



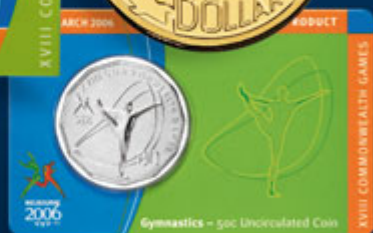
Australian Government

Royal Australian Mint

ANNUAL REPORT 2005-06



ROYAL AUSTRALIAN MINT





Visit by Her Majesty Queen Elizabeth II Commemorating her 80th Birthday



*Her Majesty Queen Elizabeth II; The Hon. Peter Costello MP, Treasurer;
Ms Janine Murphy, CEO; Mr Chris Starling, Supervisor of Proof
Production Room, Mr Vladimir Gottwald, Sculptor and Designer.
Photograph: The Canberra Times*



*HRH Prince Phillip, Duke of Edinburgh;
The Hon. Peter Costello MP, Treasurer.
Photograph: The Canberra Times*

Commemorating the 400th Anniversary of the Duyfken's Exploration of Australia



*The Hon. Dr Jan Peter Balkenende, Prime Minister of the Netherlands;
The Hon. Peter Costello MP, Treasurer.
Photograph: James Renner, Photographer*



Australian Government

Royal Australian Mint



ANNUAL REPORT 2005-06

ROYAL AUSTRALIAN MINT

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Project Management and Design – Product Development, The Royal Australian Mint.

Coin sets featured on colour pages:

Inside front cover – three colour pages (A, B & C)

- A • 2006 Eight Coin Gold Set (featuring round 50 cent coin); and
 - Melbourne 2006 Commonwealth Games Coin Program (featuring \$1 uncirculated mint mark coin; 50 cent uncirculated gymnastics coin; M2006 \$30 silver kilo coin; and M2006 gold, silver and bronze medals).
- B • Fine Silver Proof 2006 Year Set (featuring 50 cent coin with original Arnold Machin effigy on reverse);
 - 2006 Eight Coin Set (featuring uncirculated set); and
 - 2006 One Dollar Silver Kangaroo (featuring \$1 proof coin).
- C • 2006 Royal Collection (featuring 50 cent uncirculated coin; and 50 cent selectively gold plated coin); and
 - Duyfken Dual Silver Set - \$5 Silver and €5 Proof Coins (featuring \$5 silver proof coin and \$5 uncirculated coin).

Inside back cover – three colour pages (D, E & F)

- D • 2005 Selectively Gold Plated Silver Kangaroo (featuring \$1 selectively gold plated silver coin); and
 - Award received by the Royal Australian Mint at the XXIV Mint Directors Conference Monnaie de Paris 2006.
- E • 2006 Australian Baby Coin Set (featuring proof set; uncirculated set; and Magic Pudding medallion);
 - Gold Coin Series – Rare Birds (featuring \$150 gold coin); and
 - 50 Years of Australian Television (featuring \$1 mintmark coin; and \$1 silver proof coin).
- F • 2005 Selectively Gold Plated Sydney Mint Coin; and
 - 2006 Masterpieces in Silver – Australian Art of the 20th Century (featuring coin on artist easel and four \$5 silver proof coins).



Australian Government
Royal Australian Mint



22 September 2006

Office of the Chief Executive

The Hon Peter Costello MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer

I have pleasure in presenting to you the Annual Report of the Royal Australian Mint for the year ended 30 June 2006. The report has been prepared under section 63 of the *Public Service Act 1999*. Subsection 63 (1) of the Act requires that a Chief Executive Officer of an agency is to provide a copy of the report to their Agency Minister for presentation to the Parliament.

As provided in subsection 63 (1) of the Act, the Report has been prepared in accordance with guidelines approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit. These guidelines provide that a copy of the Annual Report is to be laid before each House of Parliament on or before 31 October.

Yours sincerely,

Janine Murphy
Chief Executive Officer

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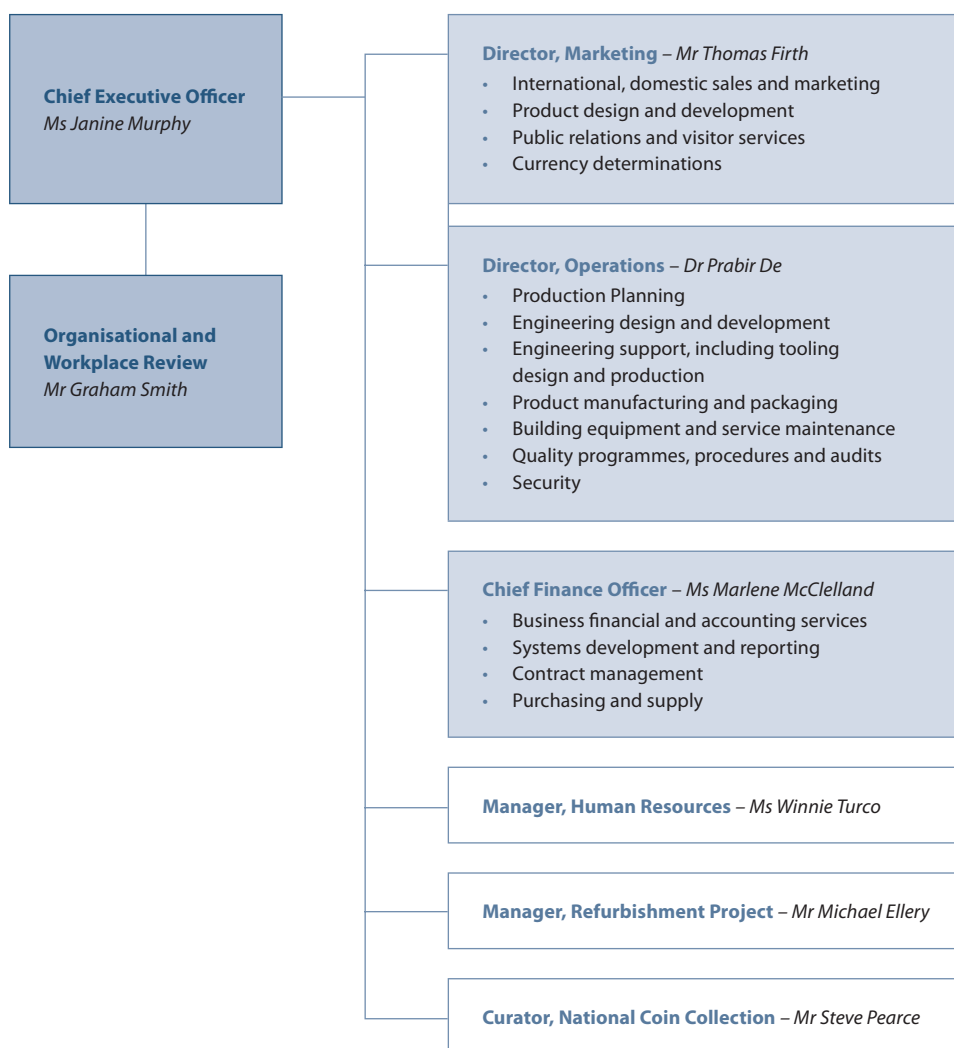
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How to contact the Royal Australian Mint

Street address	Royal Australian Mint Denison Street Deakin ACT 2600 AUSTRALIA	Facsimile	(02) 6202 6954 within Australia +61 2 6202 6954 international
Postal Address	Royal Australian Mint Private Bag 31 Kingston ACT 2604 AUSTRALIA	Internet Email	http://www.ramint.gov.au info@ramint.gov.au
Telephone	Customer service 1300 652 020 Switchboard (02) 6202 6999 within Australia +61 2 6202 6999 international	Chief Executive's Office	Telephone (02) 6202 6826 Facsimile (02) 6202 6935
		Visiting the Mint	Visitors are welcome between 9.00am and 4.00pm on weekdays, and between 10.00am and 4.00pm on weekends and public holidays. The Mint is closed on Christmas Day and Good Friday.



Organisation as at 30 June 2006





Corporate Profile

The Royal Australian Mint (the Mint) became a prescribed agency within the Treasury portfolio on 1 July 2005, with responsibility for producing circulating and numismatic coin for Australia. The Mint was established in Canberra in 1965, one year prior to Australia's changeover to decimal currency, and since 1983 has been the sole supplier of Australia's circulating coin requirements.

The Mint also produces a range of high quality collector coins (numismatic coins) which are sold through an extensive mail order operation, a network of domestic and international coin dealers, Australia Post outlets and the Mint's own retail outlet. In addition, the Mint produces a number of Australian medals and awards, as well as tokens, medallions and jewellery items for domestic and overseas customers. The Mint is also a major Canberra tourist attraction with a public gallery, museum and shop that attracted 189,558 visitors during 2005-06.

The Mint is committed to upholding its reputation as one of the leading producers of quality coins in the world and to achieving business excellence.

Vision

Excellence as a profitable world class Mint.

Mission

To meet the circulating coin and numismatic needs of Australia.

Values

Commitment

We believe in the vision and mission of the Mint, and pursue with enthusiasm and determination the achievement of its business objectives and the maintenance of a safe, healthy and happy work environment.

Integrity

We are open, honest and straightforward in the way we do our work, and do not take improper advantage of our employment at the Mint to achieve personal gain.

Teamwork

We understand that we depend on one another for effective performance, and are always on the lookout for ways in which we can help our workgroups to be more flexible, more efficient and more enjoyable to be in.

Service

We care about the needs of those — both outside and inside the Mint — who receive the products of our work, and we always try to meet those needs at the right time, at the right quality and at the right price.

Innovation

We continually seek to identify and implement better, safer and more cost-effective ways of doing what we do, encourage others to do the same, and keep ourselves up-to-date on relevant developments elsewhere.

Respect

We treat one another with courtesy and consideration, and do not belittle the contributions of others to the achievement of the Mint's vision and goals; we value diversity and renounce discrimination on grounds of race, religion, sex or cultural background.

Professionalism

We take pride in the quality of our products, in the skills and standards we apply to our work, and in our willingness to learn and to share the benefits of that learning with others.

The Mint's Service Charter

Services

- We aim to meet your needs as a customer efficiently and promptly, and always look for ways of improving the quality and timeliness of our service.
- We seek to respond promptly to any issue you may raise related to the history, production and distribution of Australian coinage and numismatic products.
- You may contact us through our internet site or by mail, email, phone or fax using the address and numbers given in this publication.
- When you contact us we will be courteous, helpful and prompt in any follow up actions required.
- Your first contact person will keep you informed of the progress of your request or may direct your request to a more appropriate person.

Response

- We will clearly identify ourselves when you contact us by telephone and will ask for specific contact information from you.
- Your discussions will be treated with respect and confidentiality.
- If you contact us by phone during business hours (8.30 am to 4.30 pm), we will address your query immediately or advise of when a response can be expected. If you contact us by phone out of normal business hours your call will be recorded and we will aim to call you back during the next working day.
- Your contact by mail, fax or email will be acknowledged within five working days of receipt.

Complaints

- We will address all complaints in terms of the Australian Standard AS 4269-1995 Complaints Handling and of the *Trade Practices Act 1974*.
- If you return products, please include your contact details. If you are currently included on our mailing list please advise your customer number. We aim to respond within one week of receipt.
- If you continue to have a problem, our customer contact staff will try to resolve the matter, but if necessary, you will be referred to the appropriate manager.
- If the matter is then not resolved, please contact the Chief Executive Officer (CEO) with all details. The CEO will respond within one week of receipt of this contact.

Note: This Service Charter is not legally binding on the Royal Australian Mint, but is an expression of the standards we seek to achieve and maintain.



Chief Executive's Review

In 2005-06 the Mint began operating as a prescribed agency within the Commonwealth portfolio of the Treasury. Previously the Mint had been an operating division of the Treasury. The move to a prescribed agency has highlighted a number of areas where the Mint policies, management practices and operational procedures need to be improved to ensure transparency and accountability to fulfil Government requirements. The Mint's management team is working to address all areas of performance in accordance with priorities established in its Strategic Business Plan for the years 2006-09 to ensure that the Mint can withstand public scrutiny. The Mint's aim is to be fully compliant with legislative and governance requirements by the end of 2008 when the Mint is relocated into its refurbished premises within the existing process building.

Management Framework

As a prescribed agency the Mint operates under a Charter endorsed by the Secretary of the Treasury, Dr Ken Henry, and the CEO. The Charter sets out the scope of the roles and accountabilities of the principal stakeholders in producing circulating coins and like products for Australia. A copy of the Charter is included as Appendix A of this Report.

The Mint Advisory Board provides strategic advice and reviews Mint performance against key indicators and strategies in the Mint's Strategic and Business Plans. As at 30 June 2006 the Advisory Board comprised:

- Mr Ian Robinson, General Manager, Corporate Services Division, Treasury (Chair);
- Mr Ross McDiarmid, Chief Executive Officer, Australian Capital Tourism;
- Mr Michael Del Gigante, Acting Managing Director, Defence Housing Authority; and
- Mr Geoff Miller, General Manager, Corporations and Financial Services Division, Treasury.

Management of the Mint rests with the Senior Management Team which as at 30 June 2006 comprised: Ms Janine Murphy, Chief Executive Officer; Mr Graham Smith, Organisational and Workplace Review; Ms Marlene McClelland, Chief Finance Officer (CFO); Mr Tom Firth, Director Marketing; Dr Prabir De, Director Operations; and Ms Winnie Turco, Manager Human Resources.

In addition, the Senior Management Team has greatly benefited from the input of Mr Michael Ellery, Manager Refurbishment, who has direct responsibility for incorporating Mint requirements and ensuring the Mint's concerns and interests are fully taken into consideration during the three year refurbishment project.

I wish to acknowledge the contribution to the Mint's performance of the following people who resigned or retired from the Mint in 2005-06:

- Mr Jim Murphy (Chair, Mint Advisory Board);
- Dr Vivienne Thom (CEO);
- Ms Catherine Shadbolt (Chief Finance Officer);
- Ms Beverly Scott (Product Development Manager);
- Ms Madeleine Clark (Corporate Marketing Manager);
- Ms Leone Fuz (Executive Assistant to the CEO);
- Mr Ben Bates (Production Engineer);
- Mr Darren Bulley (Electrician); and
- Ms Patricia Sinfield (Financial Accountant).

The Mint expresses its deepest sympathy to the family of Mr Keo Phommaly (Die Polishing Operator) who passed away during the year.

2005-06 Performance Summary

Business Strategy and Resourcing

On 1 February 2006, the then members of the Advisory Board and Senior Management Team met to determine the strategic directions of the Mint for the period 2006-09. The strategic directions will provide a roadmap for the Mint over that period and inform business decisions and operational planning. With the departure of Dr Vivienne Thom, CEO, and Ms Catherine Shadbolt, CFO, the new Senior Management Team is reassessing the Strategic and Business Plans to incorporate a broad review and implementation of a new management and organisational structure and to improve workplace practices, risk management and audit controls in response to the significant breach of security which was discovered in February 2006.

Circulating Coin

Throughout 2005-06 the Mint continued to fulfil its principal function of producing quality circulating coin that meets the needs of the Government and the people of Australia. Demand for circulating coin was 546 million pieces significantly higher than the 453 million pieces produced in 2004-05 following a strong upward revision to the 2004-05 original forecasts. The increased demand and the need to increase inventory ahead of planned disruptions to production associated with the refurbishment project placed considerable pressure on the Mint's working capital and permanent staffing resource. Consequently, the Mint had a strong demand for contractual employees which brought with it a unique

set of challenges and additional risks in terms of recruitment, training, quality and security. Regrettably, the Mint's failure to adjust processes in recognition of the additional risks enabled a contract employee, Mr William Grzeskowiak, to steal a substantial quantity of unissued legal tender \$2 coins, valued in excess of \$150,000 from the Mint over a period of several months. Mr Grzeskowiak was subsequently arrested and pleaded guilty to the theft in the ACT Magistrates Court. He is currently serving an 18 month non-parole period of a three year sentence for his crime.

On notification of the arrest, Dr Thom engaged the Australian Federal Police (AFP) to undertake a review of the physical security of the Mint to identify any deficiencies in security practices and if necessary to recommend remedial action. The AFP proposed 17 recommendations all of which were incorporated into a proposed revised Security Plan which was approved by the Parliamentary Secretary to the Treasurer, the Hon. Chris Pearce MP, for implementation.

The new security measures are being funded out of seigniorage and are not considered excessive when compared to security arrangements in other mints around the world. It is expected that the building refurbishment will provide opportunities to reduce the inconvenience to staff while maintaining equivalent levels of security within the Mint.

Numismatic Products

Again in 2005-06 the Mint produced a wide range of collector and commemorative coins, corporate products and medals. Highlights of the year were the special eight coin year set to commemorate the 40th anniversary of decimalisation. All year sets featured the one and two cent coins which have not been issued as legal tender since 1991 while the proof sets included the original round silver 50 cent coin.

Other Highlights

To commemorate the 80th birthday of Her Majesty Queen Elizabeth II and the Queen's March 2006 visit to Australia, the Mint produced a selectively gold plated silver twin coin set. The Treasurer, the Hon. Peter Costello MP, Mr Chris Starling, Supervisor of the proof production room, Mr Vladimir Gottwald, Sculptor and Designer, and I presented Her Majesty with a set of the commemorative coins and a set of the 2006 Masterpieces in Silver \$5 coins at a ceremony at Government House on 14 March 2006.

Her Majesty visited Australia principally to attend the 2006 Commonwealth Games in Melbourne. The Mint marked the occasion of the Games by issuing a range of proof and uncirculated coins featuring the 16 sports of the Games, the Commonwealth nations and Melbourne, the host city. The Mint was proud to produce the gold, silver and bronze medals for the first, second and third placed athletes at the Games.

The year 2006 also marks the 400th anniversary of the voyage of the Dutch ship the Duyfken, or Little Dove. It was on this voyage that the Dutch explorers made the first historical charting of the coast of Cape York. To commemorate the occasion the Royal Australian Mint collaborated with the Royal Dutch Mint to produce a unique two coin set including a silver €5 and silver \$5 Australian proof coin depicting Australia's place in the region and the Duyfken respectively. Having minted the first commemorative €5 coin at the Royal Dutch

Mint, the Prime Minister of the Netherlands, The Hon. Dr Jan Peter Balkenende, joined the Treasurer in minting the first \$5 coins at the Royal Australian Mint on 4 April 2006.

During the year the Mint also won prizes for its coins, including most beautiful silver coin at the 2006 Mint Directors Conference, Paris for the 2005 selectively gold plated silver \$1 coin with its stylised kangaroo and Southern Cross, featured on the cover.

The Mint also had the honour of producing 325,000 medals for the Department of Veteran Affairs to honour all those who served Australia during World War II. In addition, campaign medals for Iraq and Afghanistan were produced for the Department of Defence.

In May the Operations Director and I attended the Mint Directors Conference at the Monnaie de Paris. After the conference we took the opportunity to visit its Pesan Plant, the British Royal Mint, Munich and Stuttgart Mints to study their organisational structures and operational procedures. The visit included Schuler Pressen in Goppingen that manufactures most of our coin presses. Lessons learned have been fed into the review of organisational structure of the Mint's processes and workforce.

Outlook

Our target profit for the year 2006-07 is \$1 million. In setting this target we have taken into consideration:

- planned disruption to production associated with the refurbishment project;
- the costs involved with the review and implementation of a new management, processing and organisational structure;
- a review of work values and pay scales against Australian Public Service (APS) and wider market standards;
- remedial expenditure to bring the Mint into line with acceptable workplace operational and Occupational Health and Safety (OH&S) standards, improved risk and records management, and financial and audit controls required by its Prescribed Agency status; and
- the costs of undertaking a review of the Transfer Pricing and Community Service Obligation arrangements and IT systems.

The objective of these additional expenditures is to make the Mint more cost efficient and to improve its profitability in the medium and long term.



Marketing

Numismatic Programme

The Mint produces collector coins to highlight Australia's numismatic and general history and culture. The 2005-06 numismatic programme was highlighted by the release of a range of coins for the Melbourne 2006 Commonwealth Games. The programme was launched to coincide with the beginning of the journey of the Queen's Baton Relay from Buckingham Palace, London. Within this programme a range of coins proved very popular including a 50 cent coin design by Kelly Just, a Victorian student and a Silver Kilo Collector Coin. Additionally, the Mint was the proud producer of the Melbourne 2006 Commonwealth Games Medals, producing all Gold, Silver and Bronze medals.

The popularity of Australia's coins in collector sets continued with strong sales of all circulating coin sets in both proof and uncirculated finishes. Sales of products were strong in both domestic and international markets.

The Sydney Mint was honoured with the release of a special collector coin to mark its 150th anniversary. While the Sydney Mint is no longer operational, the classical building is still a major Australian attraction. Other significant coin themes included the 60th anniversary of the end of World War II, with special designs for the 2005 \$1, 20 cent, and 50 cent pieces and Masterpieces in Silver – Australian Artists of the 20th Century.

The Mint continued to build on its reputation as a producer of high quality minted products with an international award for a Coin of the Year from 'World Coin News', United States of America, for the 50 cent Australian Volunteers coin. The Mint also received awards for pad printing and packaging design for international corporate minting projects.

Against an original budget of \$17.8 million numismatic sales totalled \$18.9 million in 2005-06. Demand for collector coin remained at a high level with the Melbourne 2006 Commonwealth Games Coin Program being especially sought after. Corporate (non-coin) sales performed beyond budget with revenue of \$5.1 million against a budget of \$4.7 million.

Key collector coins released during the financial year were:

- **2006 Eight Coin Set**

Celebrating 40 years of decimal currency the proof and uncirculated year sets included the original 1 cent and 2 cent pieces. The proof set also included the original round 50 cent piece containing 80 per cent silver.

- **2006 Australian Baby Coin Set**

The 2006 Baby Coin Set comprises the standard coin designs in a proof or uncirculated finish while the packaging and medallion are based on the timeless Australian classic 'The Magic Pudding' by Norman Lindsay.

- **2006 Masterpieces in Silver — Australian Art of the 20th Century**

Works of four of Australia's greatest artists are masterfully recreated onto silver coins. The artists represented are: Russell Drysdale *'The Drovers Wife'*; Sidney Nolan *'Burke and Wills Expedition'*; Brett Whiteley *'Self Portrait in the Studio'*; and Jeffrey Smart *'Keswick Siding'*.

- **Gold Coin Series — Rare Birds**

The 2005 coin features the endangered Malleefowl. This is the second coin in a three year series.

- **Sydney Mint Sesquicentenary — \$10 Selectively Gold Plated Silver Proof Coin**

The \$10 Fine Silver Sydney Mint Coin with selective gold plating commemorated the 150th anniversary of the opening of the Sydney Mint.

- **Melbourne 2006 Commonwealth Games Coin Program**

An extensive range of coins were released in the lead-up to the Games including a 16 piece collector set of 50 cent pieces featuring all Commonwealth Games sports and a \$30 One Kilo Silver Coin plus a range of commemorative coins.

- **Fine Silver Proof 2006 Year Set**

Commemorating the 40th Anniversary of Decimalisation this set featured the original Arnold Machin effigy of Her Majesty Queen Elizabeth II on the obverse plus all original decimal coins in fine silver.

- **2006 Eight Coin Gold Set**

Also featuring the original eight decimal coin designs the 300 sets in 99.99 per cent gold available exclusively from the Mint were highly sought after and sold out rapidly.

- **2006 Royal Collection**

Featuring a two coin set of selectively gold plated, silver proof 50 cent coins commemorating the Queen's 80th birthday and her visit to Australia in March 2006. Both designs were also sold separately as 50 cent uncirculated coins.

- **50 Years of Australian Television – 2006 Silver Proof and Mintmark Coins**

Commemorating 50 Years of Australian Television the \$1 aluminium bronze mintmark coins featured the 'C', 'S', 'B' and 'M' Mintmarks and a unique 'TV' mintmark. The coin design was also produced as a fine silver proof coin.

- **Duyfken Dual Silver Set – \$5 Silver and €5 Proof Coins and Duyfken 2006 \$5 Uncirculated Coin**

In a unique partnership with the Royal Dutch Mint, three distinct coins were released commemorating the 400th Anniversary of the Duyfken's exploration of Australia. The Dual Silver Set featured the Australian \$5 and Dutch €5 coins while the Prestige Set included the silver coins and an Australian \$10 gold coin and Dutch €10 gold coin. An Australian \$5 uncirculated coin was also released.

- **2006 \$1 Silver Kangaroo**

The 2006 frosted uncirculated and proof coins feature the distinct image of a kangaroo with a joey peeking out of the pouch bounding across the outback.

Medals, Medallions and Tokens

The Mint manufactures a number of Australian honours and awards for a range of clients and also manufactures tokens and medallions for commercial customers both domestically and overseas. The products are principally for corporate promotional purposes. Total sales of \$2 million were achieved in this financial year.



Operations

Circulating Coins

There has been a steady increase in demand for circulating coin since 2002-03 when the Reserve Bank of Australia (RBA) ordered 238 million circulating coins. In the last financial year RBA ordered 546 million circulating coins. This increased demand combined with the requirement to build a safety stock during the Mint refurbishment has placed pressure on the circulating coin production workload. To meet the increase in demand, a second shift was introduced in late January 2006.

A number of factors which inhibited production during the year included the shortage of skilled trades-people and the age of the nine Schuler coin presses (20 years old). A comprehensive maintenance and refurbishment programme for these presses has been developed and is expected to commence in October 2006.

Proof Section

Earlier in the year, the Mint installed a Graebner 360 multi-strike press with transfer feeding mechanism. This press has a special feature which allows the upper tool to stay in contact with the lower during a multi-strike operation. This feature assisted to reduce reject rates from about 15 per cent to 10 per cent.

During the year, two 360-ton presses were refurbished and some safety features were added to comply with the current safety standards.

A pick and place robot with two vision systems was installed to pack uncirculated coins. This initiative not only reduced risk of OH&S injury it also improved quality in terms of alignment and productivity.

The proof section received official accreditation Class 3500 of Australian Standard 1386.4-1989 for clean room and clean workstations.

Planning

Production planning during this financial year has seen a significant focus on preparations for the refurbishment. This has been facilitated by the development of a strategic plan which takes account of demand forecasts, their translation into operational and procurement plans and noting the risks associated with these activities.

Apart from traditional activities, the Mint undertook a complex and highly varied collector coin programme commemorating the Melbourne 2006 Commonwealth Games. The interrelationships of this programme and short window of opportunity for supply resulted in planning challenges not seen since the 2000 Olympic Games Programme.

Escalating silver and gold bullion prices made precious metal coins and coin sets more attractive to customers than was anticipated during the financial year. These high costs and short lead times created a demanding environment to convert customer interest into despatched finished goods.

Research and Development (R&D)

The R&D section had a productive year with the development of new products and machines high on the list of achievements.

The Melbourne 2006 Commonwealth Games winner's medals required a large development effort to overcome the very high relief design and mixed proof finish without compromising the excellent quality of the finished product. Well over 20,000 commemorative medallions were made in an automatic coining press with the inventive use of compressed air to float the medallions away from the coining dies to avoid scratching the copper surface.

For the first time, a postage stamp product for Australia Post was produced. It was coined in pure silver and featured fully formed perforations around the perimeter with Commonwealth Games logos on the obverse and reverse.

The arrival of a computerised laser frosting machine signalled the start of a lengthy research programme into the laser frosting of coining dies. The programme aims to replicate the delicate sandblasted and glass bead blasted finishes that give our proof coins a beautiful frosted finish. The technique uses the power of a laser beam to roughen the die surface without the need for protective masking. Early results are very promising.

A coin alignment checking machine was developed and engineered by Mint staff to automate the coin checking process ensuring that obverse and reverse designs line up within ± 4 degrees when setting the presses. It works by comparing images taken of the obverse and reverse of the coin and calculating the degree of misalignment. The machine is controlled by a regular desktop personal computer and uses machine vision components and software to perform the checking process.

A card vending machine was built to dispense card wallets to visitors who have made a coin using our Tourist Facility coining presses. Visitors receive a wallet once they have completed striking their own \$1 coin.

During the year planning for an integrated management and retrieval system for engineering drawings commenced. It is anticipated that the system will be operational by late 2007.

Engineering Services

There was a significant increase in activity in the Engineering Services Section (ESS) during the year, particularly in Tooling Production where circulating coin die production increased by 77 per cent over the previous year. Master tool production was also high due to an increased number of coin designs. As a result of the ageing plant and equipment there was also a high level of preventative maintenance work undertaken in order to keep break-downs to a minimum.

The ESS which comprises Tooling Production, Mechanical and Electrical Maintenance, employs the largest number of trades personnel. The increased production activity during the year placed heavy demand on engineering services requiring the recruitment of additional staff.

The Mint was also affected by an industry shortage of qualified trades-people making the recruitment of such personnel difficult. However, several trades-people were recruited and trained in the use of Mint machinery to overcome an immediate staff shortage.

As a long-term solution, the apprentice training programme was further enhanced by adding four training placements during the year, bringing the total current apprentice numbers to 10. The mature age apprenticeship programme which commenced the previous year has proven to be popular. More than half the apprentices are now of mature age. The programme has provided an opportunity for semi-skilled employees to learn a trade.

The multi-skilling programme which was introduced several years ago has progressed further and the majority of the trades-people are now competent in more than five major trade skills required by the Mint. About 80 per cent of the planned training for the year was completed, with most of the training conducted in-house on the basis of a mutual skill transfer programme.

As part of the capital replacement programme the Mint acquired a new multifunctional Computer Numerically Controlled (CNC) lathe replacing an obsolete machine. The acquisition of the new CNC lathe produced very good results in terms of quality of product. As a result a second CNC Engraving machine was purchased during the year which has increased the master tool production capacity.



Management of Human Resources

The Mint experienced a heavy workload and changes to the organisational structure throughout the year. A new CEO was appointed and several other senior positions became vacant and were subsequently filled.

There have been significant changes made to the way the Mint recruits its staff, in particular the reduction in the use of contract staff. These changes have been supported by a revised planning process aimed at reducing production peaks and troughs.

In late 2005-06, with the assistance of Mr Graham Smith, Ms Murphy commenced a review of the organisation and staffing structure in consultation with staff. The outcome of the review was announced in early August 2006 and will be implemented through 2006-07. The new staff structure recognises the need to retain experienced staff by introducing an improved career structure that encourages and provides greater opportunities for skills development and work experience. This has the ultimate objective of improving the quantity and quality of production, thereby improving the return on the Government's investment.

Performance Management System

The Mint's Performance Management System (PMS) was intended to provide a framework for improving organisational performance by linking and aligning individual, team and organisational objectives and results. It has become evident that the PMS was cumbersome and was not being applied consistently throughout the organisation. Ms Murphy is undertaking an overhaul of the PMS in consultation with staff to make the system easier to operate and form a clearer link with the Mint's Strategic Plan. This in turn will provide a better measure of individual and comparative performance and a more structured relationship between organisational performance and individual, team and organisational objectives and results.

Royal Australian Mint Certified Agreement and APS Values

The 2006-07 Royal Australian Mint Agency Agreement was negotiated under section 328 of the *Workplace Relations Act 1996* and will expire at the end of December 2007.

The 2006-07 agreement delivered a 4 per cent increase from 18 April 2006. The increase will be funded by productivity and efficiency initiatives. The shared objective of the agreement is to provide a framework within which a cooperative approach to production can be continued. It also aims to improve the Mint's ability to make products that the market wants in a timely, efficient and profitable manner, while providing employees with job security, improved career opportunities and working conditions and competitive remuneration. The agreement also reinforces the continued commitment by all parties to the Royal Australian Mint Values.

The Mint Certified Agreement salary scales — non-SES

Classification	From 18/04/06	
	Maximum \$	Minimum \$
Apprentice	33,632	17,266
APS1	35,970	32,544
APS2	40,842	37,404
APS3	45,948	40,842
APS4	50,766	46,690
APS5	56,325	50,766
APS6	66,739	58,035
EL1	83,147	72,119
EL2	99,103	83,147

Workplace Relations

The Mint has a range of formal and informal consultative arrangements including the Mint Consultative Forum which meets regularly. It is chaired by the CEO and comprises management representatives, elected employee representatives and representatives of the Community and Public Sector Union and the Australian Manufacturing Workers Union. The relationship with both unions is cooperative and inclusive.

The agreement commits to discussing workplace issues in a spirit of cooperation and trust, and ensuring employees receive information on workplace issues affecting them, including business progress and the impacts of new programmes. The agreement also allows employees to contribute their views on these issues.

Recruitment and Succession Planning

The Mint's retention rates continue to fluctuate and will be addressed by implementing the recommendations from the organisational and workplace review. Recruitment activity for 2005-06 resulted in 21 new ongoing staff being recruited, five non-ongoing staff were converted to ongoing positions through selection processes. There were also four new apprentices recruited and they commenced their apprenticeship training programmes in January 2006.

The Mint continues to experience difficulties attracting skilled trades-people due to market forces and the inability to offer competitive salaries. This will also be addressed through the organisational and workplace review outcomes, with a focus on workforce planning and an increase in structured training and development initiatives.

Training

The Mint's training and development programme aims to improve the skills, knowledge and attitudes of employees, to increase their competence and performance. With the acquisition of more sophisticated capital equipment, technical training of existing staff remains a high priority.

To ensure that the Mint retains its capability to produce high quality coin, staff are given the opportunity to be trained in the operation of new and sophisticated machinery. Frequently machinery manufacturers send experts from overseas to review the operation of their machines and train staff in making the most of that machinery. Marketing staff have been through a comprehensive sales and customer service in-house training programme. The Mint has an on the job training programme across the production areas and some staff have been given the opportunity to train in other positions across the organisation when the incumbents have taken extended periods of leave. Additionally a number of staff attended relevant training courses provided by the Australian Public Service Commission.

The cost for external training courses attended by Mint employees for 2005-06 was \$130,000, salary and travel costs are not included.

Staffing Information

All staff are employed under the *Public Service Act 1999*.

The Mint operative and paid inoperative staff by classification and gender (as at 30 June 2006)

Ongoing					Non-ongoing				
Classification	Full-time		Part-time		Full-time		Part-time		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Apprentice	0	0	0	0	10	0	0	0	10
APS1	0	0	0	0	0	3	1	1	5
APS2	14	19	0	0	3	0	0	2	38
APS3	14	5	0	0	2	2	1	1	25
APS4	21	6	0	1	0	0	0	0	28
APS5	3	1	0	0	1	0	0	0	5
APS6	12	3	0	0	0	2	0	0	17
EL1	8	3	0	0	1	0	0	0	12
EL2	5	0	0	0	0	0	0	0	5
SESB1	0	0	0	0	0	0	0	0	0
SESB2	0	1	0	0	0	0	0	0	1
SESB3	0	0	0	0	0	0	0	0	0
Total	77	38	0	1	17	7	2	4	146

Total for all SES remuneration was \$167,226 (excluding car and superannuation allowances)

Workplace Diversity

The Mint respects and appreciates the cultural diversity of its workforce, 42 per cent of which comprises employees from countries where English is not the spoken language; an additional 10 per cent were born overseas in countries where English is the first language.

The Workplace Diversity Programme continues to formalise the Mint's commitment to ensuring employees in identified groups have fair access to recruitment, training and promotion opportunities. The Mint values its employees who are of a mature age and choose to continue to work past the age of 65. It is currently working on an Mature Age Workforce Policy to provide measures that continue to support our staff who wish to remain in the workforce.

To assist employees in balancing work, family and other caring responsibilities, the Agency Agreement leave conditions allow employees to use their personal leave entitlements to care for an immediate family member who is sick. Applications for part-time work are considered favourably. Flexible working hours are available to fit in with family commitments.

There is also an additional entitlement of two weeks paid maternity leave. The maternity leave and the additional leave may be taken at half pay. Executive level employees are able to make use of flexible working hours in the same way as all other Mint employees.

The Mint operative and paid inoperative staff by EEO target group

Classification	Female	Born overseas	ESL	AATSI	Disability
Apprentice	0	2	3	0	0
APS1	4	3	0	0	0
APS2	21	34	34	0	1
APS3	9	7	4	0	0
APS4	7	13	9	0	1
APS5	2	2	2	0	0
APS6	4	6	4	0	0
EL1	3	6	3	0	0
EL2		3	2	0	0
SESB1	0	0	0	0	0
SESB2	1	0	0	0	0
SESB3	0	0	0	0	0
Total	51	75	61	0	2

Occupational Health and Safety (OH&S)

The Mint is committed to providing a safe and healthy workplace for employees, contractors and visitors. All reasonable steps are taken to control or eliminate hazards and minimise the risks associated with production and day to day activities.

Occupational Health and Safety Committee

- The OH&S Committee meets on a monthly basis to discuss OH&S issues, OH&S performance, training, incident reports, and policy and staff wellbeing.
- The Mint has six trained Health and Safety Representatives from three designated working groups: Administration, Engineering and Production. The Representatives undertake quarterly workplace inspections in accordance with an agreed schedule and provide a verbal report to the monthly OH&S Committee. The Representatives also assist in accident/incident investigation as requested, and actively promote safe work practices within all areas of the Mint.

Employee Health and Safety Initiatives

- As part of the induction process all new staff are briefed on OH&S issues, including information on emergency procedures, employee assistance program, first aid officers, harassment contact officers, incident reporting and staff wellbeing.
- The Mint currently has 14 trained First Aid Officers, with a fully equipped First Aid Room which can be used in the event of an emergency situation and is available to staff when they are unwell.
- The Mint's Employee Assistance Program continues to be managed by the consulting firm Davidson Trahaire who provides confidential counselling on work-related matters and personal support services to Mint staff and their immediate families.
- As part of the 2004-05 Certified Agreement 89 employees took advantage of the Mint's Healthy Lifestyle Payment. This one off annual payment of \$100.00 is available to contribute to activities such as gym membership, quit smoking and/or similar activities which promote a healthy lifestyle.
- Diabetes Australia launched "Diabetes Week" at the Mint, when staff and invited guests participated in a healthy morning tea.
- Staff are offered free influenza vaccinations and some 71 staff took advantage of the offer to be vaccinated.
- The Mint's Health Surveillance Programme ensures all staff, whose normal occupations expose them to hazardous materials, are tested appropriately and regularly. The programme monitors occupational exposure to chromium and nickel.
- Staff who are exposed to noise in the process building have regular hearing tests.
- Lisa Castles and Associates have been contracted to undertake workstation assessments with some 27 assessments completed during 2005-06.

Workplace Incident Reports

All reported incidents are fully investigated, and where appropriate, remedial action is taken. No notices were given under section 29, 46 and 47 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*.

- There were a total of 53 recorded first aid attendances during the year.
- During 2005-06 the Mint received 50 incident reports.
- Two workers compensation claims were lodged resulting in five lost time days (37 Hours).

Annual OH&S Audit

The annual OH&S audit was placed on open tender during the year, the successful tenderer being Consulting Safety International Pty Ltd. The annual audit against AS4801:2 was conducted in December and there were some 39 recommendations which the Mint is currently working towards to ensure full compliance.

Disability Strategy

The Mint pays particular attention to the needs of its disabled employees. The Mint maintains a relationship with disability support groups especially in monitoring and supporting the special needs of one of our long term employees. We address special needs on an individual basis and where necessary make adjustments to their working environment (for example through modifications to workstations, access to special software and parking) and also specific job tasking.

The Mint's website complies with *Web Content Accessibility Guidelines (WC3)*, allowing customers to provide feedback, make inquiries and order Mint products via the internet.

The Mint fulfils its obligations under the *Disability Discrimination Act 1992* with regard to its tourist facility. The refurbishment of the Mint which is currently underway will comprehensively review, consult and update all aspects of its tourism obligation in accordance with the *Disability and Discrimination Act 1992*.



Finance and Systems

The Mint's first set of financial statements as a prescribed agency is in Appendix B of this report.

The Mint's revenue of \$76.6 million is generated through sales of circulating coins and numismatic products.

In 2005-06, the Mint generated an after tax operating surplus of \$4.5 million due largely to an increase in demand for numismatic collector coins, corporate products and medals/medallions. The Melbourne 2006 Commonwealth Games Coin Program, 2006 Year Sets and the Royal Collection contributed to this result.

It is expected that some of these surplus funds will be expended in 2006-07 as the Mint's production capacity is reduced due to building refurbishment.

Total net assets of \$35.6 million were transferred from the Treasury as a result of restructure; \$4.2 million capital funding was received from the Commonwealth.

The Mint collected seigniorage of \$121 million on behalf of the Commonwealth.

The financial operations of the Mint were audited by the Commonwealth Auditor General. The audit results were found satisfactory and an unqualified report was issued.

Becoming a prescribed agency offers the Mint an opportunity to improve its governance and systems controls. The Mint recognises the Commonwealth's heightened expectations and scrutiny over its governance and system controls, and must ensure that its systems meet these high standards. The challenge for the Mint going forward is to re-engineer its existing financial management information system to align with the Mint's operational and management requirements.

Purchasing

The Mint has developed its internal policies and procedure for the procurement of goods and services, consistent with the Mint's Chief Executive Instructions and the Commonwealth Procurement Guidelines.

During the 2005-06 year the Mint also updated its suite of documents ensuring all tender documents and contracts were consistent and that they were written in plain English. Responsibility for procurement is devolved to managers, with the contracts manager providing assistance.

Internal audit conducted a follow-up review of contract management procedures following a previous audit in 2003. The review found that there had been significant improvement in the management of contractual arrangements, however there was still room to improve practices.

Involvement in government forums on purchasing ensures that officers keep up-to-date with the latest changes to government policy therefore maintaining procurement expertise to comply with the latest policies and guidelines.

Consultancies

Consistent with the Commonwealth Procurement Guidelines and the Chief Executive Instructions the Mint engages consultants on the basis of:

- value for money;
- open and effective competition;
- ethics and fair dealing;
- accountability and reporting;
- national competitiveness and industry development; and
- support for other Australian Government policies.

Typically, consultants are engaged to investigate or diagnose a defined issue or problem; carry out defined research, reviews or evaluations; provide independent advice; and provide information or creative solutions to assist the Mint manage their decision making. The most common reasons for engagement of consultancy services are:

- unavailability of specialist in-house resources in the short timeframe allowed;
- the need for an independent study or review; and
- specialist skills and knowledge not available in-house.

The selection methods used for consultancies are categorised in column five of the table on the following page.

The Mint will continue to assist staff through attendance at procurement seminars in addition to holding in-house seminars. These initiatives will improve the management of the Mint's contracts and consultancies throughout the year.

During 2005-06, four new consultancy contracts valued at \$10,000 and over were entered into involving total expenditure of \$109,315. In addition, two ongoing consultancy contracts valued at \$10,000 and over were active during the year involving total actual expenditure of \$219,491.

List of consultancies over \$10,000 in 2005-06

Consultant Name	Description	Contract Price \$	Selection Process ⁽¹⁾	Justification ⁽²⁾
Ernst & Young	Provide Internal Audit Services	125,355	Open Tender	b
Consulting Safety International Pty Ltd	Provide OH&S Audit Services	16,500	Open Tender	b
Inside Story	Market Research	90,000	Open Tender	b
GHD Pty Ltd	Architectural Design for Mint Refurbishment	246,286	Open Tender	b
Clark Management and Engineering Pty Ltd	Provision of Process Engineering Services	25,000	Direct Sourcing	b
Robert Thorne Architect Pty Ltd	Conservation and Heritage Architectural Design Services	11,000	Direct Sourcing	b
Total consultancies over \$10,000		514,141		

(1) Explanation of selection process terms drawn from the *Commonwealth Procurement Guidelines* (January 2005):

Open Tender: A procurement procedure in which a request for tender is published inviting all businesses that satisfy the conditions for participation to submit tenders. Public tenders are sought from the marketplace using the Australian Government AusTender internet site.

Select Tender: A procurement procedure in which the procuring agency selects which potential suppliers are invited to submit tenders. Tenders are invited from a short list of competent suppliers.

Direct Sourcing: A form of restricted tendering, available only under certain defined circumstances, with a single potential supplier or suppliers being invited to bid because of their unique expertise and/or their special ability to supply the goods and/or services sought.

(2) Justification for decision to use consultancy:

- a — skills currently unavailable within agency
- b — need for specialised or professional skills
- c — need for independent research or assessment

Assets Management

The Mint manages both current and non-current assets in accordance with guidelines set out in the Chief Executive Instructions and Australian Accounting Standards.

The Mint's non-current assets are subject to an annual stocktake to ensure accuracy of records. The Mint's asset revaluation strategy ensures correctness of the carrying fair value amount as at the reporting date. In 2005-06, the Australian Valuation Office conducted a desktop revaluation of the Mint's plant and equipment and leasehold improvements.

The Mint manages four types of fixed asset classes: plant and equipment, leasehold improvements, intangibles and the National Coin Collection. These assets have a total net value of \$14.2 million, including \$0.6 million work in progress associated with the Mint building refurbishment project.

All assets were assessed for impairment at the reporting date.



Corporate Governance

As the Mint is now operating as a prescribed agency our emphasis during the year has been to review processes in order to continue to achieve sound administrative and financial management practices. As such all corporate governance processes and practices are being reviewed to ensure compliance and viability in a new operating environment.

The Mint is currently reviewing management committee structures; reporting requirements to the Treasury and Department of Finance; and Audit, Risk and Security reporting obligations.

The Mint's independent Advisory Board assists in providing strategic advice on good corporate governance practices, advising on corporate strategy and providing guidance and oversight to the Mint's senior management team.

The Audit Committee is the other body that ensures independent accountability.

Risk Management

The Mint's internal policies and procedures identify, plan for and manage the risks associated with the business of manufacturing circulating and numismatic coin for Australia. These policies and procedures are consistent with the Mint's Chief Executive Instructions.

Under the *Financial Management and Accountability Act 1997*, the Mint addresses specific risk management requirements. In 2006 the Mint completed a Risk Management Implementation Plan with the assistance of Comcover. The plan highlights key steps and processes for the Mint to follow to ensure compliance with risk policy.

The Mint's framework for managing risk has four key elements:

- The Fraud Control Plan complies with Australian Government Fraud Control Guidelines;
- The Chief Executive Instructions put into effect the *Financial Management and Accountability Act 1997* requirements which set out responsibilities and procedures and provide an overarching framework for financial management. They also contain topics relating to risk management, accountability and corporate governance practices;

- The internal audit plan identifies individual services and functions requiring audit. The plan incorporates issues raised by the Australian National Audit Office (ANAO) in its review of the Mint's financial statements and also ANAO reports on cross-agency matters, previous internal audits, evaluations, emerging issues and more strategic risk management issues; and
- Risk management and insurable risks are aligned through Comcover and Comcare.

The Mint is planning on increasing staff awareness of the risk management framework during the coming year by conducting risk training programmes and distributing Mint specific literature.

Internal and External Scrutiny

Audit

The Audit Committee convened four times during 2005-06. Its work included reviewing the Mint's financial statements and reviewing a range of internal and external audit reports.

The Mint again utilised the services of Ernst & Young as their internal auditors to undertake the range of internal activity identified by the Mint in their internal audit plan. Ernst & Young also provided a range of specialist advice during the year on related topics.

The Audit Committee, assisted by Ernst & Young, has a continuous improvement approach to audit services and regularly reviews the Mint's audit programme and scrutinises recommendations from completed internal audits, as well as relevant ANAO reviews.

The Internal Audit Plan identifies services and functions for auditing. It incorporates issues raised by the ANAO in its audit of the Mint's financial statements, recent ANAO reports on cross-agency matters, upcoming management issues, policy evaluations, previous internal audits and strategic risk management issues.

Internal audits

The Mint completed three audits during 2005-06. They were:

- **Review of Management Reporting** — the review found that while information flows were generally adequate there were significant opportunities to enhance the usability of information to create a shared organisational management structure;
- **Review of Contract Management** — the review found that since the last review conducted in 2003 there had been significant improvement in the management of contractual arrangements, however there was still room to improve practices even further; and
- **Review of International Financial Reporting Standards (IFRS)** — the review found that the Mint had adequately planned for implementation of IFRS in accordance with relevant Finance briefs and Accounting Standards.

Significant Developments in External Scrutiny

There were no significant developments in external scrutiny relating to judicial decisions and administrative decisions of administrative tribunals impacting on the Mint.

Similarly, there were no reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman significantly or directly impacting on the Mint.

Ethical Standards and Accountability

The Mint has its own agency values which guide the way it functions within the broader Australian Public Service legislative framework. The Mint's people values are very much aligned with the Australian Public Service values and are embedded in the Mint Agency Agreement and Performance Management System.

The Mint maintains ethical standards through developing policies such as the Fraud Control Plan, the Chief Executive's Instructions, IT acceptable use policies and contractor and consultant guidelines.

The Mint will be implementing fraud and ethics awareness training courses during the coming year to supplement the existing framework.

Freedom of Information

Under subsection 8(1) of the *Freedom of Information Act 1982*, the Mint must report on its activities. In 2005-06 the Mint did not receive any requests for information under the *Freedom of Information Act 1982*.

Organisation of the Mint

Details of the Mint's organisational and management structures are set out in the organisational chart on page 1 of this report. The Mint's functions and the decision making powers exercised in carrying out those functions are described in the Overview and Corporate Governance sections of this report.

Arrangements for outside participation

People or organisations outside the Australian Government administration may participate in forming policy or administrative enactments relating to aspects of the Mint's responsibility. They can do this by writing to Treasury portfolio ministers, the Secretary of the Treasury, or the Chief Executive Officer of the Mint. In addition, the Mint website includes details of how the public can access information within the Mint.

Categories of documents held by the Mint

The Mint holds a wide range of correspondence, analysis and policy advice by Mint officers, including comments on cabinet submissions and drafts of these and other documents. The Mint also holds representations made to Treasury ministers on matters falling within the Mint's portfolio responsibilities.

The Mint also holds documents relating to its staff organisation and operation including personnel records, organisation and staffing records, financial and expenditure records, and internal operations such as office procedures and instructions.

Freedom of information applications and initial contact points

The Mint Executive coordinates requests under the *Freedom of Information Act 1982* (the Act). Applicants seeking access under the Act to Mint documents should apply in writing to:

The Chief Executive Officer
Royal Australian Mint
Denison Street
DEAKIN ACT 2600
Attention: Freedom of Information Coordinator

Telephone inquiries should be directed to the Freedom of Information Coordinator, telephone (02) 6202 6826, between 9.00am and 5.00pm Monday to Friday (except public or public service holidays).



Security and Fraud Control

As noted in the Chief Executive's Review, in February 2006 a contracted Mint employee was arrested and charged with the theft of a substantial volume of \$2 coins, valued in excess of \$150,000. The majority of the stolen money has been recovered.

As a result of the theft the Mint engaged the Australian Federal Police (AFP) to undertake an independent review of the Mint's physical and personnel security practices in order to identify any deficiencies.

The AFP report provided a total of 17 recommendations. In consultation with Mint staff, and the approval of the Parliamentary Secretary to the Treasurer, a revised set of security arrangements were developed. To date the majority of those arrangements have been implemented or are in the process of being trialled prior to full implementation.

The refurbishment project will present a range of security challenges in the coming year, however it is anticipated that the establishment of formal security committees and an increased emphasis on strategic forward planning will assist in mitigating risks against the Mint.

The Mint continues to work with the AFP to implement recommendations aimed at minimising the possible occurrence of theft within the Mint from occurring again.

In conjunction with the Mint's Information Technology Systems (ITS) team a combined Security and ITS committee has been established to address both IT and security related issues to ensure a coordinated and holistic response to Mint security matters.

It is anticipated that during the coming year an increased emphasis will be placed on security awareness through an education programme, including ethics and fraud awareness training and greater use of staff notices and educational material.

The Mint's Fraud Control Plan complies with Australian Government Fraud Control Guidelines. The plan will be updated during the coming year.



Refurbishment Project

The Mint refurbishment was announced by the Government in the 2005-06 Budget and was subsequently approved by the Parliamentary Standing Committee on Public Works in October 2005. Refurbishment will ensure the continued economic viability of this landmark building.

The project is a joint undertaking by the Department of Finance and Administration (Finance) and the Mint with a total cost of approximately \$41.2 million over three years.

Construction work is scheduled to commence in October 2006 and it is expected that all Mint staff will transfer from the current administration building into the newly refurbished area by the end of 2008.

Over the past year, discussions were held with various internal and external stakeholders regarding the initial planning and design phase. These stakeholders included staff, union representatives, other national institutions, local government, and tourist groups.

During the design development phase, decisions were made on the selection of the material and equipment, taking into account the need to ensure proper regard for appropriate environmental considerations, occupational health and safety standards, a more efficient use of space, improved overall energy efficiency and the minimising of the *whole of life* cost of operating the Mint.

This phase also involved the development of a comprehensive construction staging programme as Mint staff will remain in situ and maintain operations during the building construction phase.

Procurement of project management services and construction building works is being conducted in accordance with Commonwealth Procurement Guidelines.



Ecologically Sustainable Development

The Mint participates in a wide range of forums on environmental matters and uses waste minimisation and energy and water conservation strategies. The Mint refurbishment project is offering opportunities to challenge accepted practices and consider alternate and contemporary conservation strategies.

The Mint reviews information on property and environmental management through its membership of industry groups including the Australian Property Institute and the Facilities Management Association of Australia.

Environmental Management

The Environment Management System (EMS) which has been developed to meet the requirements of ISO14001 standard and *National Environment Protection Measures (Implementation) Act 1988* was further improved and updated during the year following an independent audit.

Automation of some aspects of the Waste Water Treatment Plant (WWTP) was completed during the year and has resulted in the 24 hour remote monitoring of flow-in, flow-out, pH, turbidity and other critical parameters. As a result of this automation immediate action can now be taken when any malfunction of the WWTP or excessive flow is detected.

Water consumption was closely monitored during the year and action has been taken to install localised metering systems to check the consumption at various process locations. Despite a significant increase in production including the working of a second shift water consumption increased by only 7 per cent during the year.

Energy Management

Within the constraints imposed by the age of the building, and the requirement to work additional shifts to meet production demands the Mint has continued to strive to have in place good energy management practices.

The second shift extended the building's operation time by an additional six hours a day or in total over 600 hours of additional use of electricity and gas. This increase related to an increase of 31 per cent for electricity usage while gas consumption increased by 25 per cent during the year.

The Mint is seeking to minimise energy use and operating costs without reducing accommodation standards through energy management planning in relation to the Mint refurbishment project. Passive energy conservation measures are being incorporated wherever possible in design elements.

The design aims to achieve low energy facilities with substantial recurrent cost savings, and provide a healthy environment for the building tenants.

Refurbishment provides for a design that is required to provide an intelligent occupancy and time based lighting control system to maximise energy efficiency. The system will include local switching to office areas and open plan office areas with time clock control to turn lights off after business hours; similarly the design is to provide occupancy based reset systems and/or occupancy sensor systems.

APPENDIX A – CHARTER

CHARTER - THE TREASURY AND THE ROYAL AUSTRALIAN MINT

Introduction

Purpose of the Charter

The Treasury portfolio is responsible for currency matters. The portfolio agencies responsible for currency matters include the Reserve Bank of Australia (RBA), the Royal Australian Mint (RAM) and the Treasury.

This Charter sets out the scope of the roles and accountabilities of the principal stakeholders in producing circulating coins and like products for Australia.

- These stakeholders are the Treasury and its Secretary, the RAM and its CEO and the RAM Advisory Board (the Board).

The Secretary of the Treasury and the RAM CEO have obligations under the *Financial Management and Accountability Act 1997* (FMA Act) for their respective agencies. However, the Secretary of the Treasury has obligations for both the Treasury and the RAM under the *Public Service Act 1999* (Public Service Act), and may delegate some, or all, of those functions and powers to the RAM CEO. Consequently, this Charter defines the roles and responsibilities of the principal stakeholders.

The Charter is to be read in conjunction with the Memorandum of Understanding (the Memorandum) between Treasury and the RAM made on 26 February 2003. The Memorandum relates particularly to the minting of Australian circulating coin and the costs which the RAM may claim in this connection.

CLARIFICATION OF ROLES

The status of the RAM as a prescribed agency means that there is potential for conflict of roles to arise between the Secretary of Treasury (as Agency Head of Treasury for the purposes of the Public Service Act) and the CEO of the RAM (as Chief Executive of the RAM for the purposes of the FMA Act).

This conflict stems from the fact that, as a prescribed agency, the RAM is separate from Treasury for the purposes of the FMA Act but is part of Treasury for the purposes of the Public Service Act. It was a condition of the prescription of the RAM for the purposes of the FMA Act that mechanisms be put in place to deal with any such conflict of roles.

This charter seeks to clarify the respective roles in relation to the RAM of the Secretary to the Treasury and the CEO of the RAM. In addition, to reduce the possibility of conflict, it makes arrangements for certain specific situations:

- the Secretary to the Treasury is expected, in the ordinary course of events, to continue to delegate to the CEO of the RAM a number of functions under the Public Service, Long Service Leave, Maternity Leave and Workplace Relations Acts;
- the CEO of the RAM will be responsible for preparing the RAM's annual report and financial statements for inclusion in this report;

APPENDIX A

- the CEO of the RAM will be responsible for ensuring that the RAM has its own Audit Committee; and the RAM will not be subject to the departmental Audit Committee;
- the responsible officers in the Treasury and the RAM will consult each other when it is proposed to amend the Chief Executive's Instructions of their organisation.

The Secretary to the Treasury and the CEO of the RAM will endeavour to discuss areas of potential conflict of their respective roles and to resolve any differences before they become disputes.

ACCOUNTABILITIES OF THE RAM AND TREASURY

Role of the RAM

The RAM is the sole producer of Australian circulating coins and one of two producers of Australian numismatic (collector) coins. The RAM's responsibilities in fulfilling these functions include:

- producing sufficient circulating coins to meet the demands of authorised deposit-taking institutions which purchase coin, with the assistance of forecasts of the RBA (in accordance with the Coin Agreement between the RAM and the RBA dated 31 October 2002);
- producing circulating coin in accordance with the Memorandum of Understanding between the RAM and Treasury dated 26 February 2003;
- producing numismatic coins as a commercial activity within Government parameters;
- meeting financial targets;
- providing advice to Treasury portfolio ministers to assist with meeting their responsibilities and implementing Government decisions in relation to coinage and RAM operations; and
- maintaining the National Coin Collection and the RAM's visitors' gallery, and promoting public understanding of the cultural and historical significance of coins.

The RAM is a prescribed agency for the purposes of the FMA Act. It is also part of the Department for the purpose of the Public Service Act.

Role of the RAM CEO

Section 44 of the FMA Act requires an agency Chief Executive to manage the affairs of the agency in a way that promotes the efficient, effective and ethical use of Commonwealth resources, which includes compliance with applicable laws and Australian Government policy.

The Finance Minister has delegated all FMA Act agency Chief Executives certain limited powers under the FMA Act and FMA Regulations in the Financial Management and Accountability (Finance Minister to Chief Executives) Delegation 2002 (as amended) (the Delegation). All Chief Executives of FMA Agencies, which includes the RAM CEO, are required each year to certify to the Finance Minister that the delegations have been exercised in accordance with the limits and conditions of the Delegation.

The CEO of the RAM is accountable to Treasury portfolio Ministers for the performance of the RAM. The CEO of the RAM is responsible for:

- ensuring compliance with the requirements of the FMA Act, including;

APPENDIX A

- promoting the proper use of the Commonwealth resources for which the Chief Executive is responsible;
 - producing annual financial statements;
 - maintaining its own audit committee and Chief Executive Instructions; and
 - complying with any direction of the Finance Minister and the Department of Finance and Administration consequential to the RAM's prescribed agency status.
- overseeing the efficient, effective and ethical management of the RAM including its day-to-day operations;
- maintaining appropriate risk management strategies;
- maintaining an appropriate risk management framework;
- developing organisational performance targets and budgets for consideration by the Advisory Board;
- maintaining and developing appropriate human resources to provide the professional management of the RAM's functions and accountabilities;
- giving effect to the provisions of the *Mint Employees Act 1964* which remain relevant and impose a power or duty on the Chief Executive Officer;
- reporting fully and promptly to the Treasury portfolio Ministers and the Secretary (as appropriate); and
- when providing advice to Treasury portfolio ministers, providing this advice in parallel to the Secretary (through including it in the Treasury Minute Register).

The CEO of the RAM has been delegated by the Secretary a number of powers and functions under the Public Service Act, the *Long Service Leave (Commonwealth Employees) Act 1976*, *Maternity Leave (Commonwealth Employees) Act 1973* and the *Workplace Relations Act 1996* (the Public Service, Long Service Leave, Maternity Leave and Workplace Relations Acts). The CEO is responsible for carrying out these powers and functions in relation to RAM employees.

Role of the Treasury

The relevant Treasury policy division has the primary responsibility for the development of advice to the Treasury Ministers on broader, strategic issues relating to Australian coins and the RAM. These accountabilities include:

- advising on the implications of and possible amendments to the *Currency Act 1965*;
- providing advice to Treasury portfolio ministers in relation to:
 - issues concerning Australian circulating coin, where such issues may carry national implications – for example, any proposal to change the shape of a coin or to cease to issue a particular denomination;
 - general issues of significance to the production and sale of Australian numismatic coins – for example, the rate of royalty/seigniorage payable on them;

APPENDIX A

- the status and governance structure of the RAM.
- consulting with the RAM on decisions that may affect the areas delegated to the RAM CEO.

Role of the Secretary

The Secretary is responsible, under the Public Service Act, for managing the Department and must advise Treasury Ministers in matters relating to the Department. For this purpose, the Department includes the RAM.

- The Secretary does not, however, expect to be involved in decisions relating to the routine operations of the Mint, such as choosing themes and particular designs for numismatic coins for endorsement by the Minister, the hiring of staff, the day-to-day production of circulating coins and other routine administrative functions of the Mint.

Role of the Advisory Board

Purpose

Treasury and the RAM are both formally represented on the Board. The Board performs an advisory role and does not possess executive powers or decision-making authority in its own right.

The Board provides advice on corporate strategy and guidance to the senior management of the RAM. The independent members bring commercial and diversified experience to the Board. Specifically, the Board:

- considers the RAM's financial objectives, corporate plans and strategies; and
- reviews and provides advice in relation to significant policies and procedures to encourage and promote the RAM's principal accountabilities.

Membership

The Board is expected to consist of the General Managers of the Treasury's Corporate Services Division (as Chairman) and Corporations and Financial Services Division, the CEO of the RAM and several independent members.

The Board members, as at 1 March 2006, are: Ian Robinson (General Manager, Corporate Services Division); Janine Murphy (CEO of the RAM); Geoff Miller (General Manager, Corporations and Financial Services Division); Michael Del Gigante (Chief Operating Officer, Defence Housing Authority) and Ross Macdiarmid (CEO, Australian Capital Tourism Corporation).

Independent Board members are appointed by the Chairman on an informal basis for a two-year period. The two current independent members (Mr Del Gigante and Mr Macdiarmid) were reappointed in December 2004.

Meetings

The Board will meet quarterly on the third Thursday of the designated month or as otherwise agreed. There will also be one annual meeting to discuss strategic issues. The draft timetable of the meetings will be distributed to Board members no later than the beginning of each calendar year.

RAM senior managers are expected to present relevant reports including on finance and marketing issues to each meeting. In addition, the agenda for each meeting is expected to include an item on a

APPENDIX A


current strategic issue relevant to the RAM's functions. Adequate time will be scheduled for consideration of the matters placed on the agenda for each meeting.

The RAM is responsible for disseminating Board papers to Board members at least one week prior to each meeting. The papers should include the agenda, minutes from the previous meeting, written reports of senior managers and background material on the strategic issue(s) to be considered by the Board.


The CEO of the RAM is responsible for recording the minutes of each meeting and shall submit a draft copy of the minutes to the Chairman for his endorsement, and to Board members for their approval, within a week of each meeting.

REVIEW

A review of the Charter will be conducted every three years. The next review is scheduled for 2008. In addition, amendments can be made at any time with the joint agreement of the Secretary of Treasury and the CEO of the RAM.


Ken Henry
Secretary to the Treasury

4.04.06


Janine Murphy
Chief Executive Officer
Royal Australian Mint

10/04/06.

APPENDIX B – INDEPENDENT AUDIT REPORT



INDEPENDENT AUDIT REPORT

To the Parliamentary Secretary to the Treasurer

Scope

The financial statements and Chief Executive Officer's responsibility

The financial statements comprise:

- Statement by the Chief Executive Officer and Chief Finance Officer;
- Income Statement, Balance Sheet and Statement of Cash Flows;
- Statement of Changes in Equity;
- Schedule of Commitments;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the Royal Australian Mint (the Mint) for the year ended 30 June 2006.

The Chief Executive Officer is responsible for preparing the financial statements that give a true and fair presentation of the financial position and performance of the Mint, and that comply with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and mandatory financial reporting requirements in Australia. The Chief Executive Officer is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

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19 National Circuit BARTON ACT
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APPENDIX B

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Mint's financial position, and of its financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Chief Executive Officer.

Independence

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

Audit Opinion

In my opinion, the financial statements of the Royal Australian Mint:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and
- (b) give a true and fair view of the Mint's financial position as at 30 June 2006 and of its performance and cash flows for the year then ended, in accordance with:
 - (i) the matters required by the Finance Minister's Orders; and
 - (ii) applicable Accounting Standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



Carla Jago
Executive Director

Delegate of the Auditor-General
Canberra

6 September 2006

APPENDIX B

ROYAL AUSTRALIAN MINT STATEMENT BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2006 have been prepared based on properly maintained financial records and 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*, as amended.



J Murphy
Chief Executive Officer

6/9/06



M McClelland
Chief Finance Officer

6/9/06



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ROYAL AUSTRALIAN MINT**INCOME STATEMENT***for the Year ended 30 June 2006*

		2006
INCOME	Notes	\$'000
Revenue		
Goods and services	4A	76,624
Interest	4B	645
Total revenue		77,269
Gains		
Other gains	4C	170
Total gains		170
TOTAL INCOME		77,439
EXPENSES		
Employees	5A	9,133
Suppliers	5B	59,215
Depreciation and amortisation	5C	1,139
Write-down and impairment of assets	5D	54
Net loss from disposal of assets	5E	6
Royalties	5F	1,623
TOTAL EXPENSES		71,170
Operating result before income tax		6,269
Income tax equivalent expense	6	1,738
OPERATING RESULT		4,531

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

ROYAL AUSTRALIAN MINT

BALANCE SHEET

for the Year ended 30 June 2006

	Notes	2006 \$'000
ASSETS		
Financial assets		
Cash and cash equivalents	7A	6,028
Receivables	7B	2,065
Total financial assets		8,093
Non-financial assets		
Plant and equipment	8A	7,539
Leasehold improvements	8B	745
Intangibles	8C	573
Inventories	8D	32,347
Deferred tax asset	8E	670
Other non-financial assets	8F	5,448
Total non-financial assets		47,322
TOTAL ASSETS		55,415
LIABILITIES		
Payables		
Suppliers	9A	646
Other payables	9B	4,682
Tax liabilities	9C	2,681
Total payables		8,009
Provisions		
Employee provisions	10	3,063
Total provisions		3,063
TOTAL LIABILITIES		11,072
NET ASSETS		44,343
EQUITY		
Contributed equity		34,419
Reserves		5,393
Retained surpluses		4,531
TOTAL EQUITY		44,343
Current assets		40,491
Non-current assets		14,924
Current liabilities		10,493
Non-current liabilities		579

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

ROYAL AUSTRALIAN MINT
STATEMENTS OF CASH FLOWS
for the Year ended 30 June 2006

	Notes	2006 \$'000
OPERATING ACTIVITIES		
Cash received		
Goods and services		27,945
Face value - circulating coin		169,520
Net GST received		220
Total cash received		197,685
Cash used		
Employees		(8,994)
Suppliers		(71,122)
Competitive neutrality payments	12	(344)
Payments to Commonwealth	12	(120,741)
Total cash used		(201,201)
Net cash from or (used by) operating activities	13	(3,516)
INVESTING ACTIVITIES		
Cash received		
Proceeds from sale of property, plant and equipment		1
Total cash received		1
Cash used		
Purchase of property, plant and equipment		(2,568)
Total cash used		(2,558)
Net cash from or (used by) investing activities		(2,557)
FINANCING ACTIVITIES		
Cash received		
Cash transferred on restructuring		7,901
Capital injections		4,200
Total cash received		12,101
Net cash from or (used by) financing activities		12,101
Net increase / (decrease) in cash held		6,028
Cash at the end of the reporting period	7A	6,028

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

ROYAL AUSTRALIAN MINT
STATEMENT OF CHANGES IN EQUITY
for the Year ended 30 June 2006

	Accumulated Results	Asset Revaluation Reserve	Contributed Equity	Total Equity
	2006	2006	2006	2006
	\$'000	\$'000	\$'000	\$'000
Net Operating Result	4,531			4,531
Total income and expenses	4,531			4,531
Transactions with Owners				
<i>Contributions by Owners</i>				
Appropriation (equity injections)			4,200	4,200
Restructuring (Note 11)		5,393	30,219	35,612
Sub-total Transactions with Owners		5,393	34,419	39,812
Closing balance 30 June	4,531	5,393	34,419	44,343

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

ROYAL AUSTRALIAN MINT
SCHEDULE OF COMMITMENTS

for the Year ended 30 June 2006

	2006 \$'000
BY TYPE	
Capital commitments	
Infrastructure, Plant and Equipment ¹	204
Total capital commitments	204
Other commitments	
Operating leases ²	2,231
Other ³	3,163
Total other commitments	5,394
Commitments receivable	
GST receivable	(434)
Total commitments receivable	(434)
Net commitments by type	5,164
BY MATURITY	
Capital commitments	
One year or less	204
Total capital commitments	204
Operating lease commitments	
One year or less	761
From one to five years	1,470
Total operating lease commitments	2,231
Other commitments	
One year or less	2,125
From one to five years	1,038
Total other commitments	3,163
Commitments receivable	
One year or less	(434)
Total commitments receivable	(434)
Net commitments by maturity	5,164

Note: Commitments are GST inclusive where relevant.

Footnote – see following page 48

ROYAL AUSTRALIAN MINT
SCHEDULE OF COMMITMENTS
for the Year ended 30 June 2006

Footnote – relates to previous page 47

- 1 Plant and equipment commitments are contracts for purchases of production related equipment and architectural services.
- 2 Operating leases included are effectively non-cancellable and comprise of :

Nature of lease	General description of leasing arrangement
Lease for office accommodation	<p>Lease payments are subject to annual increases in accordance with upward movements in the consumer price index.</p> <p>The initial period of office accommodation lease is still current and may be renewed for a further three years at the Mint's option, following a once off adjustment to current market values.</p>
Leases for computer equipment and office equipment	<p>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. The lessor provides all photocopier equipment designated as necessary in the supply contract for 4 years with an option to extend the term for a fixed period as agreed by both parties.</p>

- 3 As at 30 June 2006, other commitments comprise amounts payable under agreements in respect of which the recipient is yet to perform the requirements required.

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

ROYAL AUSTRALIAN MINT
SCHEDULE OF ADMINISTERED ITEMS
for the Year ended 30 June 2006

	Notes	2006 \$'000
Income Administered on Behalf of Government <i>for the Year ended 30 June 2006</i>		
Revenue		
Seigniorage	19	121,303
Total Income Administered on Behalf of Government		121,303
Assets Administered on Behalf of Government <i>as at 30 June 2006</i>		
Receivable - Seigniorage		1,542
Total Assets Administered on Behalf of Government		1,542
Administered Cash Flows <i>for the Year ended 30 June 2006</i>		
Operating Activities		
Cash Received		
Seigniorage		119,761
Total Cash Received		119,761
Cash to Official Public Account for:		
Seigniorage		119,761
Total cash to Official Public Account		119,761
Cash at End of Reporting Period		-
The above schedule should be read in conjunction with the accompanying notes.		

Note 1: Summary of Significant Accounting Policies

Note 2: Events after the Balance Sheet Date

Note 3: Economic Dependency

Note 4: Income

Note 5: Operating Expenses

Note 6: Competitive Neutrality

Note 7: Financial Assets

Note 8: Non-Financial Assets

Note 9: Payables

Note 10: Provisions

Note 11: Restructuring

Note 12: Details of Payments to Commonwealth

Note 13: Cash Flow Reconciliation

Note 14: Contingent Liabilities and Assets

Note 15: Executive Remuneration

Note 16: Remuneration of Auditors

Note 17: Average Staffing Levels

Note 18: Financial Instruments

Note 19: Administered Reconciliation Table

Note 20: Special Accounts

Note 21: Compensation and Debt Relief

Note 22: Reporting of Outcome

Note 1: Summary of significant accounting policies

1.1 Objectives of the Royal Australian Mint

The Royal Australian Mint (the Mint) is an Australian Public Service organisation. The objective of the Mint is to operate successfully in producing circulating and numismatic coins for Australia.

The Mint is structured to meet the following outcome and output:

Outcome: Satisfy the Reserve Bank of Australia's forecast of circulated coin.

Output: Coin production, associated policy advice and visitors services.

The Mint's activities contributing toward this objective are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Mint in its own right. Administered activities involve the management on behalf of the Government of the circulating coin and Seigniorage processes.

From 1 July 2005, the Mint was prescribed as an agency under the Financial Management and Accountability Act 1997 within the Treasury Portfolio. As a result of the restructure, the Mint received financial autonomy from the Treasury.

1.2 Basis of preparation of the Financial Statements

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 (or FMOs, being the Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2005));
- Australian Accounting Standards issued by the Australian Accounting Standards Board that apply for the reporting period; and
- Interpretations issued by the AASB and UIG that apply for the reporting period.

The Income Statement and Balance Sheet have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets and liabilities, which as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or on the financial position of the Mint.

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Unless alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow and the 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 that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies).

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

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies for Agency items, except where otherwise stated at Note 1.23.

1.3 Significant Accounting Judgements and Estimates

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

1.4 Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS).

Australian Accounting Standards require the Mint to disclose Australian Accounting Standards that have not been applied, for standards that have been issued but are not yet effective.

The AASB has issued amendments to existing standards, these amendments are denoted by year and then number, for example 2005-1 indicates amendment 1 issued in 2005.

The table below illustrates standards and amendments that will become effective for the Mint in the future. The nature of the impending change within the table has been out of necessity abbreviated and users should consult the full version available on the AASB's website to identify the full impact of the change. The expected impact on the financial report of adoption of these standards is based on the Royal Australian Mint's initial assessment at this date, but may change. The Mint intends to adopt all of the standards upon their application date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the Year ended 30 June 2006

Title	Standard affected	Application Date *	Nature of impending change	Impact expected on financial report
2005-1	AASB 139	1 Jan 2006	Amends hedging requirements for foreign currency risk of a highly probable intra-group transaction.	No expected impact.
2005-4	AASB 139, AASB 132, AASB 1, AASB 1023, and AASB 1038	1 Jan 2006	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the option to fair value through profit or loss and makes consequential amendments to AASB 1 and AASB 132.	No expected impact.
2005-5	AASB 1 and AASB 139	1 Jan 2006	Amends AASB 1 to allow an entity to determine whether an arrangement is, or contains, a lease. Amends AASB 139 to scope out a contractual right to receive reimbursement (in accordance with AASB 137) in the form of cash.	No expected impact.
2005-6	AASB 3	1 Jan 2006	Amends the scope to exclude business combinations involving entities or businesses under common control.	No expected impact.
2005-9	AASB 4, AASB 1023, AASB 139 and AASB 132	1 Jan 2006	Amended standards in regards to financial guarantee contracts.	No expected impact.
2005-10	AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 1023, AASB 4, and AASB 1038	1 Jan 2007	Amended requirements subsequent to the issuing of AASB 7.	No expected impact.
2006-1	AASB 121	31 Dec 2006	Changes in requirements for net investments in foreign subsidiaries depending on denominated currency.	No expected impact.
	AASB 7 Financial Instruments: Disclosures	1 Jan 2007	Revise the disclosure requirements for financial instruments from AASB 132 requirements.	No expected impact.

* Application date is for annual reporting periods beginning on or after the date shown.

1.5 Revenues

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transition costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the entity.

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets. The interest recognised in the 2005-06 statements is adjusted against payments made under competitive neutrality arrangements.

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 after allowing for a surplus.

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 via a reduction in the total amount paid to the Commonwealth's Official Public Account (refer Note 19).

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 2005-2006 is \$121.3 million.

1.6 Gains

Resources Received Free of Charge

Services received free of charge are recognised as gains 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.

Gains from Disposal of Assets

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

1.7 Transactions with the Government as Owner

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

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

1.8 Employee Benefits

As required by the Finance Minister's Orders, the Mint has early adopted AASB 119 Employee Benefits as issued in December 2004.

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date 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.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

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

The leave liabilities are calculated on the basis of employees' remuneration, including the Mint's employer superannuation contribution rates 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 using the shorthand method provided in the Finance Minister Orders as at 30 June 2006. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

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

Superannuation

Eligible ongoing employees contribute to the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Commonwealth. The PSSap is a defined contribution scheme.

The liability for their superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The Mint makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Commonwealth of the superannuation entitlements of the Mint's employees.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June 2006 represents outstanding contributions for the final fortnight of the year.

1.9 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 benefits incidental to ownership of leased non-current 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.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principle component and the interest expense.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.10 Finance Costs

All finance costs are expensed as incurred.

1.11 Cash

Cash means notes and coins held and any deposit held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.12 Financial Risk management

The Mint's activities expose it to normal commercial financial risk. As a result of the nature of the Mint's business and internal and Australian Government policies, dealing with the

management of financial risk, the Mint's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

1.13 Derecognition of Financial Assets and Liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged or cancelled or expires.

1.14 Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

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 profit and loss.

Financial Assets held at Cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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.

Available for Sale Financial Assets

The Mint has no financial assets available for sale.

1.15 Interest Bearing Loans and Borrowings

The Mint holds no interest bearing loans or borrowings.

1.16 Trade Creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.17 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Assets are not recognised in the Balance Sheet but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability or asset is recognised. A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable (virtually certain for assets) or reliable measurement becomes possible.

1.18 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 revenues 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 agency's accounts immediately prior to the restructuring.

1.19 Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, 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 which are significant in total).

Revaluations

Basis

Property, plant and equipment are carried at fair value, being revalued with sufficient frequency that the carrying amount of each asset class is not materially different, at reporting date, from its fair value. Valuations are undertaken in each year as at 30 June.

Following initial recognition at cost, valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially alter with 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

through the income statement. Revaluation decrements for a class of asset are recognised directly through the income statement 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.

Depreciation and Amortisation

Depreciable property, plant and equipment are written off to their estimated residual values over their estimated useful lives to the Mint using the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over 15 years.

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

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

	2006
Office equipment	5 years
Leasehold Improvements	15 years
Factory machinery	10-20 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5C.

Impairment

All assets were assessed for impairment at the reporting date. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell 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 the Mint were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.20 Intangibles

The Mint's intangibles comprise externally acquired software for internal use. These assets are carried at cost.

Intangible assets are amortised on a straight-line basis over their anticipated useful lives. The useful life of the Mint's software is 3-5 years.

All software assets were assessed for indications of impairment as at the reporting date. No write down to recoverable amount was required.

1.21 Inventories

Inventories held for sale are at the lower of cost and net realisable value.

Inventories held for distribution are measured at the lower of cost and current replacement cost.

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

- Raw materials and stores – purchase cost on a first-in-first-out basis.
- Finished goods and work in progress – cost of direct materials and labour plus attributable costs that are capable of being allocated on a reasonable basis.

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

1.22 Taxation / Competitive Neutrality

The Mint is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST,

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

Competitive Neutrality

Under Competitive Neutrality arrangements, the Mint is required to make Australian Income Tax Equivalent payments to the Government. Competitive neutrality taxation calculations are based on the Mint's contestable activities, i.e., sales of collector coin and minted products. Notional interest calculation for purposes of competitive neutrality is based on current market rates.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

1.23 Reporting of Administered Activities

Administered revenues, assets and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Agency items, including the application of Australian Accounting Standards.

Administered Cash Transfers to and from Official Public Account

Revenue collected by the Mint for use by the Government rather than the Agency is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Administration. These transfers to the OPA are adjustments to the administered cash held by the Mint on behalf of the Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 19. Thus the Schedule of Administered Items largely reflects the Government's transactions, through the Agency, with parties outside the Government.

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the Agency on behalf of the Australian Government. All administered revenues relate to Seigniorage (refer to Note 1.5).

Note 2: Events after the Balance Sheet Date

There were no significant events after the balance sheet date.

Note 3: Economic Dependency

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

ROYAL AUSTRALIAN MINT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the Year ended 30 June 2006

	2006
	\$'000
Note 4: Income	
Note 4A: Goods and Services	
Goods	
Australian Circulating Coin Sales	48,217
Australian Numismatic Coin Sales	24,653
Other Sales Non Coin Product	3,573
Services	181
Total sales of goods and services	76,624
Provision of goods to:	
Related entities	55,585
External entities	20,858
Total sales of goods	76,443
Rendering of services to:	
Related entities	169
External entities	12
Total rendering of services	181
Note 4B: Interest	
Competitive Neutrality interest equivalent	645
Total interest	645
Note 4C: Other Gains	
Resources received free of charge	170
Total other gains	170

ROYAL AUSTRALIAN MINT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the Year ended 30 June 2006

Note 5: Operating Expenses **2006**
\$'000

Note 5A: Employee Expenses

Wages and salaries	7,013
Superannuation	1,081
Leave and other entitlements	531
Separation and redundancy	20
Payroll tax (competitive neutrality)	489
Total employee expenses	9,133

Note 5B: Suppliers Expenses

Provision of goods - related entities	1,022
Provision of goods - external entities	49,111
Rendering of services - related entities	4,861
Rendering of services - external entities	3,178
Operating lease rental *	912
Workers compensation premiums	131
Total supplier expenses	59,215

* These comprise minimum lease payments only.

Note 5C: Depreciation and amortisation

Depreciation

Plant and equipment	869
Leasehold improvements	12
Total depreciation	881

Amortisation

Intangibles - computer software	258
Total amortisation	258

Total depreciation and amortisation **1,139**

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:

Plant and equipment	869
Leasehold improvements	12
Intangibles	258
Total depreciation and amortisation	1,139

ROYAL AUSTRALIAN MINT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the Year ended 30 June 2006

Note 5D: Write down and impairment of assets

Plant and equipment	54
Total write-down of assets	54

Note 5E: Net loss from sale of assets

Plant and equipment:	
Proceeds from disposal	(1)
Net book value of assets disposed	7
Net loss from disposal of plant and equipment	6

Note 5F: Royalties Paid

Royalties - Australian Government	1,041
Royalties - Other	582
Total royalties paid	1,624

Note 6: Competitive Neutrality**2006****\$'000**

Payroll tax equivalent	489
Income Tax Equivalent	1,738
Less: Bank deposit interest equivalent	(645)
Net competitive neutrality expense	1,582

Reconciliation to Australian Income Tax Equivalent

Accounting profit before tax (on numismatic)	5,789
Income tax calculated at statutory income tax rate of 30%	1,737
Non deductible entertainment costs	1
Income tax expense reported in income statement	1,738

Separate from its production and sale of circulating coins, the Mint is subject to the Australian Government's Competitive Neutrality Policy in relation to the production and sale of numismatic and other collectable items. The above amounts have been calculated as being payable to the Australian Government in the form of company income tax under the Income Tax Assessment Act had it applied. These amounts are payable by the Mint to the Official Public Account.

Note 7: Financial Assets**2006****\$'000****Note 7A: Cash and cash equivalents**

Special Account	6,021
Cash on hand	7
Total cash and cash equivalents	6,028

Note 7B: Receivables

Goods and services	1,420
Interest equivalent - Competitive Neutrality	645
Total receivables	2,065

Receivables are represented by:

Current	2,065
Non-Current	-
Total receivables	2,065

Receivables are aged as follows:

Current	1,793
Overdue by:	
Less than 30 days	185
30 to 60 days	57
60 to 90 days	-
More than 90 days	30
Total receivables	2,065

ROYAL AUSTRALIAN MINT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the Year ended 30 June 2006

Note 8: Non-Financial Assets **2006**
\$'000

Note 8A: Plant and equipment

Plant and equipment

- fair value	9,057
- accumulated depreciation	(1,518)
Total plant and equipment (non current)	<u>7,539</u>

Note 8B: Leasehold improvements

Leasehold improvements

- fair value	185
- accumulated depreciation	(23)
	<u>162</u>
- work in progress, Mint refurbishment project	583
Total leasehold improvements (non current)	<u>745</u>

All revaluations are conducted in accordance with the revaluation policy stated in Note 1. In 2005-06, an independent valuer, Australian Valuation Office conducted a desktop revaluation. The overall percentage change between the valuer's desk revaluation and the book value is not a significant material change, and therefore no change has been made to the asset revaluation reserve.

Table A - Reconciliation of the transfer value and closing balances of plant and equipment

Item	Plant and equipment	Leasehold improvements	Leasehold improvements - Work in Progress
	\$'000	\$'000	\$'000
Transfer of operations from Treasury	6,445	174	-
Additions:			
by purchase	2,305		416
from acquisition of operations			
Net Revaluation increment/(decrement)			
Depreciation/amortisation expense	(869)	(12)	
Recoverable amount write-downs			
Write off of asset	(54)		
Disposals	(6)		
Asset reclassification	(282)		167
<i>As at 30 June 2006</i>			
Gross book value	9,057	185	583
Accumulated depreciation/amortisation	(1,518)	(23)	
Closing net book value	7,539	162	583

ROYAL AUSTRALIAN MINT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the Year ended 30 June 2006

	2006 \$'000
Note 8C: Intangibles	
Computer software:	
Externally acquired	
Computer software at cost	2,346
Computer software - accumulated amortisation	(1,773)
Total intangibles (non-current)	573

Table A - Reconciliation of the transfer value and closing balances of intangibles

Item	Intangibles - computer software
	\$'000
Transfer of operations from Treasury	649
Additions:	
by purchase	67
from acquisition of operations	
Net Revaluation increment/(decrement)	
Depreciation / Amortisation expense	(258)
Recoverable amount write-downs	
Asset reclassification	115
<i>As at 30 June 2006</i>	
Gross book value	2,346
Accumulated depreciation/amortisation	(1,773)
<i>Closing net book value</i>	<u>573</u>

ROYAL AUSTRALIAN MINT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the Year ended 30 June 2006

	2006 \$'000
Note 8D: Inventories	
Raw materials	
Australian Circulating Coin	10,173
Australian Numismatic Coin	4,621
Other	1,200
Total raw materials	15,994
Work in progress	
Australian Circulating Coin	934
Australian Numismatic Coin	867
Other	37
Total work in progress	1,838
Finished Goods	
Australian Circulating Coin	12,066
Australian Numismatic Coin	1,694
Other	755
Total finished goods	14,515
Total inventories	32,347

All Mint's inventories are held for sale and are current assets.

ROYAL AUSTRALIAN MINT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the Year ended 30 June 2006

	2006 \$'000
Note 8E: Deferred Tax Asset	
Deferred tax asset	670
Total deferred tax asset	670
Note 8F: Other Non Financial Assets	
Prepayments	51
Coin Collection	5,397
Total other non financial assets	5,448

The coin collection includes donated coins free of cost. The collection was valued by an independent appraiser at 30 June 2003. The coin collection is under the control of the Mint, and it is classed as a restricted asset because it is not available to be sold or made available to third party.

ROYAL AUSTRALIAN MINT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the Year ended 30 June 2006

Note 9: Payables	2006
	\$'000

Note 9A: Suppliers

Trade creditors	501
Operating lease rental	145
Total supplier payables	646

Supplier payables are represented by:

Current	535
Non-current	111
Total supplier payable	646

Settlement for trade creditor is usually made net 30 days.

Note 9B: Other payables

Accrued expenses	2,598
Seigniorage payable to OPA	1,542
GST payable to ATO	420
Other payables (sales in advance)	122
Total other payables	4,682

All other payables are current liabilities.

Note 9C: Tax liabilities

Payroll tax equivalent	489
Income tax equivalent	1,998
Deferred tax liability	194
Total tax liabilities	2,681

	2006 \$'000
Note 10: Provisions	
Note 10: Employee provisions	
Leave	2,948
Salary and Wages	103
Superannuation	12
Total employee provisions	3,063
Current	2,789
Non-Current	274
Total employee provisions	3,063

AASB 101 Presentation of Financial Statements, requires leave liabilities to be classified as current where there is a legal right to payment within 12 months.

Note 11: Restructuring

As a result of restructuring, the Mint became a prescribed agency under the *Financial Management and Accountability Act 1997*. Effective 1 July 2005, the Mint gained financial autonomy from the Treasury.

In respect of the functions assumed, the following assets and liabilities were received by the Mint.

	2006
	\$'000
Total assets recognised	44,595
Total liabilities recognised	(8,983)
<i>Net assets assumed</i>	<u>35,612</u>

Note 12: Details of payments to Commonwealth

	2006
	\$'000
Seigniorage	119,761
Royalty on numismatic coin sales	980
Competitive neutrality payments	344
Total payments to Commonwealth	121,085

Note 13: Cash Flow Reconciliation **2006**
\$'000

Reconciliation of cash per Balance Sheet to Statement of Cash Flows

Cash at year end per Statement of Cash Flows	6,028
Balance Sheet items comprising above cash:	
‘Financial Asset - Cash’	6,028

Reconciliation of net surplus to net cash from operating activities:

Net surplus / (deficit)	4,531
Loss on disposal of non current assets	6
Non current assets not previously recorded	
Depreciation / amortisation	1,139
(Increase) / decrease in net receivables	(462)
(Increase) / decrease in inventories	(11,123)
(Increase) / decrease in other current assets	611
Increase / (Decrease) in suppliers liabilities	264
Increase / (Decrease) in employees provision	139
Increase / (Decrease) in other liabilities	58
Increase / (Decrease) in competitive neutrality payable	1,321
Net cash from / (used by) operating activities	<u>(3,516)</u>

The movement in Balance Sheet items reflected above are based on 30 June 2006 closing balances and the assets and liabilities transferred from Treasury.

Note 14: Contingent Liabilities and Assets

The Mint has no contingent liabilities and assets as at reporting date.

2006

Note 15: Executive Remuneration

The number of executive officers who received or were due to receive total remuneration of \$130,000 or more:

\$130,000 to \$144,999	-
\$145,000 to \$159,999	1
\$160,000 to \$174,999	-
\$175,000 to \$189,999	1
	<u>2</u>

The aggregate amount of total remuneration of executives shown above.

\$322,354

The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.

Nil

2006

Note 16: Remuneration of Auditors

\$'000

Financial statement audit services are provided free of charge to the Mint.

The fair value of audit services provided was:

Audit services - ANAO	170
	<u>170</u>

No other services were provided by the Auditor General.

2006

Note 17: Average staffing levels

The average staffing levels for the Mint during the year were:

128

Note 18: Financial Instruments**Note 18A: Interest rate risk**

Financial Instrument	Notes	Non-interest bearing	Total	Weighted average effective interest rate
		2006 \$'000	2006 \$'000	2006 \$'000
Financial assets				
Cash	7A	6,028	6,028	-
Receivables for goods and services	7B	2,065	2,065	-
Total financial assets		8,093	8,093	n/a
Total assets			55,415	
Financial liabilities				
Trade creditors	9A	501	501	-
Seigniorage payable	9B	1,542	1,542	-
Sales in advance	9B	122	122	-
Total financial liabilities		2,165	2,165	n/a
Total liabilities			11,072	

Note 18B: Fair values of Financial Assets and Liabilities

	Notes	Total Carrying Amount	Aggregate Fair Value
		2006 \$'000	2006 \$'000
Financial assets			
Cash	7A	6,028	6,028
Receivables for goods and services	7B	2,065	2,065
Total financial assets		8,093	8,093
Financial liabilities (recognised)			
Trade creditors	9A	501	501
Seigniorage payable	9B	1,542	1,542
Other liabilities	9B	122	122
Total financial liabilities (recognised)		2,165	2,165

Note 18C: Credit risk exposures

The Mint's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

The Mint has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Note 19: Administered Reconciliation Table**2006****\$'000**

Opening administered assets less administered liabilities as at 1 July	-
Plus: Administered revenue	121,303
Less: Administered expenses	-
Transfers to Official Public Account	(119,761)
Closing administered assets less administered liabilities as at 30 June	<u>1,542</u>

Note 20: Special Account

Legal Authority: *Financial Management and Accountability Act 1997*; s20

Purpose:

- (a) for the receipt of all monies and payment of all expenditures related to coinage, medals, dies, tokens, plaques and other line items;
- (b) repayment of capital funds, and payment of moneys in excess of requirements to consolidated revenue fund

	Special Account: Abolished per FMA Determination 2006/01 on 22 June 2006	Special Account: Established per FMA Determination 2006/02 on 23 June 2006	Total
This account is non interest bearing			
Balance transferred on restructuring	8,021,448	9,449,837	8,021,448
Appropriation Act (No 2) current period	4,200,000		4,200,000
Other Receipts			
Receipts - External Entities	19,614,795	793,202	20,407,997
GST Credits (FMA s30A)	2,623,243		2,623,243
Other receipts:			
Goods to related entities	176,582,531	305,275	176,887,806
Services to related entities	169,293		169,293
Available for payments	211,211,310	10,548,314	212,309,787
 Payment made to the Australian Government for Seigniorage & Royalties	 (120,741,033)		 (120,741,033)
Payments made for Competitive Neutrality	(344,150)		(344,150)
Payments to employees	(8,667,269)	(326,622)	(8,993,891)
Payments made to suppliers	(72,009,021)	(4,613,376)	(76,622,397)
Balance carried to next period	9,449,837	5,608,316	5,608,316
 Represented by:			
Cash held by Royal Australian Mint	9,756,163	6,027,940	6,027,940
Receivables - GST receivable (payable) from the ATO	223,226	305,789	305,789
Receivables - GST receivable from suppliers	436,378	597,778	597,778
Payables - GST payable from Customers	(965,930)	(1,323,191)	(1,323,191)
Total balance carried forward to the next period	9,449,837	5,608,316	5,608,316

2006
\$'000

Note 21: Compensation and Debt Relief

No act of grace payments were made during the reporting period.	Nil
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997.	Nil
No payments were made under the 'Defective Administration Scheme' during the reporting period.	Nil
No ex-gratia payments were made during the reporting period.	Nil
No payments were made under s73 of the Public Service Act 1999 during the reporting period.	Nil

Note 22: Reporting of Outcome

	Outcome 1	Total
	2006	2006
	\$'000	\$'000
Net Cost of Outcome Delivery		
Expenses		
Departmental	72,908	72,908
Total expenses	72,908	72,908
<i>Cost recovered from provision of goods and services to the non government sector</i>		
Departmental	20,870	20,870
Total costs recovered	20,870	20,870
<i>Other external revenues</i>		
Administered		
Seigniorage	121,303	121,303
Total Administered	121,303	121,303
Departmental		
Interest	645	645
Related goods and services revenue	55,754	55,754
Other	170	170
Total Departmental	56,569	56,569
Total other external revenues	177,872	177,872
Net cost/(contribution) of outcome	(125,834)	(125,834)

The Mint outcome and output are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

APPENDIX C – CIRCULATING COIN PRODUCTION 2005-06

Denomination	Design	Date of Coin	Alloy	Pieces (millions)
5c	Standard	2005	Cupro-Nickel	116
5c	Standard	2006	Cupro-Nickel	131
10c	Standard	2005	Cupro-Nickel	71
10c	Standard	2006	Cupro-Nickel	71
20c	Standard	2005	Cupro-Nickel	43
20c	WWII	2005	Cupro-Nickel	10
20c	Standard	2006	Cupro-Nickel	41
50c	Student	2005	Cupro-Nickel	21
50c	WWII	2005	Cupro-Nickel	10
50c	Standard	2006	Cupro-Nickel	34
\$1	WWII	2005	Aluminium Bronze	21
\$1	Standard	2005	Aluminium Bronze	6
\$1	Standard	2006	Aluminium Bronze	8
\$2	Standard	2005	Aluminium Bronze	34
\$2	Standard	2006	Aluminium Bronze	17
Total				634

APPENDIX D – MEDALS, MEDALLIONS ETC 2005-06

	Customer	Pieces
Medals	Australian Government	11,095
	Corporate	22
Medallions	Australian Government	288,239
	Academic Institutions	572
	Corporate	3,099
	Royal Australian Mint	3,975
Lapel Badges	Australian Government	300
	Other	210
Tokens	Corporate	20,000
	Royal Australian Mint	14,942
Jewellery	Royal Australian Mint	2,252
Ingots	Corporate	12,506
Total		357,212

APPENDIX E – PROOF AND SPECIAL COIN PRODUCTION 2005-06

Country	Type	Date of coin	Quantity	Pieces
Australia	\$1 frunc silver gilt kangaroo	2005	1723	1723
	\$1 frunc silver kangaroo in card	2005	1690	1690
	\$1 frunc silver gilt kangaroo	2006	4900	4900
	\$1 frunc silver kangaroo in card	2006	17675	17675
	\$1 frunc silver kangaroo in case	2006	7552	7552
	\$1 proof silver Gallipoli	2005	2849	2849
	\$1 proof silver television	2006	8300	8300
	\$1 proof silver television - A	2006	3000	3000
	\$1 proof silver kangaroo	2005	900	900
	\$1 proof silver kangaroo	2006	6979	6979
	\$1 antique silver subscription	2006	9846	9846
	\$1 uncirculated b	2005	9683	9683
	\$1 uncirculated b	2006	44525	44525
	\$1 uncirculated c	2005	12251	12251
	\$1 uncirculated c	2006	64285	64285
	\$1 uncirculated s	2005	8415	8415
	\$1 uncirculated s	2006	39373	39373
	\$1 uncirculated m	2005	38727	38727
	\$1 uncirculated m (M2006)	2006	58505	58505
	\$1 uncirculated tv	2006	46370	46370
	\$10 proof Sydney mint sesquicentenary	2005	5078	5078
	\$150 proof - cassowary	2004	28	28
	\$150 proof 3 series	2004	20	20
	\$150 proof - malleefowl	2005	142	142
	\$150 proof - cockatoo	2006	120	120
	\$150 proof - malleefowl shipper	2005	42	42
	\$150 proof - cockatoo shipper	2006	200	200
	\$200 proof - cassowary	2004	38	38
	\$200 proof 3 series	2004	27	27
	\$200 proof - malleefowl	2005	175	175
	\$200 proof - cockatoo	2006	140	140
	\$200 proof - malleefowl shipper	2005	348	348
	\$200 proof - cockatoo shipper	2006	350	350
	\$30 frunc M2006 Kilo coin	2006	500	500
	\$5 frunc baton	2006	2887	2887
	\$5 proof 150th rail	2005	90	90
	\$5 proof Commonwealth Games - City of Sport	2006	5054	5054
	\$5 uncirculated Commonwealth Nations	2006	14428	14428
	\$5 uncirculated Duyfken	2006	12898	12898
	\$5 uncirculated Baton pnc	2006	22002	22002
	\$5 uncirculated Commonwealth Nations pnc	2006	22552	22552
	2 coin set proof 50c Royal collection	2006	5761	11522
	2 coin set proof Duyfken voyage	2006	3999	3999

APPENDIX E

Country	Type	Date of coin	Quantity	Pieces
Australia	3 coin set proof M2006 Commonwealth Games	2006	2063	2063
...continued	4 coin set proof Duyfken voyage	2006	328	656
	4 coin set proof masterpieces - Australian art	2006	4398	17592
	50 cent uncirculated student	2005	3105	3105
	50 cent uncirculated	2005	5000	5000
	50 cent uncirculated	2006	10000	10000
	50 cent uncirculated - Queen's birthday	2006	28191	28191
	50 cent uncirculated - Queen's Royal visit	2006	28593	28593
	50 cent uncirculated - Basketball	2006	1492	1492
	50 cent uncirculated - Hockey	2006	1459	1459
	50 cent uncirculated - Shooting	2006	1268	1268
	50 cent uncirculated - Weightlifting	2006	2430	2430
	50 cent uncirculated - Badminton	2006	19271	19271
	50 cent uncirculated - Gymnastics	2006	22574	22574
	50 cent uncirculated - Rugby Sevens	2006	21435	21435
	50 cent uncirculated - Cycling	2006	22861	22861
	50 cent uncirculated - Athletics	2006	22475	22475
	50 cent uncirculated - Triathlon	2006	22302	22302
	50 cent uncirculated - Netball	2006	22432	22432
	50 cent uncirculated - Table tennis	2006	22502	22502
	50 cent uncirculated - Aquatics	2006	31702	31702
	50 cent uncirculated - Boxing	2006	22602	22602
	50 cent uncirculated - Lawn bowls	2006	22602	22602
	50 cent uncirculated - Squash	2006	21902	21902
	6 coin set proof	2005	4172	25032
	6 coin set proof baby	2005	3182	19092
	6 coin set proof baby	2006	10316	61896
	6 coin set proof masterpieces	2004	139	834
	6 coin set proof silver	2005	1355	8130
	6 coin set proof gold	2005	104	624
	6 coin set uncirculated	2005	8024	48144
	6 coin set uncirculated baby	2005	7187	43122
	6 coin set uncirculated baby	2006	22907	137442
	6 coin set uncirculated wedding	2005	644	3864
	6 coin set uncirculated wedding	2006	2352	14112
	8 coin set proof	2006	38579	308632
	8 coin set proof silver	2006	4597	36776
	8 coin set proof gold	2006	300	2400
	8 coin set uncirculated	2006	69474	555792
	8 coin set uncirculated ANDA Coin fair	2006	1500	12000
	8 coin set uncirculated Berlin Coin fair	2006	1500	12000
	18 coin set uncirculated starter (M2006)	2006	8398	33592

APPENDIX E

Country	Type	Date of coin	Quantity	Pieces
Cook Islands	\$5 proof jade cabbage	2005	5008	5008
	\$5 proof chickens	2005	2508	2508
Fiji	\$20 proof dog type one	2006	1003	1003
	\$20 proof dog type two	2006	1003	1003
	\$2 proof dog	2006	10003	10003
	50 cent uncirculated dog	2006	15003	15003
New Zealand	\$1 proof Queen's birthday	2006	1502	1502
	\$1 uncirculated Queen's birthday	2006	2002	2002
	\$10 proof Queen's birthday	2006	502	502
	\$5 proof	2006	2002	2002
	\$5 uncirculated	2006	2502	2502
	7 coin set proof	2006	2000	14000
	7 coin set uncirculated	2006	3002	21014
	\$1 frunc Narnia Aslan	2006	8002	8002
	\$1 proof Narnia Aslan	2006	3752	3752
	\$1 proof Narnia Witch	2006	2002	2002
	\$10 proof Narnia	2006	502	502
	3 coin set proof Narnia	2006	1002	3006
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XXIV Mint Directors Conference Monnaie de Paris 2006



President George Bush Snr, Janine Murphy and Mr Raimo Makkonen, President and CEO Mint of Finland Group



Mr Woon-gyeong Ko, General Manager Poongsan Corporation, Korea the supplier of our base metal blanks, Dr Prabir De, Royal Australian Mint and Mr Shin-myung Son, Managing Director Poongsan Corporation.



From left: Natacha Portier, Polish Mint; Marguerite Nadeau, Royal Canadian Mint; Janine Murphy, Royal Australian Mint; Ed Harbuz, The Perth Mint; Dov Zerah, Monnaie de Paris; The French Minister of Finance and David Lebryk, United States Mint.





