Change in risk variable %	Profit and loss $'000	Equity $'000
Currency risk	$/USD	+ 10.2%	(175,493)	(175,493)
Currency risk	$/USD	- 10.2%	215,360	215,360
Interest rate risk	Discount rates	+ 0.3%	(20,902)	(20,902)
Interest rate risk	Discount rates	- 0.3%	14,263	14,263

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