Auditor-General for Australia

Australian National
Audit Office

INDEPENDENT AUDIT REPORT

To the Treasurer

Scope

I have audited the financial statements of the Department of the Treasury for the year ended 30 June 2002. The financial statements comprise:

- Statement by the Secretary;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Contingencies and Commitments; and
- Notes to and forming part of the Financial Statements.

The Department of the Treasury's Secretary is responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Department of the Treasury's financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

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Audit Opinion

In my opinion the financial statements:

(i) have been prepared in accordance with Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and

(ii) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position of the Department of the Treasury as at 30 June 2002, and its financial performance and cash flows for the year then ended.

Inherent Uncertainty regarding the liabilities for the HIH Claims Support Scheme and MDO Assistance Package

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in Notes 1.32 and 1.33 to the financial statements, the Department of the Treasury has recorded estimates of $496.35 million and $500.80 million respectively in relation to the Commonwealth's liabilities for the HIH Claims Support Scheme and a component of the Commonwealth's assistance package for the UMP/AMIL Group and other Medical Defence Organisations. These estimates are based on independent actuarial assessments. As explained in the notes, there is inherent uncertainty regarding these estimates of the Commonwealth liabilities and the Commonwealth will continue to assess them in future years.

The issue regarding the HIH Claims Support Scheme liability resulted in a similar emphasis of matter in the prior year.

P.J. Barrett
Auditor-General

Canberra
17 September 2002

Audit Report

Department of the Treasury statement by the Departmental Secretary

Certification of financial statements

In my opinion, the attached financial statements for the year ended 30 June 2002 give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.

Ken Henry
Secretary to the Treasury

16 September 2002

Department of the Treasury statement of financial performance
for the year ended 30 June 2002

	Notes	2001-02 $'000	2000-01 $'000
REVENUES FROM ORDINARY ACTIVITIES			
Revenues from Government	3A	**87,687**	74,435
Sales of goods and services	3B	**67,696**	51,632
Assets recognised for the first time		**274**	-
Interest		**1,495**	1,045
Net gain from sale of assets	3C	**8**	-
Other revenues	3D	**125**	27
Total revenues from ordinary activities		**157,285**	127,139
EXPENSES FROM ORDINARY ACTIVITIES (excluding borrowing costs expense)			
Employees	4A	**51,726**	47,111
Suppliers	4B	**85,175**	65,587
Write down of assets	4D	**2,191**	-
Depreciation and amortisation	4C	**3,968**	4,196
Net loss from sale of assets	4E	**-**	300
Other operating expenses	4F	**2,005**	3,211
Total expenses from ordinary activities (excluding borrowing costs expense)		**145,065**	120,405
Borrowing costs expense	5	**749**	1,097
Net operating surplus from ordinary activities		**11,471**	5,637
Company tax expense equivalent	9G	**(603)**	(79)
Net surplus		**10,868**	5,558
Net surplus attributable to the Commonwealth		**10,868**	5,558
Net credit (debit) to asset revaluation reserve		**(96)**	(1,501)
Total revenues, expenses and valuation adjustments recognised directly in equity		**(96)**	(1,501)
Total changes in equity other than those resulting from transactions with owners as owners		**10,772**	4,057

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

Department of the Treasury statement of financial position
as at 30 June 2002

	Notes	2001-02 $'000	2000-01 $'000
ASSETS			
Financial assets			
Cash	8A	**10,432**	4,823
Investments	8B	**8,000**	13,675
Receivables	8C	**2,310**	6,027
Total financial assets		**20,742**	24,525
Non-financial assets			
Infrastructure, plant and equipment	9A,B,D	**17,217**	17,333
Inventories	9E	**17,222**	14,016
Intangibles	9C,D	**2,436**	2,665
Other	9F	**6,852**	6,554
Total non-financial assets		**43,727**	40,568
Total assets		**64,469**	65,093
LIABILITIES			
Interest bearing liabilities			
Loans	10A	**-**	9,101
Leases	10B	**736**	869
Total interest bearing liabilities		**736**	9,970
Provisions			
Employees	11	**16,839**	15,536
Other	11	**181**	452
Total provisions		**17,020**	15,988
Payables			
Suppliers	12A	**5,655**	10,552
Other	12B	**7,004**	2,454
Total payables		**12,659**	13,006
Total liabilities		**30,415**	38,964
NET ASSETS		**34,054**	26,129
EQUITY			
Parent entity interest			
Asset revaluation reserve	13	**3,618**	3,714
Contributed equity	13	**4,076**	3,763
Retained surpluses	13	**26,360**	18,652
Total parent entity interest	13	**34,054**	26,129
Total equity	13	**34,054**	26,129
Current liabilities		**20,689**	20,722
Non-current liabilities		**9,726**	18,242
Current assets		**44,816**	41,435
Non-current assets		**19,653**	23,658

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

Department of the Treasury statement of cash flows
for the year ended 30 June 2002

	Notes	2001-02 $'000	2000-01 $'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		**87,409**	74,180
Sale of goods and services		**72,250**	52,123
Interest		**1,421**	1,121
GST refunds		**2,665**	2,138
Total cash received		**163,745**	129,562
Cash used			
Employees		**51,143**	46,695
Suppliers		**98,985**	63,677
Borrowing Costs		**749**	1,097
Total cash used		**150,877**	111,469
Net cash from operating activities	14	**12,868**	18,093
INVESTING ACTIVITIES			
Cash received			
Proceeds from the sale of investments		**5,000**	-
Proceeds from sales of property, plant and equipment		**42**	13
Other		**620**	-
Total cash received		**5,662**	13
Cash used			
Purchase of property, plant and equipment		**3,489**	1,383
Purchase of investments		**-**	3,500
Total cash used		**3,489**	4,883
Net cash from / (used by) investing activities		**2,173**	(4,870)
FINANCING ACTIVITIES			
Cash received			
Transfer from Trust Fund		**3,303**	-
Total cash received		**3,303**	-
Cash used			
Repayment of leases		**133**	430
Repayment of debt		**10,762**	2,963
Capital use paid		**1,681**	3,369
Trust fund surplus transferred		**159**	4,280
Total cash used		**12,735**	11,042
Net cash (used by) financing activities		**(9,432)**	(11,042)
Net increase in cash held		**5,609**	2,181
Cash at the beginning of the reporting period		**4,823**	2,642
Cash at the end of the reporting period	8A	**10,432**	4,823

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

Schedule of commitments
as at 30 June 2002

	2001-02 $'000	2000-01 $'000
BY TYPE		
CAPITAL COMMITMENTS		
Infrastructure, plant and equipment[(a)]	**36**	16,878
Total capital commitments	**36**	16,878
OTHER COMMITMENTS		
Operating leases[(b)]	**105,877**	105,402
Other commitments	**8,932**	1,606
Total other commitments	**114,809**	107,008
COMMITMENTS RECEIVABLE		
GST receivable	**(8,446)**	(9,022)
Net commitments	**106,399**	114,864
BY MATURITY		
All net commitments		
One year or less	**14,958**	9,978
From one to five years	**37,553**	35,677
Over five years	**53,888**	69,209
Net commitments	**106,399**	114,864
Operating lease commitments		
One year or less	**8,705**	8,030
From one to five years	**38,559**	27,461
Over five years	**58,613**	69,911
Net commitments	**105,877**	105,402

(a) Plant and equipment commitments are primarily for purchases of furniture and fittings for building refurbishment.
(b) Operating leases included cannot be cancelled and comprise the following:

Nature of lease	General description of leasing arrangement
1. Leases for accommodation	▪ Commercial — leases comprise various periods, including both initial and options periods. ▪ Overseas estate — commercial lease payments are adjusted annually by 2 per cent and residential lease payments are reviewed biennially to reflect market movements. ▪ The initial periods of office accommodation leases are still current and each may be renewed with options for a further 3 or 5 years. ▪ Australian estate — residential lease payments are reviewed biennially to reflect market movements.
2. Agreements for the provision of motor vehicles to Senior Executive Officers	• No contingent rentals exist. • No renewal or purchase options are available to the department.
3. Leases for computer equipment	• The lessor provides all computer equipment designated as necessary in the supply contract for 3 years with an option to extend the term for a fixed period as agreed by both parties. • Included in other commitments is $2 million related to two finance leases for computer equipment. At the date of the financial report these leases had not been executed, and hence not recognised as liabilities. The leases were executed on 5 July and 10 July 2002 and have been accounted for as finance leases from these dates.

Note: All 2001-02 commitments are GST inclusive where relevant.
The above schedules should be read in conjunction with the accompanying notes.

Schedule of contingencies
as at 30 June 2002

	2001-02	2000-01
	$'000	$'000
CONTINGENT LOSSES		
Claims for damages/costs[(a)]	**400**	400
Total contingent losses	**400**	400
CONTINGENT GAINS		
Claims for damages[(b)]	**80**	-
Total contingent gains	**80**	-
Net contingencies	**320**	400

(a) The amount represents an estimate of the department's liability based on precedent cases. The department is defending the claims.

(b) The department is expecting to succeed in claims, although the cases are continuing. The estimate is based on precedent in such cases.

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

Schedule of unquantifiable contingencies

As at 30 June 2002, the department had a number of legal claims outstanding. It is not possible to estimate the amounts of any eventual payments which may be required in relation to these claims.

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

Notes to and forming part of the financial statements
for the year ended 30 June 2002

Note 1: Summary of significant accounting policies

1.1 Objectives of the Department of the Treasury

The Department of the Treasury is structured to meet three outcomes:

Outcome 1: Sound macroeconomic environment;

Outcome 2: Effective government spending and taxation arrangements; and

Outcome 3: Well-functioning markets.

The objective of the Department of the Treasury is to improve the wellbeing of the Australian community through strong sustainable economic growth. It does so by providing sound and timely advice to the government, based on objective and thorough analysis of options, and by assisting Treasury portfolio ministers in the administration of their responsibilities and implementation of government decisions.

The reporting entity comprises the Department of the Treasury, the Australian Government Actuary and the Royal Australian Mint (the Mint) hereafter referred to as 'the Department'. In these statements, 'the Department' does not correspond with the Department of the Treasury.

Department activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the department on behalf of the Government of items controlled or incurred by the Government. For these purposes, the HIH Claims Support Limited (HCS) and the HIH Claims Support Scheme Trust have been included in the administered statements.

Only one output group is identified for each of Outcomes 1, 2 and 3.

1.2 Basis of accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (being the Financial Management and Accountability (Financial Statements 2001-02) Orders);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board;
- other authoritative pronouncements of the Board; and
- Consensus Views of the Urgent Issues Group.

The Statements have been prepared having regard to the Explanatory Notes to Schedule 1, and Finance Briefs issued by the Department of Finance and Administration.

The Department's Statements of Financial Performance and Financial Position have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Department's Statement of Financial Position when, and only when, it is probable that future economic benefits will flow and that amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets, which are unrecognised, are reported in the Schedule of commitments and the Schedule of contingencies (other than remote contingencies, which are reported in Note 21H).

Revenue and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

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

Administered revenues, expenses, assets and liabilities, and cash flows, reported in Note 21 are prepared on the same basis and using the same policies as the departmental items, except where otherwise stated in notes 1.26-1.33.

1.3 Changes in accounting policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2000-01, except in respect of:

(a) Output Appropriations (Note 1.4(a));

(b) Equity Injections (Note 1.5); and

(c) Presentation and Disclosure of Administered Items (Note 1.26).

1.4 Revenues

Revenues described in this note are revenues relating to the core operating activities of the Department.

(a) Revenues from government — departmental appropriations

The full amount of the appropriation for departmental outputs for the year (less any savings offered up at Additional Estimates) is recognised as revenue. This is a change in accounting policy caused by the introduction of a new requirement to this effect in the Finance Minister's Orders. (In 2000-01, output appropriations were recognised as revenue to the extent the appropriations had been drawn down from the Official Public Account).

The change in accounting policy had no financial effect in 2001-02 as the full amount of the output appropriation for 2000-01 had been drawn down in that year.

(b) Resources received free of charge

Services 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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition.

(c) Other revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Agency revenue from the rendering of a service is recognised by reference to the stage of completion of contracts or other agreements to provide services to Commonwealth bodies. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from disposal of non-current assets is recognised when control of the asset is passed to the buyer.

1.5 Transactions by the Government as owner

From 1 July 2001, appropriations designated as 'capital — equity injections' are recognised directly in contributed equity according to the following rules determined by the Finance Minister:

- to the extent that the appropriation is not dependent on future events, as at 1 July; and
- to the extent that it is dependent on specified future events requiring future performance, on drawdown.

The change in accounting policy has no financial effect in 2001-02 because there were no equity injections in 2000-01 and 2001-02 that met the criteria now required by the Finance Minister.

Net assets received under a restructuring of administrative arrangements are designated by the Finance Minister as contributions by owners and adjusted directly against equity. Net assets relinquished are designated as distributions to owners.

1.6 Employee entitlements

Leave

The liability for employee entitlements includes provisions for annual leave and long service leave. No provision is made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave.

The liability for superannuation includes a provision of $579,431 for superannuation on-costs. This represents a calculation of the proportion of employer superannuation contributions accrued on leave, that is likely to be settled and is in accordance with the accounting principles contained in AAS 30 *Accounting for Employee Entitlements*.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2002 and is recognised at the nominal amount.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2002. In determining the present value of the liability, the Department has taken into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is also made for separation and redundancy payments in circumstances where the Department has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined.

Superannuation

Staff of the Department contributes to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Employer contributions amounting to $4,539,983 ($4,528,050 in 2000-01) have been expensed in these financial statements.

A liability for accruals, annual leave and long service leave is included in the Statement of Financial Position. However, the employer contributions fully extinguish the accruing liability, which is then assumed by the Commonwealth.

In 2001-02 Employer Superannuation Productivity Benefit contributions totalled $935,799. In 2000-01 contributions totalled $922,343.

1.7 Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

1.8 Borrowing costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in the reporting period does not exceed the amounts of costs incurred in that period.

1.9 Cash

Cash means notes and coins held, deposits held at call with a bank or financial institution and balances of Special Accounts held in the Official Public Account, which are not legal trusts. Most Special Accounts have been recorded using the revenue and expense method in accordance with Finance requirements.

1.10 Financial instruments

Accounting policies for financial instruments are stated at Notes 19 and 21J.

1.11 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.

Assets acquired at no cost or for nominal consideration are initially recognised as assets and revenue at their fair value at the date of acquisition, unless they are acquired as a consequence of restructuring 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 department's accounts immediately prior to the restructuring.

1.12 Infrastructure plant and equipment

Asset recognition threshold

Purchases of infrastructure, plant and equipment are recognised initially at cost in the Department's Statement of Financial Position, except for purchases of less than $2,000 and computer equipment of less than $1,000. These are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluation

Buildings, infrastructure, plant and equipment will be revalued progressively in accordance with the 'deprival' method of valuation in a successive three-year cycle, so that no asset has a value greater than three years old.

Revaluations of infrastructure, plant and equipment are accounted for by separately restating the gross amount and the related accumulated depreciation of the revalued asset.

The Department of the Treasury performed a valuation of buildings, infrastructure, plant and equipment on 30 June 2002. The valuation was performed by the Australian Valuation Office and was based on valuing assets using the deprival method of valuation.

The Mint performed a valuation of infrastructure, plant and equipment (except master tooling) on 30 June 2001. The valuation was performed by the Australian Valuation Office and was based on valuing the assets at depreciated replacement cost.

Valuations are on a three-year basis. Acquisitions subsequent to the valuation are valued at historic cost.

Assets in each class acquired after the commencement of the progressive revaluation cycle will be reported on the basis of the value initially recognised on acquisition for the duration of the progressive revaluation then in progress.

The financial effect of the move to progressive revaluation is that the carrying amounts of assets will reflect current values, and depreciation charges will reflect the current cost of the service potential consumed in each period.

Recoverable amount test

Schedule 1 requires the application of the recoverable amount test to departmental non-current assets in accordance with AAS 10 *Recoverable Amount of Non-current Assets*. The carrying amounts of infrastructure, plant and equipment held by the Department have been reviewed to determine whether they are in excess of their recoverable amounts. In assessing recoverable amounts the relevant cash flows have been discounted to their present value.

Depreciation and amortisation

Depreciable infrastructure, plant and equipment are written off to their estimated residual values over their estimated useful lives to the Department using the straight line method of depreciation. Leasehold improvements are amortised on a straight line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease. Useful lives and residual values are reviewed at each balance date and necessary adjustments made.

Depreciation and amortisation rates applying to each class of depreciable assets are based on the following useful lives:

	2001-02	2000-01
Computers, plant and equipment	**3-10 years**	3-10 years
Leasehold improvements	**5-10 years**	5-10 years
Motor vehicles	**4 years**	4 years
Office equipment	**5 years**	5 years
Capitalised software	**3-5 years**	3-5 years
Factory machinery	**10-20 years**	10-20 years

Depreciation and amortisation rates and methods are reviewed at each balance date and necessary adjustments are recognised in the current and future reporting periods as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4C.

1.13 Inventories

Inventories are brought to account at the lower of cost or net realisable value. Work in progress and finished goods are brought to account to include direct costs and a proportion of direct labour and overhead. All precious metals are purchased and brought to account at cost and expensed as used. Indirect materials are expensed at the time of purchase.

1.14 Intangible assets

In-house software has been revalued over the financial year 1999-00 and brought to account at valuation. As of 1 July 2001, the carrying amount of intangibles is deemed to be at cost. The remaining purchased software has been recorded at the lower of cost or recoverable amount. Software is amortised on a straight line basis over its anticipated useful life to the Department.

The carrying amount of each non-current intangible asset is reviewed to determine whether it is in excess of the asset's recoverable amount. If an excess exists as at the reporting date, the asset is written down to its recoverable amount immediately. In assessing recoverable amounts, the relevant cash flow, including the expected cash inflows from future appropriations by the Parliament, have been discounted to their present value.

No write-down to recoverable amount was made in 2001-02.

Intangible assets are amortised on a straight-line basis over their anticipated useful lives.

Useful lives are:

	2001-02	2000-01
Internally developed software	**2-5 years**	2-5 years

1.15 Taxation

The Department of the Treasury is exempt from all forms of taxation except for Fringe Benefits Tax and Goods and Services Tax. The Mint is liable for all forms of taxation including Payroll Tax, Company Tax equivalent, Fringe Benefits Tax and Goods and Services Tax on sales of products. Company Tax equivalent became applicable for the first time in 1998-99, as a result of the competitive neutrality arrangements.

1.16 Capital use charge

A capital use charge of 11 per cent (12 per cent in 2000-01) is imposed by the Government on the net departmental assets. The charge is adjusted to take account of asset gifts and revaluation increments during the financial year.

1.17 Foreign currency

Transactions denominated in foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency monetary items are translated at the exchange rates current as at balance date and any differences are brought to account in the Statement of Financial Performance. Where a purchase is specifically hedged, exchange gains and losses on hedging transactions arising up to the date of purchase or sale and costs, premiums and discounts relative to the hedging transaction are included with the purchase or sale. Exchange gains and losses arising from the hedge transaction after that date are taken to the Statement of Financial Performance.

1.18 Insurance

The Department has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through Comcare Australia.

1.19 Comparative figures

Comparative figures have been adjusted to conform to changes in presentation within these financial statements where required.

1.20 Rounding

Amounts are rounded to the nearest $1,000 except in relation to the following items:

- act of grace payments and waivers;
- special accounts and special public monies;
- remuneration of executives; and
- remuneration of auditors.

1.21 Bad and doubtful debts

Bad debts are written off during the year in which they are identified to the extent to which they have not been provided for.

A provision is raised for any doubtful debts based on a review of all outstanding accounts as at year-end.

1.22 Principles of consolidation/aggregation

The financial statements of the Mint are consolidated into the Department's financial statements. All balances and transactions between the Mint and the Department of the Treasury have been eliminated on consolidation. Australian Government Actuary (AGA) has also been consolidated into the Department's financial statements and all balances and transactions between AGA and the Department of the Treasury have been eliminated on consolidation. The HCS Scheme has been consolidated into the Administered Notes and all balances and transactions between the HCS Scheme and Administered have been eliminated on consolidation.

1.23 Royal Australian Mint — seigniorage and repurchase of circulating coins

Seigniorage is collected by the Mint on behalf of the Commonwealth. Seigniorage represents the difference between the face value of coinage sold to the Reserve Bank of Australia and its cost of production to the Mint.

The Mint repurchases circulating coins on behalf of the Commonwealth. The costs incurred by the Mint in repurchasing circulating coins are offset to an extent by the sale of scrap metal and the balance is supplemented by the Commonwealth through a reduction in the total amount paid to the Commonwealth (see Note 7).

The revenues from circulating coin sales are not directly available to be used by the Mint for its own purposes and are remitted to the Commonwealth's Official Public Account. Seigniorage for 2001-02 is $129.538 million ($59.839 million in 2000-01).

1.24 Investment in Sydney 2000 Olympic Coin Program

General

The Royal Australian Mint and the Perth Mint were joint venturers in the Sydney 2000 Olympic Coin Program (STOCP), marketing and distributing Sydney 2000 Olympic Coins. This joint venture concluded in June 2002.

The Royal Australian Mint's interest in STOCP is carried at the recoverable amount.

The Sydney 2000 Olympic Coin Program consists of 28 base metal coins, 17 silver coins, 8 gold coins and a one kilo silver coin.

Profit distribution

The distribution of any profit is made on the following basis:

	Royal Australian Mint Per cent	Perth Mint Per cent
Base metal	50	50
Silver	50	50
Gold	50	50

1.25 Economic dependency

The Mint is economically dependent on the Reserve Bank of Australia for the purchase of circulating coin.

1.26 Reporting of administered activities

Administered revenues, expenses, assets and liabilities and cash flows are presented in the notes to these financial statements. In 2000-01, summary information was presented in schedules following the primary agency statements. Either presentation is permitted by AAS 29 *Financial Reporting by Government Departments*.

These financial statements do not report the receipt of administered appropriations from the Official Public Account (OPA) as administered revenues, nor are transfers of administered receipts to the OPA reported as administered expenses. This change in 2001-02 acknowledges that the administered activities of agencies are performed on behalf of the Commonwealth Government and it is not appropriate to identify resources transferred between administered activities of different agencies as revenues and expenses of the administered entity. Generally, therefore, the notes to these financial statements do not report any transactions or balances that are internal to the administered entity. One exception is the disclosure of administered cash flows, since cash transferred between the OPA and Treasury's administered bank account is necessary for the completeness of cash flow disclosures.

Accounting policies for administered items are as stated in Note 1.2 above and those accounting policies that are relevant to particular administered activities only are discussed below.

(a) Revenue from government — administered appropriations

All administered revenues described in this note are revenues relating to the core operating activities performed by the Department on behalf of the Commonwealth.

(b) Other revenue

Guarantees

Guarantees provided under legislation within the portfolio responsibility of the Treasurer are recognised as liabilities when it is probable that the guarantee will be called and it can be reliably measured. In all other instances such guarantees are disclosed in the Schedule of Administered Remote Contingencies (Note 21H).

Reserve Bank of Australia dividend

Dividends from the Reserve Bank of Australia (RBA) are recognised when determination is made by the Treasurer. The basis of payment of dividends is a memorandum of understanding with the Treasurer. Dividend revenue is brought to account once the right to control the income stream is established. On this basis the RBA's dividend for 2001-02 will be recognised in Treasury's financial statements in 2002-03.

The amount of the dividend for 2001-02 was $1.889 billion.

1.27 Administered capital

Appropriations of 'administered capital' are recognised in administered equity as the amounts appropriated by Parliament are drawn down.

1.28 Grants

Treasury administers a number of grant schemes on behalf of the government.

Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied. A commitment is recorded when the government has a binding agreement to make the grants but services have not been performed or criteria satisfied. Where grants moneys are paid in advance of performance or eligibility, a prepayment is recognised.

Payments to the States and Territories

The introduction of *The New Tax System* on 1 July 2000 has significantly reformed payments made under Commonwealth-State financial relations. Treasury has responsibility for administering these payments.

The largest payment is the provision of GST revenue. The Commonwealth pays to the States all GST collected, and commenced monthly payments of GST revenue to the States in July 2000. GST revenue payments to the States in 2001-02 were distributed in accordance with relativities recommended by the Commonwealth Grants Commission. Treasury also administers General Revenue Assistance payments to the States and Territories consisting of Budget Balancing Assistance, National Competition Policy Payments and Special Revenue Assistance.

- Budget Balancing Assistance arises from the Commonwealth's guarantee that in each of the transitional years following the introduction of the GST, each State's budgetary position will be no worse off than had the reforms in the Intergovernmental Agreement on Commonwealth State Financial Relations not been implemented.
- National Competition Policy Payments to the States and Territories are conditional on the States and Territories meeting their obligations under the Agreement to implement the National Competition Policy and related reforms.
- Special Revenue Assistance is provided to the ACT for special fiscal needs. Special fiscal needs take account of the differences between the Commonwealth's financial arrangements with the ACT and those generally existing between the Commonwealth and the States.

As a consequence of the Australian Taxation Office (ATO) collecting GST for distribution to the States, the States make payments to the Commonwealth to meet the agreed costs incurred in administering the GST. The Department is responsible for collection of GST administration fees from the States and Territories.

A new First Home Owners Scheme commenced on 1 July 2000. Under the First Home Owners Scheme, a grant of $7,000 is available to eligible applicants who are buying or building their first home. The First Home Owners Scheme is administered by the States on the basis of principles agreed to by all jurisdictions in the Intergovernmental Agreement.

- On 9 March 2001, the Commonwealth announced that an additional $7,000 grant, fully funded by the Commonwealth, would be available for first home owners building or purchasing new but previously unoccupied homes before 31 December 2001. In December 2001, the Government announced a phase down of the additional grant making it available for a further six months, from 1 January 2002, at a reduced rate of $3,000 per grant. The additional grant ceased on 30 June 2002, while the original scheme will continue to offer $7,000 grants to eligible first home buyers. The Government also announced that more liberal construction commencement and completion requirements will apply to additional First Home Owners Scheme grants for contracts made on or after 9 October 2001.

Mirror taxes collected by State and Territory governments

On behalf of the States, the Commonwealth imposes mirror taxes, which replace State taxes in relation to Commonwealth places that may be constitutionally invalid. Mirror taxes are collected by the States and are paid to the Commonwealth and immediately repaid to the States. State governments bear the administration costs of collecting mirror taxes.

1.29 Administered investments

Development banks

Investments in development banks are classified as non-monetary assets and owing to their nature, these investments are not revalued. As such, these investments are recognised at historical cost where the information is available. Where historical cost records are not readily obtainable, a notional cost has been established at 30 June 1993 by reference to the development banks' financial statements and exchange rates at that time.

Initial investments in the European Bank for Reconstruction and Development, Asian Development Bank, the International Finance Corporation and the International Bank for Reconstruction and Development have been recognised at notional cost. Subsequent capital subscriptions have been recognised at historical cost.

Investment in the Multilateral Investment Guarantee Agency is recognised at historical cost.

International Monetary Fund (IMF)

The *quota* is the current value in Australian dollars of Australia's subscription to the IMF.

The Special Drawing Rights allocation liability reflects the current value in Australian dollars of the liability to repay to the IMF Australia's cumulative allocation of SDRs, and is classified as an 'Other payables'.

Portfolio agencies

The Commonwealth's investment in other controlled authorities and companies in this portfolio is valued at the aggregate of the Commonwealth's share of the net assets and net liabilities of each entity as at 30 June 1997.

1.30 Promissory notes

Promissory notes, which have been issued in foreign currencies, are translated at the spot rate at balance date. Foreign currency gains and losses are recognised where applicable. Promissory notes have been issued to the International Monetary Fund, International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development, the Asian Development Bank and the Multilateral Investment Guarantee Agency.

1.31 Mortgage insurance policies written by Housing Loans Insurance Corporation up to 12 December 1997

The Commonwealth sold the Housing Loans Insurance Corporation (HLIC) on 12 December 1997. Terms and conditions of the sale included that the Commonwealth shall remain responsible for the mortgage insurance policies written up to the time of the sale.

The sale of the HLIC was conducted by the Office of Asset Sales and Information Technology Outsourcing.

Accounting policies adopted are:

Premiums

Premiums comprise amounts charged to the policyholder or other insurer, excluding amounts collected on behalf of third parties, principally stamp duties. The earned portion of premiums received and receivable is recognised as revenue. Premiums are treated as earned from the date of attachment of risk.

Premiums received in respect of insured loans are apportioned over a number of years in accordance with an actuarial determination of the pattern of risk in relation to the loans. Premium amounts carried forward in this way are credited to 'Provision for unearned premiums'.

Recoveries

Claims incurred recoveries and a receivable for outstanding recoveries are recognised in respect of insurance policies. The asset is assessed on an actuarial basis and covers recoveries incurred but not yet received, incurred but not yet reported and the anticipated direct and indirect costs of settling those claims. The asset (HLIC premiums receivable) has been recognised in Note 21C, based on the estimated discounted future cash flows.

Claims

Claims incurred expense and a liability for outstanding claims are recognised in respect of insurance policies. The liability is assessed on an actuarial basis and covers claims incurred but not yet paid, incurred but not yet reported and the anticipated direct and indirect costs of settling those claims. The liability has been recognised based on the estimated discounted future cash flows.

Acquisition costs

A portion of acquisition costs relating to unearned premium revenue is deferred in recognition that it represents future benefits. Deferred acquisition costs are amortised on an actuarial basis over the reporting periods expected to benefit from the expenditure.

1.32 HIH Claims Support Scheme Liability

HIH Claims Support Limited (HCS) was established as a not-for-profit company to provide Commonwealth funded assistance to policyholders suffering financial hardship as a result of the failure of the HIH Group Companies and the appointment on 15 March 2001 of the Provisional Liquidators of the HIH Group Companies. The HCS Trust was established in order to perform its obligations under the Commonwealth Management Agreement dated 6 July 2001. As the Beneficiary of this Trust, the Commonwealth is entitled to any residual balance of the Trust, after the collection of recoveries and making of payments to claimants.

An actuarial assessment was conducted by an independent actuary as at 31 March 2002 and the results of the review indicated that the overall cost of the scheme is estimated to be $597 million. At the year-end the remaining estimated liability was $496.35 million (see Note 21D) after making payments during the year. This estimate incorporates an allowance for future inflation and provides for the estimated costs of both the claim handling expenses and the scheme management fees, but does not take account for discounting of future cash flows to the valuation date.

There is inherent uncertainty regarding the measurement of the Commonwealth liability. One of the key results of the independent actuarial assessment was that due to the relative immaturity of the Scheme, and because at the time of the assessment a significant portion of the major claim types were yet to be reviewed by the claims managers, the result remains highly uncertain and requires close monitoring. As the Scheme matures, this element of the uncertainty should reduce (see Note 21G).

The Commonwealth will therefore continue to assess the estimated liability in future years. Further assessments will also include quantifying possible recoveries to be made by HCS, which is acting as the Trustee on behalf of the Commonwealth in relation to the HIH Claims Support Scheme.

1.33 United Medical Protection Limited and Australasian Medical Insurance Limited

Following the decision on 29 April 2002 by the Boards of United Medical Protection Limited and Australasian Medical Insurance Limited (UMP/AMIL) to seek the appointment of a Provisional Liquidator, the Commonwealth committed to providing an indemnity to the Provisional Liquidator. The terms of the indemnity were set out in a letter from the Minister for Health and Ageing to medical practitioners, dated 1 May 2002 and in the Prime Minister's subsequent press release of 31 May 2002.

There are four components of the Commonwealth assistance package in relation to UMP/AMIL and other Medical Defence Organisations (MDOs) (components (a) to (c) only relate to UMP/AMIL).

The components are:

(a) an indemnity for claims notified before 29 April 2002 that are finalised on or before 31 December 2002 (see also Note 21H);

(b) an indemnity for claims notified in the period 29 April 2002 to 31 December 2002 (see also Note 21H);

(c) an indemnity for claims as a result of incidents that occur between 29 April 2002 and 30 June 2002 (see also Note 21G); and

(d) the establishment of a scheme to fund currently unfunded incurred but not reported (IBNRs) liabilities of MDOs.

The Commonwealth's commitments under components (a) through to (c) are set out in a Deed of Indemnity between the Commonwealth and UMP/AMIL and the Provisional Liquidator of UMP/AMIL that was approved by the NSW Supreme Court on 25 July 2002.

An Appropriation Bill (the Medical Indemnity Agreement (Financial Assistance — Binding Commonwealth Obligations) Bill 2002), was introduced on 26 June 2002, to cover payments by the Commonwealth in accordance with this Deed.

The cost of any liability of components (a) and (b) of the indemnity for the period 1 July 2002 to 31 December 2002 will be met by a levy on medical practitioners. It is noted that a final actuarial assessment of the liabilities under components (a) and (b) has not been undertaken. The outcome is further contingent on the UMP/AMIL sale process currently being conducted by the Provisional Liquidator (who has received several expressions of interest).

It is expected that for component (c) of the Commonwealth's assistance package, there will be a net liability and the Commonwealth had commissioned an independent actuary to determine the likely exposure. This work was still being completed at the time of reporting.

In relation to component (d), a figure of $500.8 million has been recognised in the accounts in respect of IBNR claims, which represent the estimated liability to UMP/AMIL for claims that result from incidents that have occurred prior to 3 May 2002 but not yet notified to the group (see Note 21D). This estimate is inherently uncertain and that in this case the uncertainty is exacerbated by the instability in the number and risk composition of incidents and claims notified in recent years, and by uncertainty regarding the effects on claim costs of recent legislative changes and the Visiting Medical Officer (VMO) initiative in New South Wales.

The estimate is based on the latest information available to the Department from a report provided by the provisional liquidator of UMP/AMIL to the NSW Supreme Court in a report dated 29 August 2002. It represents the upper figure of a range nominated by the report for the estimated liability. Further actuarial assessments of the estimated liability are currently being undertaken on behalf of the Provisional Liquidator. The assessments had not been completed at the time of reporting.

It should be noted that the estimate may cover some incidents that are not intended to be covered by the Commonwealth's proposed IBNR scheme. UMP is the largest of the six MDOs currently operating in Australia and the IBNRs of the other MDOs are expected to be immaterial (furthermore there is a lack of recent or consistent information available on the other MDOs).

It should also be noted that the Government has announced that it will recoup the Commonwealth's liability by a levy on medical practitioners in those MDOs with unfunded IBNRs.

Note 2: Events occurring after balance date

1. The RBA has calculated a dividend of $1.889 billion in respect of its results for the year ended 30 June 2002. The Treasurer will ratify the payment in accordance with the recommendation of the RBA's Board of Directors.

   As a consequence, Treasury will record this dividend income in its accounts for the year ended 30 June 2003 in accordance with its accounting policy (Note 1.26).

2. On 1 July 2002 responsibility for the design of tax laws and regulations was relocated from the Australian Taxation Office (ATO) to the Department of the Treasury and this resulted in a transfer of 102 staff.

Note 3: Operating revenues

	2001-02 $'000	2000-01 $'000
Note 3A: Revenues from government		
Appropriations for outputs	**87,409**	74,180
Resources received free of charge		
ANAO audit fees	**278**	255
Total	**87,687**	74,435
Note 3B: Sales of goods and services		
Sale of goods and services	**5,236**	9,432
Net coin sales	**62,460**	42,200
Total	**67,696**	51,632
Goods and services were sold as follows:		
Government	**2,113**	2,714
Non-Government	**65,583**	48,918
Total	**67,696**	51,632
Note 3C: Net gains from sales of assets		
Non-financial assets - infrastructure, plant and equipment		
Proceeds from sale	**52**	-
Net book value at sale	**44**	-
Net gain	**8**	-
Less: Infrastructure, plant and equipment written off on disposal	**(67)**	-
Net loss on disposal of infrastructure, plant and equipment	**(59)**	-
Note 3D: Other revenue		
Revenue from STOC Program	**125**	-
Other	**-**	27
Total	**125**	27

Note 4: Operating expenses

	2001-02 $'000	2000-01 $'000
Note 4A: Employee expenses		
Remuneration (for services provided)	**50,049**	46,161
Separation and redundancy	**727**	115
Total remuneration	**50,776**	46,276
Other employee expenses	**950**	835
Total	**51,726**	47,111
Note 4B: Suppliers expenses		
Supply of goods and services	**77,131**	59,271
Operating lease rentals[1]	**8,044**	6,316
Total	**85,175**	65,587
Note 4C: Depreciation and amortisation		
Depreciation of property, plant and equipment	**2,231**	2,003
Amortisation of software	**874**	1,182
Amortisation of leased assets	**863**	1,011
Total	**3,968**	4,196
Note 4D: Write down of assets		
Plant and equipment - write-off on disposal	**67**	-
Plant and equipment - revaluation decrement	**2,124**	-
Total	**2,191**	-
Note 4E: Net loss on sale of Asset		
Revenue (proceeds) from sale	**-**	13
Net book value	**-**	(313)
Net loss on sale	**-**	(300)
Note 4F: Other operating expenses		
Other	**-**	1,624
Repurchase of numismatic coins	**660**	537
Royalty on numismatic sales	**1,345**	1,050
Total	**2,005**	3,211

1 These comprise minimum lease payments only.

Note 5: Borrowing cost expenses

	2001-02 $'000	2000-01 $'000
Loans	**667**	1,017
Leases	**82**	80
Total	**749**	1,097

Note 6A: Consolidation

	Treasury		Royal Australian Mint		Total	
	2001-02	2000-01	**2001-02**	2000-01	**2001-02**	2001-02
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenues from ordinary activities						
Revenues from government	**87,607**	74,355	**80**	80	**87,687**	74,435
Sales of goods and services	**2,219**	2,715	**65,477**	48,917	**67,696**	51,632
Assets recognised for the first time	**274**	-	**-**	-	**274**	-
Interest	**731**	872	**764**	173	**1,495**	1,045
Net gain from sale of assets	**8**	-	**-**	-	**8**	-
Other Revenue	**-**	27	**125**	-	**125**	27
Total revenues from ordinary activities	**90,839**	77,969	**66,446**	49,170	**157,285**	127,139
Expenses from ordinary activities						
Employee expenses	**45,594**	40,792	**6,132**	6,319	**51,726**	47,111
Suppliers expenses	**29,456**	27,248	**55,719**	38,339	**85,175**	65,587
Write down of assets	**2,191**	-	**-**	-	**2,191**	-
Net loss from sale of assets	**-**	219	**-**	81	**-**	300
Depreciation and amortisation	**3,440**	3,222	**528**	974	**3,968**	4,196
Other operating expenses	**-**	20	**2,005**	3,191	**2,005**	3,211
Total expenses from ordinary activities	**80,681**	71,501	**64,384**	48,904	**145,065**	120,405
Borrowing costs expense	**749**	1,097	**-**	-	**749**	1,097
Operating surplus before income tax expense	**9,409**	5,371	**2,062**	266	**11,471**	5,637
Company tax expenses equivalent	**-**	-	**(603)**	(79)	**(603)**	(79)
Net surplus after income tax expense	**9,409**	5,371	**1,459**	187	**10,868**	5,558
Net surplus attributable to the Commmonwealth	**9,409**	5,371	**1,459**	187	**10,868**	5,558
Net credit (debit) to asset revaluation reserve	**(96)**	-	**-**	(1,501)	**(96)**	(1,501)
Total revenues, expenses and valuation adjustments recognised directly in equity	**(96)**	-	**-**	(1,501)	**(96)**	(1,501)
Total changes in equity other than those resulting from transactions with owners as owners	**9,313**	5,371	**1,459**	(1,314)	**10,772**	4,057

Note: The above amounts have been consolidated into the department's balances shown in these financial statements.

Note 6B: Consolidation (continued)

	Treasury		Royal Australian Mint		Total	
	2001-02 $'000	2000-01 $'000	**2001-02 $'000**	2000-01 $'000	**2001-02 $'000**	2000-01 $'000
ASSETS						
Financial assets						
Cash	**8,368**	3,194	**2,064**	1,629	**10,432**	4,823
Investments	**8,000**	13,000	**-**	675	**8,000**	13,675
Receivables	**1,213**	1,674	**1,097**	4,353	**2,310**	6,027
Total financial assets	**17,581**	17,868	**3,161**	6,657	**20,742**	24,525
Non-financial assets						
Infrastructure, plant and equipment	**14,146**	14,755	**3,071**	2,578	**17,217**	17,333
Inventories	**-**	-	**17,222**	14,016	**17,222**	14,016
Intangibles	**2,010**	2,208	**426**	457	**2,436**	2,665
Other	**1,968**	1,340	**4,884**	5,214	**6,852**	6,554
Total non-financial assets	**18,124**	18,303	**25,603**	22,265	**43,727**	40,568
Total assets	**35,705**	36,171	**28,764**	28,922	**64,469**	65,093
LIABILITIES						
Interest bearing liabilities						
Loans	**-**	9,101	**-**	-	**-**	9,101
Leases	**736**	869	**-**	-	**736**	869
Total interest bearing liabilities	**736**	9,970	**-**	-	**736**	9,970
Provisions						
Employees	**14,410**	12,788	**2,429**	2,748	**16,839**	15,536
Other	**160**	-	**21**	452	**181**	452
Total provisions	**14,570**	12,788	**2,450**	3,200	**17,020**	15,988
Payables						
Suppliers	**3,725**	4,839	**1,930**	5,713	**5,655**	10,552
Other	**3,659**	1,760	**3,345**	694	**7,004**	2,454
Total payables	**7,384**	6,599	**5,275**	6,407	**12,659**	13,006
Total liabilities	**22,690**	29,357	**7,725**	9,607	**30,415**	38,964
EQUITY						
Parent entity interest						
Asset revaluation reserve	**624**	720	**2,994**	2,994	**3,618**	3,714
Contributed equity	**3,763**	3,763	**313**	-	**4,076**	3,763
Retained surpluses	**8,628**	2,331	**17,732**	16,321	**26,360**	18,652
Total parent entity interest	**13,015**	6,814	**21,039**	19,315	**34,054**	26,129
Total equity	**13,015**	6,814	**21,039**	19,315	**34,054**	26,129

Note: The above amounts have been consolidated into the department's balances shown in these financial statements.

Note 7: Business operations

	2001-02 $'000	2000-01 $'000
Seigniorage	**129,538**	59,839
Royalty on numismatic coin sales	**1,319**	1,049
STOCP royalty to Treasury	**113**	4,961
Loss from withdrawn circulating coin	**(857)**	(582)
Trust fund surplus	**159**	4,280
Company and payroll tax equivalents	**924**	453
STOCP royalties prior years overpaid	**(447)**	-
Capital injection	**(313)**	-
Seigniorage withheld	**(2,990)**	-
Actual surplus funds paid to the Commonwealth	**127,446**	70,000

Note 8: Financial assets

	2001-02 $'000	2000-01 $'000
Note 8A: Cash		
Cash at bank and on hand	**10,432**	4,823
All cash recognised is a current asset		
Note 8B: Investments		
Term deposits (current)	**8,000**	13,000
RAM interest in the STOCP at recoverable amount	**-**	675
Total	**8,000**	13,675
Note 8C: Receivables		
Goods and services	**1,972**	4,888
Net GST receivable	**258**	669
Other debtors	**134**	555
Less: Provision for doubtful debts	**(54)**	(85)
Total	**2,310**	6,027
All receivables are current assets		
Receivables (gross) are aged as follows:		
Not overdue	**1,732**	5,482
Overdue by		
Less than 30 days	**459**	285
30 to 60 days	**89**	40
60 to 90 days	**61**	305
More than 90 days	**23**	-
Total receivables (gross)	**2,364**	6,112

Note 9: Non-financial assets

Note 9A: Leasehold improvements

	2001-02 $'000	2000-01 $'000
Leasehold improvements - at valuation	**8,760**	6,450
Accumulated amortisation	**(1,580)**	(347)
Total leasehold improvements (non-current)	**7,180**	6,103

Note 9B: Infrastructure, plant and equipment

	2001-02 $'000	2000-01 $'000
Plant and equipment - at cost	**1,724**	717
Accumulated depreciation	**(227)**	(100)
	1,497	617
Plant and equipment - at 2002 valuation	**8,299**	7,739
Accumulated depreciation	**(2,153)**	(1,250)
	6,146	6,489
Plant and equipment - at 2001 valuation	**8,163**	10,764
Accumulated depreciation	**(6,589)**	(7,705)
	1,574	3,059
Plant and equipment under finance lease	**1,672**	3,216
Accumulated amortisation	**(852)**	(2,150)
	820	1,066
Total infrastructure, plant and equipment (non-current)	**10,037**	11,231
Total leasehold improvements, infrastructure, plant and equipment (non-current)	**17,217**	17,334

Note 9C: Intangibles

	2001-02 $'000	2000-01 $'000
Computer Software:		
Intangibles - at cost	**5,821**	3,495
Accumulated amortisation	**(3,385)**	(2,188)
	2,436	1,307
Intangibles - at 1999-2002 valuation	**-**	1,695
Accumulated amortisation	**-**	(337)
	-	1,358
Total intangibles (non-current)	**2,436**	2,665

Note 9: Non-financial assets (continued)

Note 9D: Analysis of property, plant, equipment and intangibles

Table A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

	Buildings - leasehold improvements $'000	Plant & equipment $'000	Intangibles - computer software $'000	**Total $'000**
Gross value as at 1 July 2001	6,450	22,436	5,193	**34,078**
Additions: Purchases of assets	1,146	4,093	490	**5,729**
Revaluations:				
write-ups/(write-downs)	1,273	(2,615)	-	**(1,342)**
Assets transferred in/(out)	-	(172)	172	**-**
Write-offs	(34)	(1,132)	(34)	**(1,200)**
Disposals	(75)	(2,751)	-	**(2,826)**
Gross value as at 30 June 2002	8,760	19,859	5,821	**34,440**
Accumulated depreciation/ amortisation as at 1 July 2001	347	11,205	2,528	**14,080**
Disposals	-	(2,642)	-	**(2,642)**
Depreciation/amortisation charge for the year	690	2,404	873	**3,967**
Revaluations:				
write-ups/(write-downs)	576	(716)	18	**(122)**
Assets transferred in/(out)	-	1	(1)	**-**
Write-offs	(33)	(430)	(33)	**(496)**
Accumulated depreciation/ amortisation as at 30 June 2002	1,580	9,822	3,385	**14,787**
Net book value as at 30 June 2002	7,180	10,037	2,436	**19,653**
Net book value as at 1 July 2001	6,103	11,231	2,665	**19,998**

Table B: Assets at valuation

	Buildings - leasehold improvements $'000	Plant & equipment $'000	Intangibles - computer software $'000	**Total $'000**
As at 30 June 2002				
Gross value	8,760	16,462	-	**25,222**
Accumulated depreciation/ amortisation	(1,580)	(8,742)	-	**(10,322)**
Net book value	7,180	7,720	-	**14,900**
As at 30 June 2001				
Gross value	-	10,764	1,695	**12,459**
Accumulated depreciation/ amortisation	-	(7,705)	(337)	**(8,042)**
Net book value	-	3,059	1,358	**4,417**

Note 9: Non-financial assets (continued)

Note 9D: Analysis of property, plant, equipment and intangibles (continued)

Table C: Assets held under finance lease

	Buildings - leasehold improvements $'000	Plant & equipment $'000	Intangibles - computer software $'000	**Total $'000**
As at 30 June 2002				
Gross value	-	1,672	-	**1,672**
Accumulated depreciation/ amortisation	-	(852)	-	**(852)**
Net book value	-	820	-	**820**
As at 30 June 2001				
Gross value	-	3,216	-	**3,216**
Accumulated depreciation/ amortisation	-	(2,150)	-	**(2,150)**
Net book value	-	1,066	-	**1,066**

Table D: Assets under construction

	Buildings - leasehold improvements $'000	Plant & equipment $'000	Intangibles - computer software $'000	**Total $'000**
As at 30 June 2002				
Gross value	-	149	-	**149**
Accumulated depreciation/ amortisation	-	-	-	**-**
Net book value	-	149	-	**149**
As at 30 June 2001				
Gross value	75	179	-	**254**
Accumulated depreciation/ amortisation	-	-	-	**-**
Net book value	75	179	-	**254**

Note 9E: Inventories

	2001-02 $'000	2000-01 $'000
Raw materials	**6,620**	7,632
Work in progress	**2,249**	2,901
Finished goods	**8,353**	3,483
Total	**17,222**	14,016

All departmental inventories are current assets.

Note 9: Non-financial assets (continued)

Note 9F: Other non-financial assets

	2001-02	2000-01
	$'000	$'000
Coin collection	**3,660**	3,660
Prepayments	**2,470**	2,355
Prepaid precious metal	**722**	539
Total	**6,852**	6,554

All other non-financial assets are current assets

Note 9G: Company tax equivalent

	2001-02	2000-01
	$'000	$'000
Company tax equivalent for business operations	**603**	79
Total	**603**	79

Note 10: Interest bearing liabilities

	2001-02 $'000	2000-01 $'000
Note 10A: Loans		
Loans from government	**-**	9,101
Total	**-**	9,101
Maturity schedule for loans:		
Payable		
within one year	**-**	1,263
in one to five years	**-**	5,052
in more than five years	**-**	2,786
	-	9,101
Note 10B: Leases		
Finance lease commitments:		
Payable		
within one year	**378**	661
in one to five years	**437**	216
in more than five years	**-**	63
Minimum lease payments	**815**	940
Deduct: future finance charges	**(79)**	(71)
Lease liability	**736**	869
Total lease liability is represented by:		
Current	**330**	610
Non-current	**406**	259
Total lease liability	**736**	869

Finance leases exist in relation to certain major office equipment assets. The leases are non-cancellable and for fixed terms averaging three years, with a maximum of five years. The Department guarantees the residual values of all assets leased. There are no contingent rentals.